

Grimm David M  
 Form 4  
 February 10, 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 \*  
 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)  
 02/08/2011

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)  
 Chief Administrative Officer

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)			
				(A) or (D)	Price					
Common Stock	02/09/2011		F	V	1,878	D	\$ 18.64	43,820 <sup>(1)</sup>	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)

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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 Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Option (right to buy) <u>(2)</u> <u>(3)</u>	\$ 13.26					02/01/2003 02/01/2012	Common Stock 66,000
Option (right to buy) <u>(3)</u> <u>(4)</u>	\$ 9.83					08/01/2004 08/01/2013	Common Stock 53,000
Option (right to buy) <u>(3)</u> <u>(5)</u>	\$ 15.02					02/06/2005 02/06/2014	Common Stock 40,000
Option (right to buy) <u>(3)</u> <u>(6)</u>	\$ 20.26					02/04/2006 02/04/2015	Common Stock 53,000
Option (right to buy) <u>(3)</u> <u>(7)</u>	\$ 27.06					02/03/2007 02/03/2016	Common Stock 1,700
Option (right to buy) <u>(3)</u> <u>(8)</u>	\$ 30.56					02/02/2008 02/02/2017	Common Stock 1,700
Option (right to buy) <u>(9)</u>	\$ 28.85					02/12/2009 02/12/2018	Common Stock 22,300
Option (right to buy) <u>(10)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 17,700
Option (right to buy) <u>(11)</u>	\$ 17.8					02/09/2011 02/09/2020	Common Stock 10,700
Option (right to buy) <u>(12)</u>	\$ 18.59	02/08/2011		A	20,772	02/08/2012 02/08/2021	Common Stock 20,772
Stock Appreciation Right <u>(13)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 39,400
Stock Appreciation Right <u>(14)</u>	\$ 17.8					02/09/2011 02/09/2020	Common Stock 12,600
Restricted Share Units <u>(15)</u>	<u>(15)</u>					<u>(15)</u> <u>(15)</u>	Common Stock 12,100
Restricted Share Units	<u>(16)</u>					<u>(16)</u> <u>(16)</u>	Common Stock 6,300



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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 - 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.
- (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: 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.
- (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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