

Forestar Group Inc.
Form 4
December 16, 2009

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 *
JASTROW KENNETH M II

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

3. Date of Earliest Transaction
(Month/Day/Year)
12/15/2009

Director 10% Owner
 Officer (give title below) Other (specify below)

(Street)
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 Indirect Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	12/15/2009	12/15/2009	M	66,666 A \$ 11.76	220,164 ⁽¹⁾ ₍₂₎	D	
Common Stock	12/15/2009	12/15/2009	F	47,123 ₍₁₎ D \$ 21.83	173,041 ⁽³⁾	D	
Common Stock					3,787 ⁽⁴⁾	I	By Trustee 401(k) Plan

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

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(9-02)

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 Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 11.76	12/15/2009		M	66,666	02/02/2002 02/02/2011	Common Stock 66,666
Option (right to buy) <u>(5)</u> <u>(7)</u>	\$ 13.26					02/01/2003 02/01/2012	Common Stock 33,333
Option (right to buy) <u>(5)</u> <u>(8)</u>	\$ 8.68					02/07/2004 02/07/2013	Common Stock 36,666
Option (right to buy) <u>(5)</u> <u>(9)</u>	\$ 15.02					02/06/2005 02/06/2014	Common Stock 33,333
Option (right to buy) <u>(5)</u> <u>(10)</u>	\$ 20.26					02/04/2006 02/04/2015	Common Stock 33,333
Option (right to buy) <u>(5)</u> <u>(11)</u>	\$ 27.06					02/03/2007 02/03/2016	Common Stock 34,166
Option (right to buy) <u>(12)</u>	\$ 28.85					02/12/2009 02/12/2018	Common Stock 20,000
Restricted Share Units <u>(5)</u> <u>(13)</u>	<u>(13)</u>					<u>(13)</u> <u>(13)</u>	Common Stock 50,000
Restricted Share Units <u>(14)</u>	<u>(14)</u>					<u>(14)</u> <u>(14)</u>	Common Stock 8,073

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(14) Restricted share units accrued under a Company plan to be settled in cash following Reporting Person's retirement.

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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