

Etheredge Charles T JR  
Form 4  
February 12, 2009

**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

2. Issuer Name and Ticker or Trading Symbol  
Forestar Group Inc. [FOR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
6300 BEE CAVE  
ROAD, BUILDING TWO, SUITE  
500  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
02/10/2009

\_\_\_\_ Director  
 Officer (give title below)  
\_\_\_\_ 10% Owner  
\_\_\_\_ Other (specify below)  
Executive Vice President

AUSTIN, TX 78746

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**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						7,148	D
Common Stock	02/10/2009		A		\$ 9,688 (1)	A 16,836 (2)	D
Common Stock						257 (3)	I
							By Trustee of 401(k) Plan

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

Persons who respond to the collection of information contained in this form are not

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	16,125
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 8.68					02/07/2005	02/07/2013	Common Stock	1,000
Option (right to buy) <u>(5)</u> <u>(7)</u>	\$ 15.02					02/06/2005	02/06/2014	Common Stock	53,000
Option (right to buy) <u>(5)</u> <u>(8)</u>	\$ 20.26					02/04/2006	02/04/2015	Common Stock	53,000
Option (right to buy) <u>(5)</u> <u>(9)</u>	\$ 27.06					02/03/2007	02/03/2016	Common Stock	1,700
Option (right to buy) <u>(5)</u> <u>(10)</u>	\$ 30.56					02/02/2006	02/02/2017	Common Stock	1,700
Option (right to buy) <u>(11)</u>	\$ 28.85					02/12/2009	02/12/2018	Common Stock	42,800
Option (right to buy) <u>(12)</u>	\$ 9.29	02/10/2009		A	14,162	02/10/2010	02/10/2019	Common Stock	14,162
Stock Appreciation Right <u>(13)</u>	\$ 9.29	02/10/2009		A	31,523	02/10/2010	02/10/2019	Common Stock	31,523
Restricted Share Units <u>(5)</u> <u>(14)</u>	<u>(14)</u>					<u>(14)</u>	<u>(14)</u>	Common Stock	70,000
Restricted Share Units <u>(15)</u>	<u>(15)</u>	02/10/2009		A	9,688	<u>(15)</u>	<u>(15)</u>	Common Stock	9,688

