

DeCosmo James M  
Form 4  
February 12, 2009

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
DeCosmo James 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)  
02/10/2009

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)  
CEO - 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)
			Code	V	Amount (A) or Price (D)		
Common Stock	02/10/2009	02/10/2009	M		6,133 (1) \$ 9.29	A	43,739 D
Common Stock	02/10/2009	02/10/2009	D		6,133 (1) \$ 9.29	D	37,606 D
Common Stock	02/10/2009	02/10/2009	A		40,366 (2) \$ 9.29	A	77,972 (3) D
Common Stock							547 (4) I

By Trustee  
401(k)  
Plan

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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)

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 Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 13.24					02/04/2003	02/04/2010	Common Stock
Option (right to buy) <u>(6)</u> <u>(7)</u>	\$ 11.76					02/02/2003	02/02/2011	Common Stock
Option (right to buy) <u>(6)</u> <u>(8)</u>	\$ 13.26					02/01/2006	02/01/2012	Common Stock
Option (right to buy) <u>(6)</u> <u>(9)</u>	\$ 8.68					02/07/2006	02/07/2013	Common Stock
Option (right to buy) <u>(6)</u> <u>(10)</u>	\$ 15.02					02/06/2005	02/06/2014	Common Stock
Option (right to buy) <u>(6)</u> <u>(11)</u>	\$ 20.26					02/04/2006	02/04/2015	Common Stock
Option (right to buy) <u>(6)</u> <u>(12)</u>	\$ 27.06					02/03/2007	02/03/2016	Common Stock
Option (right to buy) <u>(6)</u> <u>(13)</u>	\$ 30.56					02/02/2008	02/02/2017	Common Stock
Option (right to buy) <u>(14)</u>	\$ 28.85					02/12/2009	02/12/2018	Common Stock
Option (right to buy) <u>(15)</u>	\$ 9.29	02/10/2009		A	59,010	02/10/2010	02/10/2019	Common Stock
Stock Appreciation Right <u>(16)</u>	\$ 9.29	02/10/2009		A	131,345	02/10/2010	02/10/2019	Common Stock
Restricted <u>(6)</u> <u>(1)</u>	<u>(1)</u>	02/10/2009		M	6,133	<u>(1)</u>	<u>(1)</u>	Common Stock
Restricted Share Units	<u>(17)</u>					<u>(17)</u>	<u>(17)</u>	Common Stock



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- (14) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 18,500; Options Exercisable 02/12/2010 - 18,500; Options Exercisable 02/12/2011 - 18,500; Options Exercisable 02/12/2012 - 18,500.
- (15) Vesting schedule for Options granted 02/10/2009 - Exercise price is \$9.29: Options Exercisable 02/10/2010 - 14,752; Options Exercisable 02/10/2011 - 14,752; Options Exercisable 02/10/2012 - 14,753; and Options Exercisable 02/10/2013 - 14,753.
- (16) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is \$9.29: SARs Exercisable 02/10/2010 - 32,836; SARs Exercisable 02/10/2011 - 32,836; SARs Exercisable 02/10/2012 - 32,836; and SARs Exercisable 02/10/2013 - 32,837.
- (17) Restricted share units will vest effective 02/02/2010. Restricted share units will be settled for cash based on the fair market value on the vesting date.
- (18) Restricted share units will vest effective 05/04/2010. Restricted share units will be settled for cash based on the fair market value on the vesting date.
- (19) 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.

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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