Forestar Group Inc.
Form PRE 14A
March 08, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

FORESTAR GROUP INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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To Be Held May 9, 2017

6300 Bee Cave Road, Building Two, Suite 500
Austin, Texas 78746

To Forestar Stockholders:

WHEN AND WHERE THE ANNUAL MEETING OF STOCKHOLDERS WILL BE HELD

The 2017 annual meeting of our stockholders will be held at our offices located at 6300 Bee Cave Road, Building Two, Suite 500, Austin, Texas 78746, on Tuesday, May 9, 2017, at 9:00 a.m. Austin, Texas time.

PURPOSES OF THE MEETING

The meeting will be held for the following purposes:

1. To elect the four nominees named in the attached proxy statement as directors to serve on our Board of Directors. These four directors will serve as directors until their terms expire or, if later, until replacement directors are elected who meet all necessary qualifications.

2. Advisory approval of the Company's executive compensation.

3. Advisory vote on the frequency of future advisory votes on executive compensation.

4. To ratify the extension of our tax benefits preservation plan.

5. To ratify the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the year 2017.

6. To transact any other business that is properly raised for discussion at the annual meeting or any later meeting if the annual meeting is adjourned or postponed.

WHO CAN ATTEND AND VOTE

Our Board of Directors has fixed the close of business on March 10, 2017 as the record date for determining who is a stockholder entitled to receive notices about the annual meeting and to vote at the annual meeting or any later meeting if the annual meeting is adjourned or postponed. Only stockholders who own stock on the record date are entitled to receive notices about the annual meeting and to vote at the annual meeting.

If you need help voting your shares, please call D. F. King & Co., Inc., our proxy solicitation firm, at (800) 714-3312.

Matthew S. Stark
Vice President, Assistant General Counsel and
Assistant Secretary

March [•], 2017
Austin, Texas

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Your vote is important. You are invited to attend the meeting in person. If you need directions to the meeting location, you may contact our Assistant Secretary by phone at (512) 433-5200 or by mail at our address noted above. Whether or not you plan to attend the meeting, and no matter how many shares you own, please vote over the internet or by telephone, or, if you received by mail or printed a paper proxy card, you may also vote by signing, dating and returning the proxy card by mail. By voting before the meeting, you will help us ensure that there are enough stockholders voting to hold a meeting and avoid added proxy solicitation costs. If you attend the meeting, you may vote in person, if you wish, even if you have previously submitted a proxy. You may revoke your proxy at any time by following the instructions under "Voting Information How you can change or revoke your vote."

Important Notice Regarding Availability of Proxy Materials for the 2017 Annual Meeting of Stockholders to be held on May 9, 2017. The 2017 Proxy Statement, along with our Annual Report on Form 10-K for 2016, are available at *http://investor.forestargroup.com/phoenix.zhtml?c=216546&p=irol-sec.*

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Austin, Texas 78746

PROXY STATEMENT
FOR 2017 ANNUAL MEETING OF STOCKHOLDERS

VOTING INFORMATION

GENERAL

Our Board of Directors seeks your proxy for use in voting at our 2017 annual meeting of stockholders to be held on Tuesday, May 9, 2017, at 9:00 a.m. Austin, Texas time, and at any later meeting if the annual meeting is adjourned or postponed. This Proxy Statement, 2016 Annual Report to Stockholders (which includes our audited financial statements) ("Annual Report") and proxy card or voting instructions were made available to you over the internet or mailed to you on or about March 28, 2017. The Annual Report does not constitute any part of the material for the solicitation of proxies.

RECORD DATE

Holders of our common stock as of the close of business on March 10, 2017, the record date, may vote at the 2017 annual meeting, either in person or by proxy. At the close of business on March 10, 2017, there were [•] shares of our common stock outstanding and entitled to vote at the annual meeting. The common stock is our only authorized voting security, and each share of our common stock is entitled to one vote on each matter properly brought before the annual meeting.

PURPOSE OF THE ANNUAL MEETING

At the annual meeting, the stockholders will be asked to vote on the following proposals:

Proposal No. 1: Election of the four nominees named in this Proxy Statement as directors to serve on our Board of Directors.

Proposal No. 2: Advisory approval of the Company's executive compensation.

Proposal No. 3: Advisory vote on the frequency of future advisory votes on executive compensation.

Proposal No. 4: Ratification of the extension of our tax benefits preservation plan.

Proposal No. 5: Ratification of the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the year 2017.

INTERNET AVAILABILITY OF PROXY MATERIALS

We are using the rule of the Securities and Exchange Commission ("SEC") that allows companies to furnish proxy materials to their stockholders over the internet. In accordance with this rule, on or about March 28, 2017, we sent stockholders of record at the close of business on March 10, 2017, a Notice Regarding the Internet Availability of Proxy Materials ("Notice"). The Notice contains instructions on how to access our Proxy Statement, Annual Report and proxy card via the internet and how to vote. You will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the proxy materials. The Notice also instructs you on how you may submit your proxy via the internet. If you received a Notice and would like to receive a copy of our proxy materials, follow the instructions contained in the Notice to request a copy electronically or in paper form on a one-time or ongoing basis.

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VOTING INFORMATION

DIFFERENCE BETWEEN HOLDING SHARES AS A STOCKHOLDER OF RECORD AND AS A BENEFICIAL OWNER

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the "stockholder of record" with respect to those shares, and the Notice has been sent directly to you.

If your shares are held in a stock brokerage account or by a bank or other nominee, those shares are held in "street name" and you are considered the "beneficial owner" of the shares, and a notice of internet availability of proxy materials has been forwarded to you by your broker, bank or other nominee, who is the stockholder of record. You will receive separate instructions from your broker, bank or other holder of record describing how to vote your shares.

VOTING YOUR SHARES

If you hold shares in your own name as a stockholder of record, you may cast your vote in one of the four ways:

- *By Submitting a Proxy by Internet.* Go to the following website: *www.proxyvote.com*. You may submit a proxy by internet 24 hours a day. To be valid, your proxy by internet must be received by 11:59 p.m., Austin, Texas time, on May 8, 2017. Please have your Notice in hand when you access the website and follow the instructions to create an electronic voting instruction form.

- *By Submitting a Proxy by Telephone.* To submit a proxy using the telephone, call 1-800-690-6903 any time on a touch-tone telephone. You may submit a proxy by telephone 24 hours a day, 7 days a week. Follow the simple instructions provided by the recorded message. To be valid, your proxy by telephone must be received by 11:59 p.m., Austin Texas time, on May 8, 2017.

- *By Submitting a Proxy by Mail.* If you have printed the proxy card from the website or received, upon request, a hard copy of the proxy card and wish to submit your proxy by mail, you must mark your proxy card, sign and date it, and return it in the prepaid envelope that has been provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. To be valid, your proxy by mail must be received prior to the Annual Meeting.

- *At the Annual Meeting.* You can vote your shares at the Annual Meeting.

If you are a beneficial owner of shares held in street name, your broker, bank or other nominee will provide you with materials and instructions for voting your shares. The availability of telephone or internet voting will depend on the bank's or broker's voting process. Please check with your bank or broker and follow the voting procedures your bank or broker provides to vote your shares.

If you properly submit your proxy by one of these methods, and you do not subsequently revoke your proxy, your shares will be voted in accordance with your instructions.

If your shares are held in your own name as a stockholder of record and you return your signed proxy card or vote by telephone or internet but do not specify a voting choice, your shares will be voted as follows:

- FOR election of the director nominees under the caption "Election of Directors."

- FOR advisory approval of the Company's executive compensation.

FOR a frequency of EVERY ONE YEAR for future advisory votes on executive compensation.

FOR ratification of the extension of our tax benefits preservation plan.

FOR ratification of the selection of Ernst & Young LLP as independent registered public accounting firm for the year 2017.

BROKER DISCRETIONARY VOTING IF YOU DO NOT INSTRUCT YOUR BROKER ON HOW TO VOTE YOUR SHARES

Brokers do not have discretionary authority to vote on the proposals to elect directors, to hold an advisory vote on executive compensation, to hold an advisory vote on the frequency of future advisory votes on executive compensation and to ratify the extension of our tax benefits preservation plan if they do not receive instructions from a beneficial owner. Accordingly, if you are a beneficial owner, you must instruct your broker on how you want your shares to be voted on these proposals in order for your votes to be counted on these proposals. Brokers have discretionary authority to vote on the ratification of selection of auditors if they do not receive instructions from a beneficial owner.

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VOTING INFORMATION

VOTING IN PERSON AT THE ANNUAL MEETING

If you hold shares in your own name as a stockholder of record, you are invited to attend the annual meeting and cast your vote at the meeting by properly completing and submitting a ballot at the meeting. If you are the beneficial owner of shares held in the name of your broker, bank or other nominee, you are invited to attend the meeting in person, but in order to vote at the meeting you must first obtain a legal proxy from your broker, bank or other nominee giving you the right to vote those shares and submit that proxy along with a properly completed ballot at the meeting.

HOW YOU CAN CHANGE OR REVOKE YOUR VOTE

If you hold shares in your own name as a stockholder of record, you may change your vote or revoke your proxy at any time before voting begins at the Annual Meeting by:

- giving written notice of revocation to our Assistant Secretary at any time before the voting begins;
- signing and delivering a proxy that is dated after the proxy you wish to revoke;
- attending the annual meeting and voting in person by properly completing and submitting a ballot; or
- if you submitted a proxy by telephone or internet, by submitting a subsequent proxy by telephone or internet.

Attendance at the meeting, in and of itself, will not cause your previously granted proxy to be revoked unless you vote at the meeting.

We must receive your notice of revocation or later-dated proxy at or prior to voting at the annual meeting for it to be effective. It should be delivered to:

Forestar Group Inc.
6300 Bee Cave Road
Building Two, Suite 500
Austin, Texas 78746
Attention: Assistant Secretary

Alternatively, you may hand deliver a written revocation notice, or a later-dated proxy, to the Assistant Secretary at the annual meeting before the voting begins.

If you are the beneficial owner of your shares held in street name, please check with your bank or broker and follow the procedures your bank or broker provides if you wish to change your vote.

QUORUM

The presence at the annual meeting, in person or by proxy, of holders of [•] shares (a majority of the votes entitled to be cast by the stockholders entitled to vote as of the record date) is required to constitute a quorum to transact business at the meeting. Proxies marked "abstain" and broker "non-votes" (each of which are explained below) will be counted in determining the presence of a quorum.

If the shares present in person or represented by proxy at the annual meeting are not sufficient to constitute a quorum, the stockholders by a vote of the holders of a majority of the votes entitled to be cast by the stockholders, present in person or by proxy at the meeting (which may be voted by the proxyholders at the meeting), may, without further notice to any stockholder (unless a new record date is set or the adjournment is for more than 30 days), adjourn the meeting to a different time and place to permit further solicitations of proxies sufficient to constitute a quorum. At any such adjourned meeting at which a quorum may be present, any business may be transacted that might have been transacted at the meeting as originally called.

ABSTENTIONS

An abstention occurs when a stockholder sends in a proxy with explicit instructions to decline to vote regarding a particular proposal. An abstention with respect to any proposal for the annual meeting will not be counted as a vote "cast" for or against the proposal. Consequently, an abstention with respect to any of the proposals scheduled for a vote at the annual meeting will not affect the outcome of the vote.

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VOTING INFORMATION

BROKER NON-VOTES

Broker "non-votes" are shares held by brokers or nominees for which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers so the broker is unable to vote those uninstructed shares. A broker "non-vote" with respect to a proposal will not be counted as a vote "cast" for or against the proposal. Consequently, a broker "non-vote" will not affect the outcome of the vote.

REQUIRED VOTES

Election of Directors

To elect a director nominee, the votes cast "for" that nominee must exceed the votes cast "against" that nominee. In accordance with our corporate governance guidelines, each incumbent nominee who does not receive the required vote for election must tender his or her resignation to our Chairman for consideration by the Nominating and Governance Committee of our Board of Directors. For more information on the operation of our majority voting standard, see the section on "Election of Directors." Stockholders may not cumulate votes in the election of directors.

