

Forestar Group Inc.  
Form SC 13D/A  
February 10, 2015

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934  
(Amendment No. 2)\*

Forestar Group Inc.  
(Name of Issuer)

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

346233109  
(CUSIP Number)

Andrew Wallach

SpringOwl Associates LLC

1370 Avenue of the Americas

28<sup>th</sup> Floor

New York, NY 10019

(212) 445-7800

Daniele Beasley

Cove Street Capital, LLC

2101 East El Segundo Boulevard

Suite 302

El Segundo, CA 90245

(424) 221-5897

with a copy to:

David E. Rosewater

Schulte Roth & Zabel LLP

919 Third Avenue

New York, New York 10022

(212) 756-2000

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

February 9, 2015

(Date of Event Which Requires Filing of This  
Statement)

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

(Page 1 of 12 Pages)

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

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

|           |   |
|-----------|---|
| <b>1</b>  | NAME OF REPORTING PERSON  |
|           | SpringOwl Associates LLC  |
| <b>2</b>  | CHECK THE APPROPRIATE BOX IF A MEMBER OF (b) " A GROUP                                    |
| <b>3</b>  | SEC USE ONLY SOURCE OF FUNDS  |
| <b>4</b>  | WC CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) |
| <b>5</b>  | CITIZENSHIP OR PLACE OF ORGANIZATION  |
|           | Delaware  |
| <b>6</b>  | NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:                        |
|           | SOLE VOTING POWER   |
| <b>7</b>  | 0 SHARED VOTING POWER   |
| <b>8</b>  | 344,224 shares of Common Stock  |
| <b>9</b>  | SOLE DISPOSITIVE POWER  |
| <b>10</b> | 0 SHARED DISPOSITIVE  |

POWER

344,224 shares  
of Common  
Stock

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

344,224 shares of  
Common Stock

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

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

1.0%  
TYPE OF REPORTING  
PERSON

**14**

OO; IA

**1** NAME OF REPORTING PERSON

Daniel Silvers

**2** CHECK THE APPROPRIATE  x

BOX IF A MEMBER OF (b) "

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

**4** PF CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) CITIZENSHIP OR PLACE OF ORGANIZATION

**6** United States of America

**7** SOLE VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH: **8** 8,700 shares of Common Stock SHARED VOTING POWER

**9** 700 shares of Common Stock (see Item 5) SOLE DISPOSITIVE POWER

8,700 shares of  
Common Stock  
SHARED  
DISPOSITIVE  
POWER

**10**

700 shares of  
Common Stock  
(see Item 5)

AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

**11**

9,400 shares of Common  
Stock

CHECK IF THE  
AGGREGATE  
AMOUNT IN

**12**

ROW (11) ..  
EXCLUDES  
CERTAIN  
SHARES

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

**13**

0.0%  
TYPE OF REPORTING  
PERSON

**14**

IN

**1** NAME OF REPORTING PERSON

Andrew Nelson

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

**3** A GROUP SEC USE ONLY

**4** SOURCE OF FUNDS

PF CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

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

**6** CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

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

SOLE VOTING POWER

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

**9** 0 SOLE DISPOSITIVE POWER

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



SHARED  
DISPOSITIVE  
POWER

0

11

AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

4,000 shares of Common  
Stock

12

CHECK IF THE  
AGGREGATE  
AMOUNT IN

ROW (11) ..

EXCLUDES  
CERTAIN  
SHARES

13

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

14

0.0%  
TYPE OF REPORTING  
PERSON

IN

**1** NAME OF REPORTING PERSON

Laura Conover

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

**3** A GROUP SEC USE ONLY

**4** SOURCE OF FUNDS

PF CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) CITIZENSHIP OR PLACE OF ORGANIZATION

**6** United States of America

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

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

**9** 0 SOLE DISPOSITIVE POWER

**10** 250 shares of Common Stock

SHARED  
DISPOSITIVE  
POWER

0

11

AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

250 shares of Common  
Stock

12

CHECK IF THE  
AGGREGATE  
AMOUNT IN

ROW (11) ..

