

Forestar Group Inc.  
Form SC 13D/A  
January 06, 2015

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934  
(Amendment No. 1)\*

Forestar Group Inc.  
(Name of Issuer)

Common Stock, par value \$1.00 per share  
(Title of Class of Securities)

346233109  
(CUSIP Number)

Andrew Wallach

SpringOwl Associates LLC

1370 Avenue of the Americas

28<sup>th</sup> Floor

New York, NY 10019

(212) 445-7800

Daniele Beasley

Cove Street Capital, LLC

2101 East El Segundo Boulevard

Suite 302

El Segundo, CA 90245

(424) 221-5897

with a copy to:

David E. Rosewater

Schulte Roth & Zabel LLP

919 Third Avenue

New York, New York 10022

(212) 756-2000

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and  
Communications)

January 6, 2015

(Date of Event Which Requires Filing of This  
Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box. [ ]

(Page 1 of 11 Pages)

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

**1** NAME OF REPORTING PERSON

SpringOwl Associates  
LLC

**2** CHECK THE APPROPRIATE  x

BOX IF A MEMBER OF (b) "

**3** A GROUP  
**4** SEC USE ONLY  
SOURCE OF FUNDS

WC  
CHECK BOX

**5** IF DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

**6** CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

**7** SOLE VOTING POWER

0

**8** SHARED VOTING POWER

344,224 shares of Common Stock

**9** SOLE DISPOSITIVE POWER

0

**10** SHARED DISPOSITIVE

0

**11** SHARED DISPOSITIVE

0

**12** SHARED DISPOSITIVE

0

POWER

344,224 shares  
of Common  
Stock

**11** AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

344,224 shares of  
Common Stock

**12** CHECK IF THE  
AGGREGATE  
AMOUNT IN  
ROW (11) ..  
EXCLUDES  
CERTAIN  
SHARES

**13** PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

**14** 1.0%  
TYPE OF REPORTING  
PERSON

OO; IA

**1** NAME OF REPORTING PERSON

Daniel Silvers

**2** CHECK THE APPROPRIATE  x BOX IF A MEMBER OF (b) "

**3** A GROUP SEC USE ONLY

**4** SOURCE OF FUNDS

PF CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS

2(d) or 2(e) CITIZENSHIP OR PLACE OF

**6** ORGANIZATION

United States of America

**7** SOLE VOTING POWER

8,700 shares of Common Stock SHARED

NUMBER OF SHARES BENEFICIALLY **8**

VOTING POWER

OWNED BY EACH REPORTING PERSON WITH: **9**

700 shares of Common Stock (see Item 5)

SOLE DISPOSITIVE POWER

8,700 shares of  
Common Stock  
SHARED  
DISPOSITIVE  
POWER

**10**

700 shares of  
Common Stock  
(see Item 5)

AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

**11**

9,400 shares of Common  
Stock

CHECK IF THE  
AGGREGATE  
AMOUNT IN

**12**

ROW (11) ..  
EXCLUDES  
CERTAIN  
SHARES

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

**13**

0.0%  
TYPE OF REPORTING  
PERSON

**14**

IN

**1** NAME OF REPORTING PERSON

Andrew Nelson

**2** CHECK THE APPROPRIATE  x BOX IF A MEMBER OF (b) "

**3** A GROUP SEC USE ONLY

**4** SOURCE OF FUNDS

PF CHECK BOX

**5** IF DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

**6** CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

**7** NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

SOLE VOTING POWER

**8** 4,000 shares of Common Stock SHARED VOTING POWER

**9** 0 SOLE DISPOSITIVE POWER

**10** 4,000 shares of Common Stock



SHARED  
DISPOSITIVE  
POWER

0

**11** AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

4,000 shares of Common  
Stock

**12** CHECK IF THE  
AGGREGATE  
AMOUNT IN  
ROW (11) ..  
EXCLUDES  
CERTAIN

**13** SHARES  
PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

**14** 0.0%  
TYPE OF REPORTING  
PERSON

IN

**1** NAME OF REPORTING PERSON

Laura Conover

**2** CHECK THE APPROPRIATE  x BOX IF A MEMBER OF (b) "

**3** A GROUP SEC USE ONLY

**4** SOURCE OF FUNDS

PF CHECK BOX

**5** IF DISCLOSURE OF LEGAL PROCEEDING

IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

**6** CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

**7** NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

SOLE VOTING POWER

**8** 250 shares of Common Stock SHARED VOTING POWER

**9** 0 SOLE DISPOSITIVE POWER

**10** 250 shares of Common Stock

SHARED  
DISPOSITIVE  
POWER

0

11

AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

250 shares of Common  
Stock

12

CHECK IF THE  
AGGREGATE  
AMOUNT IN  
ROW (11)

