FORM DEF 14A

Definitive proxy statements

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FORUM GROUP INC

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [x]
Filed by a Party other than the Registrant [ ]
Check the appropriate box:
[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[x] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

FORUM GROUP, INC.
(Name of Registrant as specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

[x] $125 per Exchange Act Rule 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
[ ] $500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies: Not Applicable
(2) Aggregate number of securities to which transaction applies: Not Applicable
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11: Not Applicable
(4) Proposed maximum aggregate value of transaction: Not Applicable
(5) Total fee paid: Not Applicable

[ ] 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: Not Applicable
(2) Form, Schedule or Registration Statement No.: Not Applicable
(3) Filing Party: Not Applicable
(4) Date Filed: Not Applicable

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FORUM GROUP, INC.
11320 Random Hills Road, Suite 400
Fairfax, Virginia 22030
Telephone: (703) 277-7000

August 4, 1995

Dear Shareholder:

You are cordially invited to attend the 1995 Annual Meeting of Shareholders of Forum Group, Inc., which will be held at Westfields International Conference Center, 14750 Conference Center Drive, Chantilly, Virginia, on Wednesday, September 13, 1995, at 9:00 a.m., Eastern time. All holders of the Company's outstanding common stock as of the close of business on July 24, 1995 are entitled to vote at the Annual Meeting.

Enclosed for your information are the Company's Proxy Statement and Annual Report to Shareholders. We hope that you find these materials informative.

We hope you will be able to attend the Annual Meeting. Whether or not you expect to attend, you are urged to complete, sign, date and return the enclosed proxy card in the enclosed envelope as promptly as possible in order to make certain that your shares will be represented at the Annual Meeting.

ROBERT A. WHITMAN	MARK L. PACALA
Chairman of the Board	President and Chief Executive Officer

FORUM GROUP, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

September 13, 1995

The Annual Meeting of Shareholders of Forum Group, Inc. (the "Company") will be held at Westfields International Conference Center, 14750 Conference Center Drive, Chantilly, Virginia, on Wednesday, September 13, 1995, at 9:00 a.m., Eastern time, for the following purposes:

1. To elect nine directors to serve for one-year terms expiring in 1996;

2. To consider and vote upon the ratification of the appointment of independent accountants for the Company's fiscal year ending March 31, 1996; and

3. To transact any other business which may be properly brought before the Annual Meeting.

The close of business on July 24, 1995 has been fixed as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

RICHARD A. HUBER
Secretary

August 4, 1995

FORUM GROUP, INC.

PROXY STATEMENT
for
ANNUAL MEETING OF SHAREHOLDERS

September 13, 1995

Introduction

The Board of Directors (the "Board") of Forum Group, Inc. (the "Company") is soliciting proxies to be voted at the 1995 Annual Meeting of Shareholders (the "Annual Meeting") to be held in Chantilly, Virginia, on September 13, 1995 and at any adjournment thereof. This Proxy Statement and the enclosed proxy are first being mailed to shareholders on or about August 4, 1995.

Shares Entitled to Vote

Holders of shares of the common stock of the Company ("Common Stock") outstanding at the close of business on July 24, 1995 (the "Record Date") are entitled to notice of the Annual Meeting and to vote such shares at the Annual Meeting. At the close of business on the Record Date, there were 22,500,209 shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Each such share of Common Stock is entitled to one vote at the Annual Meeting. A majority of such shares of Common Stock represented in person or by proxy is necessary to provide a quorum at the Annual Meeting.

Voting of Proxies

This proxy solicitation is intended to afford shareholders the opportunity to vote regarding the election of directors and the appointment of independent accountants, and in respect of such other matters as may be properly brought before the Annual Meeting. Apollo FG Partners, L.P. ("AFG") and Forum Holdings, L.P. ("Forum Holdings" and, together with AFG, the "Investors") together possess voting power with respect to approximately 80.7% of the shares of Common Stock outstanding at the close of business on the Record Date. See "Security Ownership of Certain Beneficial Owners and Management." The Investors presently intend to vote all such shares for the election of the nominees for directors identified below and for the ratification of the appointment of independent public accountants. Accordingly, in such circumstances, such matters would receive the requisite vote regardless of whether or the manner in which shares of Common Stock owned by any other shareholder are voted at the Annual Meeting.

A proxy may be revoked by filing with the Secretary of the Company prior to the exercise of the proxy either a written instrument revoking the proxy or an executed subsequent proxy or by voting in person at the Annual Meeting. Where a shareholder's proxy specifies a choice with respect to a matter the shares will be voted accordingly. If no such specification is made, the shares will be voted FOR the nominees for directors identified below and FOR the ratification of the appointment of independent public accountants.

Abstentions and broker non-votes will be included in determining the number of shares present or represented at the Annual Meeting and any adjournment thereof for purposes of determining whether a quorum exists. Abstentions and broker non-votes with respect to any matter brought to a vote at the Annual Meeting or any adjournment thereof will be treated as shares not voted for purposes of determining whether the requisite vote has been obtained, and therefore will have no effect on the outcome of the vote on any such matter.

ELECTION OF DIRECTORS

The Board has nominated the following nine persons to be elected at the Annual Meeting to serve until the next annual meeting of shareholders and until their respective successors shall have been elected and qualified -- Laurence M. Berg, Peter P. Copses, Daniel A. Decker, James E. Eden, Mark L. Pacala, Kurt C. Read, Antony P. Ressler, Robert A. Whitman and Margaret A. Wylde, each of whom (other than Mr. Eden and Dr. Wylde) is employed by the Company or an entity affiliated with one of the

Investors. All such persons (other than Mr. Read and Dr. Wylde) are presently directors of the Company and are nominees for re-election. The other directors of the Company presently in office will not stand for re-election at the Annual Meeting and accordingly will cease to be directors of the Company when their terms expire at the Annual Meeting. The Board is presently engaged in a search to identify another person who is not affiliated with the Company or either of the Investors to be elected to the Board. It is expected that he or she will be elected to the Board following the Annual Meeting by the directors then in office.

