

Grimm David M
 Form 4
 February 05, 2009

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 *
 Grimm David M

(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)
 02/03/2009

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 below) ___ Other (specify below)
 Chief Administrative Officer

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)
				(A) or (D) Code V Amount (D) Price			
Common Stock	02/03/2009	02/03/2009	M	700 ⁽¹⁾ A \$ 12.41	9,760	D	
Common Stock	02/03/2009	02/03/2009	D	700 ⁽¹⁾ D \$ 12.41	9,060 ⁽²⁾	D	
Common Stock					1,000	I	By Spouse
Common Stock					528 ⁽³⁾	I	By Trustee 401(k) Plan

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

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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 of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Option (right to buy) <u>(4)</u> <u>(5)</u>	\$ 13.26					02/01/2003 02/01/2012	Common Stock	666
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 9.83					08/01/2004 08/01/2013	Common Stock	533
Option (right to buy) <u>(5)</u> <u>(7)</u>	\$ 15.02					02/06/2005 02/06/2014	Common Stock	400
Option (right to buy) <u>(5)</u> <u>(8)</u>	\$ 20.26					02/04/2006 02/04/2015	Common Stock	533
Option (right to buy) <u>(5)</u> <u>(9)</u>	\$ 27.06					02/03/2007 02/03/2016	Common Stock	1,708
Option (right to buy) <u>(5)</u> <u>(10)</u>	\$ 30.56					02/02/2008 02/02/2017	Common Stock	1,708
Option (right to buy) <u>(11)</u>	\$ 28.85					02/12/2009 02/12/2018	Common Stock	22,300
Restricted <u>(5)</u>	<u>(1)</u>	02/03/2009	02/03/2009	M	700	<u>(1)</u> <u>(1)</u>	Common Stock	700
Restricted <u>(5)</u>	<u>(12)</u>					<u>(12)</u> <u>(12)</u>	Common Stock	700