EXCLUDES  
CERTAIN  
SHARES

13

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

14

0.0%  
TYPE OF REPORTING  
PERSON

IN

**1** NAME OF REPORTING PERSON

Barry Konig  
CHECK THE  
APPROPRIATE  x

**2** BOX IF A MEMBER OF (b) " A GROUP

**3** SEC USE ONLY SOURCE OF FUNDS

**4** PF CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) CITIZENSHIP OR PLACE OF ORGANIZATION

**6** United States of America

**7** SOLE VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH: **8** 1,200 shares of Common Stock SHARED VOTING POWER

**9** 150 shares of Common Stock (see Item 5) SOLE DISPOSITIVE POWER

1,200 shares of  
Common Stock  
SHARED  
DISPOSITIVE  
POWER

**10**

150 shares of  
Common Stock  
(see Item 5)

AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

**11**

1,350 shares of Common  
Stock

CHECK IF THE  
AGGREGATE  
AMOUNT IN

**12**

ROW (11) ..  
EXCLUDES  
CERTAIN  
SHARES

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

**13**

0.0%  
TYPE OF REPORTING  
PERSON

**14**

IN

**1** NAME OF REPORTING PERSON

Cove Street Capital, LLC

**2** CHECK THE APPROPRIATE  x

BOX IF A

MEMBER OF (b) "

**3** A GROUP

SEC USE ONLY

**4** SOURCE OF FUNDS

OO

CHECK BOX

IF

DISCLOSURE

OF LEGAL

**5** PROCEEDING

IS

REQUIRED

PURSUANT

TO ITEMS

2(d) or 2(e)

CITIZENSHIP OR

PLACE OF

**6** ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

SOLE VOTING POWER

0 SHARED VOTING POWER

**8**

2,132,059 shares of Common Stock

**9** SOLE DISPOSITIVE POWER

0

**10**

SHARED  
DISPOSITIVE  
POWER

2,132,059  
shares of  
Common Stock

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

2,132,059 shares of  
Common Stock

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

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

**14** 6.1%  
TYPE OF REPORTING  
PERSON

OO; IA

This Amendment No. 2 (“Amendment No. 2”) amends and supplements the statement on Schedule 13D filed with the Securities and Exchange Commission (the “SEC”) on November 14, 2014 (the “Original Schedule 13D”) and Amendment No. 1 to the Original Schedule 13D filed with the SEC on January 6, 2015 (“Amendment No. 1” and together with the Original Schedule 13D and this Amendment No. 2, the “Schedule 13D”) with respect to common stock, par value \$1.00 per share (“Common Stock”), of Forestar Group Inc., a Delaware corporation (the “Issuer”). Capitalized terms used herein and not otherwise defined in this Amendment No. 2 have the meanings set forth in the Schedule 13D. This Amendment No. 2 amends Items 4, 5 and 7 as set forth below.

As a result of the termination of the Group Agreement as described in Item 5 herein, the Reporting Persons have terminated their status as a "group" for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 13d-5(b)(1) promulgated thereunder with respect to the Common Stock. In connection with such termination, the beneficial ownership of each of the Reporting Persons other than Cove Street Capital, LLC has fallen below the Schedule 13D reporting threshold and this Amendment No. 2 constitutes an "exit filing" for SpringOwl Associates LLC, Daniel Silvers, Andrew Nelson, Laura Conover and Barry Konig.

**Item**  
**4. PURPOSE OF TRANSACTION**

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

On February 9, 2015, SpringOwl Associates LLC and Cove Street Capital, LLC entered into an agreement with the Issuer (the “Director Nomination Agreement”) regarding the membership and composition of the Issuer’s board of directors (the “Board”). Under the terms of the Director Nomination Agreement, the Board has (i) temporarily increased the size of the Board to twelve members; (ii) accepted Mr. Carl A Thomason’s resignation as director of the Issuer; and (iii) appointed Messrs. Daniel B. Silvers and David L. Weinstein to the Board.

