

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					02/04/2001 02/04/2010	Common Stock	6,666
Option (right to buy) <u>(4)</u> <u>(5)</u>	\$ 6.73					02/04/2001 02/04/2015	Common Stock	1,333
Option (right to buy) <u>(4)</u> <u>(6)</u>	\$ 5.98					01/02/2002 01/02/2016	Common Stock	1,333
Option (right to buy) <u>(4)</u> <u>(7)</u>	\$ 11.76					02/02/2002 02/02/2011	Common Stock	666
Option (right to buy) <u>(4)</u> <u>(8)</u>	\$ 7.08					01/02/2003 01/02/2017	Common Stock	1,333
Option (right to buy) <u>(4)</u> <u>(9)</u>	\$ 13.26					02/01/2003 02/01/2012	Common Stock	666
Option (right to buy) <u>(10)</u>	\$ 28.85					02/12/2009 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.