

DeCosmo James M
 Form 4
 December 06, 2011

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 *
 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)
 12/05/2011

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)	
				(A) or (D)	Price			
				Code	V	Amount		
Common Stock	12/05/2011		M	2,000	A	\$ 13.26	135,157 ⁽¹⁾	D
Common Stock	12/05/2011		F	1,780	D	\$ 15.6	133,377 ⁽²⁾	D

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

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 (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 Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount Number Shares
Option (right to buy) <u>(3)</u> <u>(4)</u>	\$ 13.26	12/05/2011		M	2,000	02/01/2006 02/01/2012	Common Stock 2,000
Option (right to buy) <u>(4)</u> <u>(5)</u>	\$ 8.68					02/07/2006 02/07/2013	Common Stock 1,660
Option (right to buy) <u>(4)</u> <u>(6)</u>	\$ 15.02					02/06/2005 02/06/2014	Common Stock 1,660
Option (right to buy) <u>(4)</u> <u>(7)</u>	\$ 20.26					02/04/2006 02/04/2015	Common Stock 5,330
Option (right to buy) <u>(4)</u> <u>(8)</u>	\$ 27.06					02/03/2007 02/03/2016	Common Stock 6,150
Option (right to buy) <u>(4)</u> <u>(9)</u>	\$ 30.56					02/02/2008 02/02/2017	Common Stock 6,150
Option (right to buy) <u>(10)</u>	\$ 28.85					02/12/2009 02/12/2018	Common Stock 74,000
Option (right to buy) <u>(11)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 59,000
Option (right to buy) <u>(12)</u>	\$ 17.8					02/09/2011 02/09/2020	Common Stock 32,000
Option (right to buy) <u>(13)</u>	\$ 18.59					02/08/2012 02/08/2021	Common Stock 54,400
Stock Appreciation Right <u>(14)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 131,300
Stock Appreciation Right <u>(15)</u>	\$ 17.8					02/09/2011 02/09/2020	Common Stock 37,500
Restricted Share Units <u>(16)</u>	<u>(16)</u>					<u>(16)</u> <u>(16)</u>	Common Stock 40,300
Restricted Share Units	<u>(17)</u>					<u>(17)</u> <u>(17)</u>	Common Stock 18,900

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- (14) 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.
- Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is \$17.80: SARs Exercisable 02/9/2011 - 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.

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