Smith Flavious J. Jr. Form 4 February 11, 2010

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**OMB** 

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**OMB APPROVAL** 

if no longer subject to Section 16. Form 4 or

Check this box

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES** 

Estimated average burden hours per response... 0.5

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

1(b).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person \* Smith Flavious J. Jr.

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

Forestar Group Inc. [FOR]

(Check all applicable)

6300 BEE CAVE

(First)

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

02/09/2010

Director X\_ Officer (give title

10% Owner Other (specify

ROAD, BUILDING TWO, SUITE 500

(Street)

(State)

(Middle)

(Zip)

6. Individual or Joint/Group Filing(Check

**Executive Vice President** 

4. If Amendment, Date Original Filed(Month/Day/Year)

Applicable Line)

\_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

below)

**AUSTIN, TX 78746** 

(City)

| (City)                               | (State) (Z  | Zip) Table | I - Non-D                               | erivative S   | ecuriti          | es Acq   | uired, Disposed o  | of, or Beneficial                                     | ly Owned |
|--------------------------------------|---|------------|---|---|------------------|--|--|---|----------|
| 1.Title of<br>Security<br>(Instr. 3) | 2. Transaction Date 2A. Deemed (Month/Day/Year) Execution Date, any (Month/Day/Ye |            | 3.<br>Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired on(A) or Disposed of (D) (Instr. 3, 4 and 5) |                  | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |          |
|                                      |   |            | Code V                                  | Amount  | (A)<br>or<br>(D) | Price  | Reported<br>Transaction(s)<br>(Instr. 3 and 4)                       |   |          |
| Common<br>Stock                      | 02/09/2010  |            | A                                       | 6,461<br>(1)  | A                | \$ 0   | 29,431   | D   |          |
| Common<br>Stock                      | 02/09/2010  |            | A                                       | 20,955<br>(2)   | A                | \$0  | 50,386 (3)   | D   |          |

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)

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4.<br>Transactic<br>Code<br>(Instr. 8) | 5. Number of orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                    | 7. Title and Amoun Underlying Securiti (Instr. 3 and 4) |                             |
|---|---|---|---|--|---|--|--------------------|---|-----------------------------|
|   |   |   |   | Code V                                 | (A) (D)   | Date<br>Exercisable                                      | Expiration<br>Date | Title   | Amor<br>or<br>Numl<br>of Sh |
| Option (right to buy) (4)                           | \$ 17.8   | 02/09/2010                              |   | A                                      | 12,806  | 02/09/2011   | 02/09/2020         | Common<br>Stock   | 12,8                        |
| Stock<br>Appreciation<br>Right (5)                  | \$ 9.29   |   |   |  |   | 02/10/2010   | 02/10/2019         | Common<br>Stock   | 14,2                        |
| Stock<br>Appreciation<br>Right (6)                  | \$ 17.8   | 02/09/2010                              |   | A                                      | 15,033  | 02/09/2011   | 02/09/2020         | Common<br>Stock   | 15,0                        |
| Restricted Share Units (7)                          | <u>(7)</u>  |   |   |  |   | <u>(7)</u>   | <u>(7)</u>         | Common<br>Stock   | 6,0                         |
| Restricted<br>Share Units                           | <u>(8)</u>  | 02/09/2010                              |   | A                                      | 7,584   | (8)  | <u>(8)</u>         | Common<br>Stock   | 7,5                         |

## **Reporting Owners**

| Reporting Owner Name / Address | Relationships |           |         |       |  |  |  |
|--------------------------------|---------------|-----------|---------|-------|--|--|--|
|                                | Director      | 10% Owner | Officer | Other |  |  |  |

Smith Flavious J. Jr. 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746

**Executive Vice President** 

#### **Signatures**

David M. Grimm signing on behalf of Flavious J. Smith, Jr. 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).

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- (1) Restricted shares granted on 2/9/2010 will vest effective 2/9/2013. Restricted shares are subject to a 1% ROA performance criteria.
- (2) Restricted shares granted on 2/9/2010 will vest as follows: 6,985 effective 2/9/2011; 6,985 effective 2/9/2012; 6,985 effective 2/9/2013.
- (3) 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.
- (4) Vesting schedule for Options granted 02/9/2010 Exercise price is \$17.80: Options Exercisable 02/9/2011 3,201; Options Exercisable 02/9/2012 3,202; Options Exercisable 02/9/2013 3,201; and Options Exercisable 02/9/2014 3,202.
- Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 Exercise price is \$9.29: SARs Exercisable 02/10/2010 3,569; SARs Exercisable 02/10/2011 3,569; SARs Exercisable 02/10/2012 3,569; and SARs Exercisable 02/10/2013 3,570.
  - Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 Exercise price is \$17.80: SARs Exercisable 02/9/2011 -
- (6) 3,758; SARs Exercisable 02/9/2012 3,758; SARs Exercisable 02/9/2013 3,758; and SARs Exercisable 02/9/2014 3,759. SARs will be settled for cash.
- (7) 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.
- (8) 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.

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.