

Forestar Group Inc.
Form 4
February 12, 2009

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
JASTROW KENNETH M II

(Last) (First) (Middle)

6300 BEE CAVE
ROAD, BUILDING TWO, SUITE
500

(Street)

AUSTIN, TX 78746

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Forestar Group Inc. [FOR]

3. Date of Earliest Transaction
(Month/Day/Year)
02/10/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock | | | | (A) or (D) | 141,208 ⁽¹⁾ | D | |
| Common Stock | | | | (A) or (D) | 3,787 ⁽²⁾ | I | By Trustee 401(k) Plan |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option (right to buy) <u>(3)</u> <u>(4)</u> | \$ 20.69 | | | | | 05/07/2000 | 05/07/2009 | Common Stock | 32,000 |
| Option (right to buy) <u>(3)</u> <u>(5)</u> | \$ 13.24 | | | | | 02/04/2001 | 02/04/2010 | Common Stock | 66,666 |
| Option (right to buy) <u>(3)</u> <u>(6)</u> | \$ 11.76 | | | | | 02/02/2002 | 02/02/2011 | Common Stock | 66,666 |
| Option (right to buy) <u>(3)</u> <u>(7)</u> | \$ 13.26 | | | | | 02/01/2003 | 02/01/2012 | Common Stock | 33,333 |
| Option (right to buy) <u>(3)</u> <u>(8)</u> | \$ 8.68 | | | | | 02/07/2004 | 02/07/2013 | Common Stock | 36,666 |
| Option (right to buy) <u>(3)</u> <u>(9)</u> | \$ 15.02 | | | | | 02/06/2005 | 02/06/2014 | Common Stock | 33,333 |
| Option (right to buy) <u>(3)</u> <u>(10)</u> | \$ 20.26 | | | | | 02/04/2006 | 02/04/2015 | Common Stock | 33,333 |
| Option (right to buy) <u>(3)</u> <u>(11)</u> | \$ 27.06 | | | | | 02/03/2007 | 02/03/2016 | Common Stock | 34,166 |
| Option (right to buy) <u>(12)</u> | \$ 28.85 | | | | | 02/12/2009 | 02/12/2018 | Common Stock | 20,000 |
| Restricted Share Units <u>(3)</u> <u>(13)</u> | <u>(13)</u> | | | | | <u>(13)</u> | <u>(13)</u> | Common Stock | 50,000 |

| | | | | | | | | | |
|------------|------|------------|---|-------|------|------|--------|-------|--|
| Restricted | | | | | | | | | |
| Share | (14) | 02/10/2009 | A | 8,073 | (14) | (14) | Common | 8,073 | |
| Units (14) | | | | | | | Stock | | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| JASTROW KENNETH M II 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746 | | X | | |

Signatures

| | |
|---|------------|
| David M. Grimm signing on behalf of Kenneth M. Jastrow, II | 02/12/2009 |
|---|------------|

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) In accordance with the Rights Agreement adopted by the Company on December 11, 2007, Preferred Stock Purchase Rights are deemed to be attached to the shares of Common Stock.
- Reporting Person acquired shares through acquisitions under the Temple-Inland 401(k) plan. By trustee of the Temple-Inland 401(k)
- (2) Plan according to the latest report of the Plan Administrator. (Note: Trustee uses unit accounting; therefore, share equivalents may fluctuate slightly from month to month.)
- (3) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.
- (4) Options Vesting Schedule - Exercise price \$20.69: Options Exercisable 05/07/2001 - 4,800; Options Exercisable 05/07/2002 - 4,800; Options Exercisable 05/07/2003 - 4,800; Options Exercisable 05/07/2004 - 4,800; and Options Exercisable 05/07/2005 - 12,800.
- (5) Options Vesting Schedule - Exercise price \$13.24: Options Exercisable 02/04/2002 - 10,000; Options Exercisable 02/04/2003 - 10,000; Options Exercisable 02/04/2004 - 10,000; Options Exercisable 02/04/2005 - 10,000; and Options Exercisable 02/04/2006 - 26,666.
- (6) Options Vesting Schedule - Exercise price \$11.76: Options Exercisable 02/04/2002 - 16,666; Options Exercisable 02/04/2003 - 16,666; Options Exercisable 02/04/2004 - 16,666; Options Exercisable 02/04/2005 - 16,666.
- (7) Options Vesting Schedule - Exercise price \$13.26: Options Exercisable 02/01/2003 - 8,333; Options Exercisable 02/01/2004 - 8,333; Options Exercisable 02/01/2005 - 8,333; and Options Exercisable 02/01/2006 - 8,333.
- (8) Options Vesting Schedule - Exercise price \$8.68: Options Exercisable 02/07/2004 - 9,166; Options Exercisable 02/07/2005 - 9,167; Options Exercisable 02/07/2006 - 9,166; and Options Exercisable 02/07/2007 - 9,167.
- (9) Options Vesting Schedule - Exercise price \$15.02: Options Exercisable 02/06/2005 - 8,333; Options Exercisable 02/06/2006 - 8,333; Options Exercisable 02/06/2007 - 8,333 and Options Exercisable 01/01/2008 - 8,333.
- (10) Options Vesting Schedule - Exercise price \$20.26: Options Exercisable 02/04/2006 - 8,333; Options Exercisable 02/04/2007 - 8,333; and Options Exercisable 01/01/2008 - 16,666.
- (11) Options Vesting Schedule - Exercise price \$27.06: Options Exercisable 02/03/2007 - 8,541; and Options Exercisable 01/01/2008 - 25,625.
- (12) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price \$28.85: Options Exercisable 02/12/2009 - 6,500; Options Exercisable 02/12/2010 - 6,500; Options Exercisable 02/12/2011 - 7,000.
- (13) Restricted share units are payable effective February 2, 2010, pursuant to Temple-Inland retirement agreement previously disclosed. Restricted share units will be settled for cash based on the fair market value on the payment date.

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(14) Restricted share units accrued under a Company plan to be settled in cash following Reporting Person's retirement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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