Advisory Approval of the Company's Executive Compensation

To approve the non-binding resolution regarding approval of executive compensation, the "for" votes cast in favor of the matter must exceed the "against" votes cast against the matter.

Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation

The frequency receiving the greatest number of votes every one year, every two years, or every three years will be the frequency for the advisory vote on executive compensation selected by the stockholders.

Ratification of Extension of Our Tax Benefits Preservation Plan

To ratify approval of the extension of our tax benefits preservation plan, the "for" votes cast in favor of the matter must exceed the "against" votes cast against the matter.

Ratification of Auditors

To ratify appointment of our independent registered public accounting firm, the "for" votes cast in favor of the matter must exceed the "against" votes cast against the matter.

PROXY SOLICITATION; COUNTING THE VOTES

We are soliciting your proxy for the annual meeting and will pay all the costs of the proxy solicitation process. We have retained D.F. King & Co., Inc., a professional proxy solicitation firm, to assist in the solicitation of proxies. D.F. King's employees and our directors, officers and employees may solicit the return of proxies by personal contact, mail, electronic mail, facsimile, telephone or the internet. We may also issue press releases asking for your vote or post letters or notices to you on our website, *www.forestargroup.com*. Our directors, officers and employees will not receive additional compensation, but will be reimbursed for out-of-pocket expenses. D.F. King will be reimbursed for its expenses in soliciting proxies and, in addition, will receive a proxy solicitation fee not to exceed $7,500. We will request brokerage houses and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of our common stock. We will reimburse them for costs they incur in the solicitation.

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as inspectors of election to certify the results.

CONFIDENTIAL VOTING POLICY

We have adopted a confidential voting policy, which provides that stockholder proxies, ballots, and voting tabulations that identify your vote will not be disclosed to our directors, officers, or employees. There are a few exceptions to this policy, such as when you make a comment on your proxy vote or when we must determine the legality of a vote.

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VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The name, address and stock ownership of each person or group of persons known by us to own beneficially more than five percent of the outstanding shares of our common stock as of the close of business on March 10, 2017 follows.

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS(1)
NWQ Investment Management Company, LLC(2) 2049 Century Park East, 16th Floor Los Angeles, California 90067	4,483,583	[•]%
BlackRock, Inc.(3) 55 East 52nd Street New York, New York 10022	3,753,668	[•]%
T. Rowe Price Associates, Inc.(4) 100 E. Pratt Street Baltimore, Maryland 21202	3,488,480	[•]%
The Vanguard Group, Inc.(5) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	2,720,435	[•]%
Dimensional Fund Advisors LP(6) Building One, 6300 Bee Cave Road Austin, Texas 78746	2,123,557	[•]%
Cove Street Capital, LLC(7) 2101 East El Segundo Boulevard, Suite 302 El Segundo, California 90245	1,831,867	[•]%

(1) Based upon a total of [•] shares of common stock outstanding on March 10, 2017.

(2) Based solely on information reported on Schedule 13G/A filed with the SEC on February 3, 2017 by NWQ Investment Management Company, LLC. According to the Schedule 13G/A, NWQ Investment Management Company, LLC has the sole voting power over 4,483,583 shares and has the sole dispositive power over 4,483,583 shares.

(3) Based solely on information reported on Schedule 13G/A filed with the SEC on January 12, 2017 by BlackRock, Inc. According to the Schedule 13G/A, BlackRock, Inc. has the sole voting power over

3,654,051 shares and has the sole dispositive power over 3,753,668 shares.

(4)

Based solely on information reported on Schedule 13G/A filed with the SEC on February 7, 2017 by T. Rowe Price Associates, Inc. ("Price Associates"). According to the Schedule 13G/A, Price Associates has sole voting power over 467,741 shares and sole dispositive power over 3,488,480 shares. According to the Schedule 13G/A, Price Associates does not serve as custodian of the assets of any of its clients and therefore in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. The ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities is vested in the individual and institutional clients which Price Associates serves as investment advisor. Any and all discretionary authority that has been delegated to Price Associates may be revoked in whole or in part at any time. Not more than 5% of the class of such securities is owned by any one client subject to the investment advice of Price Associates. With respect to any securities owned by any registered investment company sponsored by Price Associates which it also serves as investment advisor (a "Price Fund"), only the custodian for the Price Funds has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. No other person is known to have such rights, except that the shareholders of such Price Fund participate proportionately in any dividends and distributions so paid.

(5)

Based solely on information reported on Schedule 13G/A filed with the SEC on February 13, 2017 by The Vanguard Group, Inc. According to the Schedule 13G/A, The Vanguard Group, Inc. has the sole voting power over 40,979 shares, the sole dispositive power over 2,669,227 shares, the shared voting power over 12,317 shares, and the shared dispositive power over 51,208 shares. According to the Schedule 13G/A, Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 38,891 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 14,405 shares as a result of its serving as investment manager of Australian investment offerings.

(6)

Based solely on information reported on Schedule 13G/A filed with the SEC on February 9, 2017 by Dimensional Fund Advisors LP. According to the Schedule 13G/A, Dimensional Fund Advisors LP has the sole voting power over 2,000,237 shares and has the sole dispositive power over 2,123,557 shares. According to the Schedule 13G/A, Dimensional Funds Advisor LP is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-advisor to certain other commingled funds, group trusts and separate accounts (collectively, "Funds"). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") may possess voting and/or investment power over our common stock that are

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VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS

owned by the Funds, and may be deemed to be the beneficial owner of our shares of common stock held by the Funds. However, according to the Schedule 13G/A, all shares are owned by the Funds. Dimensional disclaims beneficial ownership of these shares.

(7) Based solely on information reported on Schedule 13G/A filed with the SEC on February 13, 2017 by Cove Street Capital, LLC. According to the Schedule 13G/A, Cove Street Capital, LLC has the sole voting power and sole dispositive power over 1,660,218 shares and the shared voting power and shared dispositive power over 171,649 shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of the close of business on March 10, 2017 by:

- Each of our directors and nominees for director, including our Chief Executive Officer (CEO),
- Our Chief Financial Officer (CFO) and our two most highly compensated executive officers other than our CEO and CFO (we had only two other executive officers, other than the CEO and CFO, as of such date), and
- All directors and executive officers as a group.

We determined beneficial ownership as reported in the table in accordance with Rule 13d-3 under the Exchange Act. Unless otherwise indicated, beneficial ownership includes both sole voting and sole dispositive power. Even though SEC rules require reporting of all the shares listed in the table, the directors and executive officers may not claim beneficial ownership of all of these shares. For example, a director or executive officer might not claim beneficial ownership of shares owned by a relative. Unless otherwise indicated, the table does not include any shares that may be held by pension and profit-sharing plans of the corporations or endowment funds of educational and charitable institutions for which various directors and officers serve as directors or trustees.

	BENEFICIAL OWNERSHIP			ADDITIONAL OWNERSHIP(4)					
BENEFICIAL OWNER	AMOUNT AND NATURE(1)(2)(3)	PERCENT OF CLASS	SHARES ISSUABLE ON EXERCISE OF OPTIONS AFTER MAY 9, 2017	STOCK APPRECIATION RIGHTS(5)	RESTRICTED STOCK UNITS(6)	MARKET-LEVERAGED STOCK UNITS(7)	PERFORMANCE STOCK UNITS(8)	TOTAL ADDITIONAL OWNERSHIP (d+e+f+g+h)	TOTAL BENEFICIAL AND ADDITIONAL OWNERSHIP (b+i)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Non-Employee Directors									

M. Ashton Hudson**(9)**	51,746	*	13,500		2,896			16,396	68,142
William C. Powers, Jr.	95,750	*			37,175			37,175	132,925
James A. Rubright	116,031	*			42,781			42,781	158,812
Daniel B. Silvers	58,388	*	7,000		2,896			9,896	68,284
Richard M. Smith	96,756	*			31,517			31,517	128,273
Richard D. Squires**(10)**	31,808	*	13,500		2,896			16,396	48,204
Named Executive Officers									
Phillip J. Weber	198,378	*	72,634	3,759		25,474	22,890	124,757	323,135
Charles D. Jehl	171,602	*	9,189	12,628	42,635	18,526	14,768	97,746	269,348
Michael Quinley**(11)**	153,644	*	26,289	7,817	12,100	18,526	12,922	77,654	231,298
David M. Grimm**(12)**	193,991	*	11,486	12,628		23,158	18,460	65,732	259,723
Bruce F. Dickson**(13)**	128,202	*				10,522		10,522	138,724
Group									
All directors and executive officers (11 persons) as a group	1,296,296	X.X%	153,598	36,832	174,896	96,206	69,040	530,572	1,826,868

*

Less than one percent based upon a total of [•] shares of common stock outstanding on March 10, 2017.

(1)

Includes shares of our common stock issuable upon exercise of options exercisable within 60 days from March 10, 2017: Mr. Hudson 6,500; Mr. Powers 20,000; Mr. Rubright 20,000; Mr. Silvers 13,000; Mr. Smith 20,000; Mr. Squires 6,500; Mr. Weber 109,570; Mr. Jehl 105,042; Mr. Quinley 95,329; Mr. Grimm 113,822; Mr. Dickson 91,676; and all directors and executive officers (11 persons) as a group 601,439.

(2)

Includes 1,200 shares of our common stock owned by relatives of all directors and executive officers (11 persons) as a group. SEC rules consider these shares to be beneficially owned, but the individuals disclaim any beneficial interest in such shares.

(3)

Includes shares of our common stock underlying restricted stock units granted to directors under our director compensation program and to executive officers who are retirement eligible for which the director or executive officer has the unilateral right to cause the Company to pay out common stock within

VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS

60 days from March 10, 2017: Mr. Hudson 23,142; Mr. Powers 78,646; Mr. Rubright 98,717; Mr. Silvers 38,884; Mr. Smith 79,652; Mr. Squires 23,204; Mr. Weber 27,132; Mr. Quinley 27,132; Mr. Grimm 11,628; and all directors and executive officers as a group (11 persons) 408,137. The restricted stock units are payable upon the director's retirement from the Board of Directors.

(4) "Additional Ownership" is not included in the SEC's definition of "Beneficial Ownership."

(5) Stock appreciation rights vest 25% on each of the first four anniversaries of the date of grant and are payable in cash.

(6) Includes restricted stock units payable in cash upon the director's retirement from the Board of Directors and restricted stock units payable in stock for which the director does not have the unilateral right to cause the company to pay out common stock within 60 days. Also includes executive officer restricted stock units which generally vest on the third anniversary of the date of grant, or vest ratably over three years. Restricted stock units may be settled in stock or cash, as determined at the time of grant.

(7) Market-leveraged stock units vest three years from date of grant. Market-leveraged stock units will be settled in common stock using a conversion formula to determine the number of market-leveraged stock units paid based on the percent change in stock price (plus dividends if applicable) during the performance period. Under the conversion formula, a 50% or greater increase in stock price results in a 1.5 multiple of market-leveraged stock units paid, a 50% reduction in stock price results in a 0.5 multiple of market-leveraged stock units paid, and more than 50% reduction in stock price results in no market-leveraged stock units paid. The number of shares included in column (g) equals the number of market-leveraged stock units granted.

(8) Performance stock units vest on the later of three years from date of grant on the date when satisfaction of the performance condition is certified. Performance stock units will be settled in common stock using a performance formula to determine the number of performance stock units paid based on performance during the performance period. Performance conditions may be relative to peer companies or tied to specific financial or operational metrics or both. Payout may vary from zero to two shares per unit depending on the specific performance award and its performance conditions. The number of shares included in column (h) equals the number of performance stock units granted.

(9) Mr. Hudson joined our Board on February 5, 2016 pursuant to the Director Nomination Agreement with Cove Street Capital, LLC.

(10) Mr. Squires joined our Board on February 5, 2016 pursuant to the Director Nomination Agreement with Carlson Capital L.P.

(11)
Mr. Quinley has served as our President Community Development since September 2015.

(12)
Mr. Grimm is scheduled to retire as Chief Administrative Officer, Executive Vice President, General Counsel and Secretary on March 31, 2017.