Information regarding the persons nominated for election as directors at the Annual Meeting is set forth below. A plurality of all votes cast at the Annual Meeting or any adjournment thereof is required to elect each of the nominees as directors.

The Board recommends that shareholders vote FOR the election of each of the nominees identified below. Proxies solicited by the Board will be so voted except where authority has been withheld.

It is presently anticipated that at the first meeting of the Board following the Annual Meeting Mr. Pacala will become Chairman of the Board (in addition to being the Company's President and Chief Executive Officer).

Name, Principal Occupation and Business Experience	Served as a Director Since	Age
Laurence M. Berg An associate of Apollo Capital Management, Inc. ("ACM") and Lion Capital Management, Inc. ("LCM"), respectively, general partners of Apollo Advisors, L.P. ("Apollo Advisors"), which acts as managing general partner of Apollo Investment Fund, L.P. ("AIF") and AIF II, L.P., securities investment funds, and Lion Advisors, L.P. ("Lion Advisors"), which serves as financial advisor and representative for certain institutional investors with respect to securities investments, since 1992; theretofore employed by Drexel Burnham Lambert Incorporated ("DBL"), an investment firm; director of CWT Specialty Stores, Inc., a company owning and operating women's specialty clothing stores.	1994	29
Peter P. Copses An officer of ACM and LCM since 1990; theretofore employed by Donaldson, Lufkin and Jenrette Securities Corporation, an investment firm; director of Lamonts Apparel, Inc., a company owning and operating clothing and department stores; Calton, Inc., a homebuilder with operations in New Jersey, California and Florida; Family Restaurants, Inc. ("Family Restaurants"), a company engaged in the restaurant industry; and Zale Corporation, a company owning and operating jewelry stores.	1993	37
Daniel A. Decker Managing Director and Executive Vice President of The Hampstead Group, L.L.C. ("Hampstead"), a privately held investment company, since 1990; theretofore a partner in the law firm of Decker, Hardt, Munsch and Dinan, P.C.; director of Harvey Hotel Holdings, Inc. ("Harvey Hotels"), an owner and operator of 35 hotels in the Southwest and Southeast.	1993	42

Name, Principal Occupation and Business Experience	Served as a Director Since	Age
James E. Eden Owner of James E. Eden & Associates, a consulting firm specializing in the senior living and long-term care industry, President of Eden & Associates, Inc., a company engaged in the senior living and long-term care industry, and Chairman and Chief Executive Officer of Oakwood Living Centers, Inc., a company which owns and operates nursing homes and rehabilitation centers, since 1992; theretofore employed by Marriott Corporation ("Marriott"), a company which owns and operates, among other properties, senior living facilities, in various capacities including Executive Vice President and Vice President and General Manager, Senior Living Services Division; director of Omega Healthcare Investors, Inc., a real estate investment trust which owns long-term healthcare facilities.	1993	57
Mark L. Pacala President and Chief Executive Officer of the Company since 1994; theretofore Senior Vice President of The Walt Disney Company, a company which, among other things, owns and operates theme parks and resorts.	1994	40
Kurt C. Read Vice President of Hampstead since 1990; theretofore an officer of Columbia Realty Group, a real estate investment advisory firm.	N/A	32
Antony P. Ressler One of the founding principals of Apollo Advisors and Lion Advisors and an officer of ACM and LCM since 1990; theretofore Senior Vice President of DBL; director of Family Restaurants; Gillett Holdings,Inc., a company which owns the Vail and Beaver Creek ski resorts and a meat packing business; PRI Holdings, Inc., a company engaged in the manufacture of packaging materials; and United International Holdings, Inc., a company engaged in the cable television industry.	1993	34
Robert A. Whitman President and Co-Chief Executive Officer of Hampstead since 1991; theretofore Managing Partner and Chief Executive Officer of Trammell Crow Ventures, the real estate investment, banking and investment management unit of Trammell Crow Company; director of Harvey Hotels, an owner and operator of 35 hotels in the Southwest and Southeast; Wyndham Hotel Company, Ltd., an owner and operator of hotels and resorts; and The Covey Leadership Center, Inc., a training and publishing firm; Mr. Whitman has been Chairman of the Board of the Company since 1993 and also served as interim President and Chief Executive Officer of the Company from 1993 to 1994.	1993	42
Margaret A. Wylde, Ph.D. President of ProMatura Group, a division of the Institute of Technology Development which provides market research, planning, product development and product testing services to businesses serving seniors, and Chairman of the Board of Directors of LifeSpec Cabinet	N/A	45

Systems, Inc. ("LifeSpec"), a manufacturer of cabinetry designed for use in senior housing; director of LifeSpec and of the National Association of Senior Living Industries, the American Society on Aging and the Business Forum on Aging.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The management of the Company is under the direction of the Board. The Board held five meetings during the Company's fiscal year ended March 31, 1995 ("Fiscal Year 1995"). Each director attended at least 75% of the meetings of the Board held while he or she was a director, and each director appointed to serve on one or more committees of the Board attended at least 75% of the meetings of such committee or committees held while he or she was a member thereof.

Board Committees

The Board has established an Executive Committee, which has the authority, subject to applicable legal restrictions, to exercise all of the powers of the Board in the oversight of the management of the business and affairs of the Company. During Fiscal Year 1995, the Executive Committee met approximately 24 times. Messrs. Copses, Pacala and Whitman presently serve on the Executive Committee. The Board has authorized the Executive Committee to perform the functions of a nominating committee. Accordingly, the Executive Committee is also responsible for considering and making recommendations to the Board regarding nominees for election to the Board and Board committee assignments. The Executive Committee will consider recommendations for nominees for election to the Board which may be submitted by shareholders to the Secretary of the Company.

