

Smith Flavious J. Jr.
Form 4
December 17, 2012

FORM 4

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

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

OMB APPROVAL

OMB
Number: 3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Smith Flavious J. Jr.

(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)

12/13/2012

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

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

Executive Vice President

6. Individual or Joint/Group Filing(Check
Applicable Line)
X 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. 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 Beneficial Ownership (Instr. 4)
Common Stock	12/13/2012		M	7,138 A \$ 0	47,465	D	
Common Stock	12/13/2012		D	7,138 D \$ 0	40,327 ⁽¹⁾	D	

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

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information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
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SEC 1474
(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 or Number of Shares
Option (right to buy) ⁽²⁾	\$ 17.8					02/09/2011 02/09/2020	Common Stock 12,80
Option (right to buy) ⁽³⁾	\$ 18.59					02/08/2012 02/08/2021	Common Stock 24,72
Option (right to buy) ⁽⁴⁾	\$ 16.11					02/14/2013 02/14/2022	Common Stock 41,84
Stock Appreciation Right ⁽⁵⁾	\$ 9.29	12/13/2012		M	7,138	02/10/2010 02/10/2019	Common Stock 7,13
Stock Appreciation Right ⁽⁶⁾	\$ 17.8					02/09/2011 02/09/2020	Common Stock 15,03
Restricted Share Units ⁽⁷⁾	⁽⁷⁾					⁽⁷⁾ ⁽⁷⁾	Common Stock 7,58
Restricted Share Units ⁽⁸⁾	⁽⁸⁾					⁽⁸⁾ ⁽⁸⁾	Common Stock 2,06
Restricted Share Units ⁽⁹⁾	⁽⁹⁾					⁽⁹⁾ ⁽⁹⁾	Common Stock 22,65
Performance Units	⁽¹⁰⁾					⁽¹⁰⁾ 02/08/2014	Common Stock 11,72
Performance Units	⁽¹⁰⁾					⁽¹⁰⁾ 02/14/2015	Common Stock 20,83

Reporting Owners

Reporting Owner Name / Address

Relationships

Director

10% Owner

Officer

Other

Smith Flavious J. Jr.
6300 BEE CAVE ROAD
BUILDING TWO, SUITE 500
AUSTIN, TX 78746

Executive Vice President

Signatures

David M. Grimm signing on behalf of Flavious J. Smith, Jr.

12/17/2012

__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) 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.
- (2) Vesting schedule for Options granted 02/9/2010 - Exercise price is \$17.80: Options Exercisable 02/9/2011 - 3,201; Options Exercisable 02/9/2012 - 3,202; Options Exercisable 02/9/2013 - 3,201; and Options Exercisable 02/9/2014 - 3,202.
- (3) Vesting schedule for Options granted 02/8/2011 - Exercise price is \$18.59: Options Exercisable 02/8/2012 - 6,182; Options Exercisable 02/8/2013 - 6,182; Options Exercisable 02/8/2014 - 6,182; and Options Exercisable 02/8/2015 - 6,182.
- (4) Vesting schedule for Options granted 02/14/2012 - Exercise price is \$16.11: Options Exercisable 02/14/2013 - 10,461; Options Exercisable 02/14/2014 - 10,461; Options Exercisable 02/14/2015 - 10,461; and Options Exercisable 02/14/2016 - 10,462.
- (5) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is \$9.29: SARs Exercisable 02/10/2010 - 3,569; SARs Exercisable 02/10/2011 - 3,569; SARs Exercisable 02/10/2012 - 3,569; and SARs Exercisable 02/10/2013 - 3,570. SARs will be settled for cash.
- (6) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is \$17.80: SARs Exercisable 02/9/2011 - 3,758; SARs Exercisable 02/9/2012 - 3,758; SARs Exercisable 02/9/2013 - 3,758; and SARs Exercisable 02/9/2014 - 3,759. SARs will be settled for cash.
- (7) 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.
- (8) Restricted share units granted on 2/8/2011 will vest as follows: 2,062 on 2/8/2012; 2,062 on 2/8/2013; 2,062 on 2/8/2014. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (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) 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.