(13)
Mr. Dickson retired as Chief Real Estate Officer effective on March 31, 2016.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

We have not identified any person who failed to file on a timely basis reports required by Section 16(a) of the Exchange Act in respect of our common stock during the most recent fiscal year, except that one Form 4 was not timely filed in relation to shares of our common stock withheld to satisfy the tax withholding obligation related to the vesting of a portion of a restricted stock award by Sabita C. Reddy. For purposes of identifying persons who failed to timely file Section 16(a) reports, we only reviewed Forms 3, 4, and 5, amendments to these forms, and written representations supplied to us in lieu of Form 5 under the SEC's Section 16 rules for the most recent fiscal year.

ELECTION OF DIRECTORS

Our bylaws specify that our Board of Directors will establish by vote how many directors will serve on the Board (but not less than three). Our Board of Directors has set the number of directors at seven. Our Amended and Restated Certificate of Incorporation and bylaws also provide that the directors will be divided into three classes, although our classified board structure is being phased out over a three-year period which began in 2016. At the 2016 annual meeting of stockholders, four directors were up for election, all of whom were elected by the stockholders. Three of those director nominees, Mr. Hudson, Mr. Smith, and Mr. Weber, are to serve until the 2017 annual meeting of stockholders and are standing for election as directors at the 2017 annual meeting of stockholders. The fourth director nominee, Mr. Squires, is a director in the class that serves until the 2018 annual meeting of stockholders. William G. Currie and David L. Weinstein retired from the Board on September 1, 2016 and, upon their retirements, the size of the Board was reduced from nine to seven members.

At the 2017 annual meeting of stockholders, four directors are up for election. All of those director nominees, Mr. Hudson, Mr. Powers, Mr. Smith and Mr. Weber, if elected, will serve until the 2018 annual meeting of stockholders. All directors will be elected on an annual basis beginning with the 2018 annual meeting of stockholders.

Our bylaws include a voting standard in uncontested elections of directors (as is the case for this annual meeting) of a majority of votes cast in the election. Under the majority of votes cast standard, a director nominee is elected if the number of votes cast "for" the nominee exceeds the number of votes cast "against" the nominee. In contested elections (that is, those in which the number of nominees exceeds the number of directors to be elected), the voting standard is a plurality of votes cast, which means that the individuals who receive the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting.

Our Board of Directors also adopted a director resignation policy, which is set forth in the corporate governance guidelines available at *www.forestargroup.com* under the "Investor Relations Corporate Governance Governance Documents" section of our website. This policy sets forth the procedures that will apply in the event that a director does not receive the requisite majority of votes cast "for" his or her election. In summary, an incumbent director nominee who fails to receive the required vote for election will, within five days after certification of the election results, tender his or her resignation to our Chairman for consideration by the Nominating and Governance Committee of our Board of Directors. The Nominating and Governance Committee will consider the resignation and, within 45 days after the date of the annual meeting at which the election of directors occurred, will make a recommendation to the Board of Directors on whether to accept or reject the resignation. The Board of Directors will act on the Committee's recommendation within 90 days after the date of the annual meeting. The director whose resignation is under consideration will not participate in the Committee or Board of Directors' decision with respect to accepting or rejecting his or her resignation as director. If a resignation is not accepted by the Board of Directors, the director will continue to serve. If the failure of a nominee to be elected at the annual meeting results in a vacancy on the Board of Directors, that vacancy can be filled by action of the Board.

Following the Board's decision on whether to accept or reject the resignation, the Company will publicly disclose the Board's decision, together with an explanation of the process by which the decision was made and, if applicable, the Board's reason(s) for rejecting the tendered resignation.

DIRECTOR QUALIFICATIONS

Our Nominating and Governance Committee is charged with assuring that the proper skills and experience are represented on our Board. Our corporate governance guidelines include a non-exclusive list of qualifications that should be considered in reviewing director candidates. The qualifications take into account our business, geographic locations, diversity of backgrounds and skills, and other factors. We expect all our directors to possess the highest personal and professional ethics, integrity and values. We also expect our directors to be committed to the long-term interests of our stockholders as a whole as distinguished from the specific interest of any particular stockholder.

NOMINEES

Unless you specify otherwise on your proxy, the persons named as proxies in such proxy intend to vote for the election of the nominees listed below to serve as directors.

Mr. Hudson, Mr. Powers, Mr. Smith and Mr. Weber are standing for election as directors to serve until the 2018 annual meeting of stockholders, or until their replacements are duly elected and meet all requirements. All nominees are presently serving as directors. After review of their qualifications, the Nominating and Governance Committee recommended them as nominees to the full Board, and the full Board subsequently voted unanimously to recommend them to the stockholders as nominees. We did not pay a fee to any third party to identify or evaluate or to assist in identifying or evaluating potential nominees.

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ELECTION OF DIRECTORS

Each of the nominees has consented to being named in this Proxy Statement and to serve if elected. If any nominee becomes unavailable to serve, however, the persons named as proxies in the enclosed form of proxy intend to vote the shares represented by the proxy for the election of such other person or persons as may be nominated or designated by management, unless they are directed by the proxy to do otherwise.

A brief summary of each director's principal occupation, recent professional experience, certain specific qualifications considered by the Nominating and Governance Committee and the Board, and directorships at other public companies in the past five years, if any, is provided below.

NOMINEES FOR DIRECTORS TO BE ELECTED AT THE 2017 ANNUAL MEETING OF STOCKHOLDERS TO SERVE UNTIL THE 2018 ANNUAL MEETING OF STOCKHOLDERS

Director since February 2016

Principal Occupation and Other Information
Mr. Hudson is President and General Counsel of Rock Creek Capital Group, Inc., an alternative asset manager with significant land holdings throughout the southeast, and has been a partner and member of the Rock Creek Investment Committee since 2002. Previously, Mr. Hudson practiced law with the firm of Parker, Hudson, Rainer & Dobbs LLP, where his legal practice was primarily focused on corporate finance, mergers and acquisitions, and general corporate law. He is a former owner and manager of Timbervest, LLC, one of the first timber investment management organizations (TIMO).

Mr. Hudson has significant knowledge and experience regarding land markets and investments, with special expertise in timberland.

Director since 2007

Principal Occupation and Other Information
Mr. Powers is currently the Joseph D. Jamail Centennial Chair in Law at the School of Law at The University of Texas at Austin. He previously served as President of The University of Texas at Austin from 2006 to June 2015 and as Dean of The University of Texas School of Law from 2000 to 2005. Other university appointments have been with the Southern Methodist University School of Law, the University of Michigan School of Law, and the University of Washington School of Law. He served as chair of the Special Investigation Committee, Enron Corp., which in 2002 produced the "Powers Report." Mr. Powers is also Of Counsel to Jackson Walker L.L.P.

Mr. Powers has extensive legal and management expertise, including special expertise in the evaluation and management of risk.

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ELECTION OF DIRECTORS

Director since 2007

Principal Occupation and Other Information
Mr. Smith is the President of Pinkerton Foundation, a New York based private foundation serving the needs of at risk youth. He is the former Chairman of Newsweek, a position he held from 1998 to 2010. Mr. Smith served as Editor in Chief of Newsweek from 1984 to 2007 and CEO from 1991 until 2007. Mr. Smith was Chairman of the Magazine Publishers of America (MPA) from 1996 to 1997 and was the founding Chairman of the MPA's New Media Committee. Mr. Smith previously served on the MPA's board and on the board of the American Society of Magazine editors. He also serves on the board of Merryck & Co., a privately held CEO mentoring firm. Mr. Smith served on the board of Temple Inland Inc. until its February 2012 merger with International Paper Company.

Mr. Smith has substantial knowledge of and insights into current trends and events, including their potential impacts on our businesses and customers, and has extensive leadership experience.

Director since September 2015

Principal Occupation and Other Information
Mr. Weber has served as our Chief Executive Officer since September 2015. He has served as Chairman of our Real Estate Investment Committee since May 2013, and previously served as Executive Vice President Water Resources from May 2013 to September 2015 and as Executive Vice President Real Estate from 2009 to May 2013. Prior to joining Forestar, he served the Federal National Mortgage Association (Fannie Mae) as Senior Vice President Multifamily from 2006 to October 2009, as Chief of Staff to the CEO from 2004 to 2006, as Chief of Staff to Chairman of the Board and Corporate Secretary from 2005 to 2006, and as Senior Vice President, Corporate Development in 2005.

Mr. Weber is our Chief Executive Officer and has significant experience in the real estate business generally and specifically in our real estate operations.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF MR. HUDSON, MR. POWERS, MR. SMITH AND MR. WEBER AS DIRECTORS OF FORESTAR.

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ELECTION OF DIRECTORS

CONTINUING DIRECTORS

The following information is provided with respect to directors who will continue to serve as directors until the 2018 annual meeting of stockholders.

Director since 2007

Principal Occupation and Other Information
Mr. Rubright has served as our Chairman of the Board since September 2015. He previously served as Chairman of the Board and Chief Executive Officer of Rock Tenn Company, one of North America's leading manufacturers of paperboard, containerboard and consumer and corrugated packaging, until his retirement in October 2013. Mr. Rubright joined Rock Tenn Company as Chief Executive Officer in 1999. Previously, he served as Executive Vice President of Sonat Inc. in Birmingham, Alabama, overseeing its interstate natural gas pipeline and energy marketing businesses. Prior to joining Sonat Inc. he was a partner at the law firm of King & Spalding LLP in Atlanta, Georgia. Mr. Rubright serves on the board of HD Supply Holdings, Inc., an industrial supply company, and Southern Company Gas, a wholly-owned subsidiary of Southern Company. He previously served on the board of AGL Resources Inc., an energy company, until its acquisition by Southern Company in July 2016.

Mr. Rubright has significant experience in public company management, reporting, governance and board leadership.

Director since February 2015

Principal Occupation and Other Information
Mr. Silvers has served as Managing Member of Matthews Lane Capital Partners LLC, an investment firm, since June 2015. Mr. Silvers also has served as Chief Strategy Officer of Inspired Entertainment, Inc., a company involved in the gaming industry, since December 2016. He is the former President of SpringOwl Asset Management LLC, an investment management firm, a position he held from March 2009 to June 2015 (including predecessor entities). From April 2009 to October 2010, Mr. Silvers also served as President of Western Liberty Bancorp, an acquisition oriented holding company that acquired and recapitalized a community bank in Las Vegas, Nevada. Mr. Silvers joined a predecessor of SpringOwl from Fortress Investment Group, a leading global alternative asset manager, where he worked from 2005 to 2009. At Fortress, Mr. Silvers' primary focus was to originate, oversee due diligence on and asset management for real estate and gaming investments in Fortress' Drawbridge Special Opportunities Fund. Prior to joining Fortress, Mr. Silvers was a senior member of the real estate, gaming and lodging investment banking group at Bear, Stearns & Co., Inc. Mr. Silvers serves as lead independent director of PICO Holdings, Inc., a holding company with water resource and real estate operations, and on the board of Ashford Hospitality Prime, Inc., a real estate investment trust. Mr. Silvers previously served on the board of directors of International Game Technology, bwin.party digital entertainment plc, Universal Health Services, Inc. and India Hospitality Corp.

Mr. Silvers has significant experience in corporate finance, capital allocation, capital markets and public company governance.

ELECTION OF DIRECTORS

Director since February 2016

Principal Occupation and Other Information
Mr. Squires is Managing Director and Co-Founder of Lennox Capital Partners, LP, a special situations and value-oriented investment fund in publicly-traded debt, equity and bankruptcy securities, and Delos Shipping, LLC, a private equity vehicle focused primarily on global product and chemical tanker acquisitions since 2010. Mr. Squires is also a Managing Director and Co-Founder of SPI Holdings, LLC, a real estate company with land, retail, office, hotel, mini-storage and industrial assets, since 1995.

Mr. Squires has substantial experience investing in and managing a broad array of real estate assets.

HOW NOMINEES ARE SELECTED

Our Nominating and Governance Committee selects nominees on the basis of recognized achievements and their ability to bring various skills and experience to the deliberations of our Board, as described in more detail in the corporate governance guidelines available at *www.forestargroup.com* under the "Investor Relations Corporate Governance Governance Documents" section of our website. The corporate governance guidelines encourage board membership composed of diverse background skills and substantive pertinent experience, and diversity among the directors as a whole.