The Board has established a Compensation Committee, which reviews executive salaries, administers the bonus, incentive compensation and stock option plans of the Company and approves salaries and other benefits of the executive officers of the Company. In addition, the Compensation Committee consults with the Company's management regarding pension and other benefit plans and compensation policies and practices of the Company. During Fiscal Year 1995, the Compensation Committee met two times. Messrs. Copses and Decker presently serve on the Compensation Committee, and it is anticipated that, following the Annual Meeting, Ms. Wylde will also become a member of the Compensation Committee.

The Board has established an Audit Review Committee, which reviews the professional services provided by the Company's independent auditors and the independence of such auditors from management of the Company. This Committee also reviews the scope of the audit by the Company's independent accountants, the annual financial statements of the Company, the Company's system of internal accounting controls and such other matters with respect to the accounting, auditing and financial reporting practices and procedures of the Company as it finds appropriate or as are brought to its attention, and meets from time to time with management. During Fiscal Year 1995, the Audit Review Committee met two times. Messrs. Berg and Eden presently serve on the Audit Review Committee, and it is anticipated that, following the Annual Meeting, Mr. Read will also become a member of the Audit Review Committee.

Director Compensation

The Company pays each director who is not also a full-time employee of the Company an annual retainer of $15,000, payable quarterly, for his or her services as a director of the Company. In addition, each such director generally receives $500 for each meeting of any Board committee attended by such director. All directors are reimbursed for their reasonable out-of-pocket expenses incurred in connection with attendance at meetings of, and other activities relating to, serving on the Board and any Board committee. No compensation has been paid for attendance at meetings of the Executive Committee.

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Board has appointed KPMG Peat Marwick LLP ("Peat Marwick") as independent accountants to examine the consolidated financial statements of the Company for the fiscal year ending March 31, 1996. Shareholders are being asked to ratify this appointment at the Annual Meeting. Peat Marwick has served the Company in this capacity since 1984. The Company has been informed that neither Peat Marwick nor any of its partners has any direct financial interest or any material indirect financial interest in the Company or has had any connection during the past three years with the Company in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

One or more representatives of Peat Marwick are expected to be available at the Annual Meeting with the opportunity to make a statement if they desire to do so and to respond to appropriate questions.

OTHER BUSINESS

The Board does not know of any business to be presented for consideration at the Annual Meeting or any adjournment thereof other than as stated in the Notice of Annual Meeting. The affirmative vote of the holders of a majority of the shares of Common Stock represented at the Annual Meeting or any adjournment thereof and actually voted would be required with respect to any such other matter that is properly presented and brought to a shareholder vote.

EXECUTIVE OFFICERS

The names of the executive officers of the Company as of the date of this Proxy Statement (other than Messrs. Whitman and Pacala, who are also members of the Board (see "Election of Directors" above)), their positions and offices, business experience, terms of office and ages are as follows:

Name, Positions and Offices, and Business Experience	Served as an Executive Officer Since	Age
James R. Foulger Senior Vice President - Acquisitions of the Company since 1995; theretofore President of Autumn America Retirement, Ltd. ("Autumn America"), a company which provides acquisition and management services to owners of senior living facilities. Mr. Foulger has responsibility for the Company's acquisition program.	1995	51
Dennis L. Lehman Senior Vice President and Chief Financial Officer since 1995; theretofore Senior Vice President-Finance and Chief Financial Officer of Continental Medical Systems, Inc., a company which provides medical rehabilitation services. Mr. Lehman is the Company's principal financial officer.	1995	39
Brian C. Swinton Senior Vice President - Product Development, Research and Marketing of the Company since 1994; theretofore Vice President, Senior Living Services Division of Marriott. Mr. Swinton is the Company's principal marketing executive.	1994	50

Richard A. Huber 1993 34
Vice President-Operations Finance of the Company since 1993; theretofore Director-Operations Accounting and Analysis, Senior Living Services Division of Marriott. Mr. Huber is the Company's principal accounting officer and has also served as the Secretary of the Company since 1995.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Summary

The following table summarizes the compensation of the persons who served as Chief Executive Officer of the Company during Fiscal Year 1995 and each of the other executive officers of the Company who were serving as such at the end of Fiscal Year 1995 (collectively, the "Named Executives") for the Company's last three fiscal years for services rendered in all capacities to the Company and its subsidiaries.

<TABLE>
<CAPTION>

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year Ended March 31,	Annual Compensation Salary($)	Annual Compensation Bonus($)	Long-Term Compensation Securities Underlying Option Awards (#)	All Other Compensation($)
<S>	<C>	<C>	<C>	<C>	<C>
Mark L. Pacala,	1995 (1)	$190,385	$100,000	800,000	$14,130 (2)
President and Chief	1994	--	--	--	--
Executive Officer	1993	--	--	--	--
Robert A. Whitman,	1995	-0-	-0-	-0-	-0-
Chairman of the Board,	1994	-0-	-0-	-0-	-0-
Interim President and	1993	--	--	--	--
Chief Executive Officer(3)					
Paul A. Shively,	1995	230,000	-0-	-0-	5,319 (4)
Senior Vice President,	1994	230,000	82,500	-0-	3,049
Chief Financial Officer	1993	169,583	-0-	-0-	208,057
and Treasurer (5)					
Brian C. Swinton	1995	153,635	91,000	100,000	74,372 (6)
Senior Vice President -	1994 (7)	25,961	39,063	-0-	500
Product Development,	1993	--	--	--	--
Research and Marketing					
Richard A. Huber	1995	87,077	65,000	55,000	822 (8)
Vice President - Operations	1994 (9)	49,039	36,095	-0-	39,788
Finance and Secretary	1993	--	--	--	--

<FN>

(1) Mr. Pacala became President and Chief Executive Officer of the Company on October 24, 1994. Prior to that time, he was not an officer or employee of the Company.

