Grimm David M Form 4 February 16, 2012

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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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 See Instruction

1(b).

(Print or Type Responses)

1. Name and Adda Grimm David	•	ing Person *	2. Issuer Name and Ticker or Trading Symbol Forestar Group Inc. [FOR]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
(Last) 6300 BEE CA ROAD, BUILI 500		(Middle) O, SUITE	3. Date of Earliest Transaction (Month/Day/Year) 02/14/2012	Director 10% Owner X Officer (give title Other (specify below) Chief Administrative Officer		
(Street) AUSTIN, TX 78746			4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		

(City)	(State)	(Zip) Tabl	e I - Non-I	Derivative (Securi	ities Acqu	uired, Disposed of	f, or Beneficial	ly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)			of (D)	Beneficially Form: D Owned (D) or	Ownership Form: Direct	ect Beneficial Ownership
			Code V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)	(Instr. 4)	
Common Stock	02/14/2012		M	12,110 (1)	A	\$ 0	52,108	D	
Common Stock	02/14/2012		D	12,110 (1)	D	\$ 0	39,998	D	
Common Stock	02/12/2012		F	3,204	D	\$ 16.11	36,794 <u>(2)</u>	D	
Common Stock							1,000	I	By Spouse

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

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SEC 1474

(9-02)

 $\label{thm:convergence} \begin{tabular}{ll} Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned \\ (e.g., puts, calls, warrants, options, convertible securities) \end{tabular}$

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. Transactio Code (Instr. 8)	5. Number of Derivative Securities (A) or Dis (D) (Instr. 3, 4)	Acquired posed of	6. Date Exercise Expiration Date (Month/Day/Y	e	7. Title and A Underlying S (Instr. 3 and 4
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title
Option (right to buy) (3) (4)	\$ 15.02						02/06/2005	02/06/2014	Common Stock
Option (right to buy) (4) (5)	\$ 20.26						02/04/2006	02/04/2015	Common Stock
Option (right to buy) (4) (6)	\$ 27.06						02/03/2007	02/03/2016	Common Stock
Option (right to buy) (4) (7)	\$ 30.56						02/02/2008	02/02/2017	Common Stock
Option (right to buy) (8)	\$ 28.85						02/12/2009	02/12/2018	Common Stock
Option (right to buy) (9)	\$ 9.29						02/10/2010	02/10/2019	Common Stock
Option (right to buy) (10)	\$ 17.8						02/09/2011	02/09/2020	Common Stock
Option (right to buy) (11)	\$ 18.59						02/08/2012	02/08/2021	Common Stock
Option (right to buy) (12)	\$ 16.11	02/14/2012		A	24,142		02/14/2013	02/14/2022	Common Stock
Stock Appreciation Right (13)	\$ 9.29						02/10/2010	02/10/2019	Common Stock
Stock Appreciation Right (14)	\$ 17.8						02/09/2011	02/09/2020	Common Stock
Restricted Share Units (15)	<u>(15)</u>	02/14/2012		M		12,110	<u>(15)</u>	(15)	Common Stock
_	<u>(16)</u>						<u>(16)</u>	(16)	

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Restricted Share Units (16)							Common Stock
Restricted Share Units	<u>(17)</u>				<u>(17)</u>	<u>(17)</u>	Common Stock
Restricted Share Units	<u>(18)</u>	02/14/2012	A	9,001	(18)	(18)	Common Stock
Performance Units	<u>(19)</u>				<u>(19)</u>	02/08/2014	Common Stock
Performance Units	<u>(19)</u>	02/14/2012	A	12,019	(19)	02/14/2015	Common Stock

Reporting Owners

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

Grimm David M 6300 BEE CAVE ROAD **BUILDING TWO, SUITE 500** AUSTIN, TX 78746

Chief Administrative Officer

Signatures

Reporting Person

David M. 02/16/2012 Grimm **Signature of 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).
- Restricted stock units vested 2/14/2012. Restricted stock units are being settled for cash based on the fair market value on 2/14/2012. **(1)**
- In accordance with the Rights Agreement adopted by the Company on December 11, 2007, Preferred Stock Purchase Rights are deemed **(2)** to be attached to the shares of Common Stock.
- Options Vesting Schedule Exercise price of \$15.02: Options Exercisable 02/06/2007 266; Options Exercisable 02/06/2008 134. **(3)**
- Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007. **(4)**
- Options Vesting Schedule Exercise price of \$20.26: Options Exercisable 02/04/2007 266; Options Exercisable 02/04/2008 133; **(5)** Options Exercisable 02/04/2009 - 134.
- Options Vesting Schedule Exercise price of \$27.06: Options Exercisable 02/03/2007 427; Options Exercisable 02/03/2008 427; **(6)** Options Exercisable 02/03/2009 - 427; and Options Exercisable 02/03/2010 - 427.
- Options Vesting Schedule Exercise price of \$30.56: Options Exercisable 02/02/2008 427; Options Exercisable 02/02/2009 427; (7)Options Exercisable 02/02/2010 - 427; and Options Exercisable 02/02/2011 - 427.
- Options Vesting Schedule for Options Granted 02/12/2008 Exercise price is \$28.85: Options Exercisable 02/12/2009 5,575; Options (8)Exercisable 02/12/2010 - 5,575; Options Exercisable 02/12/2011 - 5,575; Options Exercisable 02/12/2012 - 5,575.

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- Vesting schedule for Options granted 02/10/2009 Exercise price is \$9.29: Options Exercisable 02/10/2010 4425; Options Exercisable 02/10/2011 4426; Options Exercisable 02/10/2012 4426; and Options Exercisable 02/10/2013 4426.
- (10) Vesting schedule for Options granted 02/9/2010 Exercise price is \$17.80: Options Exercisable 02/9/2011 2,689; Options Exercisable 02/9/2012 2,689; Options Exercisable 02/9/2013 2,689; and Options Exercisable 02/9/2014 2,690.
- Vesting schedule for Options granted 02/8/2011 Exercise price is \$18.59: Options Exercisable 02/8/2012 5,193; Options Exercisable 02/8/2013 5,193; Options Exercisable 02/8/2015 5,193.
- (12) Vesting schedule for Options granted 02/14/2012 Exercise price is \$16.11: Options Exercisable 02/14/2013 6,035; Options Exercisable 02/14/2014 6,036; Options Exercisable 02/14/2015 6,035; and Options Exercisable 02/14/2016 6,036.
- (13) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 Exercise price is \$9.29: SARs Exercisable 02/10/2010 9,851; SARs Exercisable 02/10/2011 9,851; SARs Exercisable 02/10/2012 9,851; and SARs Exercisable 02/10/2013 9,851.
- Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 Exercise price is \$17.80: SARs Exercisable 02/9/2011 (14) 3,157; SARs Exercisable 02/9/2012 3,157; SARs Exercisable 02/9/2013 3,157; and SARs Exercisable 02/9/2014 3,157. SARs will be settled for cash.
- (15) 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.
- (16) 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.
- (17) Restricted share units granted on 2/8/2011 will vest as follows: 1,793 on 2/8/2012; 1,793 on 2/8/2013; 1,793 on 2/8/2014. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (18) Restricted share units granted on 2/14/2012 will vest as follows: 3,001 on 2/14/2013; 3,000 on 2/14/2014; 3,000 on 2/14/2015. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (19) Number of units received upon vesting will vary depending upon performance of Company stock over the performance period.

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.