Our Board approves the nominees to be submitted to the stockholders for election as directors. Our Nominating and Governance Committee and our Board consider whether non-employee director nominees are independent as defined in the corporate governance listing standards of the New York Stock Exchange ("NYSE") and whether they have a prohibited conflict of interest with our business. Priority will be given to individuals with outstanding business experience and who currently serve or have served as the CEO of a company.

Our Nominating and Governance Committee considers director candidates recommended by the directors. After reviewing a potential director's qualifications, a suitable candidate will be invited to meet with our Chairman and full Board to determine if the candidate is a good fit with the rest of our Board.

Our Nominating and Governance Committee considers director candidates recommended by stockholders who are entitled to vote for the election of directors at the annual meeting of stockholders and who comply with the advance notice procedures for director nominations set forth in our bylaws. These procedures require that notice of the director nomination be made in writing to our Assistant Secretary. The notice must be received at our executive offices not less than 75 days nor more than 100 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. In the case of an annual meeting called for a date more than 50 days prior to the anniversary date, notice must be received not later than the close of business on the 10th day following the date on which notice of the annual meeting date is first mailed to stockholders or made public, whichever occurs first. Recommendations by stockholders that are made in this manner will be evaluated in the same manner as recommendations for other candidates. Our bylaws require the notice of director nomination to include certain specified information regarding the nominating stockholder and the nominee.

DIRECTOR NOMINATION AGREEMENTS

SpringOwl Associates and Cove Street Director Nomination Agreement and Appointment of Daniel B. Silvers to the Board

On February 9, 2015, we entered into a Director Nomination Agreement with SpringOwl Associates LLC and Cove Street Capital, LLC ("Cove Street"), pursuant to which Mr. Silvers was appointed to our Board as a director of the class of directors whose terms expired in 2015.
Mr. Silvers was subsequently re-elected to the Board as a director of the class whose term will expire in 2018. The foregoing Director Nomination Agreement expired February 1, 2016.

Cove Street Director Nomination Agreement and Appointment of M. Ashton Hudson to the Board

On February 5, 2016, we entered into another Director Nomination Agreement with Cove Street, pursuant to which Mr. Hudson was appointed to our Board as a director of the class of directors whose terms will expire in 2017. Mr. Hudson is standing for election at the 2017 annual meeting of stockholders. The foregoing Director Nomination Agreement expired January 31, 2017.

Carlson Capital Director Nomination Agreement and Appointment of Richard D. Squires to the Board

On February 5, 2016, we entered into a Director Nomination Agreement with Carlson Capital, L.P., pursuant to which Mr. Squires was appointed to our Board as a director of the class of directors whose terms expire in 2018. The foregoing Director Nomination Agreement expired February 22, 2017.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTION POLICY

We maintain a written policy and procedures for the review, approval, or ratification of any related party transactions that we are required to report under this section of the Proxy Statement.

Under the related party transaction policy, any transaction, arrangement or relationship between us and a related party must be reviewed by the Nominating and Governance Committee, unless pre-approved under the policy. The policy deems the following transactions, arrangements or relationships to be pre-approved:

- compensation arrangements required to be reported under the Director or Executive Compensation sections of the proxy statement;
- business expense reimbursements;
- transactions with an entity in which the related party owns less than 10% of the other entity;
- transactions with an entity in which the related party is a director only;
- transactions with an entity in which the related party is not an executive officer or a partner; and
- indebtedness for transactions in the ordinary course of business.

Under the policy, the Nominating and Governance Committee, in the course of review of a potentially material related party transaction, will consider, among other things, whether the transaction is in our best interest, whether the transaction is entered into on an arms-length basis, whether the transaction conforms to our code of business conduct and ethics and whether the transaction impacts a director's independence under the NYSE listing standards.

During the year ended December 31, 2016, there were no transactions that were required to be reported in this section of the Proxy Statement.

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BOARD MATTERS

BOARD LEADERSHIP STRUCTURE

Mr. Rubright, an independent director who is not an officer or employee of our Company, serves as our Chairman. The Board appointed Mr. Rubright as Chairman of the Board on September 25, 2015. Mr. Rubright has significant experience serving as a public company CEO and he also serves or has served on several other company boards.

We believe it is the CEO's responsibility to run the Company and the Chairman's responsibility to run the Board. We also believe that at this time it is beneficial for us to have a separate Chairman whose sole job is leading the Board. This structure enables Mr. Weber, our CEO, to focus his entire energy on running the Company while affording us the benefits of Mr. Rubright's significant leadership experience. We believe our CEO and our Chairman have an excellent working relationship which allows Mr. Weber to focus on his role as a CEO.

Our corporate governance guidelines state that our Board believes that separation of the offices of Chairman and CEO is in the best interests of the Company and its stockholders at this time. However, should circumstances change in the future, the Board is free to choose its Chairman in any way it determines is in the best interests of the Company and its stockholders in accordance with our bylaws, including determining whether our CEO should also serve as Chairman.

Our Board performs a number of its functions through committees. All committee members including the chairmen of our Audit Committee, Management Development and Executive Compensation Committee (which we refer to as the Compensation Committee), and Nominating and Governance Committee are independent directors under NYSE listing standards. Each committee's charter expressly provides that the committee has the sole discretion to retain, compensate, and terminate its advisors. The charters of our Audit Committee, Compensation Committee, and Nominating and Governance Committee are available at *www.forestargroup.com* under the "Investor Relations Corporate Governance Committees" section of our website. We will provide a copy of these documents, without charge, upon request to our Assistant Secretary at our principal executive office. Any changes to the committee charters will be reflected on our website.

RISK OVERSIGHT

The Board oversees our risk management processes and management is responsible for managing risks. The Board performs its risk oversight role by using several different levels of review. Our CEO or Chief Administrative Officer report on significant risks to the Board at least annually, and at additional times as may be necessary or appropriate. In addition, management reports on and the Board reviews the risks associated with our strategic plan annually and periodically throughout the year as part of the Board's consideration of our strategic direction.

All of our current Board members (and other Board members who served during 2016) except for Mr. Weber, our CEO, are classified as independent under the NYSE listing standards. A number of our Board members have served as members of senior management of other public companies and are currently serving or have served as directors of other public companies. We believe that the number of independent, experienced directors that make up our Board, along with oversight of the Board by the Chairman, benefits our Company and our stockholders.

Each of the Board's Committees also oversees the management of risks that fall within the Committee's areas of responsibility. In performing this function, each Committee has full access to management, as well as the ability to engage advisors.

The Audit Committee receives reports at least annually from management regarding the Company's process for assessment of risks. In addition, our internal audit personnel, who functionally report directly to the Audit Committee, assist in identifying, evaluating and implementing risk management controls and methodologies to address identified risks. The Audit Committee reports regularly to the full Board.

The Compensation Committee considers the impact of our executive compensation programs, and the incentives created by the compensation awards that it administers, on our risk profile. The Compensation Committee reviews and considers, among other things, the incentives that our programs create and the factors that may reduce the likelihood of excessive risk taking. The Compensation Committee reports regularly to the full Board. We do not believe that the risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on us.

We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and that our Board composition and leadership structure support this approach.

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BOARD MATTERS

AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight of:

- the integrity of our financial statements;
- compliance with legal and regulatory requirements;
- the independent registered public accounting firm's qualifications and independence; and
- the performance of the internal audit function and independent registered public accounting firm.

In addition, the Audit Committee prepares the report that SEC rules require be included in the annual proxy statement. The Audit Committee has the sole authority to retain, compensate, and terminate the independent registered public accounting firm. Our Board of Directors has determined that there is at least one audit committee financial expert serving on the Audit Committee, Mr. Rubright, who is an independent director. In addition, our Board of Directors has determined, in its business judgment, that all members of the Audit Committee are financially literate and independent as defined in the NYSE corporate governance standards. During 2016, the members of the Audit Committee were Mr. Rubright (Chairman), Mr. Currie, Mr. Hudson, Mr. Matthews, Mr. Powers, Mr. Silvers, Mr. Squires, and Mr. Weinstein. The Audit Committee met seven times in 2016. Mr. Hudson and Mr. Squires were appointed to the Audit Committee in May, 2016. Mr. Matthews retired from our Board of Directors in February 2016, and Mr. Currie and Mr. Weinstein retired from the Board effective September 1, 2016. Mr. Silvers rotated off of the Audit Committee in May, 2016. As a result, as of the date of this Proxy Statement, the members of the Audit Committee are Mr. Rubright (Chairman), Mr. Hudson, Mr. Powers and Mr. Squires.

MANAGEMENT DEVELOPMENT AND EXECUTIVE COMPENSATION COMMITTEE

The Compensation Committee is responsible for:

- determining and approving, either as a committee or together with other independent directors (as directed by the Board), the CEO's compensation;
- determining and approving the compensation of the other executive officers;
- establishing the compensation philosophies, goals, and objectives for executive officers;
- advising the Board on the performance, salaries, and incentive compensation of the executive officers;
- establishing compensation plans for non-executive employees and approving annual bonus pools;
- advising the Board with respect to employee benefit programs;

- advising the Board with respect to equity and long-term incentive plans;

- conducting an annual review of executive officers' expense reports;

- conducting an annual review of executive officers' personal usage of company-owned facilities and equipment;

- preparing a Compensation Committee report on executive compensation for inclusion in our annual proxy statement filed with the SEC; and

- overseeing the company's compliance with SEC rules regarding stockholder approvals of certain executive compensation matters and equity compensation plans.

Such responsibilities may not be delegated to any persons who are not members of the Compensation Committee. The CEO recommends executive compensation amounts and programs to the Compensation Committee. The Compensation Committee did not engage a compensation consultant in 2016.

Once the full Board approves any compensation recommendations of the Compensation Committee, administration of the compensation programs is delegated to the Chief Administrative Officer.

During 2016, the members of the Compensation Committee were Mr. Currie, Mr. Rubright, Mr. Silvers, Mr. Smith and Mr. Weinstein, all of whom our Board of Directors has determined, in its business judgment, are independent as defined in the NYSE corporate governance standards. Mr. Currie served as Chairman of the Compensation Committee until September 1, 2016, at which time Mr. Silvers was appointed Chairman. The Compensation Committee met five times in 2016. Mr. Silvers was appointed to the Compensation Committee in May, 2016 and Mr. Smith was appointed to the Compensation

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BOARD MATTERS

Committee in September, 2016. Mr. Currie and Mr. Weinstein retired from the Board effective September 1, 2016. As a result, as of the date of this Proxy Statement, the members of the Compensation Committee are Mr. Silvers (Chairman), Mr. Rubright and Mr. Smith.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

There are no Compensation Committee interlocks among the members of our Board and no member of the Compensation Committee has a transaction reported under "Certain Relationships and Related Party Transactions."

NOMINATING AND GOVERNANCE COMMITTEE

The Nominating and Governance Committee is responsible for:

- reviewing the structure of the Board, at least annually, to assure that the proper skills and experience are represented on the Board;
- recommending nominees to serve on the Board of Directors;
- reviewing potential conflicts of prospective Board members;
- recommending the size of the Board;
- recommending the membership of the Board committees;
- reviewing corporate governance issues;
- reviewing performance and qualifications of Board members before they stand for reelection;
- reviewing stockholder proposals and recommending to the Board action to be taken regarding stockholder proposals;
- reviewing outside directorships in other publicly-held companies by our senior officers;
- acting in an advisory capacity to the Board regarding activities that relate to issues of social and public concern, matters of public policy and the environment, and significant legislative, regulatory and social trends and developments; and
- recommending director compensation to the full Board.

The Nominating and Governance Committee may engage a compensation consultant to provide market data regarding director compensation and advice about proposed director compensation programs and amounts.

