

DeCosmo James M  
 Form 4  
 December 06, 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 \*  
 DeCosmo James 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)  
 12/05/2011

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)  
 CEO - President

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | Code V Amount (A) or (D) Price                                    |   |  |                                   |
| Common Stock                    | 12/05/2011                           |  | M                              | 2,000 A \$ 13.26  | 135,157 <sup>(1)</sup>  | D  |                                   |
| Common Stock                    | 12/05/2011                           |  | F                              | 1,780 D \$ 15.6   | 133,377 <sup>(2)</sup>  | 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 Underlying Securities (Instr. 3 and 4) |
|---|--|--------------------------------------|--|--------------------------------|---|--|--|
|   |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable Expiration Date                         | Title Amount Number Shares                                 |
| Option (right to buy) <u>(3)</u> <u>(4)</u> | \$ 13.26   | 12/05/2011                           |  | M                              | 2,000   | 02/01/2006 02/01/2012                                    | Common Stock 2,000   |
| Option (right to buy) <u>(4)</u> <u>(5)</u> | \$ 8.68  |                                      |  |                                |   | 02/07/2006 02/07/2013                                    | Common Stock 1,660   |
| Option (right to buy) <u>(4)</u> <u>(6)</u> | \$ 15.02   |                                      |  |                                |   | 02/06/2005 02/06/2014                                    | Common Stock 1,660   |
| Option (right to buy) <u>(4)</u> <u>(7)</u> | \$ 20.26   |                                      |  |                                |   | 02/04/2006 02/04/2015                                    | Common Stock 5,330   |
| Option (right to buy) <u>(4)</u> <u>(8)</u> | \$ 27.06   |                                      |  |                                |   | 02/03/2007 02/03/2016                                    | Common Stock 6,150   |
| Option (right to buy) <u>(4)</u> <u>(9)</u> | \$ 30.56   |                                      |  |                                |   | 02/02/2008 02/02/2017                                    | Common Stock 6,150   |
| Option (right to buy) <u>(10)</u>           | \$ 28.85   |                                      |  |                                |   | 02/12/2009 02/12/2018                                    | Common Stock 74,000  |
| Option (right to buy) <u>(11)</u>           | \$ 9.29  |                                      |  |                                |   | 02/10/2010 02/10/2019                                    | Common Stock 59,000  |
| Option (right to buy) <u>(12)</u>           | \$ 17.8  |                                      |  |                                |   | 02/09/2011 02/09/2020                                    | Common Stock 32,000  |
| Option (right to buy) <u>(13)</u>           | \$ 18.59   |                                      |  |                                |   | 02/08/2012 02/08/2021                                    | Common Stock 54,400  |
| Stock Appreciation Right <u>(14)</u>        | \$ 9.29  |                                      |  |                                |   | 02/10/2010 02/10/2019                                    | Common Stock 131,300                                       |
| Stock Appreciation Right <u>(15)</u>        | \$ 17.8  |                                      |  |                                |   | 02/09/2011 02/09/2020                                    | Common Stock 37,500  |
| Restricted Share Units <u>(16)</u>          |  |                                      |  |                                |   | <u>(16)</u> <u>(16)</u>                                  | Common Stock 40,300  |
| Restricted Share Units                      | <u>(17)</u>  |                                      |  |                                |   | <u>(17)</u> <u>(17)</u>                                  | Common Stock 18,900  |



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- (14) 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.
- (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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