

Portwood Charles J.
Form 4
February 16, 2012

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 *
Portwood Charles J.

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

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
02/14/2012

____ Director
 Officer (give title below)
____ 10% Owner
____ Other (specify below)
Sr. Vice President - Land Mgmt

AUSTIN, TX 78746

(City) (State) (Zip)

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

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 (D) Price | | | |
| Common Stock | 02/14/2012 | | A | 5,431 (1) A \$ 0 | 16,268 (2) | D | |

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

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SEC 1474 (9-02)

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) | 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) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option (right to buy) <u>(3) (4)</u> | \$ 15.02 | | | | | 02/06/2005 | 02/06/2014 | Common Stock | 266 |
| Option (right to buy) <u>(3) (5)</u> | \$ 20.26 | | | | | 02/04/2006 | 02/04/2015 | Common Stock | 1,25 |
| Option (right to buy) <u>(3) (6)</u> | \$ 27.06 | | | | | 02/03/2007 | 02/03/2016 | Common Stock | 1,28 |
| Option (right to buy) <u>(3) (7)</u> | \$ 30.56 | | | | | 02/02/2008 | 02/02/2017 | Common Stock | 1,70 |
| Option (right to buy) <u>(8)</u> | \$ 28.85 | | | | | 02/12/2009 | 02/12/2018 | Common Stock | 6,30 |
| Option (right to buy) <u>(9)</u> | \$ 17.8 | | | | | 02/09/2011 | 02/09/2020 | Common Stock | 3,58 |
| Option (right to buy) <u>(10)</u> | \$ 18.59 | | | | | 02/08/2012 | 02/08/2021 | Common Stock | 5,93 |
| Option (right to buy) <u>(11)</u> | \$ 16.11 | 02/14/2012 | | A | 9,388 | 02/14/2013 | 02/14/2022 | Common Stock | 9,38 |
| Stock Appreciation Right <u>(12)</u> | \$ 9.29 | | | | | 02/12/2010 | 02/12/2019 | Common Stock | 19,03 |
| Stock Appreciation Right <u>(13)</u> | \$ 17.8 | | | | | 02/09/2011 | 02/09/2020 | Common Stock | 4,20 |
| Restricted Share Units <u>(14)</u> | <u>(14)</u> | | | | | <u>(14)</u> | <u>(14)</u> | Common Stock | 2,12 |
| Restricted Share Units <u>(15)</u> | <u>(15)</u> | | | | | <u>(15)</u> | <u>(15)</u> | Common Stock | 1,07 |
| Restricted Share Units <u>(16)</u> | <u>(16)</u> | 02/14/2012 | | A | 4,765 | <u>(16)</u> | <u>(16)</u> | Common Stock | 4,76 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Portwood Charles J. 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746 | | | Sr. Vice President - Land Mgmt | |

Signatures

| | |
|---|------------|
| David M. Grimm signing on behalf of Charles J. Portwood | 02/16/2012 |
| **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 share units granted on 2/14/2012 will vest effective 2/14/2015, to be settled with one share of common stock for each restricted share unit.
 - (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) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective 12/28/2007.
 - (4) Options are fully vested and exercisable as of the date of this report.
 - (5) Options to acquire 833 shares are fully vested and exercisable as of the date of this report. Options to acquire 417 shares will vest and become exercisable on 2/4/2009.
 - (6) Options to acquire 427 shares became exercisable on 2/3/2008 and options to acquire 427 shares will vest and become exercisable on each of 2/3/2009 and 2/3/2010.
 - (7) Options to acquire 427 shares became exercisable on 2/2/2008 and options to acquire 427 shares will vest and become exercisable on each of 2/2/2009, 2010 and 2011.
 - (8) Options to acquire 1,575 shares will vest and become exercisable on each of 2/12/2009, 2010, 2011 and 2012.
 - (9) Vesting schedule for Options granted 02/9/2010 - Exercise price is \$17.80: Options Exercisable 02/9/2011 - 896; Options Exercisable 02/9/2012 - 897; Options Exercisable 02/9/2013 - 896; and Options Exercisable 02/9/2014 - 897.
 - (10) Vesting schedule for Options granted 02/8/2011 - Exercise price is \$18.59: Options Exercisable 02/8/2012 - 1,483; Options Exercisable 02/8/2013 - 1,484; Options Exercisable 02/8/2014 - 1,484; and Options Exercisable 02/8/2015 - 1,484.
 - (11) Vesting schedule for Options granted 02/14/2012 - Exercise price is \$16.11: Options Exercisable 02/14/2013 - 2,347; Options Exercisable 02/14/2014 - 2,347; Options Exercisable 02/14/2015 - 2,347; and Options Exercisable 02/14/2016 - 2,347.
 - (12) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is \$9.29: SARs Exercisable 02/10/2010 - 4,759; SARs Exercisable 02/10/2011 - 4,759; SARs Exercisable 02/10/2012 - 4,759; and SARs Exercisable 02/10/2013 - 4,759.
Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is \$17.80: SARs Exercisable 02/9/2011 - 1,052; SARs Exercisable 02/9/2012 - 1,052; SARs Exercisable 02/9/2013 - 1,052; and SARs Exercisable 02/9/2014 - 1,053. SARs will be settled for cash.
 - (13) 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.
 - (14) Restricted share units granted on 2/8/2011 will vest as follows: 1,076 on 2/8/2012; 1,076 on 2/8/2013; 1,076 on 2/8/2014. Restricted share units will be settled for cash based on the fair market value on vesting date.
 - (15) Restricted share units granted on 2/14/2012 will vest as follows: 1,589 on 2/14/2013; 1,588 on 2/14/2014; 1,588 on 2/14/2015. Restricted share units will be settled for cash based on the fair market value on vesting date.
 - (16) Restricted share units granted on 2/14/2012 will vest as follows: 1,589 on 2/14/2013; 1,588 on 2/14/2014; 1,588 on 2/14/2015. Restricted share units will be settled for cash based on the fair market value on vesting date.

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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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