

JOHNSON JAMES A /DC/
Form 4
December 10, 2008

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 *
JOHNSON JAMES A /DC/

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1300 SOUTH MOPAC
EXPRESSWAY 3-SOUTH
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
11/02/2008

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

AUSTIN, TX 78746

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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 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) | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|---|
| | | | Code | V | Amount or Price | | | |
| Common Stock | 11/02/2008 | | M | | 1,336 (1) | A | 11,671 (2) | D |
| Common Stock | 11/02/2008 | | D | | \$ 670 | D | 11,001 (2) | D |

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

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SEC 1474 (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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|---|---|-------------------------------|
| Option (right to buy) <u>(3)</u> <u>(4)</u> | \$ 13.24 | | | | | Date Exercisable: 02/04/2001 Expiration Date: 02/04/2010 | Common Stock | 6,666 |
| Option (right to buy) <u>(4)</u> <u>(5)</u> | \$ 6.73 | | | | | Date Exercisable: 02/04/2001 Expiration Date: 02/04/2015 | Common Stock | 1,333 |
| Option (right to buy) <u>(4)</u> <u>(6)</u> | \$ 5.98 | | | | | Date Exercisable: 01/02/2002 Expiration Date: 01/02/2016 | Common Stock | 1,333 |
| Option (right to buy) <u>(4)</u> <u>(7)</u> | \$ 11.76 | | | | | Date Exercisable: 02/02/2002 Expiration Date: 02/02/2011 | Common Stock | 666 |
| Option (right to buy) <u>(4)</u> <u>(8)</u> | \$ 7.08 | | | | | Date Exercisable: 01/02/2003 Expiration Date: 01/02/2017 | Common Stock | 1,333 |
| Option (right to buy) <u>(4)</u> <u>(9)</u> | \$ 13.26 | | | | | Date Exercisable: 02/01/2003 Expiration Date: 02/01/2012 | Common Stock | 666 |
| Option (right to buy) <u>(10)</u> | \$ 28.85 | | | | | Date Exercisable: 02/12/2009 Expiration Date: 02/12/2018 | Common Stock | 20,000 |
| Phantom <u>(4)</u> <u>(11)</u> | <u>(11)</u> | 11/02/2008 | | M | 1,336 <u>(12)</u> | 11/02/2007 11/02/2021 | Common Stock | 17,343 <u>(11)</u> |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| JOHNSON JAMES A /DC/ 1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH AUSTIN, TX 78746 | X | | | |

Signatures

David M. Grimm signing on behalf of James A. Johnson 12/10/2008

__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) The reporting person's annual installment of phantom shares were settled 666 shares in stock and 670 shares in cash.
 - (2) 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.
 - (3) Options Vesting Schedule - Exercise price is \$18.03: Options Exercisable 02/04/2004 - 6,666.
 - (4) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
 - (5) Options Vesting Schedule - Exercise price is \$9.28: Options Exercisable 02/04/2004 - 1,333.
 - (6) Options Vesting Schedule - Exercise price is \$8.27: Options Exercisable 01/02/2005 - 1,333.
 - (7) Options Vesting Schedule - Exercise price is \$16.04: Options Exercisable 02/02/2005 - 666.
 - (8) Options Vesting Schedule - Exercise price is \$9.74: Options Exercisable 01/02/2006 - 1,333.
 - (9) Options Vesting Schedule - Exercise price is \$18.05: Options Exercisable 02/01/2006 - 666.
 - (10) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 6,500; Options Exercisable 02/12/2010 - 6,500; Options Exercisable 02/12/2011 - 7,000.
 - (11) Phantom shares accrued under a Temple-Inland Inc. plan being settled in 15 annual installments following Reporting Person's retirement from Temple-Inland Inc. in November 2007. The first installment was paid in November 2007.
Reporting Person retired from Temple-Inland Inc. effective November 2, 2007, and he received his 2008 installment of his deferred phantom stock on November 2, 2008. See footnote (11) above. Settlement is payable in cash and stock: 670 shares payable in cash and 666 shares payable in stock.
 - (12) phantom stock on November 2, 2008. See footnote (11) above. Settlement is payable in cash and stock: 670 shares payable in cash and 666 shares payable in stock.

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.