

Etheredge Charles T JR  
 Form 4  
 February 11, 2010

**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 \*  
 Etheredge Charles T JR

(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)  
 02/09/2010

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)  
 Executive Vice 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)
				(A) or (D)	Price		
				Code	V	Amount	
Common Stock	02/09/2010		A	(1)	4,329	A	\$ 0 21,165 D
Common Stock	02/09/2010		A	(2)	20,618	A	\$ 0 41,783 (3) D

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

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 (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>(4)</u> <u>(5)</u>	\$ 13.26					02/01/2006 02/01/2012	Common Stock 16
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 8.68					02/07/2005 02/07/2013	Common Stock 1,0
Option (right to buy) <u>(5)</u> <u>(7)</u>	\$ 15.02					02/06/2005 02/06/2014	Common Stock 53
Option (right to buy) <u>(5)</u> <u>(8)</u>	\$ 20.26					02/04/2006 02/04/2015	Common Stock 53
Option (right to buy) <u>(5)</u> <u>(9)</u>	\$ 27.06					02/03/2007 02/03/2016	Common Stock 1,7
Option (right to buy) <u>(5)</u> <u>(10)</u>	\$ 30.56					02/02/2006 02/02/2017	Common Stock 1,7
Option (right to buy) <u>(11)</u>	\$ 28.85					02/12/2009 02/12/2018	Common Stock 42,8
Option (right to buy) <u>(12)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 14,1
Option (right to buy) <u>(13)</u>	\$ 17.8	02/09/2010		A	8,580	02/09/2011 02/09/2020	Common Stock 8,5
Stock Appreciation Right <u>(14)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 31,5
Stock Appreciation Right <u>(15)</u>	\$ 17.8	02/09/2010		A	10,072	02/09/2011 02/09/2020	Common Stock 10,0
Restricted Share Units <u>(16)</u>	<u>(16)</u>					<u>(16)</u> <u>(16)</u>	Common Stock 9,6
Restricted Share Units <u>(17)</u>	<u>(17)</u>	02/09/2010		A	5,081	<u>(17)</u> <u>(17)</u>	Common Stock 5,0



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