

Jehl Charles D  
 Form 4  
 February 15, 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 \*  
 Jehl Charles D

(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)  
 02/12/2011

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 Accounting 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		
				Code V	Amount		
Common Stock	02/12/2011		F	2,275 D	\$ 18.86	39,235 <sup>(1)</sup>	D

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

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 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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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 or Number of Shares
Option (right to buy) <u>(2)</u> <u>(3)</u>	\$ 9.83					08/01/2007	08/01/2013	Common Stock	166
Option (right to buy) <u>(3)</u> <u>(4)</u>	\$ 15.02					02/06/2005	02/06/2014	Common Stock	266
Option (right to buy) <u>(3)</u> <u>(5)</u>	\$ 20.26					02/04/2007	02/04/2015	Common Stock	400
Option (right to buy) <u>(3)</u> <u>(6)</u>	\$ 27.06					02/03/2007	02/03/2016	Common Stock	1,708
Option (right to buy) <u>(3)</u> <u>(7)</u>	\$ 30.56					02/02/2008	02/02/2017	Common Stock	1,708
Option (right to buy) <u>(8)</u>	\$ 28.85					02/12/2009	02/12/2018	Common Stock	22,300
Option (right to buy) <u>(9)</u>	\$ 9.29					02/12/2010	02/12/2019	Common Stock	17,703
Option (right to buy) <u>(10)</u>	\$ 17.8					02/09/2011	02/09/2020	Common Stock	10,757
Option (right to buy) <u>(11)</u>	\$ 18.59					02/08/2012	02/08/2021	Common Stock	20,772
Stock Appreciation Right <u>(12)</u>	\$ 9.29					02/10/2010	02/10/2019	Common Stock	39,404
Stock Appreciation Right <u>(13)</u>	\$ 17.8					02/09/2011	02/09/2020	Common Stock	12,628
Restricted Share Units <u>(14)</u>	<u>(14)</u>					<u>(14)</u>	<u>(14)</u>	Common Stock	12,110
Restricted Share Units <u>(15)</u>	<u>(15)</u>					<u>(15)</u>	<u>(15)</u>	Common Stock	6,371
	<u>(16)</u>					<u>(16)</u>	<u>(16)</u>		3,228



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be settled for cash.

- (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: 1,076 on 2/8/2012; 1,076 on 2/8/2013; 1,076 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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