

Etheredge Charles T JR  
Form 4  
December 20, 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

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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Etheredge Charles T 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)

12/20/2012

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 \_\_\_\_\_ Other (specify  
below) below)

Executive Vice 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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3.<br>Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired<br>(A) or Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock                       | 12/20/2012                              |                                                             | M                                       | 1,000                                                                   | A \$ 8.68                                                                                                          | 34,496 <sup>(1)</sup>                                                | D                                                                 |
| Common<br>Stock                       | 12/20/2012                              |                                                             | F                                       | 647                                                                     | D \$<br>16.71                                                                                                      | 33,849 <sup>(2)</sup>                                                | D                                                                 |

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

**Persons who respond to the collection of  
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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<br>Derivative<br>Security<br>(Instr. 3) | 2.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4.<br>Transaction<br>Code<br>(Instr. 8) | 5. Number<br>of Derivative<br>Securities<br>Acquired<br>(A) or<br>Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) |                    | 7. Title and Amount<br>Underlying Securities<br>(Instr. 3 and 4) |                                     |
|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|------------------------------------------------------------------|-------------------------------------|
|                                                     |                                                                       |                                         |                                                             | Code                                    | V (A) (D)                                                                                                       | Date<br>Exercisable                                            | Expiration<br>Date | Title                                                            | Amount<br>or<br>Number<br>of Shares |
| Option (right<br>to buy) <u>(3) (4)</u>             | \$ 8.68                                                               | 12/20/2012                              |                                                             | M                                       | 1,000                                                                                                           | 02/07/2005                                                     | 02/07/2013         | Common<br>Stock                                                  | 1,000                               |
| Option (right<br>to buy) <u>(4) (5)</u>             | \$ 15.02                                                              |                                         |                                                             |                                         |                                                                                                                 | 02/06/2005                                                     | 02/06/2014         | Common<br>Stock                                                  | 533                                 |
| Option (right<br>to buy) <u>(4) (6)</u>             | \$ 20.26                                                              |                                         |                                                             |                                         |                                                                                                                 | 02/04/2006                                                     | 02/04/2015         | Common<br>Stock                                                  | 533                                 |
| Option (right<br>to buy) <u>(4) (7)</u>             | \$ 27.06                                                              |                                         |                                                             |                                         |                                                                                                                 | 02/03/2007                                                     | 02/03/2016         | Common<br>Stock                                                  | 1,700                               |
| Option (right<br>to buy) <u>(4) (8)</u>             | \$ 30.56                                                              |                                         |                                                             |                                         |                                                                                                                 | 02/02/2006                                                     | 02/02/2017         | Common<br>Stock                                                  | 1,700                               |
| Option (right<br>to buy) <u>(9)</u>                 | \$ 28.85                                                              |                                         |                                                             |                                         |                                                                                                                 | 02/12/2009                                                     | 02/12/2018         | Common<br>Stock                                                  | 42,800                              |
| Option (right<br>to buy) <u>(10)</u>                | \$ 9.29                                                               |                                         |                                                             |                                         |                                                                                                                 | 02/10/2010                                                     | 02/10/2019         | Common<br>Stock                                                  | 14,160                              |
| Option (right<br>to buy) <u>(11)</u>                | \$ 17.8                                                               |                                         |                                                             |                                         |                                                                                                                 | 02/09/2011                                                     | 02/09/2020         | Common<br>Stock                                                  | 8,580                               |
| Option (right<br>to buy) <u>(12)</u>                | \$ 18.59                                                              |                                         |                                                             |                                         |                                                                                                                 | 02/08/2012                                                     | 02/08/2021         | Common<br>Stock                                                  | 21,760                              |
| Option (right<br>to buy) <u>(13)</u>                | \$ 16.11                                                              |                                         |                                                             |                                         |                                                                                                                 | 02/14/2013                                                     | 02/14/2022         | Common<br>Stock                                                  | 24,140                              |
| Stock<br>Appreciation<br>Right <u>(14)</u>          | \$ 9.29                                                               |                                         |                                                             |                                         |                                                                                                                 | 02/10/2010                                                     | 02/10/2019         | Common<br>Stock                                                  | 31,520                              |
| Stock<br>Appreciation<br>Right <u>(15)</u>          | \$ 17.8                                                               |                                         |                                                             |                                         |                                                                                                                 | 02/09/2011                                                     | 02/09/2020         | Common<br>Stock                                                  | 10,070                              |
| Restricted<br>Share Units<br><u>(16)</u>            | <u>(16)</u>                                                           |                                         |                                                             |                                         |                                                                                                                 | <u>(16)</u>                                                    | <u>(16)</u>        | Common<br>Stock                                                  | 5,080                               |
|                                                     | <u>(17)</u>                                                           |                                         |                                                             |                                         |                                                                                                                 | <u>(17)</u>                                                    | <u>(17)</u>        |                                                                  | 1,790                               |

