Form **8937**(December 2011) Department of the Treasury

Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-2224

Reporting Issuer Part I Issuer's name 2 Issuer's employer identification number (EIN) Forestar Group Inc. 26-1336998 3 Name of contact for additional information Telephone No. of contact 5 Email address of contact Andrew D. Harris 512-433-5224 andrewharris@forestargroup.com 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 7 City, town, or post office, state, and Zip code of contact 6300 Bee Cave Rd, Bldg. Two, Ste 500 Austin, TX 78746 8 Date of action 9 Classification and description October 5, 2017 Common stock 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) 346232101 **FOR** Part II Organizational Action Attach additional statements if needed. See back of form for additional questions. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On October 5, 2017, Forestar Group Inc. ("Forestar") and D.R. Horton, Inc. announced the closing of D.R. Horton's previously announced acquisition of approximately 75% of the then-outstanding shares of Forestar for \$17.75 per share in cash pursuant to a merger of a wholly owned subsidiary of D.R. Horton with and into Forestar. Existing shares of Forestar common stock not acquired by D.R. Horton pursuant to the merger were exchanged for an equal amount of newly issued shares of Forestar common stock. For more information, holders should review the section titled "-U.S. Federal Income Tax Consequences of the Merger" in the Form S-4 filed by Forestar with the Securities and Exchange Commission on July 26, 2017. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► A U.S. Holder that received new shares of Forestar common stock pursuant to the merger generally will not recognize gain or loss on the receipt of each new share of Forestar common stock, and such holder will have the same aggregate tax basis and holding period in each new share of Forestar common stock received pursuant to the merger as it had in each existing share of Forestar common stock surrendered in exchange therefor. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► The tax basis of each new share of Forestar common stock received pursuant to the merger generally will be equal to the tax basis of each existing share of Forestar common stock surrendered in exchange therefor.

Part		Organizational Action (continue	ed)			
	st the	applicable Internal Revenue Code secti	on(s) and subsection(s) upor	which the tax treatment i	s based ►	Sections 354, 358 and/or
<u>1036.</u>						
				.,		
			- 1			
-						1805
			51 - %-			
					56-6-	
		Mary 1991				
						-44
40 C		requiting loss be recognized? b 6.11	C Haldan assessable will mak			- Maria - Maria - Araba - Arab
		y resulting loss be recognized? ► <u>A U.</u> y Forestar common stock.	5 molder generally will not	recognize loss on the re	ceipt or exi	Sting Forestar common
Stock IC	N HEV	V r orestal common stock.				
		- 4.W.e.X.				-7
		A PART OF THE STATE OF THE STAT				
			A			***

		S-4018				
<u> </u>						
				-#		 -
40 D	ovida	any other information accessors to imp	Jamont the adjustment arrel		. b. N	
19 Pr	ovide	any other information necessary to imp	tement the adjustment, such	as the reportable tax year	Not a	applicable.
-		1911-2-1	*			
		* Assertion **				
				9-43		
7						
		7 - 25				
	Unde belief	r penalties of perjury, I declare that I have ex f, it is true, correct, and complete. Declaration	amined this return, including ac	companying schedules and states based on all information of w	tatements, an thich prepare	ld to the best of my knowledge and r has any knowledge
Sign		-			The second	mus arry mismodge.
Here	0.	iture - andrew J.	Harris		11/14	1,7
	Signa	iture Vindicia C.	rous	Date ▶	11117	11 /
	D=:-4	your name ANDREW D.	HARRIC	99111 - Bu	VP-7	- 4 √
D	-rint	your name ► ANDICEW D. Print/Type preparer's name	Preparer's signature	Title ► Date		DTIN
Paid		Time type propored traine	,			theck if FINA
Prepa		Firm's name ▶				
Use C	nly	Firm's name				irm's EIN ▶ hone no.
Send Fo	rm 89	37 (including accompanying statements	s) to: Department of the Trea	- sury, Internal Revenue Ser		