During 2016, the members of the Nominating and Governance Committee were Mr. Smith (Chairman), Ms. Brown, Mr. Hudson, Mr. Matthews, Mr. Powers, Mr. Silvers and Mr. Squires, all of whom our Board of Directors has determined, in its business judgment, are independent as such term is defined in the NYSE corporate governance standards. The Nominating and Governance Committee met five times in 2016. Ms. Brown and Mr. Matthews retired from our Board of Directors in February 2016. Mr. Hudson and Mr. Squires were appointed to the Nominating and Governance Committee in February 2016. As of the date of this Proxy Statement, the members of the Nominating and Governance Committee are Mr. Smith (Chairman), Mr. Hudson, Mr. Powers, Mr. Silvers and Mr. Squires.

EXECUTIVE COMMITTEE

The Executive Committee may exercise all the authority of the Board of Directors in the management of our business and affairs except:

- matters related to the composition of the Board,
- changes in our bylaws, and
- certain other significant corporate matters.

During 2016, members of the Executive Committee were Mr. Currie, Mr. Rubright, Mr. Silvers, Mr. Smith and Mr. Weinstein. The Executive Committee did not meet in 2016. Mr. Currie and Mr. Weinstein retired from the Board effective September 1, 2016. As of the date of this Proxy Statement, the members of the Executive Committee are Mr. Rubright (Chairman), Mr. Silvers and Mr. Smith.

BOARD MATTERS

DIRECTOR INDEPENDENCE

Our Board has adopted corporate governance guidelines that set forth our director independence standards, which are discussed below. Our corporate governance guidelines are posted at *www.forestargroup.com* under the "Investor Relations Corporate Governance Governance Documents" section of our website. In accordance with our corporate governance guidelines and NYSE rules, at least a majority of our directors are independent.

All directors other than Mr. Weber, our CEO, satisfy our director independence standards. Mr. Weber does not meet our independence standards because he is an employee and officer.

The Board defines independence as meeting the requirements to be considered independent directors under current NYSE rules. The Board has established the following additional guidelines to assist it in determining director independence:

- The Board will review annually the relationships that each director has with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). Only those directors who the Board affirmatively determines have no material relationship with the Company will be considered independent, subject to additional qualifications prescribed under the NYSE listing standards or applicable law.

- To serve as a member of any committee of the Board, the director must meet any additional requirements of independence set forth in the committee's charter or applicable law.

In making its independence determinations, the Board considered legal services provided by Winstead P.C. (a family member of Mr. Matthews, who retired from our Board in February 2016, is a stockholder) and legal services provided by Jackson Walker L.L.P. (Mr. Powers' primary employment is with the University of Texas at Austin, and he also became *of counsel* to Jackson Walker L.L.P. in August 2015). Jackson Walker L.L.P. has provided legal services to us since our 2007 spin-off, and we paid the firm less than $120,000 in 2016. No legal services are provided to us by or under the direction of Mr. Powers, and he is paid a fixed sum as *of counsel* so any payments by us to Jackson Walker L.L.P. for legal services have no effect on Mr. Powers' compensation from Jackson Walker L.L.P. The above-described transactions were made in the ordinary course of our business and in the ordinary course of business of the other firms, and on arm's-length terms. Both of the above directors were deemed not to have a direct or indirect material interest in the respective transactions, and the Board determined that their independence was not impaired.

There is no family relationship between any of the nominees, continuing directors and executive officers of the Company.

BOARD MEETINGS

Our Board typically meets at least four times a year. Our Board met 14 times in 2016. Each incumbent director attended at least 75% of Board meetings and committee meetings held by all committees on which he or she served (held during the period he or she served).

Our Board holds regularly scheduled executive sessions with only independent directors present. Executive sessions were held at five of the Board meetings in 2016. Our Chairman of the Board serves as presiding director to lead these executive sessions of the Board.

OTHER CORPORATE GOVERNANCE MATTERS

Under our corporate governance guidelines, a director is deemed to have tendered his or her resignation at the next regularly scheduled meeting of the Nominating and Governance Committee in the event of a change in job status from the status held at the time of election to our Board. The Nominating and Governance Committee will review whether the new occupation or retirement of the director is consistent with the needs and composition of our Board and recommend action to our Board based on such review. Also under our corporate governance guidelines, non-employee directors may not serve on the boards of directors of more than five public companies.

We expect all of our Board members to attend our annual meeting of stockholders, but from time to time other commitments may prevent certain Board members from attending. All Board members attended our 2016 annual meeting of stockholders.

Non-employee directors must retire no later than the annual stockholders meeting following their 75th birthday unless the remaining non-employee directors determine that it would be in the best interest of the Company and its stockholders under the particular circumstances existing at the time for an exception to this policy to be granted. Employee directors must resign from the Board at the time they retire or otherwise terminate employment with us, but no later than their 65th birthday.

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BOARD MATTERS

POLICIES ON BUSINESS CONDUCT AND ETHICS

All our directors, officers and employees are required to abide by our Standards of Business Conduct and Ethics. This code covers all areas of professional conduct, including conflicts of interest, unfair or unethical use of corporate opportunities, protection of confidential information, compliance with all applicable laws and regulations, and oversight and compliance. Our CEO, CFO and Principal Accounting Officer also are required to abide by our Code of Ethics for Senior Financial Officers. The Standards of Business Conduct and Ethics and Code of Ethics for Senior Financial Officers are available at *www.forestargroup.com* under the "Investor Relations Corporate Governance Governance Documents" section of our website. We will provide a copy of these documents without charge to any stockholder upon request to our Assistant Secretary at our principal executive offices. Any future amendments to either of these codes, and any waiver of the Code of Ethics for Senior Financial Officers and of certain provisions of the Standards of Business Conduct and Ethics for directors or executive officers, will be disclosed on our website promptly following the amendment or waiver.

COMMUNICATIONS WITH DIRECTORS

Stockholders and other interested parties may communicate with non-management directors by forwarding written comments to an independent third party that has agreed to forward the comments to the Chairman with a copy to our General Counsel. The independent third party is NAVEX Global and such comments may be sent to:

NAVEX Global
333 Research Court
Norcross, GA 30092
Attention: Call Center Forestar Group

Alternatively, interested parties may communicate online with our non-management directors by forwarding comments to NAVEX Global at *www.reportlineweb.com/Forestar*.

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DIRECTOR COMPENSATION

Our director compensation program is designed in recognition of the time commitment and preparations required for directors to fulfill their responsibilities, to align director compensation with the long-term interests of our stockholders, and to assist in recruiting high-caliber directors. Alignment with stockholders is emphasized through stock ownership requirements, an annual restricted stock unit grant, and the ability to receive restricted stock units in lieu of fees. Our director fee schedule is as follows:

DIRECTOR FEE SCHEDULE

Annual Retainer Fee	$50,000 (paid $12,500 per quarter)
Annual Non-Executive Board Chair Retainer	$25,000
Annual Audit Committee Chair Retainer	$15,000
Annual Other Committee Chair Retainer	$5,000
Meeting Fees	$500 for each meeting in excess of 5 per year for Board of Directors and Executive Committee meetings combined; $500 for each committee meeting in excess of 5 per year for such committee
Annual Restricted Stock Unit Grant payment deferred until retirement	$75,000 at first quarterly board meeting with 25% vested at grant and 25% to vest at each subsequent quarterly board meeting
Match for deferring fees in lieu of current cash payment deferred until retirement	50%

In addition to the above fees, when a new director is appointed or elected, the director receives a stock option grant to acquire 20,000 shares of our common stock, vesting 6,500 shares on the first anniversary of the date of grant, 6,500 shares on the second anniversary of the date of grant, and 7,000 shares on the third anniversary of the date of grant. The option term is ten years. These stock option grants are made to further align director compensation with the interests of stockholders. We do not have any program, plan or practice to time option grants to our directors in coordination with the release of material non-public information. We do not time our release of material non-public information for the purpose of affecting the value of director compensation.

Mr. Weber does not receive a fee for service on our Board other than his compensation as an employee. Directors are reimbursed for expenses incurred in attending Board and committee meetings, including those for travel, food and lodging.

FEE DEFERRAL PLAN

Instead of immediate payment of director fees in cash, directors may defer the fees into restricted stock units, payable at retirement in shares of our common stock or cash, as determined by our Board of Directors at the time of grant. The aggregate amount deferred into restricted stock units would equal 1.5 times the amount of cash fees deferred. The number of restricted stock units is determined by dividing the aggregate deferred amount by the closing price of our common stock on the date deferred and rounding down to the nearest whole unit. Restricted stock units are vested when granted. Dividend equivalents would be credited as additional restricted stock units if and when paid to stockholders. At retirement, a director will be paid, as determined by our Board of Directors at the time of grant, either in cash equal to the number of restricted stock units credited to his or her account multiplied by the then current closing price of our common stock or a number of shares of our common stock equal to the number of restricted stock units credited to his or her account.

If a director chooses cash payment on a current basis instead of deferring his or her fees, the director will not receive a match with respect to such fees. The directors' fee deferral plan provides for accelerating payment in the event the director's service terminates due to a change in control.

ANNUAL RESTRICTED STOCK UNIT GRANT

On the date of the first regularly-scheduled Board meeting each year, each non-employee director receives a number of restricted stock units determined by dividing the dollar amount of the annual restricted stock unit grant by the closing price of our common stock on such date, rounded down to the nearest whole unit. Beginning in 2016, 25% of the restricted stock units are vested when granted and 25% are vested at each subsequent quarterly board meeting. Unvested restricted stock units do not accelerate upon a change in control, and vested restricted stock units are payable at retirement in shares of our common stock or cash, as determined by our Board of Directors on or before the grant date.

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DIRECTOR COMPENSATION

STOCK OWNERSHIP GUIDELINES

Directors are required to hold Forestar stock or restricted stock units with an aggregate value of at least $150,000 by the end of three years from initial election. This stock ownership policy is contained in our corporate governance guidelines, which are available at *www.forestargroup.com* under the "Investor Relations Corporate Governance Governance Documents" section of our website. All our directors have satisfied their stock ownership requirements based upon the $[•] per share NYSE closing price of our common stock on March 10, 2017, the record date.

INSURANCE AND INDEMNIFICATION

All directors are covered under our director and officer liability insurance policies for claims alleged in connection with their service as a director. We have entered into indemnification agreements with each of our directors agreeing to indemnify them to the fullest extent permitted by law for claims alleged in connection with their service as a director.

2016 DIRECTOR COMPENSATION

The following table presents compensation earned by non-employee directors for services rendered in 2016 as calculated in accordance with SEC rules. However, directors do not receive any payout of compensation deferred into restricted stock units until they retire. The value received at the time the director retires may be different than the amount reported below. All of our directors elected to defer their 2016 fees until retirement.

NAME	STOCK AWARDS(1)(2)	OPTION AWARDS(1)(3)	TOTAL
(a)	(b)	(c)	(d)
Kathleen Brown(4)	$	$	$
William G. Currie(5)	143,984		143,984
M. Ashton Hudson(6)	152,976	68,600	221,576
Charles W. Matthews(7)			
William Powers, Jr.	156,729		156,729
James A. Rubright	218,223		218,223
Daniel B. Silvers	158,597		158,597
Richard M. Smith	166,466		166,466
Richard D. Squires(8)	153,730	68,600	222,330
David L.Weinstein(9)	136,485		136,485

(1) The amounts set forth in the Stock Awards and Option Awards column include the aggregate grant date fair value of awards granted in 2016 calculated in accordance with ASC 718. The valuation model and assumptions used can be found in Note 17 to our audited consolidated financial statements in our 2016 Annual Report on Form 10-K.