(2) The amount shown represents payments made to Mr. Pacala in reimbursement of temporary living and relocation expenses incurred by him in connection with the commencement of his employment with the Company.

(3) While concurrently serving as President and Co-Chief Executive Officer of Hampstead, Mr. Whitman served as interim President and Chief Executive Officer of the Company from July 19, 1993 until Mr. Pacala commenced his employment with the Company on

October 24, 1994. Prior to July 19, 1993, Mr. Whitman was not an officer of the Company. Mr. Whitman received no compensation from the Company for services rendered by him as interim President and Chief Executive Officer of the Company. See "The Board of Directors and its Committees -- Director Compensation" with respect to compensation paid to members of the Board, including Mr. Whitman, and "Certain Relationships and Transactions -- General and Administrative Services" for a discussion of a payment made in June 1994 by the Company to Forum Holdings in respect of various general and administrative services provided to the Company by Forum Holdings and its representatives, including, among others, Mr. Whitman's services as interim President and Chief Executive Officer of the Company.

(4) The amount shown represents employer contributions of $2,494 and $2,825 made to the Company's 401(k) Savings Plan and Employee Stock Purchase Plan, respectively, on behalf of Mr. Shively.

(5) Mr. Shively resigned all positions held by him with the Company and its subsidiaries and affiliates effective as of June 30, 1995 and received a severance payment of $254,200. Mr. Shively, however, has agreed to serve as a consultant to the

Company on matters pertaining to the conduct of the business and operations of the Company and its affiliates.

(6) The amount shown represents payments made to Mr. Swinton in reimbursement of relocation expenses incurred by him in connection with the commencement of his employment with the Company.

(7) Mr. Swinton became Senior Vice President - Product Development, Research and Marketing of the Company on January 24, 1994. Prior to that time, he was not an officer or employee of the Company.

(8) The amount shown represents (i) payments of $416 made to Mr. Huber in reimbursement of relocation expenses incurred by him in connection with the commencement of his employment with the Company and (ii) employer contributions of $406 made to the Company's 401(k) Savings Plan on behalf of Mr. Huber.

(9) Mr. Huber became Vice President - Operations Finance of the Company on November 10, 1993. Prior to that time, he was not an officer or employee of the Company.

</TABLE>

Fiscal Year 1995 Stock Option Grants

The following table sets forth certain information regarding grants of stock options made during Fiscal Year 1995 to the Named Executives pursuant to the Company's Equity Incentive Plan (the "Incentive Plan"). No grants of stock appreciation rights were made during Fiscal Year 1995 to any of the Named Executives.

<TABLE>
<CAPTION>

Stock Option Grants in Fiscal Year 1995

Individual Grants						Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term		
Name	Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year 1995	Exercise Price ($/Sh)	Market Price on Grant Date ($/Sh)(1)	Expiration Date	0% ($)	5% ($)	10% ($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Mark L. Pacala	800,000(2)	60.9%	$5.875	$5.875	8/7/2004	$ -0-	$2,955,805	$7,490,590
Robert A. Whitman	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paul A. Shively	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brian C. Swinton	100,000(3)	7.6%	4.00	7.00	10/24/2004	300,000	740,226	1,415,620
Richard A. Huber	55,000(3)	4.2%	4.00	7.00	10/24/2004	165,000	407,124	778,591

<FN>

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(1) The "market price" shown is the average of the closing bid and asked prices for shares of Common Stock as reported on the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") on the grant date or, if such date was not a trading day, the trading day immediately preceding such date.

(2) The option vests in five equal annual installments commencing August 7, 1995.

(3) The option vests in five equal annual installments commencing October 24, 1995.

</TABLE>

Fiscal Year-End Option Values

The following table sets forth certain information regarding the total number of stock options held by each of the Named Executives, and the aggregate value of such stock options, on March 31, 1995. None of such stock options was exercisable as of such date.

<TABLE>
<CAPTION>

Aggregated Option Exercises in Fiscal Year 1995
and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year-End	Value of In-the-Money Unexercised Options at Fiscal Year-End ($)(1)
<S>	<C>	<C>	<C>	<C>
Mark L. Pacala	0	0	800,000	$750,000
Robert A. Whitman	0	0	N/A	N/A
Paul A. Shively	0	0	N/A	N/A
Brian C. Swinton	0	0	100,000	281,250
Richard A. Huber	0	0	55,000	154,688

<FN>

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(1) In-the-money options are options having a per share exercise price below $6.8125, the average of the closing bid and asked prices for shares of Common Stock as reported on NASDAQ on March 31, 1995. The dollar amounts shown represent the amount by which the product of $6.8125 and the number of shares purchasable upon the exercise of such in-the-money options exceeds the aggregate exercise price payable upon such exercise.

</TABLE>

Employment Agreement with Chief Executive Officer

Mr. Pacala's employment agreement provides for his employment as President and Chief Executive Officer of the Company for a term expiring on October 24, 1998. The agreement provides for a base salary of not less than $450,000 per year, plus an annual performance bonus in an amount up to 60% of his then-current annual base salary, such bonus to be determined by the Board or the Compensation Committee based upon performance objectives established by the Board or the Compensation Committee after consultation with Mr. Pacala. However, Mr. Pacala will not receive a bonus in respect of Fiscal Year 1995. Rather, he will receive a bonus in the amount of $270,000 on October 24, 1995, and any bonus otherwise payable to Mr. Pacala following the Company's fiscal year ending March 31, 1996 will be reduced by approximately $152,000. Pursuant to his employment agreement, Mr. Pacala was paid, in connection with the commencement of his employment with the Company, a one-time payment of $100,000 in order to induce him to forego the payment of an equivalent amount that would have been paid to him by his previous employer had he continued in his former employment and was granted an option to purchase 800,000 shares of Common Stock at $5.875 per share, the average of the closing bid and asked prices for shares of Common Stock on NASDAQ on the trading day immediately preceding the date of grant, which option becomes exercisable in five equal annual installments commencing on August 7, 1995. The agreement also provides Mr. Pacala certain welfare benefits.