EXCLUDES  
CERTAIN  
SHARES

13

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

14

0.0%  
TYPE OF REPORTING  
PERSON

IN

**1** NAME OF REPORTING PERSON

Barry Konig  
CHECK THE  
APPROPRIATE  x  
**2** BOX IF A  
MEMBER OF (b) " "  
**3** A GROUP  
SEC USE ONLY  
**4** SOURCE OF FUNDS

PF  
CHECK BOX  
IF  
DISCLOSURE  
OF LEGAL  
**5** PROCEEDING  
IS  
REQUIRED  
PURSUANT  
TO ITEMS  
2(d) or 2(e)  
CITIZENSHIP OR  
**6** PLACE OF  
ORGANIZATION

United States of America  
SOLE  
VOTING  
**7** POWER

NUMBER OF  
SHARES  
BENEFICIALLY **8**  
OWNED BY  
EACH  
REPORTING  
PERSON WITH: **9**  
1,200 shares of  
Common Stock  
SHARED  
VOTING  
POWER  
150 shares of  
Common Stock  
(see Item 5)  
SOLE  
DISPOSITIVE  
POWER

1,200 shares of  
Common Stock  
SHARED  
DISPOSITIVE  
POWER

**10**

150 shares of  
Common Stock  
(see Item 5)

AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

**11**

1,350 shares of Common  
Stock

CHECK IF THE  
AGGREGATE  
AMOUNT IN

**12**

ROW (11) ..  
EXCLUDES  
CERTAIN  
SHARES

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

**13**

0.0%  
TYPE OF REPORTING  
PERSON

**14**

IN

**1** NAME OF REPORTING PERSON

Cove Street Capital, LLC

**2** CHECK THE APPROPRIATE  x BOX IF A MEMBER OF (b) "

**3** A GROUP SEC USE ONLY

**4** SOURCE OF FUNDS

OO CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT

TO ITEMS 2(d) or 2(e) CITIZENSHIP OR

**6** PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

SOLE VOTING POWER

0 SHARED VOTING POWER

**8** 2,100,844 shares of Common Stock

**9** SOLE DISPOSITIVE POWER

**10** 0

SHARED  
DISPOSITIVE  
POWER

2,100,844  
shares of  
Common Stock

**11** AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

2,100,844 shares of  
Common Stock

**12** CHECK IF THE  
AGGREGATE  
AMOUNT IN  
ROW (11)

**13** EXCLUDES  
CERTAIN  
SHARES  
PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

**14** 6.0%  
TYPE OF REPORTING  
PERSON

OO; IA

This Amendment No. 1 (“Amendment No. 1”) amends and supplements the statement on Schedule 13D filed with the Securities and Exchange Commission (the “SEC”) on November 14, 2014 (the “Original Schedule 13D” and together with this Amendment No. 1, the “Schedule 13D”) with respect to common stock, par value \$1.00 per share (“Common Stock”), of Forestar Group Inc., a Delaware corporation (the “Issuer”). Capitalized terms used herein and not otherwise defined in this Amendment No. 1 have the meanings set forth in the Schedule 13D. This Amendment No. 1 amends Items 3, 4, 5 and 7 as set forth below.

**Item 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION**

Item 3 is hereby amended and restated in its entirety as follows:

The Reporting Persons used approximately \$46 million (including brokerage commissions) in the aggregate to purchase the shares of Common Stock reported in this Schedule 13D.

The source of the funds used to acquire the Common Stock reported herein as beneficially owned by (i) SOA is the working capital of the funds and accounts managed by SOA; (ii) Mr. Silvers is the personal funds of Mr. Silvers; (iii) Mr. Nelson is the personal funds of Mr. Nelson; (iv) Ms. Conover is the personal funds of Ms. Conover; (v) Mr. Konig is the personal funds of Mr. Konig and (vi) CSC is the funds of CSC’s clients, as a result of CSC causing its clients to acquire such Common Stock, including pursuant to CSC’s discretionary authority to manage the assets of such clients. None of the shares of Common Stock reported herein were purchased with funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, trading or voting the securities.

**Item 4. PURPOSE OF TRANSACTION**

Item 4 of the Schedule 13D is hereby amended and supplemented by the addition of the following:

On January 6, 2015, the Reporting Persons sent an open letter to the stockholders of the Issuer (the “January 6th Letter”). The January 6th Letter outlined the Reporting Persons’ concerns regarding the steady diminution in the value of their investment in the Issuer and offered strategic solutions to enhance stockholder value. The Reporting Persons’ strategic solutions included, among other things: (i) implementing shareholder-aligned oversight of the Issuer’s strategic review process; (ii) improving capital allocation discipline in conjunction with the strategic review processes; and (iii) implementing measures to improve the Issuer’s corporate governance. The description of the January 6th Letter in this Schedule 13D is qualified in its entirety by reference to the full text of the January 6th Letter, which is attached hereto as Exhibit 3 and is incorporated by reference herein.

