

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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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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount (A) or Price (D) | | |
| Common Stock | 02/09/2010 | | A | | 4,329 (1) \$ 0 | 21,165 | D |
| Common Stock | 02/09/2010 | | A | | 20,618 (2) \$ 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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SEC 1474
 (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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