Smith Richard M Form 4 February 11, 2010

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL OMB

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Form 5 obligations may continue. See Instruction

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(b).

1. Name and Address of Reporting Person * Smith Richard M

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

below)

Forestar Group Inc. [FOR]

(Check all applicable)

(First) (Middle) (Last)

3. Date of Earliest Transaction (Month/Day/Year)

02/09/2010

X_ Director 10% Owner Officer (give title Other (specify

6300 BEE CAVE ROAD, BUILDING TWO, SUITE

(Street)

(State)

500

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Applicable Line)

Filed(Month/Day/Year)

(Month/Day/Year)

X Form filed by One Reporting Person Form filed by More than One Reporting

AUSTIN, TX 78746

(City)

1. Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3)

(Zip)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 5. Amount of 6. Ownership 7. Nature of Securities Form: Direct Indirect Beneficially (D) or Beneficial Ownership Owned Indirect (I) **Following** (Instr. 4) (Instr. 4)

> Reported Transaction(s) (Instr. 3 and 4)

or Code V Amount (D) Price

(A)

 $8,469 \frac{(1)}{}$ D

Common

Stock

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

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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. Transacti 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) (2) (3)	\$ 20.99					11/03/2007	11/03/2016	Common Stock	6,666
Option (right to buy) (4)	\$ 28.85					02/12/2009	02/12/2018	Common Stock	20,000
Restricted Share Units (5)	<u>(5)</u>	02/09/2010		A	5,688	<u>(5)</u>	<u>(5)</u>	Common Stock	5,688

Reporting Owners

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

Signatures

David M. Grimm signing on behalf of Richard M.
Smith

02/11/2010

**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.
- Options Vesting Schedule Exercise price of \$20.99: Options Exercisable 11/03/2007 2,666; Options Exercisable 11/03/2008 2,666; Options Exercisable 11/03/2009 1,333.
- (3) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.
- Options Vesting Schedule for Options Granted 02/12/2008 Exercise price is \$28.85: Options Exerciserable 02/12/2009 6,500; Options Exerciserable 02/12/2010 6,500; Options Exerciserable 02/12/2011 7,000.

(5)

Reporting Owners 2

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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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.