**Item 5. INTEREST IN SECURITIES OF THE ISSUER**



Paragraphs (a)-(c) of Item 5 are hereby amended and restated in their entirety as follows:

(a) – (b)

The aggregate number of shares of Common Stock to which this Schedule 13D relates is 2,460,068 shares of Common Stock, constituting approximately 7.0% of the outstanding Common Stock. All percentages set forth herein are based upon a total of 34,958,270 shares of Common Stock outstanding as of November 3, 2014, as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014, filed with the SEC on November 6, 2014.

SOA has the power to vote and direct the disposition of the 344,224 shares of Common Stock held by the funds and accounts for which it acts as investment advisor. Mr. Silvers has the power to vote and direct the disposition of (i) 8,500 shares of Common Stock directly beneficially owned by Mr. Silvers; (ii) 700 shares of Common Stock held in a joint account with his wife; (iii) 100 shares of Common Stock held in an account for the benefit of his daughter; and (iv) 100 shares of Common Stock held in an account for the benefit of his son. Mr. Nelson has the power to vote and direct the disposition of the 4,000 shares of Common Stock directly beneficially owned by him. Laura Conover has the power to vote and direct the disposition of the 250 shares of Common Stock directly beneficially owned by her. Mr. Konig has the power to vote and direct the disposition of (x) the 1,200 shares of Common Stock directly beneficially owned by him and (y) 150 shares of Common Stock held in an account for the benefit of his wife. CSC has the power to vote and direct the disposition of the 2,100,844 shares of Common Stock held by the accounts for which it acts as investment advisor.

The Reporting Persons may be deemed to have formed a "group" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended. Collectively, the group (and each member thereof) may be deemed to have beneficial ownership of a combined 2,460,068 shares of Common Stock, constituting approximately 7.0% of the Issuer's outstanding shares of Common Stock. Each Reporting Person disclaims beneficial ownership of any shares of Common Stock beneficially owned by any other Reporting Person.

(c) Information concerning transactions in the Common Stock effected by the Reporting Persons since the filing of the Original Schedule 13D is set forth in Schedule I hereto and is incorporated herein by reference.

**Item 7. MATERIAL TO BE FILED AS EXHIBITS**

**Description**

**Exhibit**

3 January 6th Letter



**SIGNATURES**

After reasonable inquiry and to the best of his or its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: January 6, 2015

**SPRINGOWL associates  
LLC**

By: SpringOwl Asset  
Management LLC

By: /s/ Andrew Wallach  
Name: Andrew Wallach  
Title: Managing Member

By: /s/ Daniel Silvers  
Daniel Silvers

By: /s/ Andrew Nelson  
Andrew Nelson

By: /s/ Laura Conover  
Laura Conover

By: /s/ Barry Konig  
Barry Konig

**cove street capital, llc**

/s/ Daniele Beasley  
Name: Daniele Beasley  
Title: Chief Compliance  
Officer; Member



**Schedule I**

## TRANSACTIONS IN COMMON STOCK BY THE REPORTING PERSONS

The following tables set forth all transactions in the Common Stock effected by each of the Reporting Persons since the filing of the Original Schedule 13D. Unless otherwise noted, all such transactions were effected in the open market through a broker and all prices per share include commissions.

**Mr. Silvers**

| Trade Date | Shares Purchased (Sold) | Price Per Share (\$) |
|------------|-------------------------|----------------------|
| 11/26/2014 | 3,000                   | 16.64                |
| 12/1/2014  | 1,000                   | 15.81                |

**Mr. Nelson**

| Trade Date | Shares Purchased (Sold) | Price Per Share (\$) |
|------------|-------------------------|----------------------|
| 12/2/2014  | 192                     | 14.91                |
| 12/2/2014  | 100                     | 14.90                |
| 12/2/2014  | 500                     | 14.94                |
| 12/2/2014  | 208                     | 14.95                |

**CSC**

| Trade Date | Shares Purchased (Sold) | Price Per Share (\$) |
|------------|-------------------------|----------------------|
| 11/25/2014 | 50,000                  | 16.79                |
| 11/26/2014 | 30,000                  | 16.65                |
| 12/1/2014  | 315                     | 15.30                |

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|            |           |       |
|------------|-----------|-------|
| 12/15/2014 | (103,752) | 14.66 |
| 12/15/2014 | 103,752   | 14.71 |
| 12/18/2014 | 197,143   | 15.02 |
| 12/19/2014 | 25,457    | 15.34 |