McAuley Thomas H Form 4 November 12, 2009

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

Check this box if no longer STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF subject to **SECURITIES**

Form 4 or Form 5 obligations may continue. See Instruction

Section 16.

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

1(b).

(Last)

(City)

1. Title of

Security

(Instr. 3)

Common

Stock

(Print or Type Responses)

1. Name and Address of Reporting Person * McAuley Thomas H

(Zip)

2. Transaction Date 2A. Deemed

(First) (Middle)

6300 BEE CAVE ROAD, BUILDING TWO, SUITE

500

(Street)

(State)

AUSTIN, TX 78746

2. Issuer Name and Ticker or Trading

Symbol

Forestar Group Inc. [FOR]

3. Date of Earliest Transaction (Month/Day/Year) 11/10/2009

4. If Amendment, Date Original

Filed(Month/Day/Year)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 3. 4. Securities

(Month/Day/Year) Execution Date, if TransactionAcquired (A) or Code (Month/Day/Year) (Instr. 8)

Disposed of (D) (Instr. 3, 4 and 5)

(A)

or (Instr. 3 and 4) Code V Amount (D) Price

 $9,514 \frac{(1)}{2}$

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

Persons who respond to the collection of SEC 1474 information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

OMB APPROVAL

OMB 3235-0287 Number:

January 31, Expires: 2005

Estimated average burden hours per

5. Relationship of Reporting Person(s) to

6. Individual or Joint/Group Filing(Check

X Form filed by One Reporting Person Form filed by More than One Reporting

(Check all applicable)

Issuer

below)

X_ Director

Applicable Line)

5. Amount of

Securities

Owned

Beneficially

Following

Transaction(s)

Reported

Officer (give title

response... 0.5

10% Owner

6. Ownership 7. Nature of

Indirect

Beneficial

Ownership

(Instr. 4)

(9-02)

Form: Direct

(D) or

D

Indirect (I)

(Instr. 4)

Other (specify

1

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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. Transacti Code (Instr. 8)	5. Number owf Derivativ 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)	
				Code V	(A) (E	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) (2)	\$ 28.85					02/12/2009	02/12/2018	Common Stock	20,000
Restricted Share Units (3)	(3)	11/10/2009		A	1,496	(3)	(3)	Common Stock	14,994

Reporting Owners

Reporting Owner Name / Address	Relationships					
1 0	Director	10% Owner	Officer	Other		
McAuley Thomas H 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746	X					

Signatures

David M. Grimm signing on behalf of Thomas H.

McAuley

11/12/2009

**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.
- Options Vesting Schedule for Options Granted 02/12/2008 Exercise price is \$28.85: Options Exerciserable 02/12/2009 6,500; Options Exerciserable 02/12/2010 6,500; Options Exerciserable 02/12/2011 7,000.
- Restricted share units accrued under a Company plan to be settled in cash following Reporting Person's retirement or termination of services as a Director. 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. 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.

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