Smith Flavious J. Jr.
Form 4
February 24, 2010

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 *
Smith Flavious J. 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)
02/23/2010

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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/23/2010		M		3,569	A	$ 9.29	53,955	D	
Common Stock	02/23/2010		D		3,569	D	$ 18.1	50,386 (1)	D	

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 Underlying Securitie (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amoun or Numbe of Shar
Option (right to buy) (2)	$ 17.8							02/09/2011	02/09/2020	Common Stock	12,80
Stock Appreciation Right (3)	$ 9.29	02/23/2010		M			3,569	02/10/2010	02/10/2019	Common Stock	3,56
Stock Appreciation Right (4)	$ 17.8							02/09/2011	02/09/2020	Common Stock	15,03
Restricted Share Units (5)	(5)							(5)	(5)	Common Stock	6,05
Restricted Share Units (6)	(6)							(6)	(6)	Common Stock	7,58

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Smith Flavious J. Jr. 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746			Executive Vice President	

Signatures

David M. Grimm signing on behalf of Flavious J. Smith, Jr.	02/24/2010
**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) 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) Vesting schedule for Options granted 02/9/2010 - Exercise price is $17.80: Options Exercisable 02/9/2011 - 3,201; Options Exercisable 02/9/2012 - 3,202; Options Exercisable 02/9/2013 - 3,201; and Options Exercisable 02/9/2014 - 3,202.

(3) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is $9.29: SARs Exercisable 02/10/2010 - 3,569; SARs Exercisable 02/10/2011 - 3,569; SARs Exercisable 02/10/2012 - 3,569; and SARs Exercisable 02/10/2013 - 3,570. SARs will be settled for cash.

(4) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is $17.80: SARs Exercisable 02/9/2011 - 3,758; SARs Exercisable 02/9/2012 - 3,758; SARs Exercisable 02/9/2013 - 3,758; and SARs Exercisable 02/9/2014 - 3,759. SARs will be settled for cash.

(5) 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.

(6) 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.

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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