

Guaranty Financial Group Inc.  
Form 4  
August 28, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
**JASTROW KENNETH M II**

2. Issuer Name and Ticker or Trading Symbol  
**Guaranty Financial Group Inc. [GFG]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**8333 DOUGLAS AVENUE**  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**08/26/2008**

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**Chairman of the Board**

**DALLAS, TX 75225**

(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)
			Code	V	Amount	(D)	Price
Common Stock					6,071	I	By Trustee of 401(k) Plan
Common Stock					184,945	D	
Common Stock <sup>(1)</sup>	08/26/2008	08/26/2008	D		\$ 4.86	D	
					<sup>(2)</sup>		

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

**Persons who respond to the collection of information contained in this form are not**

SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

**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. F. Der. Sec. (Instr. 3)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) <u>(3)</u> <u>(4)</u>	\$ 13.27					05/07/2001	05/07/2009	Common Stock	32,000
Option (right to buy) <u>(3)</u> <u>(5)</u>	\$ 8.5					02/04/2002	02/04/2010	Common Stock	66,666
Option (right to buy) <u>(3)</u> <u>(6)</u>	\$ 7.55					02/02/2002	02/02/2011	Common Stock	66,666
Option (right to buy) <u>(3)</u> <u>(7)</u>	\$ 8.51					02/01/2003	02/01/2012	Common Stock	33,333
Option (right to buy) <u>(3)</u> <u>(8)</u>	\$ 5.57					02/07/2004	02/07/2013	Common Stock	36,666
Option (right to buy) <u>(3)</u> <u>(9)</u>	\$ 9.64					02/06/2005	02/06/2014	Common Stock	33,333
Option (right to buy) <u>(3)</u> <u>(10)</u>	\$ 13					02/04/2006	02/04/2015	Common Stock	33,333
Option (right to buy) <u>(3)</u> <u>(11)</u>	\$ 17.36					02/03/2007	02/03/2016	Common Stock	34,166
Restricted Stock Units <u>(3)</u>	<u>(12)</u>					<u>(12)</u>	<u>(12)</u>	Common Stock	24,666

(12)					
Restricted Stock Units <u>(3)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>	Common Stock	50,000
<u>(13)</u>					

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JASTROW KENNETH M II 8333 DOUGLAS AVENUE DALLAS, TX 75225	X			Chairman of the Board

## Signatures

Scott A. Almy signed on behalf of Kenneth M. Jastrow, II. 08/28/2008

\*\*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) 4,758 Restricted Stock Units ("RSU") accrued under a Guaranty Financial Group Inc. plan, which includes a dividend reinvestment feature, and are vested on the date of grant. Each RSU is the economic equivalent of one share of common stock and is payable in stock upon Reporting Person's retirement or termination of service as a director. Effective August 26, 2008, the Board of Directors approved settlement of RSUs from stock to cash upon retirement. Effective August 25, 2008, Reporting Person retired as a Director of Guaranty Financial Group Inc.
  - (2) Closing price on 08/26/2008.
  - (3) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
  - (4) Options Vesting Schedule - exercise price \$13.27: Options Exercisable 05/07/2001 - 4,800; Options Exercisable 05/07/2002 - 4,800; Options Exercisable 05/07/2003 - 4,800; Options Exercisable 05/07/2004 - 4,800; and Options Exercisable 05/07/2005 - 12,800.
  - (5) Options Vesting Schedule- exercise price \$8.50: Options Exercisable 02/04/2002 - 10,000; Options Exercisable 02/04/2003 - 10,000; Options Exercisable 02/04/2004 - 10,000; Options Exercisable 02/04/2005 - 10,000; and Options Exercisable 02/04/2006 - 26,666.
  - (6) Options Vesting Schedule - exercise price \$7.55: Options Exercisable 02/04/2002 - 16,666; Options Exercisable 02/04/2003 - 16,667; Options Exercisable 02/04/2004 - 16,666; Options Exercisable 02/04/2005 - 16,667.
  - (7) Options Vesting Schedule - exercise price \$8.51: 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 - 8,334.
  - (8) Options Vesting Schedule - exercise price \$5.57: Options Exercisable 02/07/2004 - 9,166; Options Exercisable 02/07/2005 - 9,166; Options Exercisable 02/07/2006 - 9,166; and Options Exercisable 02/07/2005 - 9,166.
  - (9) Options Vesting Schedule - exercise price \$9.64: Options Exercisable 02/06/2005 - 8,333; Options Exercisable 02/06/2006 - 8,333; Options Exercisable 02/06/2007 - 8,333 and Options Exercisable 02/06/2008 - 8,334.
  - (10) Options Vesting Schedule - exercise price \$13.00: Options Exercisable 02/04/2006 - 8,333; Options Exercisable 02/04/2007 - 8,333; Options Exercisable 02/04/2008 - 8,334 and Options Exercisable 02/04/2009 - 8,333.
  - (11) Options Vesting Schedule - exercise price \$17.36: Options Exercisable 02/03/2007 - 8,541; Options Exercisable 02/03/2008 - 8,542; Options Exercisable 02/03/2009 - 8,542 and Options Exercisable 02/03/2010 - 8,541.
  - (12) Restricted Stock Units scheduled for distribution effective February 3, 2009. Restricted Stock Units will be settled for cash based on the fair market value on the date of distribution. Vesting, distribution and settlement due to retirement from Temple-Inland Inc. and in

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accordance with the terms of an agreement with Temple-Inland Inc.

Restricted Stock Units scheduled for distribution effective February 2, 2010. Restricted Stock Units will be settled for cash based on the  
**(13)** fair market value on the date of distribution. Vesting, distribution and settlement due to retirement from Temple-Inland Inc. and in accordance with the terms of an agreement with Temple-Inland Inc.

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.