

Portwood Charles J.  
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 \*  
Portwood Charles J.

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)  
6300 BEE CAVE  
ROAD, BUILDING TWO, SUITE  
500  
(Street)

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

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Vice President - Land Mgmt

AUSTIN, TX 78746

(City) (State) (Zip)

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

**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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)<br>Code V Amount (D) Price                             |   |  |                                   |
| Common Stock                    |                                      |  |                                |   | 2,994 (1) (2)   | D  |                                   |
| Common Stock                    |                                      |  |                                |   | 480 (2) (3)   | 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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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 Security (Instr. 3 and 4) |              |                            |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|   |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Amount or Number of Shares |
| Option (right to buy) <u>(2)</u> <u>(4)</u>   | \$ 9.83  |                                      |  |                                |   | 08/01/2004   | 08/01/2013  | Common Stock | 13                         |
| Option (right to buy) <u>(2)</u> <u>(4)</u>   | \$ 15.02   |                                      |  |                                |   | 02/06/2005   | 02/06/2014  | Common Stock | 26                         |
| Option (right to buy) <u>(2)</u> <u>(5)</u>   | \$ 20.26   |                                      |  |                                |   | 02/04/2006   | 02/04/2015  | Common Stock | 1,2                        |
| Option (right to buy) <u>(2)</u> <u>(6)</u>   | \$ 27.06   |                                      |  |                                |   | 02/03/2007   | 02/03/2016  | Common Stock | 1,2                        |
| Option (right to buy) <u>(2)</u> <u>(7)</u>   | \$ 30.56   |                                      |  |                                |   | 02/02/2008   | 02/02/2017  | Common Stock | 1,7                        |
| Option (right to buy) <u>(8)</u>              | \$ 28.85   |                                      |  |                                |   | 02/12/2009   | 02/12/2018  | Common Stock | 6,3                        |
| Stock Appreciation Right <u>(9)</u>           | \$ 9.29  | 02/10/2009                           |  | A                              | 19,036  | 02/12/2010   | 02/12/2019  | Common Stock | 19,0                       |
| Restricted Share Units <u>(2)</u> <u>(10)</u> | <u>(10)</u>  |                                      |  |                                |   | <u>(10)</u>  | <u>(10)</u>   | Common Stock | 70                         |
| Restricted Share Units <u>(11)</u>            | <u>(11)</u>  | 02/10/2009                           |  | A                              | 8,073   | <u>(11)</u>  | <u>(11)</u>   | Common Stock | 8,0                        |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                            |       |
|--|---------------|-----------|----------------------------|-------|
|  | Director      | 10% Owner | Officer                    | Other |
| Portwood Charles J.<br>6300 BEE CAVE ROAD<br>BUILDING TWO, SUITE 500<br>AUSTIN, TX 78746 |               |           | Vice President - Land Mgmt |       |

## Signatures

David M. Grimm signing on behalf of Charles J.  
Portwood

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.
- (2) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective 12/28/2007.
- (3) Reporting Person acquired additional shares through on-going acquisitions under 401(k) plan. By trustee of the Temple-Inland Salaried Savings 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.)
- (4) Options are fully vested and exercisable as of the date of this report.
- (5) Options to acquire 833 shares are fully vested and exercisable as of the date of this report. Options to acquire 417 shares will vest and become exercisable on 2/4/2009.
- (6) Options to acquire 427 shares became exercisable on 2/3/2008 and options to acquire 427 shares will vest and become exercisable on each of 2/3/2009 and 2/3/2010.
- (7) Options to acquire 427 shares became exercisable on 2/2/2008 and options to acquire 427 shares will vest and become exercisable on each of 2/2/2009, 2010 and 2011.
- (8) Options to acquire 1,575 shares will vest and become exercisable on each of 2/12/2009, 2010, 2011 and 2012.
- (9) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is \$9.29; SARs Exercisable 02/10/2010 - 4,759; SARs Exercisable 02/10/2011 - 4,759; SARs Exercisable 02/10/2012 - 4,759; and SARs Exercisable 02/10/2013 - 4,759.
- (10) Restricted share units will vest effective 2/2/2010, and will be payable in cash based on the fair market value on the vesting date.
- (11) Restricted share units granted on 2/10/2009 will vest effective 2/10/2012. Restricted share units will be settled for cash based on the fair market value on the vesting date.

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.