DeCosmo James M
Form 4
February 10, 2011

# FORM 4

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

OMB APPROVAL
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## 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 *
DeCosmo James M

(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)
02/08/2011

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
CEO - 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 | 02/09/2011 | | F | | 2,987 | D | $ 18.64 | 123,669 (1) | D | |

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

SEC 1474 (9-02)

**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 Amoun Underlying Securiti (Instr. 3 and 4) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amo Numb Share |
| Option (right to buy) (2) (3) | $ 13.26 | | | | | | | 02/01/2006 | 02/01/2012 | Common Stock | 2,0 |
| Option (right to buy) (3) (4) | $ 8.68 | | | | | | | 02/07/2006 | 02/07/2013 | Common Stock | 1,6 |
| Option (right to buy) (3) (5) | $ 15.02 | | | | | | | 02/06/2005 | 02/06/2014 | Common Stock | 1,6 |
| Option (right to buy) (3) (6) | $ 20.26 | | | | | | | 02/04/2006 | 02/04/2015 | Common Stock | 5,3 |
| Option (right to buy) (3) (7) | $ 27.06 | | | | | | | 02/03/2007 | 02/03/2016 | Common Stock | 6,1 |
| Option (right to buy) (3) (8) | $ 30.56 | | | | | | | 02/02/2008 | 02/02/2017 | Common Stock | 6,1 |
| Option (right to buy) (9) | $ 28.85 | | | | | | | 02/12/2009 | 02/12/2018 | Common Stock | 74,( |
| Option (right to buy) (10) | $ 9.29 | | | | | | | 02/10/2010 | 02/10/2019 | Common Stock | 59,( |
| Option (right to buy) (11) | $ 17.8 | | | | | | | 02/09/2011 | 02/09/2020 | Common Stock | 32,( |
| Option (right to buy) (12) | $ 18.59 | 02/08/2011 | | A | | 54,402 | | 02/08/2012 | 02/08/2021 | Common Stock | 54,4 |
| Stock Appreciation Right (13) | $ 9.29 | | | | | | | 02/10/2010 | 02/10/2019 | Common Stock | 131 |
| Stock Appreciation Right (14) | $ 17.8 | | | | | | | 02/09/2011 | 02/09/2020 | Common Stock | 37,( |
| Restricted Share Units (15) | (15) | | | | | | | (15) | (15) | Common Stock | 40,( |
| Restricted Share Units (16) | (16) | | | | | | | (16) | (16) | Common Stock | 18,( |
| Restricted Share Units | (17) | 02/08/2011 | | A | | 8,069 | | (17) | (17) | Common Stock | 8,0 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (17) | | | | | | | | | |
| Performance Units | (18) | 02/08/2011 | | A | 25,785 | (18) | 02/08/2014 | Common Stock | 25, |

# Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| DeCosmo James M<br>6300 BEE CAVE ROAD<br>BUILDING TWO, SUITE 500<br>AUSTIN, TX 78746 | X | | CEO - President | |

# Signatures

| | |
|---|---|
| David M. Grimm signing on behalf of James M. DeCosmo | 02/10/2011 |
| **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)** Options Vesting Schedule - Exercise price is $13.26: Options Exercisable 02/01/2006 - 2,000.

**(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 is $8.68: Options Exercisable 02/07/2007 - 1,666.

**(5)** Options Vesting Schedule - Exercise price of $15.02: Options Exercisable 02/06/2007 - 1,250; Options Exercisable 02/06/2008 - 416.

**(6)** Options Vesting Schedule - Exercise price of $20.26: Options Exercisable 02/04/2007 - 2,666; Options Exercisable 02/04/2008 - 1,333; Options Exercisable 02/04/2009 - 1,333.

**(7)** Options Vesting Schedule - Exercise price of $27.06: Options Exercisable 02/03/2007 - 1,537; Options Exercisable 02/03/2008 - 1,537; Options Exercisable 02/03/2009 - 1,537; and Options Exercisable 02/03/2010 - 1,537.

**(8)** Options Vesting Schedule - Exercise price of $30.56: Options Exercisable 02/02/2008 - 1,537; Options Exercisable 02/02/2009 - 1,537; Options Exercisable 02/02/2010 - 1,537; and Options Exercisable 02/02/2011 - 1,537.

**(9)** Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is $28.85: Options Exercisable 02/12/2009 - 18,500; Options Exercisable 02/12/2010 - 18,500; Options Exercisable 02/12/2011 - 18,500; Options Exercisable 02/12/2012 - 18,500.

**(10)** Vesting schedule for Options granted 02/10/2009 - Exercise price is $9.29: Options Exercisable 02/10/2010 - 14,752; Options Exercisable 02/10/2011 - 14,752; Options Exercisable 02/10/2012 - 14,753; and Options Exercisable 02/10/2013 - 14,753.

**(11)** Vesting schedule for Options granted 02/9/2010 - Exercise price is $17.80: Options Exercisable 02/9/2011 - 8,004; Options Exercisable 02/9/2012 - 8,004; Options Exercisable 02/9/2013 - 8,004; and Options Exercisable 02/9/2014 - 8,004.

**(12)** Vesting schedule for Options granted 02/8/2011 - Exercise price is $18.59: Options Exercisable 02/8/2012 - 13,600; Options Exercisable 02/8/2013 - 13,601; Options Exercisable 02/8/2014 - 13,600; and Options Exercisable 02/8/2015 - 13,601.

**(13)** Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is $9.29: SARs Exercisable 02/10/2010 - 32,836; SARs Exercisable 02/10/2011 - 32,836; SARs Exercisable 02/10/2012 - 32,836; and SARs Exercisable 02/10/2013 - 32,837.

**(14)** Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is $17.80: SARs Exercisable 02/9/2011 - 9,396; SARs Exercisable 02/9/2012 - 9,396; SARs Exercisable 02/9/2013 - 9,396; and SARs Exercisable 02/9/2014 - 9,396. 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 2/8/2011 will vest as follows: 2,690 on 2/8/2012; 2,689 on 2/8/2013; 2,690 on 2/8/2014. Restricted share units will be settled for cash based on the fair market value on vesting date.

**(18)** Number of units received upon vesting will vary depending upon performance of Company stock over the performance period.

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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