(2) The amounts shown in column (b) relate to (a) the annual restricted stock unit grant and (b) fees earned in 2016 but deferred until retirement. The deferred fees earn a match of 50% and are converted into restricted

stock units. Under the terms of our director fee deferral program, fees are rounded down to the

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DIRECTOR COMPENSATION

nearest whole restricted stock unit. The chart below shows the annual grant, fees earned, match, and resulting restricted stock units credited to each director's account in 2016, along with the director's projected retirement date:

NAME	BOARD RETAINER	COMMITTEE RETAINER FEES	BOARD AND COMMITTEE MEETING FEES	MATCH	ANNUAL RESTRICTED STOCK UNIT GRANT	TOTAL DEFERRED FEES/STOCK AWARDS VALUE ON GRANT DATE OF FEES DEFERRED UNTIL RETIREMENT	CONVERTED INTO RESTRICTED STOCK UNITS PAYABLE UPON RETIREMENT	NORMAL OR EXPECTED RETIREMENT DATE
Kathleen Brown	$	$	$	$	$	$		Retired
William G. Currie	37,500	5,000	3,500	23,000	75,000	144,000	15,250	Retired
M. Ashton Hudson	50,000		2,000	26,000	75,000	153,000	15,903	2048
Charles W. Matthews								Retired
William C. Powers, Jr.	50,000		4,500	27,250	75,000	156,750	16,209	2022
James A. Rubright	50,000	40,000	5,500	47,750	75,000	218,250	23,313	2022
Daniel B. Silvers	50,000	1,250	4,500	27,875	75,000	158,625	16,376	2052
Richard M. Smith	50,000	5,000	6,000	30,500	75,000	166,500	17,247	2021
Richard D. Squires	50,000		2,500	26,250	75,000	153,750	15,965	2033
David L.Weinstein	37,500		3,500	20,500	75,000	136,500	14,378	Retired

(3)
The amounts shown in column (c) relate to the initial stock option grant upon appointment of a new director.

(4)
Ms. Brown retired from our Board of Directors in February 2016.

(5) Mr. Currie retired from our Board of Directors in September 2016.

(6) Mr. Hudson joined our Board on February 5, 2016 pursuant to the Director Nomination Agreement with Cove Street Capital, LLC.

(7) Mr. Matthews retired from our Board of Directors in February 2016.

(8) Mr. Squires joined our Board on February 5, 2016 pursuant to the Director Nomination Agreement with Carlson Capital L.P.

(9) Mr. Weinstein retired from our Board of Directors in September 2016.

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EXECUTIVE COMPENSATION

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OVERVIEW

Our 2016 key initiatives were:

- Reducing costs across the entire organization,
- Reviewing entire portfolio of assets (complete non-core asset sales), and
- Reviewing capital structure (allocate capital to maximize shareholder value).

In furtherance of these initiatives, in 2016 we significantly transformed the company. Highlights include:

- Executed non-core asset sales, including one hotel, nearly 73,000 acres of timberland and undeveloped land, five multifamily projects, oil and gas working interests, and five non-core community development projects, resulting in nearly $482 million in proceeds.
- Reduced selling, general and administrative expense by over 28% compared with 2015.
- Reduced outstanding debt by $277.8 million in 2016 and compared with year end 2015, and by $323.3 million since third quarter 2015.

In addition to our focus on these transformative activities, in 2016 our core community development business sold 1,940 residential lots at an average price of approximately $68,200 per lot. In 2015 we sold 1,472 residential lots at an average price of approximately $77,200 per lot.

We also achieved significant increases in our results of operations compared with 2015. Total segment earnings in 2016 were $120.1 million compared with $71.3 million in 2015, and net income in 2016 was $58.6 million compared with a loss of $213.0 million in 2015.

2016 COMPENSATION RESET

In light of the leadership changes in 2015 and as outlined above and consistent with our initiative to reduce costs across the entire organization, in the latter part of 2015 our Compensation Committee commenced a process to "reset" total compensation for our named executive officers (NEOs). For example, our new CEO's base salary is 17% lower than his predecessor, and the CEO's 2016 long-term equity incentive award was 68% lower than his predecessor's 2015 LTI award.

ADVISORY VOTE

At our 2016 annual meeting of stockholders, approximately 82% of votes cast in our advisory vote on executive compensation were in favor of the proposal. The Compensation Committee will continue to consider the results of stockholder advisory votes on executive compensation when making future decisions. Our Board of Directors has determined that advisory votes on executive compensation should be held annually, and we are seeking an advisory vote to confirm this practice for the next six years.

COMPENSATION PHILOSOPHY AND OBJECTIVES

Our 2016 compensation philosophy is that a significant part of our executives' compensation should relate to our performance, as measured by return on equity (ROE). We calculate ROE based on income before taxes (as determined in accordance with GAAP) for the year, as adjusted to eliminate gains and losses from nonstandard asset sales and asset impairments, divided by total equity of the company as of the beginning of the year. Nonstandard asset sales, the gains or losses from which would be excluded from the ROE calculation, include asset sales such as the Radisson Hotel, non-core community development projects, bulk timberland packages, oil and gas working interests, etc. Income from other sales of assets such as lot, retail land and tract sales, and sales of multifamily projects, would not be excluded. We make adjustments to ROE because we did not want unusual transactions arising out of our transformation activities to skew the ROE bonus results, and it was not possible to predict when the plan was adopted how many such transactions would occur in 2016. We refer to the result following adjustments as described above as Adjusted ROE.

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COMPENSATION DISCUSSION AND ANALYSIS

Our executive compensation program is designed to attract, retain, and motivate key executives to maximize value realization, performance and long-term stockholder value. We look to ROE to help measure value realization and performance. We are guided by the following principles in determining the form and amount of executive compensation:

Compensation should be tied to performance. A meaningful portion of total compensation is tied to and varies with our financial and operating performance, as well as individual performance. Bonuses are considered annually based on ROE and achievement of individual performance objectives. Also, stock options, stock appreciation rights, market-leveraged stock units, performance stock units, restricted stock and restricted stock units generate value to executives as our performance and stock price improves.

Compensation should align executives' and stockholders' interests and reward long-term value creation. Our annual incentive bonuses are tied closely to ROE because we believe there is a strong correlation between ROE and long-term stockholder value creation. In addition, the use of equity-based compensation aligns our executives' interests with our stockholders' interests and encourages our executives to focus on long-term growth and performance.

Compensation should be competitive. Our total compensation, especially our base salaries, annual incentive compensation and long-term incentives, should be competitive with our public and private peers to enable us to attract and retain key executives.

Retention. We believe an overall package of appropriate pay and benefits helps retain executives and managers. This includes a competitive base salary, health and welfare benefits and a 401(k) plan match. In addition, equity awards with vesting and forfeiture provisions encourage staying with the Company. Also, we provide change in control agreements to help ensure that our executives continue to work in the best interests of our stockholders and help alleviate concerns during any potential change in control situations that might otherwise lead the executives to work elsewhere or to work other than in the best interests of the Company or its stockholders.

ELEMENTS OF OUR COMPENSATION PROGRAM

The elements of our compensation program are as follows:

- Salaries;
- Annual incentive bonuses based on performance measurements;
- Equity-based long-term incentive awards including stock options, stock appreciation rights, market-leveraged stock units, performance stock units, restricted stock, and restricted stock units;
- 401(k) plan, tax qualified employer retirement contributions, and a supplemental executive retirement plan, or SERP;
- Health and welfare benefits; and
- Change in control agreements.

Generally speaking, each element of compensation is evaluated independently to determine whether in our Compensation Committee's judgment it is competitive within our segment of the real estate industry, considering both public and private competitors. Our Compensation Committee considers the compensation structures and opportunities of private competitors because we must compete against these companies for talent. Our Compensation Committee maintains a balance among the elements of compensation that ties a significant portion of compensation to performance. Our Compensation Committee also uses tally sheets that show all elements of compensation as a total. Although our Compensation Committee does not

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COMPENSATION DISCUSSION AND ANALYSIS

establish specific preset allocation formulas to determine the proportion of each element in relation to the other elements, it generally tries to maintain a balance among the different elements:

ELEMENT	PERFORMANCE MEASURE	MEASUREMENT PERIOD
Salary	Continued service subject to annual evaluation	1 year
Annual incentive bonus:		
Cash	ROE	1 year
Long-term incentives:		
Market-leveraged stock units	Stock price	3 years
Stock options or stock appreciation rights	Stock price	10 years
Performance stock units	Selected company performance measures	3 years
Restricted stock units	None	3 years
Retirement benefits	Retirement contribution is dependent on salary and bonus	None
Health and welfare benefits	None	None
Change in control agreements	None	None

Base Salaries

Base salaries are determined based on the executive's responsibilities, performance, experience, and the Compensation Committee's judgment regarding competitive requirements and internal equity. No specific formula is applied to determine the weight of each factor. In reviewing the salaries of executives, the Compensation Committee from time to time reviews information from independent surveys and publicly-available data regarding the peer group companies discussed below. Our Compensation Committee may consider increases in the salaries of our executives based on increased responsibilities, realignment with market levels, or other factors in addition to the factors described above.

During 2016, our Compensation Committee adjusted the annual base salaries of two of our NEOs as follows:

EXECUTIVE OFFICER	2015 BASE SALARY	CHANGE	% CHANGE	2016 BASE SALARY
Mr. Quinley	$ 268,000	$ 7,000	2.6%	$ 275,000
Mr. Grimm	320,000	(45,000)	(14.1)%	275,000

Mr. Quinley's base salary was increased in recognition of additional responsibility accepted following his promotion to President Community Development in September 2015. Mr. Grimm's base salary was decreased in furtherance of our cost reduction initiatives and for increased internal equity with his peers. Our Compensation Committee determined the salary adjustment amounts based on its discretion and based on recommendations of the CEO.

Annual Incentive Bonuses

For 2016, our Compensation Committee selected ROE as the primary performance measure for determining annual incentive bonuses. Our Compensation Committee may also consider recommendations of the CEO and the degree to which the employee's actions have laid the groundwork for future earnings. The types and relative importance of specific financial and other business factors vary among the executives depending on their positions and the particular operations or functions for which they are responsible. For example, executives may be given a bonus for accomplishing specific objectives or projects, including successful completion of acquisitions, entitlements, agreements, developments or sales.

The bonus is based on a sliding scale if Adjusted ROE falls within a certain range of percentages determined by our Compensation Committee. If the Adjusted ROE for the year were to fall within the range of percentages, then the incentive bonus would be a specified amount based on the actual percentage, and the bonus would be deemed earned as a result of achievement of Adjusted ROE. For 2016, the range of Adjusted ROE percentages was from 4% to 12%. Executive officer bonuses are targeted at one times base salary when Adjusted ROE equals 10%. If Adjusted ROE were to fall outside the range of percentages, then the Compensation Committee would determine the bonus amount in its discretion.

Our 2016 Adjusted ROE was approximately nine percent. In calculating Adjusted ROE, we excluded the gains from our sales of the Radisson Hotel and bulk timberland, and excluded losses from the sale of oil and gas working interests, non-cash impairments, loss on extinguishment of debt and oil & gas litigation.

COMPENSATION DISCUSSION AND ANALYSIS

The following table reflects 2016 cash incentive bonuses earned and paid to our NEOs:

NAME	PLAN CALCULATION	BONUS RECEIVED
Mr. Weber	$ 450,000	$ 450,000
Mr. Jehl	248,000	350,000
Mr. Quinley	248,000	248,000
Mr. Grimm	248,000	213,000

Our Compensation Committee determined bonuses in its discretion based on its evaluation of Mr. Weber's performance as CEO and, for the other executive officers, considering Mr. Weber's recommendations following his performance evaluations of our other executive officers. Factors considered include:

Mr. Weber Provided vision and leadership to develop and execute key initiatives to transform the company by selling a substantial amount of our non-core assets, reducing debt by over $270 million in 2016 and taking actions to eliminate annualized selling, general and administrative expenses by over $60 million once all non-core asset sales are complete.

Mr. Jehl Reduced debt by over $270 million through a successful cash tender offer and open market purchases, developed and implemented strategy to minimize tax leakage associated with selling non-core assets, implemented zero-based budgeting, took actions to eliminate over $60 million in annualized selling, general and administrative expenses once all non-core asset sales are complete, and led the divestiture of non-core oil and gas working interest assets generating over $80 million in proceeds.

Mr. Quinley Led the sale of the second highest number of residential lots per year since our spin-off, managed the disposition of over 58,000 acres of non-core timberland and undeveloped land for $104.2 million, and sold five non-core community development projects resulting in projected annual savings of $2.4 million.

Mr. Grimm Managed the legal aspects of over 15 non-core asset sale transactions generating more than $480 million in proceeds, tender offer resulting in retirement of $215.5 million of high-yield debt, and reduction of our workforce by an additional 45%.

