



Forestar Group Inc.



FOR NYSE

Real Estate Operations

Market Capitalization USD:

\$387.23 mm

CONCERN LEVEL: AVERAGE

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration. 
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: James M. DeCosmo

Age: 53

CEO Since: 2006

	2009	2010	2011
Base Salary	\$500,000	\$500,000	\$543,750
Discretionary Bonus	\$0	\$50,000	\$0
Annual Cash Incentive	\$287,000	\$0	\$0
Benefits and Perquisites	\$31,197	\$33,771	\$27,127
TOTAL ANNUAL COMPENSATION	\$818,197	\$583,771	\$570,877
Increase in Post-Retirement Benefits	\$0	\$0	\$0
Stock Option Awards	\$749,998	\$625,008	\$550,053
Stock Awards	\$750,000	\$1,198,011	\$699,953
TOTAL COMPENSATION	\$2,318,195	\$2,406,790	\$1,820,883
Median of Other Named Executive Officers Total Compensation	\$1,029,736	\$1,195,697	\$1,020,846
Value Realized on Exercise of Stock Option	\$4,036	\$5,365	\$4,680
Value Realized on Vesting of Stock	\$59,976	\$312,663	\$735,650
TOTAL REALIZED EQUITY COMPENSATION	\$64,012	\$318,028	\$740,330

Proxy Date: 28 Mar 2012

Annual Meeting Date: 8 May 2012

Equity Reserves: 14.78%

Stock Option Run Rate: 0.94%

Forestar Group Inc.

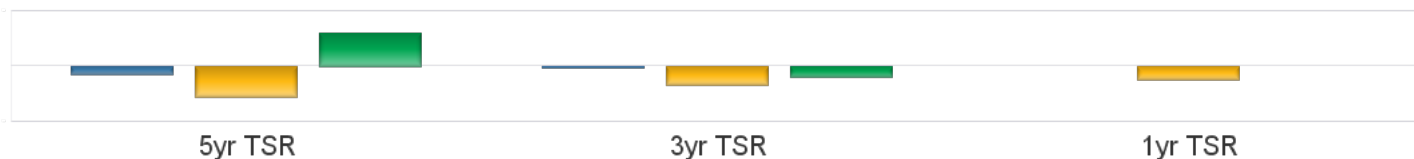
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Performance Comparison

■ S&P500 ■ Industry ■ FOR



Peer Comparisons (TRBC) =Real Estate Operations

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
FOR	Forestar Group Inc.	\$2,318,195	\$2,406,790	\$1,820,883	\$387,225,204
AEC	Associated Estates Realty Corporation	\$2,350,077	\$3,301,316		\$642,119,705
MGRC	McGrath RentCorp	\$1,188,481	\$1,378,504		\$579,547,309
LOOP	LoopNet, Inc.	\$1,646,056	\$1,376,493		\$571,789,807
KW	Kennedy-Wilson Holdings, Inc.	\$17,063,674	\$5,894,500		\$476,731,883
TRC	Tejon Ranch Co.	\$1,135,229	\$6,887,867		\$476,636,685
PICO	PICO Holdings, Inc.	\$2,429,643	\$14,278,401		\$465,677,581

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

Allete Inc., M.D.C. Holdings, Inc., Avatar Holdings Inc., Plum Creek Timber Company, Inc., Bluegreen Corporation, Post Properties, Inc., BRE Properties, Inc., Potlatch Corporation, Consolidated-Tomoka Land Co., Rayonier Inc., Cousins Properties Incorporated, The St. Joe Company, Forest City Enterprises, Inc., Tejon Ranch Co.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
James A. Johnson	Chairman	68	Male	5	Outside
James A. Rubright	Member	65	Male	5	Outside
Louis R. Brill	Member	70	Male	5	Outside Related
William G. Currie	Member	64	Male	5	Outside

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