



IMPORTANT TAX INFORMATION

Distribution of Forestar Real Estate Group Inc. and Guaranty Financial Group Inc.

On December 28, 2007, Temple-Inland Inc. ("Temple-Inland") completed the distribution of common shares of Forestar Real Estate Group Inc. ("Forestar") and Guaranty Financial Group Inc. ("Guaranty") to the shareholders of Temple-Inland (the "Distribution"). Temple-Inland, Forestar, and Guaranty are now three independent, publicly-traded companies. Below is information containing an explanation of the U.S. federal income tax consequences of the Distribution for Temple-Inland common shareholders and an example that will help you complete important tax calculations.

BACKGROUND INFORMATION

In the Distribution, each Temple-Inland shareholder received one share of Forestar common stock and one share of Guaranty common stock for every three common shares of Temple-Inland held by such Temple-Inland shareholder at the close of business on December 14, 2007 (the record date). Fractional common shares of Forestar and Guaranty were not distributed, and any Temple-Inland shareholder entitled to receive fractional common shares received a cash payment instead.

TAX RULING

In connection with the Distribution, Temple-Inland received a private letter ruling from the Internal Revenue Service ("IRS") substantially to the effect that the Distribution will qualify as a tax-free distribution for U.S. federal income tax purposes. Assuming the foregoing is correct, then for U.S. federal income tax purposes, Temple-Inland shareholders will not recognize gain or loss as a result of the Distribution except in connection with cash received in lieu of a fractional share. The taxable gain or loss that must be recognized for U.S. federal income tax purposes will be equal to the difference between the cash received and the shareholder's tax basis in the fractional share.

TAX BASIS ALLOCATION

U.S. federal income tax law requires that you allocate the tax basis of your pre-Distribution common shares of Temple-Inland among your post-Distribution common shares of Temple-Inland and your newly-received common shares of Forestar and Guaranty based on their relative fair market values. U.S. federal income tax law does not specify how you should determine the relative fair market values of the Temple-Inland, Forestar, and Guaranty shares. There are several potential methods for determining the fair market values of the common stock of each company, including: (i) using the closing price of the shares of each company at market close on the last trading day before the distribution (December 28, 2007), (ii) using the opening trading prices of the shares of common stock of each company on the first day of regular way trading of the Forestar and Guaranty shares (December 31, 2007), (iii) using the average high and low trading prices of the shares of common stock of each company on the first day of regular way trading of the Forestar and Guaranty shares (December 31, 2007), or (iv) using the closing trading prices

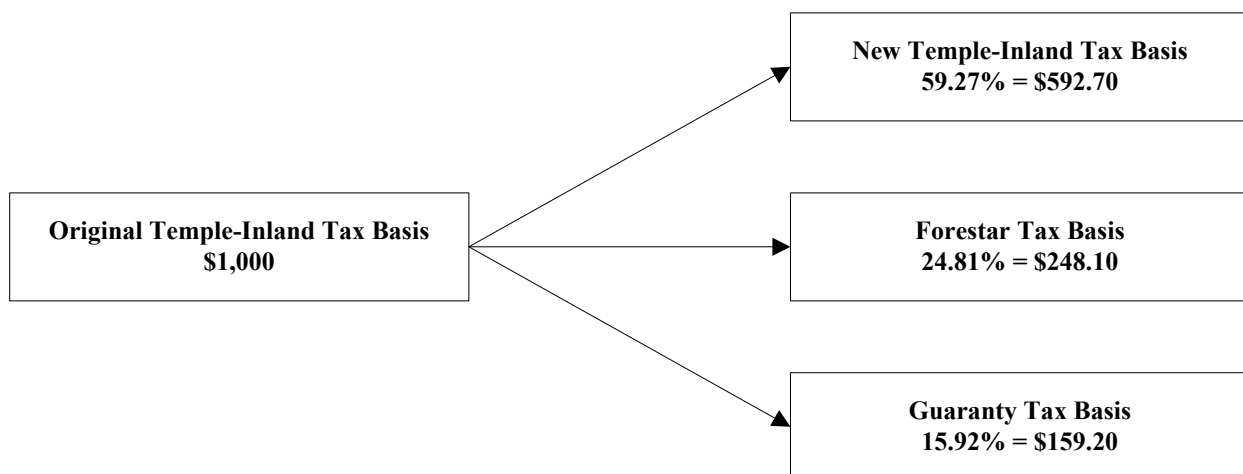
of the shares of common stock of each company on the first day of regular way trading of the Forestar and Guaranty shares (December 31, 2007). Other approaches to determine fair market value may also be possible, and you should determine, in consultation with your tax advisor, what approach to use in determining the fair market value for your Temple-Inland, Forestar and Guaranty shares.

