Forestar Group Inc. Form 4 December 16, 2009

Check this box

if no longer

subject to

Section 16.

Form 4 or

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB Number:

3235-0287

Expires:

5 Relationship of Reporting Person(s) to

January 31, 2005

0.5

Estimated average burden hours per

OMB APPROVAL

response...

1 Name and Address of Reporting Person *

SECURITIES Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,

Form 5 obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

Stock

Stock

Common

(Print or Type Responses)

JASTROW	Symbol					Issuer				
(Last)	(First) (Forestar Group Inc. [FOR] 3. Date of Earliest Transaction				(Check all applicable)			
` ′	` ,	,	Day/Year)				_X_ Director		Owner	
6300 BEE		12/15/2009				Officer (give below)	title Other	er (specify		
ROAD, BU 500	JILDING TWO, S	SUITE					,	,		
	(Street)	4. If Amo	4. If Amendment, Date Original				6. Individual or Joint/Group Filing(Check			
Filed(Month/Day/Year)							Applicable Line) _X_ Form filed by One Reporting Person			
AUSTIN, T	ГХ 78746							One Reporting Pe More than One Re		
(City)	(State)	(Zip) Tab	le I - Non-I	Derivative	Secur	ities Acq	uired, Disposed o	f, or Beneficial	ly Owned	
1.Title of	2. Transaction Date (Month/Day/Year)		3.	4. Securit			5. Amount of	6.	7. Nature of	
Security (Instr. 3)	Execution Date, if					Securities Ownership Indirect Beneficially Form: Direct Benefici				
(Ilisu. 3)	any Code (Instr. 3, 4 and 5) (Month/Day/Year) (Instr. 8)				3)	Owned (D) or Ownersh				
							Following	Indirect (I)	(Instr. 4)	
					(A)		Reported Transaction(s)	(Instr. 4)		
			Code V	Amount	or (D)	Price	(Instr. 3 and 4)			
Common	12/15/2009	12/15/2009	M	66,666	A	\$	220,164 (1)	D		
Stock	12/13/2009	12/13/2009	1 V1	00,000	А	11.76	(2)	D		
Common Stock	12/15/2009	12/15/2009	F	47,123 (1)	D	\$ 21.83	173,041 (3)	D		

21.83

 $3,787 \frac{(4)}{}$

I

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

By

Trustee

401(k) Plan

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SEC 1474 (9-02)

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)	e 3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transacti Code (Instr. 8)	Secur Secur Acqu or Di (D)	urities juired (A) Disposed of tr. 3, 4,	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) (5) (6)	\$ 11.76	12/15/2009		M		66,666	02/02/2002	02/02/2011	Common Stock	66,666
Option (right to buy) (5) (7)	\$ 13.26						02/01/2003	02/01/2012	Common Stock	33,333
Option (right to buy) (5) (8)	\$ 8.68						02/07/2004	02/07/2013	Common Stock	36,666
Option (right to buy) (5) (9)	\$ 15.02						02/06/2005	02/06/2014	Common Stock	33,333
Option (right to buy) (5) (10)	\$ 20.26						02/04/2006	02/04/2015	Common Stock	33,333
Option (right to buy) (5) (11)	\$ 27.06						02/03/2007	02/03/2016	Common Stock	34,166
Option (right to buy) (12)	\$ 28.85						02/12/2009	02/12/2018	Common Stock	20,000
Restricted Share Units (5) (13)	(13)						<u>(13)</u>	<u>(13)</u>	Common Stock	50,000
Restricted Share Units (14)	<u>(14)</u>						<u>(14)</u>	<u>(14)</u>	Common Stock	8,073

Restricted
Share (14)
Units (14)

(14)

Common Stock

1,437

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

A STROW KENNETH M II

JASTROW KENNETH M II 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746



Signatures

David M. Grimm signing on behalf of Kenneth M. Jastrow, II

12/16/2009

**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) Reporting Person acquired additional shares by swapping shares already owned, resulting in a net increase in shares.
- (2) Amount includes correction of November 16, 2009 option exercise transaction (reported November 17, 2009) reporting 47,237 shares used to pay the exercise price and associated tax withholding. The actual number of shares used was 54,493.
- (3) 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)
- (4) 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.)
- (5) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.
- 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.
- 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.
- 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.
- 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.
- 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.
- Options Vesting Schedule Exercise price \$27.06: Options Exercisable 02/03/2007 8,541; and Options Exercisable 01/01/2008 25,625.
- 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.