

Forestar Group Inc.
Form 8-K
May 04, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): May 4, 2009
FORESTAR GROUP INC.
(Exact name of Registrant as specified in its charter)**

Delaware
(State or other jurisdiction
of incorporation)

001-33662
(Commission
File Number)

26-1336998
(I.R.S. Employer
Identification No.)

**6300 Bee Cave Road, Building Two, Suite 500
Austin, Texas 78746**

(Address of Principal Executive Officers including Zip Code)

(512) 433-5200

(Registrant's Telephone Number, including Area Code)

None

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01 Entry into a Material Definitive Agreement.

On May 4, 2009, Forestar Group Inc. (the Company) issued a press release announcing, as part of its strategic initiatives designed to enhance shareholder value, that its wholly owned subsidiary, Forestar (USA) Real Estate Group Inc. (Forestar Real Estate), had entered into a definitive agreement (the Agreement) with the Hancock Timber Resource Group division of Hancock Natural Resource Group, Inc. (Hancock) to sell to Hancock, acting on behalf of its investor clients, approximately 75,000 acres of timberlands located in Alabama and Georgia (the Timberlands) for a cash purchase price of \$120 million.

Forestar Real Estate will retain all mineral rights with respect to the Timberlands, although it will not retain any surface rights in the Timberlands.

The parties anticipate closing the transaction in second quarter 2009, subject to customary closing conditions. The Company intends to use the proceeds from this sale to reduce debt in accordance with its previously announced strategic initiatives.

A copy of the press release issued by the Company is attached to this Current Report on Form 8-K as Exhibit 99.1.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. Description of Exhibit

99.1 Press Release issued by Forestar Group Inc., dated May 4, 2009

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FORESTAR GROUP INC.

Date: May 4, 2009

By: /s/ David M. Grimm

Name: David M. Grimm

Title: Chief Administrative Officer, General
Counsel and Secretary

EXHIBIT INDEX

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