Pursuant to the Director Nomination Agreement, SpringOwl Associates LLC and Cove Street Capital, LLC also agreed to (i) vote their shares of Common Stock in favor of the Board's recommended director nominees and certain other proposals the Board may recommend to the stockholders for approval at the 2015 Annual Meeting and (ii) certain customary standstill provisions, such provisions to last until the earlier of (x) February 1, 2016, (y) 25 days before the nomination deadline for the 2016 annual meeting of stockholders and (z) 15 business days after the Issuer receives written notice from SpringOwl Associates LLC or Cove Street Capital, LLC of a material breach by the Issuer of any obligation under the Director Nomination Agreement which has not been cured, provided that if such material breach cannot be cured, the date which is ten days after SpringOwl Associates LLC or Cove Street Capital, LLC provides such notice.

The foregoing summary of the Director Nomination Agreement is qualified in its entirety by reference to the full text of the Director Nomination Agreement, a copy of which is attached as Exhibit 4 to this Schedule 13D and is incorporated by reference herein.





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

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

(a)-(b)

The aggregate number of shares of Common Stock to which this Schedule 13D relates is 2,491,283 shares of Common Stock, constituting approximately 7.1% of the outstanding Common Stock. All percentages set forth herein are based upon a total of 34,958,270 shares of Common Stock outstanding as of November 3, 2014, as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2014, filed with the SEC on November 6, 2014.

SOA has the power to vote and direct the disposition of the 344,224 shares of Common Stock held by the funds and accounts for which it acts as investment advisor. Mr. Silvers has the power to vote and direct the disposition of (i) 8,500 shares of Common Stock directly beneficially owned by Mr. Silvers; (ii) 700 shares of Common Stock held in a joint account with his wife; (iii) 100 shares of Common Stock held in an account for the benefit of his daughter; and (iv) 100 shares of Common Stock held in an account for the benefit of his son. Mr. Nelson has the power to vote and direct the disposition of the 4,000 shares of Common Stock directly beneficially owned by him. Laura Conover has the power to vote and direct the disposition of the 250 shares of Common Stock directly beneficially owned by her. Mr. Konig has the power to vote and direct the disposition of (x) the 1,200 shares of Common Stock directly beneficially owned by him and (y) 150 shares of Common Stock held in an account for the benefit of his wife. CSC has the power to vote and direct the disposition of the 2,132,059 shares of Common Stock held by the accounts for which it acts as investment advisor.

Pursuant to terms of the Group Agreement, the Group Agreement automatically terminated upon the termination of the Proxy Solicitation (as defined therein). As a result of such termination of the Group Agreement, the Reporting Persons have terminated their status as a "group" for purposes of Section 13(d)(3) of the Exchange Act and Rule 13d-5(b)(1) promulgated thereunder with respect to the Common Stock.

(c) Information concerning transactions in the Common Stock effected by the Reporting Persons since the filing of Amendment No. 1 is set forth in Schedule I hereto and is incorporated herein by reference.

(e) On February 9, 2015, as a result of the Group Agreement automatically terminating, the beneficial ownership of SpringOwl Associates LLC, Daniel Silvers, Andrew Nelson, Laura Conover and Barry Konig fell below the Schedule 13D reporting threshold.

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

**Description**

**Exhibit**

4 Director Nomination Agreement

**SIGNATURES**

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

Date: February 9, 2015

**SPRINGOWL associates  
LLC**

By: SpringOwl Asset  
Management LLC

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

By: /s/ Daniel Silvers  
Daniel Silvers

By: /s/ Andrew Nelson  
Andrew Nelson

By: /s/ Laura Conover  
Laura Conover

By: /s/ Barry Konig  
Barry Konig

**cove street capital, llc**

/s/ Daniele Beasley

Name: Daniele Beasley

Title: Chief Compliance Officer; Member

**Schedule I**

TRANSACTIONS IN COMMON STOCK BY THE REPORTING PERSONS

The following tables set forth all transactions in the Common Stock effected by each of the Reporting Persons since the filing of Amendment No. 1. Unless otherwise noted, all such transactions were effected in the open market through a broker and all prices per share include commissions.

**CSC**

| Trade Date | Shares Purchased (Sold) | Price Per Share (\$) |
|------------|-------------------------|----------------------|
| 1/22/2015  | 6,195                   | 13.29                |
| 1/7/2015   | 25,000                  | 14.63                |
| 1/6/2015   | 325                     | 14.69                |