

Etheredge Charles T JR
Form 4
February 11, 2010

FORM 4

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

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

OMB APPROVAL

OMB
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(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)

02/09/2010

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)
Common Stock	02/09/2010		A	(A) or (D) Amount (1) \$ 0	21,165	D	
Common Stock	02/09/2010		A	(A) or (D) Amount (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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information contained in this form are not
required to respond unless the form
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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 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)</u> <u>(5)</u>	\$ 13.26							02/01/2006	02/01/2012	Common Stock	16,000
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 8.68							02/07/2005	02/07/2013	Common Stock	1,000
Option (right to buy) <u>(5)</u> <u>(7)</u>	\$ 15.02							02/06/2005	02/06/2014	Common Stock	53,000
Option (right to buy) <u>(5)</u> <u>(8)</u>	\$ 20.26							02/04/2006	02/04/2015	Common Stock	53,000
Option (right to buy) <u>(5)</u> <u>(9)</u>	\$ 27.06							02/03/2007	02/03/2016	Common Stock	1,700
Option (right to buy) <u>(5)</u> <u>(10)</u>	\$ 30.56							02/02/2006	02/02/2017	Common Stock	1,700
Option (right to buy) <u>(11)</u>	\$ 28.85							02/12/2009	02/12/2018	Common Stock	42,800
Option (right to buy) <u>(12)</u>	\$ 9.29							02/10/2010	02/10/2019	Common Stock	14,100
Option (right to buy) <u>(13)</u>	\$ 17.8	02/09/2010		A		8,580		02/09/2011	02/09/2020	Common Stock	8,580
Stock Appreciation Right <u>(14)</u>	\$ 9.29							02/10/2010	02/10/2019	Common Stock	31,500
Stock Appreciation Right <u>(15)</u>	\$ 17.8	02/09/2010		A		10,072		02/09/2011	02/09/2020	Common Stock	10,072
Restricted Share Units <u>(16)</u>	<u>(16)</u>							<u>(16)</u>	<u>(16)</u>	Common Stock	9,600
Restricted Share Units <u>(17)</u>	<u>(17)</u>	02/09/2010		A		5,081		<u>(17)</u>	<u>(17)</u>	Common Stock	5,081

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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