DeCosmo James M Form 4 February 15, 2011

FORM 4

Check this box

if no longer

subject to

Section 16.

Form 4 or

Form 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

DeCosmo James M Issuer Symbol Forestar Group Inc. [FOR] (Check all applicable) (First) (Middle) (Last) 3. Date of Earliest Transaction (Month/Day/Year) _X__ Director 10% Owner X_ Officer (give title Other (specify 6300 BEE CAVE 02/12/2011 below) ROAD, BUILDING TWO, SUITE CEO - President

2. Issuer Name and Ticker or Trading

500

(State)

1. Name and Address of Reporting Person *

(Street) 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

5. Relationship of Reporting Person(s) to

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

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AUSTIN, TX 78746

(City) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 1. Title of 2. Transaction Date 2A. Deemed 3. 4. Securities Acquired 5. Amount of 6. Ownership 7. Nature of Security (Month/Day/Year) Execution Date, if Transaction(A) or Disposed of (D) Securities Form: Direct Indirect (Instr. 3) Code (Instr. 3, 4 and 5) Beneficially (D) or Beneficial (Month/Day/Year) (Instr. 8) Owned Ownership Indirect (I) (Instr. 4) Following (Instr. 4) Reported (A) Transaction(s) or (Instr. 3 and 4) Code V Amount (D) Price Common F 02/12/2011 7.512 D 116,157 (1) D Stock 18.86

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)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	of	vative rities ired r osed)	3	te	7. Title and A Underlying S (Instr. 3 and	Securities
				Code V	(A) ((D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) (2) (3)	\$ 13.26						02/01/2006	02/01/2012	Common Stock	2,000
Option (right to buy) (3) (4)	\$ 8.68						02/07/2006	02/07/2013	Common Stock	1,666
Option (right to buy) $\frac{(3)}{(5)}$	\$ 15.02						02/06/2005	02/06/2014	Common Stock	1,666
Option (right to buy) (3) (6)	\$ 20.26						02/04/2006	02/04/2015	Common Stock	5,333
Option (right to buy) $\frac{(3)}{(7)}$	\$ 27.06						02/03/2007	02/03/2016	Common Stock	6,150
Option (right to buy) (3) (8)	\$ 30.56						02/02/2008	02/02/2017	Common Stock	6,150
Option (right to buy) (9)	\$ 28.85						02/12/2009	02/12/2018	Common Stock	74,000
Option (right to buy) (10)	\$ 9.29						02/10/2010	02/10/2019	Common Stock	59,010
Option (right to buy) (11)	\$ 17.8						02/09/2011	02/09/2020	Common Stock	32,016
Option (right to buy) (12)	\$ 18.59						02/08/2012	02/08/2021	Common Stock	54,402
Stock Appreciation Right (13)	\$ 9.29						02/10/2010	02/10/2019	Common Stock	131,345
Stock Appreciation Right (14)	\$ 17.8						02/09/2011	02/09/2020	Common Stock	37,584
Restricted Share Units	<u>(15)</u>						<u>(15)</u>	<u>(15)</u>	Common Stock	40,366
Restricted Share Units	<u>(16)</u>						<u>(16)</u>	<u>(16)</u>	Common Stock	18,961

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Restricted Share Units (17)	<u>(17)</u>	<u>(17)</u>	(17)	Common Stock	8,069
Performance Units	(18)	(18)	02/08/2014	Common Stock	25,785

Reporting Owners

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Other			
DeCosmo James M 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746	X		CEO - President				

Signatures

David M. Grimm signing on behalf of James M.

DeCosmo

02/15/2011

**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).
- (1) 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.
- (2) Options Vesting Schedule Exercise price is \$13.26: Options Exercisable 02/01/2006 2,000.
- (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 is \$8.68: Options Exercisable 02/07/2007 1,666.
- (5) Options Vesting Schedule Exercise price of \$15.02: Options Exercisable 02/06/2007 1,250; Options Exercisable 02/06/2008 416.
- Options Vesting Schedule Exercise price of \$20.26: Options Exercisable 02/04/2007 2,666; Options Exercisable 02/04/2008 1,333; Options Exercisable 02/04/2009 1,333.
- Options Vesting Schedule Exercise price of \$27.06: Options Exercisable 02/03/2007 1,537; Options Exercisable 02/03/2008 1,537; Options Exercisable 02/03/2009 1,537; and Options Exercisable 02/03/2010 1,537.
- Options Vesting Schedule Exercise price of \$30.56: Options Exercisable 02/02/2008 1,537; Options Exercisable 02/02/2009 1,537; Options Exercisable 02/02/2010 1,537; and Options Exercisable 02/02/2011 1,537.
- 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.
- (10) 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.
- Vesting schedule for Options granted 02/9/2010 Exercise price is \$17.80: Options Exercisable 02/9/2011 8,004; Options Exercisable 02/9/2012 8,004; Options Exercisable 02/9/2013 8,004; and Options Exercisable 02/9/2014 8,004.
- (12) Vesting schedule for Options granted 02/8/2011 Exercise price is \$18.59: Options Exercisable 02/8/2012 13,600; Options Exercisable 02/8/2013 13,601; Options Exercisable 02/8/2014 13,600; and Options Exercisable 02/8/2015 13,601.
- (13) 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.

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- Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 Exercise price is \$17.80: SARs Exercisable 02/9/2011 -
- (14) 9,396; SARs Exercisable 02/9/2012 9,396; SARs Exercisable 02/9/2013 9,396; and SARs Exercisable 02/9/2014 9,396. 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: 2,690 on 2/8/2012; 2,689 on 2/8/2013; 2,690 on 2/8/2014. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (18) 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.