

DeCosmo James M  
Form 4  
February 10, 2012

**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 \*  
DeCosmo James M

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
02/08/2012

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
CEO - President

(Street)  
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	02/08/2012		M		2,690 (1)	A	\$ 0 136,067 D
Common Stock	02/08/2012		D		2,690 (1)	D	\$ 0 133,377 D
Common Stock	02/09/2012		F		2,839	D	\$ 16.75 130,538 (2) 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 Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number of Shares
Option (right to buy) <u>(3)</u> <u>(4)</u>	\$ 8.68					02/07/2006	02/07/2013	Common Stock	1,66
Option (right to buy) <u>(4)</u> <u>(5)</u>	\$ 15.02					02/06/2005	02/06/2014	Common Stock	1,66
Option (right to buy) <u>(4)</u> <u>(6)</u>	\$ 20.26					02/04/2006	02/04/2015	Common Stock	5,33
Option (right to buy) <u>(4)</u> <u>(7)</u>	\$ 27.06					02/03/2007	02/03/2016	Common Stock	6,15
Option (right to buy) <u>(4)</u> <u>(8)</u>	\$ 30.56					02/02/2008	02/02/2017	Common Stock	6,15
Option (right to buy) <u>(9)</u>	\$ 28.85					02/12/2009	02/12/2018	Common Stock	74,0
Option (right to buy) <u>(10)</u>	\$ 9.29					02/10/2010	02/10/2019	Common Stock	59,0
Option (right to buy) <u>(11)</u>	\$ 17.8					02/09/2011	02/09/2020	Common Stock	32,0
Option (right to buy) <u>(12)</u>	\$ 18.59					02/08/2012	02/08/2021	Common Stock	54,4
Stock Appreciation Right <u>(13)</u>	\$ 9.29					02/10/2010	02/10/2019	Common Stock	131,3
Stock Appreciation Right <u>(14)</u>	\$ 17.8					02/09/2011	02/09/2020	Common Stock	37,5
Restricted Share Units <u>(15)</u>	<u>(15)</u>					<u>(15)</u>	<u>(15)</u>	Common Stock	40,3
Restricted	<u>(16)</u>					<u>(16)</u>	<u>(16)</u>	Common	18,9



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- (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.
- 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.
- (14)
- (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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