

Smith Flavious J. Jr.  
Form 4  
March 28, 2013

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
Smith Flavious J. Jr.

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)

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

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

6300 BEE CAVE  
ROAD, BUILDING TWO, SUITE  
500

03/26/2013

Executive Vice President

(Street)

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

AUSTIN, TX 78746

(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 Ownership (Instr. 4) |            |       |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--------|---|--|-----------------------------------|------------|-------|
|                                 |                                      |  |                                | Code  | V | Amount |   |  |                                   | (A) or (D) | Price |
| Common Stock                    | 03/26/2013                           |  | M                              |   |   | 9,604  | A   | \$ 17.8  | 46,208                            | D          |       |
| Common Stock                    | 03/26/2013                           |  | F                              |   |   | 8,449  | D   | \$ 22.45   | 37,759                            | D          |       |
| Common Stock                    | 03/26/2013                           |  | M                              |   |   | 10,461 | A   | \$ 16.11   | 48,220                            | D          |       |
| Common Stock                    | 03/26/2013                           |  | F                              |   |   | 8,456  | D   | \$ 22.45   | 39,764                            | D          |       |
| Common Stock                    | 03/26/2013                           |  | M                              |   |   | 3,570  | A   | \$ 0   | 43,334                            | D          |       |

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|              |            |   |        |   |      |                       |   |
|--------------|------------|---|--------|---|------|-----------------------|---|
| Common Stock | 03/26/2013 | D | 3,570  | D | \$ 0 | 39,764                | D |
| Common Stock | 03/26/2013 | M | 11,274 | A | \$ 0 | 51,038                | D |
| Common Stock | 03/26/2013 | D | 11,274 | D | \$ 0 | 39,764 <sup>(1)</sup> | D |

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 Security (Instr. 3 and 4) |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----------------|---|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |
| Option (right to buy) <sup>(2)</sup>       | \$ 17.8  | 03/26/2013                           |  | M                              | 9,604   | 02/09/2011   | 02/09/2020      | Common Stock  | 9,604                      |
| Option (right to buy) <sup>(3)</sup>       | \$ 18.59   |                                      |  |                                |   | 02/08/2012   | 02/08/2021      | Common Stock  | 24,700                     |
| Option (right to buy) <sup>(4)</sup>       | \$ 16.11   | 03/26/2013                           |  | M                              | 10,461  | 02/14/2013   | 02/14/2022      | Common Stock  | 10,461                     |
| Option (right to buy) <sup>(5)</sup>       | \$ 18.7  |                                      |  |                                |   | 02/12/2014   | 02/12/2023      | Common Stock  | 34,100                     |
| Stock Appreciation Right <sup>(6)</sup>    | \$ 9.29  | 03/26/2013                           |  | M                              | 3,570   | 02/10/2010   | 02/10/2019      | Common Stock  | 3,570                      |
| Stock Appreciation Right <sup>(7)</sup>    | \$ 17.8  | 03/26/2013                           |  | M                              | 11,274  | 02/09/2011   | 02/09/2020      | Common Stock  | 11,274                     |
| Restricted Share Units <sup>(8)</sup>      | <sup>(8)</sup>   |                                      |  |                                |   | <sup>(8)</sup>   | <sup>(8)</sup>  | Common Stock  | 2,000                      |
| Restricted Share Units                     | <sup>(9)</sup>   |                                      |  |                                |   | <sup>(9)</sup>   | <sup>(9)</sup>  | Common Stock  | 7,500                      |



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- (9) Restricted share units granted on 2/14/2012 will vest as follows: 7,553 on 2/14/2013; 7,552 on 2/14/2014; 7,552 on 2/14/2015. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (10) Restricted share units granted on 02/12/2013 will vest as follows: 2,689 on 02/12/2014; 2,688 on 02/12/2015; 2,689 on 02/12/2016. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (11) 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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