Below is an example using one of the possible methods for allocating basis, namely, in proportion to the fair market value of Temple-Inland, Forestar and Guaranty at market close on the last trading day before the distribution. The closing price per share of Temple-Inland WI on December 28, 2007 was \$18.00. The closing price per share of Forestar WI on December 28, 2007 was \$22.60. The closing price per share of Guaranty WI on December 28, 2007 was \$14.50.

Using this methodology, and the one for three distribution ratio, 59.27% of your pre-Distribution tax basis should be allocated to your common shares of Temple-Inland (including any fractional share interest); 24.81% should be allocated to your common shares of Forestar (including any fractional share interest); and 15.92% should be allocated to your common shares of Guaranty (including any fractional share interest). If you acquired your Temple-Inland common stock at different times, or if some of your Temple-Inland shares otherwise have a tax basis that differs from that of others, you will need to make separate basis calculations for each group of shares. See the hypothetical example that follows.

Hypothetical Example:

50 shares of Temple-Inland common stock were purchased at \$20 per share, resulting in a tax basis of \$1,000. Because the spin-off distribution ratio was one for three, the owner was entitled to 16.67 Forestar shares and 16.67 Guaranty shares for the 50 shares of Temple-Inland owned. The owner received 16 full shares of Forestar and 16 full shares of Guaranty in book entry form and a check for the sale of the 0.67 fractional share of Forestar and the 0.67 fractional share of Guaranty. The tax basis of a fractional share is proportional to the basis of a whole share. Using the tax basis allocation percentages, 59.27% of the \$1,000 is allocated to Temple-Inland common stock, 24.81% of the \$1,000 is allocated to Forestar common stock, and 15.92% of the \$1,000 is allocated to Guaranty common stock. See the chart that follows.



The per share tax basis would then be obtained by dividing the new tax basis by the number of shares, as follows:

New Temple-Inland Tax Basis \$592.70	Number of Shares 50	New Temple-Inland Tax Basis \$11.85
Forestar Tax Basis \$248.10	Number of Shares 16.67	Forestar Tax Basis \$14.88
Guaranty Tax Basis \$159.20	Number of Shares 16.67	Guaranty Tax Basis \$9.55

As noted above, if you acquired your shares of Temple-Inland common stock at different times and costs, you will need to calculate a separate tax basis for each group of shares.

FRACTIONAL SHARE SALE

The receipt of cash resulting from the sale of a fractional share will result in the recognition of gain or loss for U.S. federal income tax purposes. This is measured by the difference between the cash you receive for such fractional share and your tax basis in such fractional share.

Hypothetical Example:

The following illustration uses the information in the example above. Assume the Forestar fractional share of 0.67 was sold for \$23.00 net per share and you received a check for \$15.33 (.67 x \$23.00 = \$15.33). Assume the Guaranty fractional share of 0.67 was sold for \$15.00 net per share and you received a check for \$10.00 (.67 x \$15.00 = \$10.00)

Forestar Tax Basis per Share	\$14.88		Sale Proceeds	\$15.33
Multiplied by Shares Sold	<u>X 0.67</u>	→	Fractional Share Basis	<u>-9.92</u>
Fractional Share Basis	\$9.92		Gain (Loss) Fractional Share	\$5.41
Guaranty Tax Basis per Share	\$9.55		Sale Proceeds	\$10.00
Multiplied by Shares Sold	<u>X 0.67</u>	→	Fractional Share Basis	<u>-6.37</u>
Fractional Share Basis	\$6.37		Gain (Loss) Fractional Share	\$3.63

SHAREHOLDER STATEMENT

Certain shareholders of Temple-Inland (*i.e.*, shareholders who, immediately before the Distribution, owned 5% or more of the common shares of Temple-Inland) who received common shares of Forestar and Guaranty in the Distribution are also required to attach an information statement related to the Distribution to their U.S. federal income tax returns for the year in which the Distribution occurs pursuant to Treasury Regulation § 1.355-5(b).

CONSULT YOUR TAX ADVISOR

This information represents our general understanding of the application of certain existing U.S. Federal income tax laws and regulations relating to the Distribution. It does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. You are urged to consult your own tax advisor regarding the particular consequences of the

Distribution to you, including the applicability and effect of all federal, state, local, and foreign tax laws. We also urge you to read the Information Statement for Forestar and the Information Statement for Guaranty, which were mailed to you and are available on each company's web site (www.templeinland.com, www.forestargroup.com, and www.guarantygroup.com).

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To ensure compliance with requirements imposed by the IRS, we inform you that any information deemed to be U.S. federal tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.