If Mr. Pacala's employment is terminated by the Company other than for cause or as a result of death, disability or a change in control, the Company will for two years following such termination pay Mr. Pacala his then-current base salary (subject to offset for compensation received by Mr. Pacala from other parties) and provide him the welfare benefits that he was receiving immediately prior to his termination (subject to termination in the event that Mr. Pacala receives comparable benefits from a subsequent employer). If Mr. Pacala's employment is terminated by the Company (other than as a result of death or disability or for cause) or by Mr. Pacala (for any reason) within 12 months following a change in control, the Company will pay to

Mr. Pacala a lump sum severance payment equal to two times his then-current base salary and will provide him the welfare benefits that he was receiving immediately prior to such termination. In those circumstances, in the event that the change in control occurs prior to April 24, 1996, Mr. Pacala would also have the right to cause the Company to repurchase the then-unexercised portion of his stock option at a price of $0.625 per share of Common Stock then underlying such option.

Severance Pay Policy

Under the Company's severance pay policy, severance pay may be granted to eligible employees, including the Named Executives (other than Messrs. Whitman, Pacala and Shively), if the termination of their employment is initiated by the Company as the result of any one of certain qualifying events, including reductions in force, position elimination and the inability to meet the requirements of a position, but not as a result of voluntary resignation, retirement, merger into or acquisition by another organization (if the employee is offered employment with the successor organization), discharge for misconduct and certain other reasons. Under the severance pay policy, executive officers generally are entitled to receive severance pay equal to one month's pay plus two additional weeks' pay for each year of continuous service, up to a maximum of eight months' pay.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

After the Investors acquired a majority interest in the Company in connection with the recapitalization of the Company in June 1993 (the "1993 Recapitalization"), the Company undertook to assemble a top-quality management team consisting of experienced executives capable of pursuing the Company's growth strategy. Following an extensive search, during Fiscal Year 1995, the Company hired Mark L. Pacala, formerly a senior executive at The Walt Disney Company, as President and Chief Executive Officer. Mr. Pacala commenced his employment with the Company on October 24, 1994. His compensation arrangements are described under the caption "Compensation of Executive Officers -- Employment Agreement with Chief Executive Officer" above.

The Company has hired other new senior executives in addition to Mr. Pacala, including James R. Foulger, Senior Vice President - Acquisitions, Dennis L. Lehman, Senior Vice President and Chief Financial Officer, Brian C. Swinton, Senior Vice President - Product Development, Research and Marketing, and Richard A. Huber, Vice President - Operations Finance. Each of Messrs. Swinton and Huber commenced his employment with the Company prior to the beginning of Fiscal Year 1995, and each of Messrs. Foulger and Lehman commenced his employment with the Company after the end of Fiscal Year 1995. Each of Messrs. Foulger, Lehman, Swinton and Huber has had substantial senior management experience with other companies engaged in the senior living or healthcare fields.

The compensation arrangements entered into with the Company's new executive officers reflect the Company's principal objectives with respect to executive compensation, which are to (i) provide appropriate incentives for the achievement of the Company's performance objectives, (ii) help ensure that the Company is able to attract and retain top-quality management personnel, and (iii) ensure that an appropriate portion of executive compensation is variable and dependent upon increases in the value of an investment in the Company.

The compensation packages for the Company's new executive officers are comprised of cash salary, cash bonus and stock options granted under the Incentive Plan. The Compensation Committee believes that the nature and level of the compensation of these executives is reasonable and appropriate in light of the objectives underlying the Company's executive compensation policy, the Company's financial and operational performance and prospects, individual levels of experience and prevailing executive compensation practices.

Following the 1993 Recapitalization, Mr. Whitman served as interim President and Chief Executive Officer of the Company from July 19, 1993 until October 24, 1994, when Mr. Pacala commenced his employment with the Company. Mr. Whitman received no compensation from the Company for services rendered by him in that capacity. See "The Board of Directors and its Committees -- Director Compensation" with respect to compensation paid to members of the Board, including Mr. Whitman, and "Certain Relationships and Transactions -- General and Administrative Services" for a discussion of a payment made in June 1994 by the

Company to Forum Holdings in respect of various general and administrative services provided to the Company by Forum Holdings and its representatives, including, among others, Mr. Whitman's services as interim President and Chief Executive Officer of the Company.

In addition, at the Company's request, Mr. Shively, who until his recent resignation had been an executive officer of the Company since 1974, continued as an executive officer of the Company following the 1993 Recapitalization in order to ease the transition to a new management team. Mr. Shively's compensation package for Fiscal Year 1995 was determined considering the Company's financial and operational performance, the Company's historical compensation levels and practices as they relate to Mr. Shively, his levels of responsibility and experience and subjective judgments regarding his individual performance. No relative weights were assigned to such factors. The Compensation Committee believes that the level of Mr. Shively's compensation was appropriate in light of such factors.

The Company believes that the compensation paid to its executive officers during Fiscal Year 1995 is deductible for federal income tax purposes. In connection with future executive compensation determinations, the Company presently intends to consider, together with such other factors as may be deemed pertinent under the circumstances, whether such compensation will be deductible for federal income tax purposes.

The members of the Compensation Committee are directors whose principal employment is with affiliates of the Investors. The Investors, in the aggregate, beneficially own a majority of the Company's outstanding Common Stock. See "Security Ownership of Certain Beneficial Owners and Management" and "Certain Relationships and Transactions."

