

Smith Richard M  
Form 4  
November 15, 2012

**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 \*  
Smith Richard M

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)  
11/13/2012

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

AUSTIN, TX 78746

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

(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 or (D) Price                                                                           |                                                          |                                   |
| Common Stock                    | 11/13/2012                           |                                                    | A                              |                                                                   | 1,696<br>(1)                                                                                  | A                                                        | \$ 0 20,593 (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) | 8. F... Der... Sec... (Ins... |                 |       |                            |
|-----------------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|-------------------------------|-----------------|-------|----------------------------|
|                                                     |                                                        |                                      |                                                    | Code                           | V                                                                                       | (A)                                                      | (D)                                                           | Date Exercisable              | Expiration Date | Title | Amount or Number of Shares |
| Option (right to buy) <sup>(3)</sup> <sup>(4)</sup> | \$ 20.99                                               |                                      |                                                    |                                |                                                                                         | 11/03/2007                                               | 11/03/2016                                                    | Common Stock                  | 6,666           |       |                            |
| Option (right to buy) <sup>(5)</sup>                | \$ 28.85                                               |                                      |                                                    |                                |                                                                                         | 02/12/2009                                               | 02/12/2018                                                    | Common Stock                  | 20,000          |       |                            |
| Restricted Share Units <sup>(6)</sup>               | <sup>(6)</sup>                                         |                                      |                                                    |                                |                                                                                         | <sup>(6)</sup>                                           | <sup>(6)</sup>                                                | Common Stock                  | 4,572           |       |                            |

## Reporting Owners

| Reporting Owner Name / Address                                                       | Relationships |           |         |       |
|--------------------------------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                                                      | Director      | 10% Owner | Officer | Other |
| Smith Richard M<br>6300 BEE CAVE ROAD<br>BUILDING TWO, SUITE 500<br>AUSTIN, TX 78746 | X             |           |         |       |

## Signatures

David M. Grimm signing on behalf of Richard M. Smith 11/15/2012

\*\*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 stock units accrued under a Company Plan to be settled following Reporting Person's retirement.
- (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 \$20.99: Options Exercisable 11/03/2007 - 2,666; Options Exercisable 11/03/2008 - 2,666; Options Exercisable 11/03/2009 - 1,333.
- (4) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.

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- (5) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 6,500; Options Exercisable 02/12/2010 - 6,500; Options Exercisable 02/12/2011 - 7,000.
- (6) Restricted share units accrued under a Company plan to be settled in cash following Reporting Person's retirement. Restricted share units are vested on the date of grant and have the economic equivalent of one share of common stock.

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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