

DeCosmo James M
 Form 4
 February 15, 2013

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 *
 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)
 02/14/2013

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)
			Code	V Amount (A) or (D) Price			
Common Stock	02/14/2013		M	8,070 (1) A \$ 0	117,904	D	
Common Stock	02/14/2013		D	8,070 (1) D \$ 0	109,834 (2)	D	

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)

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 Number Shares
Option (right to buy) <u>(3)</u> <u>(4)</u>	\$ 15.02					02/06/2005 02/06/2014	Common Stock 1,66
Option (right to buy) <u>(4)</u> <u>(5)</u>	\$ 20.26					02/04/2006 02/04/2015	Common Stock 5,33
Option (right to buy) <u>(4)</u> <u>(6)</u>	\$ 27.06					02/03/2007 02/03/2016	Common Stock 6,15
Option (right to buy) <u>(4)</u> <u>(7)</u>	\$ 30.56					02/02/2008 02/02/2017	Common Stock 6,15
Option (right to buy) <u>(8)</u>	\$ 28.85					02/12/2009 02/12/2018	Common Stock 74,0
Option (right to buy) <u>(9)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 59,0
Option (right to buy) <u>(10)</u>	\$ 17.8					02/09/2011 02/09/2020	Common Stock 32,0
Option (right to buy) <u>(11)</u>	\$ 18.59					02/08/2012 02/08/2021	Common Stock 54,4
Option (right to buy) <u>(12)</u>	\$ 16.11					02/14/2013 02/14/2022	Common Stock 59,0
Option (right to buy) <u>(13)</u>	\$ 18.7					02/12/2014 02/14/2023	Common Stock 53,6
Stock Appreciation Right <u>(14)</u>	\$ 9.29					02/10/2010 02/10/2019	Common Stock 131,3
Stock Appreciation Right <u>(15)</u>	\$ 17.8					02/09/2011 02/09/2020	Common Stock 37,5
Restricted Share Units <u>(16)</u>	<u>(16)</u>					<u>(16)</u> <u>(16)</u>	Common Stock 2,68
Restricted Share Units	<u>(17)</u>	02/14/2013		M	8,070	<u>(17)</u> <u>(17)</u>	Common Stock 8,07

(17)

Restricted Share Units	(18)	(18)	(18)	Common Stock	10,2
Performance Units	(19)	(19)	02/08/2014	Common Stock	25,7
Performance Units	(19)	(19)	02/14/2015	Common Stock	29,3
Performance Units	(19)	(19)	02/12/2016	Common Stock	26,0

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 02/15/2013

__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) Restricted stock units vested 2/14/2013. Restricted stock units are being settled for cash based on the fair market value on 2/14/2013.
- (2) 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.
- (3) Options Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007 - 1,250; Options Exercisable 02/06/2008 - 416.
- (4) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) Vesting schedule for Options granted 02/09/2010 - Exercise price is \$17.80: Options Exercisable 02/09/2011 - 8,004; Options Exercisable 02/09/2012 - 8,004; Options Exercisable 02/09/2013 - 8,004; and Options Exercisable 02/09/2014 - 8,004.

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- (11) Vesting schedule for Options granted 02/08/2011 - Exercise price is \$18.59: Options Exercisable 02/08/2012 - 13,600; Options Exercisable 02/08/2013 - 13,601; Options Exercisable 02/08/2014 - 13,600; and Options Exercisable 02/08/2015 - 13,601.
- (12) Vesting schedule for Options granted 02/14/2012 - Exercise price is \$16.11: Options Exercisable 02/14/2013 - 14,753; Options Exercisable 02/14/2014 - 14,753; Options Exercisable 02/14/2015 - 14,753; and Options Exercisable 02/14/2016 - 14,754.
- (13) Vesting schedule for Options granted 02/12/2013 - Exercise price is \$18.70: Options Exercisable 02/12/2014 - 13,401; Options Exercisable 02/12/2015 - 13,402; Options Exercisable 02/12/2016 - 13,401; and Options Exercisable 02/12/2017 - 13,402.
- (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 2/8/2011 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.
- (16) Restricted share units granted on 02/14/2012 will vest as follows: 8,070 on 02/14/2013; 8,069 on 02/14/2014; 8,070 on 02/14/2015. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (17) Restricted share units granted on 02/12/2013 will vest as follows: 3,432 on 02/12/2014; 3,431 on 02/12/2015; 3,431 on 02/12/2016. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (18) 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.

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