Respectfully submitted,

Peter P. Copses
Daniel A. Decker

COMPARISON OF TOTAL SHAREHOLDER RETURN

The following graphs show (i) the annual cumulative shareholder return on the Common Stock of the Company for the periods from March 31, 1990 through April 2, 1992 and April 3, 1992 through March 31, 1995, assuming investments of $100 in shares of Common Stock on each of March 31, 1990 and April 3, 1992, respectively, and (ii) the quarterly cumulative total shareholder return on the Common Stock of the Company since April 3, 1992, assuming an investment of $100 on that date. In each case, the cumulative shareholder return on the Common Stock of the Company is compared with the NASDAQ Stock Market U.S. Index and the NASDAQ Health Services Index.

On February 19, 1991, the Company and certain of its affiliates commenced proceedings under chapter 11 of the Bankruptcy Code to reorganize and restructure their liabilities. On April 2, 1992, the Company emerged from bankruptcy pursuant to a plan of reorganization (the "Plan of Reorganization"). All shares of Common Stock of the Company that were outstanding during the period from March 31, 1990 through April 2, 1992 (i.e., the date on which such shares ceased to be quoted on NASDAQ) (the "Pre-Reorganization Common Stock") were cancelled pursuant to the Plan of Reorganization, and under the Plan of Reorganization shares of new Common Stock were issued to the unsecured creditors of the Company and holders of shares of Pre-Reorganization Common Stock. Under the Plan of Reorganization, a holder of Common Stock who invested $100 in Pre-Reorganization Common Stock on March 31, 1990 and made no other investment in Pre-Reorganization Common Stock would have received no shares of new Common Stock.

<TABLE>
<CAPTION>
COMPARISON OF CUMULATIVE TOTAL RETURN ON COMMON STOCK BEFORE AND AFTER EMERGENCE FROM BANKRUPTCY WITH THE NASDAQ U.S. INDEX AND THE NASDAQ HEALTH SERVICES INDEX

Measurement Period Fiscal Year Covered	Forum Group, Inc.	NASDAQ STOCK MARKET U.S.	NASDAQ HEALTH SERVICES
<S>	<C>	<C>	<C>
Pre-Reorganization Common Stock			
Measurement Point 3/31/90	100	100	100
FYE 3/31/91	10	114	186
FYE 3/31/92	5	146	253
4/2/92	0	143	253
Post-Reorganization Common Stock			

Measurement Point 4/3/92	100	100	100
FYE 3/31/93	79	118	99
FYE 3/31/94	171	127	131
FYE 3/31/95	200	141	150

</TABLE>
<TABLE>
<CAPTION>

COMPARISON OF CUMULATIVE TOTAL RETURN ON POST-REORGANIZATION COMMON STOCK BY QUARTER SINCE APRIL 3, 1992 WITH THE NASDAQ U.S. INDEX AND THE NASDAQ HEALTH SERVICES INDEX

Measurement Period Fiscal Year Covered	Forum Group, Inc.	NASDAQ STOCK MARKET U.S.	NASDAQ HEALTH SERVICES
<S>	<C>	<C>	<C>
Measurement Point 4/3/92	100	100	100
6/30/92	43	95	91
9/30/92	46	99	97
12/31/92	50	115	111
3/31/93	79	118	99
6/30/93	96	120	105
9/30/93	114	130	113
12/31/93	121	132	128
3/31/94	171	127	131
6/30/94	171	121	119
9/30/94	204	131	142
12/31/94	236	130	137
3/31/95	200	141	150

</TABLE>

CERTAIN RELATIONSHIPS AND TRANSACTIONS

Settlement of Certain Litigation

Pursuant to a court-approved settlement agreement, during Fiscal Year 1995, the Company settled certain claims asserted by Forum/Classic, L.P., an entity affiliated with the Pritzker family, and others against the Company, the Investors and certain other persons (including persons who comprised the Board immediately prior to the 1993 Recapitalization) in a suit filed in connection with the 1993 Recapitalization. In connection with the settlement, the Company reimbursed the plaintiffs for $500,000 of the expenses incurred by them in that litigation.

Certain Consulting Services

The Company and Mr. Eden have entered into an agreement, effective as of March 31, 1995, pursuant to which Mr. Eden will render to the Company such consulting and advisory services as the Company's Chief Executive Officer may from time to time request regarding the Company and the retirement industry. In connection with the execution of the agreement, the Company paid to Mr. Eden $137,500 in respect of certain consulting services provided by him to the Company prior to such time, including services provided during Fiscal Year 1995. Under the agreement, which terminates on December 31, 1996, the Company will pay to

Mr. Eden an annual retainer of $31,250 and certain additional amounts in certain circumstances.

General and Administrative Services

In July 1994, the Company paid $750,000 to Forum Holdings in respect of various general and administrative services provided to the Company by Forum Holdings prior to such date. Such services include, among others, arranging for and negotiating the Company's debt refinancing which was completed in February 1994 and negotiating the co-investment agreement which was entered into by the Company and National Guest Homes, LLC in July 1994. Services covered by such payment also include Mr. Whitman's services as interim President and Chief Executive Officer of the Company.

Certain Acquisitions

In May 1995, the Company acquired from Autumn America, an affiliate of Forum Holdings, for $1.3 million, Autumn America's rights as the manager of five retirement communities and entered into new management contacts with the owners of such facilities (two of which are affiliates of Forum Holdings). Under each such management contract, the Company will receive in respect of management services to be provided by it thereunder a monthly management fee equal to 5% of gross collections. In connection with such acquisition, the Company also paid to Autumn America for disbursement to its management personnel $250,000 in cash in lieu of granting certain rights with respect to future acquisitions by the Company. Of such amount, $150,000 was disbursed to James R. Foulger, formerly the President of Autumn America, who, upon the consummation of such acquisition, became Senior Vice President - Acquisitions of the Company.

