Etheredge Charles T JR
Form 4
February 05, 2009

FORM 4

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

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

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).

(Print or Type Responses)

1. Name and Address of Reporting Person *
Etheredge Charles T JR

(Last) (First) (Middle)

6300 BEE CAVE ROAD, BUILDING TWO, SUITE 500

(Street)

AUSTIN, TX 78746

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Forestar Group Inc. [FOR]

3. Date of Earliest Transaction (Month/Day/Year)
02/03/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/03/2009	02/03/2009	M		700 (1)	A	$ 12.41	7,848	D	
Common Stock	02/03/2009	02/03/2009	D		700 (1)	D	$ 12.41	7,148 (2)	D	
Common Stock								257 (3)	I	By Trustee of 401(k) Plan

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

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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. D S (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Option (right to buy) (4) (5)	$ 13.26							02/01/2006	02/01/2012	Common Stock	166	
Option (right to buy) (5) (6)	$ 8.68							02/07/2005	02/07/2013	Common Stock	1,000	
Option (right to buy) (5) (7)	$ 15.02							02/06/2005	02/06/2014	Common Stock	533	
Option (right to buy) (5) (8)	$ 20.26							02/04/2006	02/04/2015	Common Stock	533	
Option (right to buy) (5) (9)	$ 27.06							02/03/2007	02/03/2016	Common Stock	1,708	
Option (right to buy) (5) (10)	$ 30.56							02/02/2006	02/02/2017	Common Stock	1,708	
Option (right to buy) (11)	$ 28.85							02/12/2009	02/12/2018	Common Stock	42,800	
Restricted (5)	(1)	02/03/2009	02/03/2009	M			700	(1)	(1)	Common Stock	700	
Restricted (5) (12)	(12)							(12)	(12)	Common Stock	700	

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.	02/05/2009
**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)	Restricted share units vested on 2/3/2009; payable in cash based on the fair market value on vesting date.
(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)	Reporting Person acquired shares through acquisitions under 401(k) plan. By trustee of the Temple-Inland Savings and Retirement 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 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)	Restricted share units will vest effective 02/02/2010. 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.
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