

Forestar Group Inc.  
Form 4  
June 24, 2011

**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 \*  
JASTROW KENNETH M II

(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)  
06/22/2011

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

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	06/22/2011		M		33,333	A	\$ 13.26
Common Stock	06/22/2011		M		36,666	A	\$ 8.68
					243,041		(1)

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)	
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) <u>(2)</u> <u>(3)</u>	\$ 13.26	06/22/2011		M	33,333	02/01/2003	02/01/2012	Common Stock	33,333
Option (right to buy) <u>(2)</u> <u>(4)</u>	\$ 8.68	06/22/2011		M	36,666	02/07/2004	02/07/2013	Common Stock	36,666
Option (right to buy) <u>(2)</u> <u>(5)</u>	\$ 15.02					02/06/2005	02/06/2014	Common Stock	33,333
Option (right to buy) <u>(2)</u> <u>(6)</u>	\$ 20.26					02/04/2006	02/04/2015	Common Stock	33,333
Option (right to buy) <u>(2)</u> <u>(7)</u>	\$ 27.06					02/03/2007	02/03/2016	Common Stock	34,166
Option (right to buy) <u>(8)</u>	\$ 28.85					02/12/2009	02/12/2018	Common Stock	20,000
Restricted Share Units <u>(9)</u>	<u>(9)</u>					<u>(9)</u>	<u>(9)</u>	Common Stock	<u>(9)</u>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JASTROW KENNETH M II 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746	X			

## Signatures

David M. Grimm signing on behalf of Kenneth M.  
Jastrow, II

06/24/2011

\_\_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) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.
- (3) Options Vesting Schedule - Exercise price \$13.26: Options Exercisable 02/01/2003 - 8,333; Options Exercisable 02/01/2004 - 8,333; Options Exercisable 02/01/2005 - 8,333; and Options Exercisable 02/01/2006 - 8,333.
- (4) Options Vesting Schedule - Exercise price \$8.68: Options Exercisable 02/07/2004 - 9,166; Options Exercisable 02/07/2005 - 9,167; Options Exercisable 02/07/2006 - 9,166; and Options Exercisable 02/07/2007 - 9,167.
- (5) Options Vesting Schedule - Exercise price \$15.02: Options Exercisable 02/06/2005 - 8,333; Options Exercisable 02/06/2006 - 8,333; Options Exercisable 02/06/2007 - 8,333 and Options Exercisable 01/01/2008 -8,333.
- (6) Options Vesting Schedule - Exercise price \$20.26: Options Exercisable 02/04/2006 - 8,333; Options Exercisable 02/04/2007 - 8,333; and Options Exercisable 01/01/2008 -16,666.
- (7) Options Vesting Schedule - Exercise price \$27.06: Options Exercisable 02/03/2007 - 8,541; and Options Exercisable 01/01/2008 - 25,625.
- (8) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price \$28.85: Options Exercisable 02/12/2009 - 6,500; Options Exercisable 02/12/2010 - 6,500; Options Exercisable 02/12/2011 - 7,000.
- (9) Restricted share units accrued under a Company plan to be settled in cash following Reporting Person's retirement. Restricted share units are vested on the date of grant and have the economic equivalent of one share of common stock.

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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