In May 1995, the Company acquired for $1.7 million an 80% interest in the retirement community now known as The Forum at the Woodlands (the "Woodlands Property"). The remaining 20% interest in the Woodlands Property is owned by an unaffiliated co-investor. In connection with such acquisition, an affiliate of Forum Holdings (the "Holdings Affiliate") was granted a carried interest in the Woodlands Property in exchange for assigning its rights to purchase such property to the Company and its co-investor. Commencing May 1996, the Holdings Affiliate may require the Company to purchase, and the Company may require the Holdings Affiliate to sell to the Company, such carried interest for a price between $0.8 million and $1.7 million, depending on the performance of the Woodlands Property and sales of related tax-exempt bonds.

SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth information as to the beneficial ownership of each person known to the Company, as of July 24, 1995, to own more than 5% of the Company's outstanding Common Stock.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
<S>	<C>	<C>
Apollo FG Partners, L. P. c/o Apollo Advisors, L.P. 1999 Avenue of the Stars, Suite 1900 Los Angeles, California 90067	9,428,203 (3)	40.6%
Forum/Classic, L.P. 200 West Madison Street 39th Floor	2,550,544 (4)	11.0%

Chicago, Illinois 60606

Forum Holdings, L.P. 4200 Texas Commerce Tower West 2200 Ross Avenue Dallas, Texas 75201	9,428,203 (5)	40.6%

<FN>

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(1) The amounts shown represent shares of Common Stock with respect to which the named person has sole dispositive power. As a result of the provisions of the shareholders' agreement described below, each of AFG and Forum Holdings may be deemed to have shared voting power with respect to, and thus to beneficially own, all of the 18,856,406 shares of Common Stock beneficially owned by such persons in the aggregate (constituting 81.3% of shares of Common Stock treated as outstanding as described in Note 2 below).

(2) The percentages shown are based on 23,206,113 shares of Common Stock outstanding. This number includes (i) 5,760 shares of Common Stock presently issuable at a nominal purchase price upon exercise of certain warrants ("Investor Warrants") issued pursuant to the Acquisition Agreement, dated as of April 18, 1993, among the Company, the Investors and the other parties thereto, (ii) 149,607 shares of Common Stock presently issuable at a nominal purchase price upon the exercise of certain warrants ("Special Warrants") issued pursuant to the Warrant Agreement, dated June 10, 1993 (the "Warrant Agreement"), between the Company and Citicorp USA, Inc., and (iii) 550,537 shares of Common Stock presently issuable at a purchase price equal to $3.98 per share (subject to adjustment) upon the exercise of certain other warrants ("Warrants") issued pursuant to the Warrant Agreement.

(3) According to Amendment No. 8 to a Schedule 13D dated January 10, 1995 and filed with the Securities and Exchange Commission (the "SEC") by AFG. The number of shares listed includes (i) 2,880 shares of Common Stock presently purchasable by AFG upon exercise of Investor Warrants, (ii) 74,804 shares of Common Stock purchasable by AFG upon exercise of Special Warrants, and (iii) 275,268 shares of Common Stock purchasable by AFG upon exercise of Warrants. The general partner of AFG is AIF, the managing general partner of AIF is Apollo Advisors, and the general partner of Apollo Advisors is ACM. By reason of various relationships among Messrs. Berg, Copses and Ressler and AFG and its affiliates, Messrs. Berg, Copses and Ressler may be deemed to beneficially own the shares of Common Stock owned by AFG. Each of Messrs. Berg, Copses and Ressler disclaims beneficial ownership of such shares.

(4) According to Amendment No. 1 to a Schedule 13D dated January 18, 1995 and filed with the SEC by Forum/Classic, L.P.

(5) According to Amendment No. 13 to a Schedule 13D dated January 10, 1995 (the "Forum Holdings 13D") and filed with the SEC by Forum Holdings and certain related entities (collectively, the "Forum Holdings Reporting Persons"). The number of shares listed includes (i) 2,880 shares of Common Stock presently purchasable by Forum Holdings upon exercise of Investor Warrants, (ii) 74,803 shares of Common Stock purchasable by Forum Holdings upon exercise of Special Warrants, and (iii) 275,269 shares of Common Stock purchasable by Forum Holdings upon exercise of Warrants. According to the Forum Holdings 13D, each of the Forum Holdings Reporting Persons may, by reason of certain control relationships, be deemed to beneficially own all of the shares of Common Stock owned directly by Forum Holdings. By reason of various relationships among Messrs. Decker, Read and Whitman and the Forum Holdings Reporting Persons, Messrs. Decker, Read and Whitman may be deemed to beneficially own the shares of Common Stock owned by the Forum Holdings Reporting Persons. Each of Messrs. Decker, Read and Whitman

disclaims beneficial ownership of such shares.
</TABLE>

Shareholders' Agreement. Pursuant to a shareholders' agreement (the "Shareholders' Agreement") entered into between the Investors, the Investors have agreed that, from and after the Annual Meeting, the right to nominate a majority of the Company's directors will be allocated between the Investors in proportion to their relative percentages of share ownership and that the remaining directors will consist of the Chief Executive Officer of the Company and other persons acceptable to each of the Investors. Pursuant to the Shareholders' Agreement, AFG has nominated Messrs. Berg, Copses and Ressler for election as directors at the Annual Meeting, and Forum Holdings has nominated Messrs. Decker, Read and Whitman. The Shareholders' Agreement also provides that the Investors will use their respective best efforts to cause the Executive Committee to consist of at least three persons, one designee designated by each Investor and the Chief Executive Officer of the Company, and such additional directors of the Company, if any, as shall be acceptable to each of the Investors.

The Shareholders' Agreement includes reciprocal rights of first refusal and other provisions and will terminate on June 14, 1998 or earlier under certain circumstances.

