

Etheredge Charles T JR  
 Form 4  
 February 11, 2010

**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 \*  
 Etheredge Charles T JR

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)  
 02/09/2010

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

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 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 or Price		
Common Stock	02/09/2010		A		4,329 (1) \$ 0	21,165	D
Common Stock	02/09/2010		A		20,618 (2) \$ 0	41,783 (3)	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 Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Option (right to buy) <u>(4) (5)</u>	\$ 13.26					02/01/2006 02/01/2012	Common Stock 16
Option (right to buy) <u>(5) (6)</u>	\$ 8.68					02/07/2005 02/07/2013	Common Stock 1,0
Option (right to buy) <u>(5) (7)</u>	\$ 15.02					02/06/2005 02/06/2014	Common Stock 53
Option (right to buy) <u>(5) (8)</u>	\$ 20.26					02/04/2006 02/04/2015	Common Stock 53
Option (right to buy) <u>(5) (9)</u>	\$ 27.06					02/03/2007 02/03/2016	Common Stock 1,7
Option (right to buy) <u>(5) (10)</u>	\$ 30.56					02/02/2006 02/02/2017	Common Stock 1,7
Option (right to buy) <u>(11)</u>	\$ 28.85					02/12/2009 02/12/2018	Common Stock 42,8
Option (right to buy) <u>(12)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 14,1
Option (right to buy) <u>(13)</u>	\$ 17.8	02/09/2010		A	8,580	02/09/2011 02/09/2020	Common Stock 8,5
Stock Appreciation Right <u>(14)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 31,5
Stock Appreciation Right <u>(15)</u>	\$ 17.8	02/09/2010		A	10,072	02/09/2011 02/09/2020	Common Stock 10,0
Restricted Share Units <u>(16)</u>	<u>(16)</u>					<u>(16)</u> <u>(16)</u>	Common Stock 9,6
Restricted Share Units <u>(17)</u>	<u>(17)</u>	02/09/2010		A	5,081	<u>(17)</u> <u>(17)</u>	Common Stock 5,0

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Etheredge Charles T JR 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746			Executive Vice President	

## Signatures

David M. Grimm signing on behalf of Charles T.  
Etheredge, Jr. 02/11/2010

\_\_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) Restricted shares granted on 2/9/2010 will vest effective 2/9/2013. Restricted shares are subject to a 1% ROA performance criteria.
  - (2) Restricted shares granted on 2/9/2010 will vest as follows: 6,873 effective 2/9/2011; 6,872 effective 2/9/2012; 6,873 effective 2/9/2013.
  - (3) 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.
  - (4) Options Vesting Schedule - Exercise price is \$13.26: Options Exercisable 02/01/2006 - 166.
  - (5) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
  - (6) Options Vesting Schedule - Exercise price is \$8.68: Options Exercisable 02/07/2006 - 1,000.
  - (7) Options Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007 - 400; Options Exercisable 02/06/2008 - 133.
  - (8) Options Vesting Schedule - Exercise price of \$20.26: Options Exercisable 02/04/2007 - 266; Options Exercisable 02/04/2008 - 133; Options Exercisable 02/04/2009 - 134.
  - (9) Options Vesting Schedule - Exercise price of \$27.06: Options Exercisable 02/03/2007 - 427; Options Exercisable 02/03/2008 - 427; Options Exercisable 02/03/2009 - 427; and Options Exercisable 02/03/2010 - 427.
  - (10) Options Vesting Schedule - Exercise price of \$30.56: Options Exercisable 02/02/2008 - 427; Options Exercisable 02/02/2009 - 427; Options Exercisable 02/02/2010 - 427; Options Exercisable 02/02/2011 - 427.
  - (11) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 10,700; Options Exercisable 02/12/2010 - 10,700; Options Exercisable 02/12/2011 - 10,700; Options Exercisable 02/12/2012 - 10,700.
  - (12) Vesting schedule for Options granted 02/10/2009 - Exercise price is \$9.29: Options Exercisable 02/10/2010 - 3,540; Options Exercisable 02/10/2011 - 3,540; Options Exercisable 02/10/2012 - 3,541; and Options Exercisable 02/10/2013 - 3,541.
  - (13) Vesting schedule for Options granted 02/9/2010 - Exercise price is \$17.80: Options Exercisable 02/9/2011 - 2,145; Options Exercisable 02/9/2012 - 2,145; Options Exercisable 02/9/2013 - 2,145; and Options Exercisable 02/9/2014 - 2,145.
  - (14) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is \$9.29: SARs Exercisable 02/10/2010 - 7,880; SARs Exercisable 02/10/2011 - 7,881; SARs Exercisable 02/10/2012 - 7,881; and SARs Exercisable 02/10/2013 - 7,881.  
Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is \$17.80: SARs Exercisable 02/9/2011 - 2,518; SARs Exercisable 02/9/2012 - 2,518; SARs Exercisable 02/9/2013 - 2,518; and SARs Exercisable 02/9/2014 - 2,518. SARs will be settled for cash.
  - (15) 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 subject to a 1% ROA performance criteria.
  - (16) Restricted share units granted on 2/9/2010 will vest effective 2/9/2013. Restricted share units will be settled for cash based on the fair market value on vesting date subject to a 1% ROA performance criteria.
  - (17) Restricted share units granted on 2/9/2010 will vest effective 2/9/2013. Restricted share units will be settled for cash based on the fair market value on vesting date subject to a 1% ROA performance criteria.

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Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.  
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