Our Compensation Committee may, in its discretion, award cash bonuses during the year or as part of the annual bonus awards as a result of extraordinary performance. In addition, our Compensation Committee may elect to pay "sign-on" bonuses and may elect to establish other measures to determine annual bonus amounts for purposes of recruiting a new executive. No special or sign-on bonuses were awarded to NEOs in 2016.

Long-Term Incentive Awards

Our 2007 Stock Incentive Plan gives us the ability to provide our eligible employees, including each of our NEOs, grants of compensation awards based on our shares of stock. Our equity-based incentive awards include stock options, stock appreciation rights, market-leveraged stock units, performance stock units, restricted stock, and restricted stock units. Our Compensation Committee grants annual equity-based long-term incentive awards and may grant equity-based awards as a portion of the annual incentive program. Our Compensation Committee typically makes equity-based long-term incentive award grants in February of each year to further align interests of the executives with the interests of our stockholders and to remain competitive with market practices, support executive recruitment and retention, and establish internal pay equity among executives. Our Compensation Committee may, in its discretion, grant equity-based awards during the year as a result of extraordinary performance or the assumption of new responsibilities or to establish additional incentives in light of significant company events or developments.

In making decisions regarding annual equity-based awards, our Compensation Committee uses tally sheets to consider previous grants, value and experience the executive brings to a role, relative responsibilities of the executive, and the business segment in determining sizes of awards. In the case of a new key executive, or an executive assuming new responsibilities, an initial grant may be made above usual annual targeted levels. The amounts of equity-based awards are determined based on input from the compensation consultant regarding market practices, recommendations of the CEO (except for the CEO's awards, whose recommendations are made by the Chairman), and the judgment of our Compensation Committee. The dollar value of the awards may be below, at or above the mid-range of what other comparable companies may offer in any given year. Our Compensation Committee may also consider internal pay equity for equity awards among executives, and progress toward meeting our stock ownership guidelines.

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COMPENSATION DISCUSSION AND ANALYSIS

The equity-based awards generally have the following terms:

Stock Options and Stock Appreciation Rights:	Stock options and stock appreciation rights ("SARs") have an exercise price equal to the NYSE closing price per share on the date of the grant; vest 25% each year over four years; provide for accelerated vesting upon retirement, disability, death, or if there is a change in control; and expire in ten years. Options exercised are settled in common stock. Stock appreciation rights are settled in cash.
Market-Leveraged Stock Units:	Market-leveraged stock units ("MSUs") vest at the expiration of a performance period determined by the Compensation Committee, typically three years. Each MSU is based on one share of common stock. MSUs will be settled in common stock using a conversion formula under which the number of MSUs paid is adjusted at the vesting date based on the percentage change in stock price (plus dividends if applicable) during the performance period. Under the conversion formula, a 50% or greater increase in stock price results in a 1.5 multiple of MSUs paid, a 50% reduction in stock price results in a 0.5 multiple of MSUs paid, and more than 50% reduction in stock price results in no MSUs paid.
Performance Stock Units:	Performance stock units ("PSUs") vest at the expiration of a performance period determined by the Compensation Committee, typically three years. Each PSU is based on one share of common stock. PSUs will be settled in common stock or cash (as determined by the Compensation Committee) based on the achievement of company performance metrics determined by the Compensation Committee over the performance period.
Restricted Stock Units:	Restricted stock units ("RSUs") vest after three years or vest one-third per year and may be settled in stock or cash as determined at time award. Restricted stock unit awards have accelerated vesting upon retirement, disability, death, or if there is a change in control.

The Company uses long-term incentive awards in order to provide strong alignment with stockholders and ensure that executives are rewarded for increasing stockholder value. Given the unique combination of our businesses and the long-term nature of many of our investments it is inherently difficult to set long-term financial performance goals. Accordingly, our Compensation Committee has determined that restricted stock units, performance stock units, market-leveraged stock units and stock options are an appropriate performance-based vehicle for a significant portion of long-term incentive value. Long-term incentive value awarded each year considers both company and individual performance with additional consideration for total outstanding equity opportunity for each executive and annual stockholder dilution.

Long-term incentives for 2016 consisted of 100% restricted stock units vesting one-third per year, to be settled in stock. Our 2016 executive officer long-term incentives did not include options, stock appreciation rights, market-leveraged stock units or performance stock units.

STOCK OWNERSHIP GUIDELINES

To further align our executives' financial interests with those of our stockholders, we adopted the following minimum stock ownership guidelines for our NEOs:

VALUE OF OWNERSHIP OF STOCK AS A MULTIPLE OF ANNUAL SALARY

POSITION	MULTIPLE OF SALARY
Chief Executive Officer	5x
Other Named Executive Officers	3x

Shares owned by the executive and their immediate family members count toward the ownership guidelines, as do restricted stock and restricted stock units. Market-leveraged stock units and performance stock units also count based on the number of units originally awarded without regard to adjustment that may be made at the end of the performance period. Stock options are not counted until they are exercised, and stock appreciation rights are not counted.

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COMPENSATION DISCUSSION AND ANALYSIS

The NEOs have five years following their initial election to meet the stock ownership guidelines. The executive must hold all stock until the stock ownership guidelines have been satisfied. We expect all of our NEOs will satisfy their stock ownership requirements within the required time period.

MANDATORY HOLDING PERIODS FOR STOCK ACQUIRED THROUGH EXERCISE OF OPTIONS

Our executive officers are required to hold 100 percent of the net shares acquired through the exercise of options until they meet our stock ownership guidelines. The Compensation Committee maintains discretion to reduce or eliminate future long-term incentive awards for an executive who is not making adequate progress toward meeting the stock ownership guidelines or does not retain the required level of net shares acquired through the exercise of options.

INSIDER TRADING POLICY

Under the terms of our insider trading policy, the NEOs may not trade in options, warrants, puts, calls or similar hedging instruments, may not sell our securities "short," and may not pledge or hold our securities in margin accounts.

OTHER COMPENSATION AND BENEFITS

Qualified Retirement Benefits

We offer a tax-qualified defined contribution retirement plan to our employees in which our NEOS are eligible to participate. Our defined contribution retirement plan, which we also refer to as our 401(k) plan, has two components: (a) employee contributions with company match, and (b) company retirement contributions. Our 401(k) plan does not grant extra years of credited service to executives. Extra years of credited service would be granted only under our change in control agreements, but not for any other reason.

Our 401(k) plan allows us to match an employee's contribution in accordance with the following formula: for each dollar that an employee contributes to their 401(k) savings account, we contribute a match of $1 up to 3% of the employee's compensation; thereafter, for each dollar that an employee contributes of their next 3% of pay, we contribute a match of $0.50. The maximum annual matching contribution is limited by IRS rules. The match is vested 100% after two years of employment.

In addition, we make a retirement contribution equal to 3.5% of the employee's compensation. The retirement contribution is vested after two years of employment. Employees are offered a wide range of investment choices under the plan for their payroll contributions, and our match and retirement contributions are invested proportionally in the same funds selected by the employees for their own payroll contributions.

Supplemental Executive Retirement Plan (SERP)

The Internal Revenue Code limits the amount of compensation that can be used in calculations under a tax-qualified defined contribution retirement plan such as our 401(k) plan. Because we wish to provide our executives with a continuing ability to save for their retirement, we credit under the SERP an amount equal to 3.5% of the executive's compensation in excess of this limit (earnings of $265,000 in 2016) plus a return based on Applicable Federal Rate as published by the Internal Revenue Service. The retirement contribution is vested after two years of employment. The SERP, which is a non-qualified defined contribution plan, is unfunded and contains a provision for acceleration of payment in the event of a change in control. The retirement benefit, to the extent vested upon termination of employment, will be paid in lump sum as soon as practicable after such termination. Any unvested portion would be forfeited.

Umbrella Liability Insurance

All employees at the vice president level and above, including our NEOs, are provided with a $3 million umbrella liability insurance policy, the value of which is taxable to the recipients.

Health and Welfare Benefits

We offer the same health and welfare benefits to all full-time employees, including our NEOs. These benefits include medical benefits, dental benefits, vision benefits, life insurance, salary continuation for short-term disability, long-term disability insurance, accidental death and dismemberment insurance, dependent care spending account, health care spending account, health savings account, and other similar benefits.

COMPENSATION DISCUSSION AND ANALYSIS

Employment Agreement

Except for Mr. Weber, none of our NEOs has an employment agreement. For a description of Mr. Weber's employment agreement, see the Narrative to Summary Compensation Table, Actual Pay and Grants of Plan-Based Awards Tables section beginning on page 37 of this Proxy Statement. Occasionally we may sign a letter agreement with a new executive upon hiring, but generally such an agreement does not cover more than the first year's pay and bonus, and confirmation of eligibility to participate in our long-term incentive program.

Change in Control Agreements

All of the NEOs have change in control/severance agreements. For a description of the terms of these change in control/severance agreements, see the "Potential Payments Upon Termination or Change in Control" section beginning on page 43 of this Proxy Statement. We believe that the change in control/severance agreements help us to attract and retain our executives by reducing the personal uncertainty and anxiety that arises from the possibility of a future business combination. During a potential change in control, we would not want executives leaving to pursue other employment out of concern for the security of their jobs or being unable to concentrate on their work. To enable executives to focus on the best interest of our stockholders, we offer change in control agreements that generally provide severance benefits to executives whose employment terminates as a result of a change in control.

Perquisites

We generally provide minimal perquisites to our executives. Please see the Summary Compensation Table on page 34 for a description of 2016 perquisites.

CLAWBACK POLICY

If an executive leaves under circumstances that call into question whether any compensation amounts paid to him or her were validly earned, we would pursue any legal rights we deemed appropriate under the circumstances.

OVERSIGHT OF EXECUTIVE COMPENSATION

Compensation Committee

Our Compensation Committee oversees executive compensation. Our Compensation Committee is composed entirely of independent, outside directors and establishes and administers our compensation programs and philosophies. Our CEO works closely with our Compensation Committee and recommends executive compensation amounts, except that the CEO does not participate in discussions regarding his own compensation. Our CEO consults with the other executive officers about compensation amounts for executives and other employees who report to them. Our Compensation Committee will also consider the results of stockholder advisory votes on executive compensation. Our Compensation Committee has final approval of all compensation amounts or formulas applicable to benefit plans in which executive officers participate.

Our Compensation Committee also:

- establishes, administers, and approves bonus programs for non-executive employees and approves the aggregate amount of bonus pool for the Company. Each executive officer recommends individual bonus amounts for employees under his or her direction, and the CEO approves or adjusts the individual amounts;

- approves all equity-based award recipients and the amount of each award;

- delegates to the CEO the responsibility for approving health and welfare programs for all employees. Executive officers participate in the same health and welfare programs as other salaried employees; and

- delegates to certain of our executive officers the responsibility of maintaining the tax qualification status of our 401(k) plan, approving 401(k) plan provisions and formulas applicable to employees who are not executive officers, and overseeing the administration of the 401(k) and other benefit plans.

In addition, a retirement plan investment committee, whose members include executive officers and our human resources generalist, oversees 401(k) plan fund choices. This investment committee reports annually to the Compensation Committee.

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COMPENSATION DISCUSSION AND ANALYSIS

Competitive Pay Analysis and Peer Group

We employ several methods to evaluate our executive compensation practices relative to those in other companies. Our Compensation Committee, either alone or with the assistance of a compensation consultant, may conduct an analysis of the NEOs to assist with setting compensation for the NEOs. For further comparison, we evaluate the base salary, annual incentive awards, and long-term incentives provided to the NEOs of the companies in our peer group, although we do not target our pay toward any particular peer group benchmark.

Our 2016 public company compensation peer group included a range of companies with operations in either real estate development or oil and gas exploration and production. In determining our 2016 compensation peer group, we considered various metrics including revenues and market capitalization, targeting companies within a range of 0.5x to 2.0x of both metrics. Our 2016 peer group represented a mix of real estate and oil and gas exploration companies:

AV Homes, Inc.	Penn Virginia Corp.
Alexander & Baldwin, Inc.	Petroquest Energy Inc.
Approach Resources, Inc.	Post Properties, Inc.
Cousins Properties Incorporated	Potlatch Corporation
Contango Oil and Gas Co.	PS Business Parks, Inc.
Goodrich Petroleum Corp.	Resolute Energy Corp.
Magnum Hunter Resources Corp.	The St. Joe Company
Matador Resources Co.	