Security Ownership of Management

The following table sets forth information as of the close of business on the Record Date with respect to shares of Common Stock beneficially owned by (i) each director nominee, (ii) each Named Executive, and (iii) all directors and executive officers of the Company as a group. All shares of Common Stock listed below are beneficially owned directly by the person indicated in the table and all persons own less than 1% of the total number of outstanding shares of Common Stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)
Laurence M. Berg (2)	-0-
Peter P. Copses (2)	-0-
Daniel A. Decker (3)	-0-
James E. Eden	-0-
Mark L. Pacala	160,000 (4)
Kurt C. Read (3)	-0-
Antony P. Ressler (2)	-0-

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)
Robert A. Whitman (3)	-0-
Margaret A. Wylde	-0-
Paul A. Shively	18,055
Brian C. Swinton	24,950
Richard A. Huber	500
All directors and executive officers as a group	195,601

(1) Excludes the 18,856,406 shares of Common Stock beneficially owned by the Investors.

(2) By reason of various relationships between Messrs. Berg, Copses and Ressler and AFG and its affiliates, Messrs. Berg, Copses and Ressler may be deemed to beneficially own the shares of Common Stock owned by AFG. Each of Messrs. Berg, Copses and Ressler disclaims beneficial ownership of such

shares.

(3) By reason of various relationships between Messrs. Decker, Read and Whitman and the Forum Holdings Reporting Persons, Messrs. Decker, Read and Whitman may be deemed to beneficially own the shares of Common Stock owned by the Forum Holdings Reporting Persons. Each of Messrs. Decker, Read and Whitman disclaims beneficial ownership of such shares.

(4) Consists of 160,000 shares of Common Stock purchasable upon the exercise of Mr. Pacala's option within 60 days after July 24, 1995.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires directors and executive officers of the Company, and persons who own more than 10% of the issued and outstanding shares of Common Stock, to file reports of ownership and changes in ownership with the SEC. Directors, executive officers and greater than 10% shareholders are required by SEC regulation to furnish the Company copies of all Section 16(a) forms they file. Except as described below, to the Company's knowledge, based solely on review of those copies and written representations that no Forms 5 were required, the Company's directors, executive officers and greater than 10% shareholders complied with all applicable Section 16(a) filing requirements during Fiscal Year 1995. Mr. Swinton has failed to file the required forms with the SEC in connection with three transactions resulting in changes in his beneficial ownership of Common Stock that occurred during Fiscal Year 1995 and two such transactions that occurred during the Company's current fiscal year.

MISCELLANEOUS

Submission of Proposals by Shareholders

In order to be eligible for inclusion in the Company's proxy statement and form of proxy for the 1996 Annual Meeting of Shareholders, any proposal of a shareholder must be received by the Company at its principal executive offices in Fairfax, Virginia by April 6, 1996.

Proxy Solicitation

In addition to soliciting proxies by mail, directors, executive officers and employees of the Company, without receiving additional compensation, may solicit proxies by telephone, by telegram or in person. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares of the Common Stock, and the Company will reimburse such brokerage firms and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection with forwarding such materials.

July 28, 1995

FORUM GROUP, INC.

This Proxy is Solicited on Behalf of the Board of Directors of Forum Group, Inc. for use at the Annual Meeting of Shareholders to be held on September 13, 1995

The undersigned hereby appoints Laurence M. Berg, Peter P. Copses, Daniel A. Decker, Mark L. Pacala and Robert A. Whitman, and each of them, as proxies of the undersigned, with full power of substitution and resubstitution, to represent and vote as set forth herein all of the shares of Common Stock of Forum Group, Inc. (the "Company") held of record by the undersigned on

July 24, 1995 at the Annual Meeting of Shareholders of the Company to be held at Westfields International Conference Center, 14750 Conference Center Drive, Chantilly, Virginia, on Wednesday, September 13, 1995, at 9:00 a.m., Eastern time, and at any and all postponements and adjournments thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED "FOR" THE NOMINEES LISTED IN ITEM 1, "FOR" THE RATIFICATION OF INDEPENDENT ACCOUNTANTS AND IN ACCORDANCE WITH THE JUDGMENT OF THE PERSON OR PERSONS VOTING THE PROXY WITH RESPECT TO ANY OTHER BUSINESS THAT MAY PROPERLY COME BEFORE THE MEETING.

(Continued, and to be dated and signed, on the other side)

(x) Please mark your votes as in this sample.

1. Election of Directors:

FOR all nominees listed below ( )

WITHHOLD for all nominees ( )

INSTRUCTIONS: To withhold authority to vote for any individual nominee, place an "X" in the box above and strike a line through the nominee's name in the list at right.

Nominees for Director:
- Laurence M. Berg
- Peter P. Copses
- Daniel A. Decker
- James E. Eden
- Mark L. Pacala
- Kurt C. Read
- Antony P. Ressler
- Robert A. Whitman
- Margaret A. Wylde

2. Ratification of the appointment of KPMG Peat Marwick LLP as the Company's independent accountants for the Company's fiscal year ending March 31, 1996.

FOR ( ) AGAINST ( ) ABSTAIN ( )

PLEASE MARK, SIGN AND RETURN THIS PROXY CARD PROMPTLY, USING THE ENVELOPE PROVIDED.

NOTE: This proxy should be dated, signed by the shareholder as his or her name appears hereon, and returned promptly in the enclosed envelope. Joint owners should each sign personally, and trustees and others signing in a representative capacity should indicate the capacity in which they sign.

--- Date ----------------

Signature of Shareholder

--- Date ----------------

Signature of Shareholder

PLEASE MARK, SIGN AND RETURN THIS PROXY CARD PROMPTLY, USING THE ENVELOPE PROVIDED.

PLEASE MARK YOUR CHOICE BY PLACING AN "X" IN THE APPROPRIATE BOX.