Restricted  
Share Units  
(17)

Common  
Stock

Restricted  
Share Units (18)

(18)

(18)

Common  
Stock 8,38

Performance  
Units (19)

(19)

02/08/2014

Common  
Stock 10,31

Performance  
Units (19)

(19)

02/14/2012

Common  
Stock 12,01

## Reporting Owners

| Reporting Owner Name / Address                                                              | Relationships |           |                          |       |
|---------------------------------------------------------------------------------------------|---------------|-----------|--------------------------|-------|
|                                                                                             | Director      | 10% Owner | Officer                  | Other |
| Etheredge Charles T JR<br>6300 BEE CAVE ROAD<br>BUILDING TWO, SUITE 500<br>AUSTIN, TX 78746 |               |           | Executive Vice President |       |

## Signatures

David M. Grimm signing on behalf of Charles T.  
Etheredge, Jr.

12/20/2012

\_\_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) Reporting Person acquired additional shares by swapping shares already owned, resulting in a net increase in shares.
  - (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 is \$8.68: Options Exercisable 02/07/2006 - 1,000.
  - (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 \$15.02: Options Exercisable 02/06/2007 - 400; Options Exercisable 02/06/2008 - 133.
  - (6) Options Vesting Schedule - Exercise price of \$20.26: Options Exercisable 02/04/2007 - 266; Options Exercisable 02/04/2008 - 133; Options Exercisable 02/04/2009 - 134.
  - (7) Options Vesting Schedule - Exercise price of \$27.06: Options Exercisable 02/03/2007 - 427; Options Exercisable 02/03/2008 - 427; Options Exercisable 02/03/2009 - 427; and Options Exercisable 02/03/2010 - 427.
  - (8) Options Vesting Schedule - Exercise price of \$30.56: Options Exercisable 02/02/2008 - 427; Options Exercisable 02/02/2009 - 427; Options Exercisable 02/02/2010 - 427; Options Exercisable 02/02/2011 - 427.
  - (9) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 10,700; Options Exercisable 02/12/2010 - 10,700; Options Exercisable 02/12/2011 - 10,700; Options Exercisable 02/12/2012 - 10,700.
  - (10) Vesting schedule for Options granted 02/10/2009 - Exercise price is \$9.29: Options Exercisable 02/10/2010 - 3,540; Options Exercisable 02/10/2011 - 3,540; Options Exercisable 02/10/2012 - 3,541; and Options Exercisable 02/10/2013 - 3,541.
  - (11)

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Vesting schedule for Options granted 02/9/2010 - Exercise price is \$17.80: Options Exercisable 02/9/2011 - 2,145; Options Exercisable 02/9/2012 - 2,145; Options Exercisable 02/9/2013 - 2,145; and Options Exercisable 02/9/2014 - 2,145.

- (12) Vesting schedule for Options granted 02/8/2011 - Exercise price is \$18.59: Options Exercisable 02/8/2012 - 5,440; Options Exercisable 02/8/2013 - 5,440; Options Exercisable 02/8/2014 - 5,440; and Options Exercisable 02/8/2015 - 5,441.
- (13) Vesting schedule for Options granted 02/14/2012 - Exercise price is \$16.11: Options Exercisable 02/14/2013 - 6,035; Options Exercisable 02/14/2014 - 6,036; Options Exercisable 02/14/2015 - 6,035; and Options Exercisable 02/14/2016 - 6,036.
- (14) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 - Exercise price is \$9.29: SARs Exercisable 02/10/2010 - 7,880; SARs Exercisable 02/10/2011 - 7,881; SARs Exercisable 02/10/2012 - 7,881; and SARs Exercisable 02/10/2013 - 7,881.  
Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is \$17.80: SARs Exercisable 02/9/2011 - 2,518; SARs Exercisable 02/9/2012 - 2,518; SARs Exercisable 02/9/2013 - 2,518; and SARs Exercisable 02/9/2014 - 2,518. SARs will be settled for cash.
- (15) 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.
- (16) Restricted share units granted on 2/8/2011 will vest as follows: 1,793 on 2/8/2012; 1,793 on 2/8/2013; 1,793 on 2/8/2014. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (17) Restricted share units granted on 2/14/2012 will vest as follows: 2,794 on 2/14/2013; 2,793 on 2/14/2014; 2,793 on 2/14/2015. Restricted share units will be settled for cash based on the fair market value on vesting date.
- (18) Restricted share units granted on 2/14/2012 will vest as follows: 2,794 on 2/14/2013; 2,793 on 2/14/2014; 2,793 on 2/14/2015. 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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