

Grimm David M
Form 4
February 10, 2012

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 *
Grimm David 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)
02/08/2012

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)
Chief Administrative Officer

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	02/08/2012		M	(A) or (D) 1,793 (1) A \$ 0	43,496	D	
Common Stock	02/08/2012		D	1,793 (1) D \$ 0	41,703	D	
Common Stock	02/09/2012		F	1,705 D \$ 16.75	39,998 (2)	D	
Common Stock					1,000	I	By Spouse

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

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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 Amount Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) <u>(3) (4)</u>	\$ 15.02							02/06/2005	02/06/2014	Common Stock	400
Option (right to buy) <u>(4) (5)</u>	\$ 20.26							02/04/2006	02/04/2015	Common Stock	533
Option (right to buy) <u>(4) (6)</u>	\$ 27.06							02/03/2007	02/03/2016	Common Stock	1,70
Option (right to buy) <u>(4) (7)</u>	\$ 30.56							02/02/2008	02/02/2017	Common Stock	1,70
Option (right to buy) <u>(8)</u>	\$ 28.85							02/12/2009	02/12/2018	Common Stock	22,30
Option (right to buy) <u>(9)</u>	\$ 9.29							02/10/2010	02/10/2019	Common Stock	17,70
Option (right to buy) <u>(10)</u>	\$ 17.8							02/09/2011	02/09/2020	Common Stock	10,75
Option (right to buy) <u>(11)</u>	\$ 18.59							02/08/2012	02/08/2021	Common Stock	20,77
Stock Appreciation Right <u>(12)</u>	\$ 9.29							02/10/2010	02/10/2019	Common Stock	39,40
Stock Appreciation Right <u>(13)</u>	\$ 17.8							02/09/2011	02/09/2020	Common Stock	12,62
Restricted Share Units <u>(14)</u>	<u>(14)</u>							<u>(14)</u>	<u>(14)</u>	Common Stock	12,11
	<u>(15)</u>							<u>(15)</u>	<u>(15)</u>		6,37

Restricted Share Units <u>(15)</u>								Common Stock	
Restricted Share Units <u>(16)</u>	<u>(16)</u>	02/08/2012		M	1,793	<u>(16)</u>	<u>(16)</u>	Common Stock	1,79
Performance Units <u>(17)</u>	<u>(17)</u>					<u>(17)</u>	02/08/2014	Common Stock	9,84

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Grimm David M 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746			Chief Administrative Officer	

Signatures

David M. Grimm 02/10/2012

 **Signature of
Reporting Person

Date _____

Explanation of Responses:

- | | |
|------|--|
| * | If the form is filed by more than one reporting person, <i>see</i> Instruction 4(b)(v). |
| ** | Intentional misstatements or omissions of facts constitute Federal Criminal Violations. <i>See</i> 18 U.S.C. 1001 and 15 U.S.C. 78ff(a). |
| (1) | Restricted stock units vested 2/8/2012. Restricted stock units are being settled for cash based on the fair market value on 2/8/2012. |
| (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) | Options Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007 - 266; Options Exercisable 02/06/2008 - 134. |
| (4) | Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007. |
| (5) | 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. |
| (6) | 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. |
| (7) | 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; and Options Exercisable 02/02/2011 - 427. |
| (8) | Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 5,575; Options Exercisable 02/12/2010 - 5,575; Options Exercisable 02/12/2011 - 5,575; Options Exercisable 02/12/2012 - 5,575. |
| (9) | Vesting schedule for Options granted 02/10/2009 - Exercise price is \$9.29: Options Exercisable 02/10/2010 - 4425; Options Exercisable 02/10/2011 - 4426; Options Exercisable 02/10/2012 - 4426; and Options Exercisable 02/10/2013 - 4426. |
| (10) | Vesting schedule for Options granted 02/9/2010 - Exercise price is \$17.80: Options Exercisable 02/9/2011 - 2,689; Options Exercisable 02/9/2012 - 2,689; Options Exercisable 02/9/2013 - 2,689; and Options Exercisable 02/9/2014 - 2,690. |
| (11) | Vesting schedule for Options granted 02/8/2011 - Exercise price is \$18.59: Options Exercisable 02/8/2012 - 5,193; Options Exercisable 02/8/2013 - 5,193; Options Exercisable 02/8/2014 - 5,193; and Options Exercisable 02/8/2015 - 5,193. |

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- (12) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is \$9.29: SARs Exercisable 02/10/2010 - 9,851; SARs Exercisable 02/10/2011 - 9,851; SARs Exercisable 02/10/2012 - 9,851; and SARs Exercisable 02/10/2013 - 9,851.
- Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is \$17.80: SARs Exercisable 02/9/2011 - 3,157; SARs Exercisable 02/9/2012 - 3,157; SARs Exercisable 02/9/2013 - 3,157; and SARs Exercisable 02/9/2014 - 3,157. SARs will be settled for cash.
- (13)
- (14) 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.
- (15) 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.
- (16) Restricted share units granted on 2/8/2011 will vest as follows: 1,793 on 2/8/2012; 1,793 on 2/8/2013; 1,793 on 2/8/2014. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (17) 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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