In furtherance of our transformation initiatives, in 2017 our Compensation Committee revised our compensation peer group to eliminate oil and gas exploration companies and to recognize changes to our market capitalization. The 2017 compensation peer group is:

AV Homes, Inc.	New Home Company, Inc.
Alexander & Baldwin, Inc.	PICO Holdings, Inc.
Cousins Properties Incorporated	Stratus Properties, Inc.
Green Brick Partners, Inc.	Tejon Ranch company
LGI Homes, Inc.	The St. Joe Company

Our Compensation Committee considered data from our 2017 compensation peer group in its determination of 2016 bonuses, but did not target payment at any particular peer group benchmark.

We have a unique combination of businesses and assets as compared with other publicly-traded companies so our Compensation Committee recognizes the limitations inherent within public company peer comparisons and utilizes its own judgment in making compensation decisions.

Compensation Consultant

Our Compensation Committee may engage a compensation consultant to, among other things, provide market and other specific information on executive pay. The compensation consultant may also attend our Compensation Committee meetings on request of the Compensation Committee. Our Compensation Committee periodically may meet in executive session with the compensation consultant. Our Compensation Committee did not engage a compensation consultant to provide advice about proposed 2016 executive compensation programs and amounts.

No compensation consultant or its affiliates provided additional services to us in excess of $120,000 during 2016.

Tally Sheets

Our Compensation Committee reviews tally sheets for each of the NEOs for compensation each year. These tally sheets list the executive's salary, proposed bonus and stock awards, and the 401(k) matching contribution, retirement, health and welfare benefits.

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COMPENSATION DISCUSSION AND ANALYSIS

Evaluation of CEO's Performance

The Compensation Committee facilitates a process for each member of our Board (excluding the CEO) to provide formal feedback regarding the CEO's performance, to be discussed with the full Board (excluding the CEO) in executive session. Factors evaluated may include ROE, segment performance, and other financial and non-financial performance measures and objectives, including leadership, ethics, key initiatives, strategic planning, financial results, succession planning, human resources, communications, external relations, and board relations. Our independent directors determine CEO pay with recommendations from the Compensation Committee.

Compensation Oversight Governance Practices

Our governance practices divide responsibility for compensation oversight into three levels:

Stockholders:	Stockholders approve all stock incentive plans and provide an annual advisory vote on executive compensation. We do not have any stock incentive plans that are not stockholder-approved.
Board and Compensation Committee:	Our Compensation Committee is composed entirely of independent directors. The Compensation Committee establishes and oversees administration of our compensation programs. The Compensation Committee ensures that stockholder-approved plans are administered in accordance with good governance practices and stockholder intent. The Compensation Committee will also consider the results of stockholder advisory votes on executive compensation. The Compensation Committee is responsible for approval of salaries, bonuses and long-term incentive compensation paid to executive officers, bonus pools for non-executive employees, and employment and change in control agreements. The full Board reviews tally sheets for the CEO, evaluates CEO performance, approves succession plans, and acts on recommendations of the Compensation Committee.
Management:	Management approves health and welfare programs for all employees, determines individual employee bonuses for all plan participants, approves any retirement plan changes other than those for executive officers, and administers all employee benefit and incentive plans on a day-to-day basis. Within management, the CEO and Chief Administrative Officer serve as liaisons with the Compensation Committee.

Equity Award Governance Practices

Our general practice is to make equity-based award grants each year at the February Board meeting. From time to time, we may grant equity-based awards to our executive officers outside the annual award process, such as in connection with the hiring of a new executive, for retention purposes, to reward exemplary performance, or for promotional recognition. The CEO provides initial award recommendations to our Compensation Committee for approval. The Compensation Committee approves the dollar value of equity awards which are valued based on the closing price of our common stock on the NYSE on the grant date or, in the case of market-leveraged stock units, the average closing price for the 40 trading day period ending on the grant date.

We do not have any program, plan or practice to time option grants or other stock-based awards in coordination with the release of material non-public information nor do we time the release of material non-public information for the purpose of affecting the value of executive compensation. Our policy for setting the timing of stock option grants and other stock-based awards does not allow executives to have any role in choosing the price of their options or other stock-based awards. We do not "back date," "spring load" or reprice options or other stock-based awards.

Stockholder Advisory Approval of Executive Compensation

Our stockholders have an opportunity to cast an annual advisory vote on executive compensation. At the 2016 annual meeting of our stockholders, approximately 82% of the votes cast in the advisory vote on executive compensation were voted in favor of our executive compensation. The Compensation Committee believes this affirms our stockholders' support of our approach to executive compensation. Therefore the Compensation Committee did not materially change its approach to executive compensation in 2016. The Compensation Committee will continue to consider the results of stockholder advisory votes on executive compensation when making future decisions regarding executive compensation. Further, we welcome direct stockholder feedback on our programs.

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COMPENSATION DISCUSSION AND ANALYSIS

ACCOUNTING AND TAX TREATMENT OF COMPENSATION

While the accounting and tax treatment may be a consideration when determining compensation, our Compensation Committee maintains the discretion to make compensation decisions that are in the best interest of the Company and our stockholders regardless of the accounting and tax treatment.

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REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on this review and discussion, recommended to the Board of Directors that it be included in our Annual Report on Form 10-K for the year ended December 31, 2016 and in this Proxy Statement.

Daniel B. Silvers, Chairman
James A. Rubright
Richard M. Smith

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SUMMARY COMPENSATION TABLE

The following table contains compensation information for our CEO, CFO and two other executive officers who for 2016 had the highest compensation. We had only two other executive officers (other than the CEO and CFO) as of December 31, 2016. We refer to these persons as our NEOs. The information in the following table is presented in accordance with SEC requirements.

NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	STOCK AWARDS(1) ($)	OPTION AWARDS(2) ($)	NON-EQUITY INCENTIVE PLAN COMPENSATION ($)	ALL OTHER COMPENSATION(3) ($)	TOTAL ($)
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**
Phillip J. Weber	2016	$ 500,000	$	$ 350,003	$	$ 450,000	$ 39,432	$ 1,339,435
Chief Executive Officer	2015	360,423	104,000	385,006	872,958	96,000	34,958	1,853,345
	2014	310,000		733,737		241,000	31,157	1,315,894
Charles D. Jehl	2016	275,000	102,000	549,996		248,000	200,729	1,375,725
Chief Financial Officer	2015	275,000	450,000	279,996	119,980		40,319	1,165,295
Michael Quinley President Community Development	2016	273,833		350,003		248,000	28,937	900,773
David M. Grimm(4)	2016	282,500		150,001		213,000	29,823	675,324
Chief Administrative Officer &	2015	316,250	67,000	350,003	149,973	108,000	34,124	1,025,350
General Counsel	2014	290,000	50,000	604,993		195,000	29,833	1,169,826
Bruce F. Dickson(5)	2016	93,750					21,877	115,627
Former Chief Real Estate Officer	2015	375,000	36,000	419,995	179,966	139,000	43,958	1,193,919
	2014	370,833		816,234		442,000	36,000	1,665,067

(1) The amounts set forth in the "Stock Awards" column represent the aggregate grant date fair value of stock awards granted during the applicable fiscal years calculated in accordance with ASC Topic 718. Assumptions used in the calculation are included in Note 17 to our audited consolidated financial statements for the year ended December 31, 2016 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March [•], 2017.

(2) The amounts set forth in the "Option Awards" column represent the aggregate grant date fair value of stock options granted during the applicable fiscal years calculated in accordance with ASC Topic 718. Assumptions used in the calculation are included in Note 17 to our audited consolidated financial statements for the year ended December 31, 2016 included in our Annual Report on Form 10-K filed with the Securities and

Exchange Commission on March **[•]**, 2017.

(3)

All other compensation for 2016 includes a $9,275 tax-qualified retirement contribution and the following:

	RELOCATION	UMBRELLA LIABILITY INSURANCE	SERP	401(k) COMPANY MATCH	ADDITIONAL LIFE INSURANCE
Mr. Weber	$	$ 685	$ 15,225	$ 11,925	$ 2,322
Mr. Jehl	171,964	685	6,475	11,925	405
Mr. Quinley		685	6,434	11,925	618
Mr. Grimm		685	6,738	11,925	1,200
Mr. Dickson			33	11,925	644

Mr. Jehl's relocation expenses consisted of $164,635 for moving, house closing, temporary living and related expenses plus a tax gross-up reimbursement of $7,329 related to the portion of such expenses that were taxable to Mr. Jehl.

(4)

Mr. Grimm is scheduled to retire as Chief Administrative Officer, Executive Vice President, General Counsel and Secretary on March 31, 2017.

(5)

Mr. Dickson retired as Chief Real Estate Officer effective on March 31, 2016.

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ACTUAL PAY

In 2015, the SEC proposed a new pay disclosure rule. The rule, which has not yet been adopted, would require disclosure of "actual" pay in comparison to "summary compensation table" pay, among other information.

The below information is presented for the CEO (our principal executive officer) and other NEOs in the format contemplated by the proposed rule:

YEAR	SUMMARY COMPENSATION TABLE TOTAL FOR CEO(1)	COMPENSATION ACTUALLY PAID TO CEO(1)	AVERAGE SUMMARY COMPENSATION TABLE TOTAL FOR NON-CEO NAMED EXECUTIVE OFFICERS(2)	AVERAGE COMPENSATION ACTUALLY PAID TO NON-CEO NAMED EXECUTIVE OFFICERS(2)
(a)	**(b)**	**(c)**	**(d)**	**(e)**
2016	$ 1,339,435	$ 950,000	$ 766,862	$ 434,021
2015	1,853,345	560,423	$ 1,222,836	535,100
2014	2,075,162	734,667	1,355,849	579,914

(1) Amounts shown in columns (b) and (c) represent Mr. Weber as CEO for 2016 and 2015 and his predecessor as CEO for 2014.

(2) Included in columns (d) and (e) for 2015 is a $275,000 retention bonus paid to Mr. Jehl which, if excluded, would reduce 2015 average compensation actually paid to non-CEO NEOs to $480,100. For 2015, our former CEO's severance and benefits of $2,470,590 and our former CFO's severance of $700,000 were excluded from the amounts shown in columns (d) and (e).

Based on the proposed rule, compensation actually paid is total compensation as disclosed in the Summary Compensation Table (SCT), modified to exclude changes in actuarial present value of benefits under defined benefit and actuarial pension plans which are not attributable to the applicable years of service, and to include the value of equity awards at vesting rather than when granted. We do not have any defined benefit or actuarial pension plans so the entire difference between compensation reported in the SCT and compensation actually paid is attributable to the value of equity awards when granted as compared with the value when vested. The proposed rule also contemplates presentation of additional company performance information that we have not presented in this optional disclosure.

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2016 GRANTS OF PLAN-BASED AWARDS

The following table summarizes 2016 grants of stock-based compensation awards and non-equity incentive awards made to the NEOs:

NAME	EQUITY AWARD GRANT DATE	TYPE OF AWARD	ESTIMATED POSSIBLE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS(1) THRESHOLD ($)	TARGET ($)	MAXIMUM ($)	ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS THRESHOLD (#)	TARGET (#)	MAXIMUM (#)	ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS(2) (#)	ALL OTHER OPTION AWARDS: NUMBER OF SECURITIES UNDERLYING OPTIONS (#)	OR BASE PRICE OF OPTION AWARDS ($/SH)	VALUE OF STOCK AND OPTION AWARDS(3) ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Mr. Weber		Annual Bonus	$ 200,000	$ 500,000	$ 625,000						$	$
	2/9/16	RSUs(2)							40,698			350,003
Mr. Jehl		Annual Bonus	110,000	275,000	344,000							
	2/9/16	RSUs(2)							63,953			549,996
Mr. Quinley		Annual Bonus	110,000	275,000	344,000							
	2/9/16	RSUs(2)							40,698			350,003
Mr. Grimm		Annual Bonus	110,000	275,000	344,000							
	2/9/16	RSUs(2)										