Knight Craig A Form 4 November 23, 2010

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

OMB Number:

Expires:

OMB APPROVAL

3235-0287 January 31,

if no longer subject to Section 16. Form 4 or

Check this box

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

2005 Estimated average burden hours per

Form 5 obligations may continue. See Instruction

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

response... 0.5

1(b).

(City)

(State)

(Zip)

(Print or Type Responses)

1. Name and Address of Reporting Person ** Knight Craig A			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)	3. Date of Earliest Transaction	(Chech all applicable)			
6300 BEE CA ROAD, BUIL 500	AVE LDING TWO, SUITE		(Month/Day/Year) 11/23/2010	Director 10% Owner _X Officer (give title Other (specify below) Chief Real Estate Officer			
(Street) AUSTIN, TX 78746			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
			Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			

(City)	(State)	Tabl	e I - Non-D	Derivative	Secui	rities Acqu	ired, Disposed of	, or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactio Code (Instr. 8)	4. Securi on(A) or Di (Instr. 3,	spose	d of (D)	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	11/23/2010		M	833	A	\$ 11.76	77,249	D	
Common Stock	11/23/2010		S	833	D	\$ 18.125	76,416 <u>(1)</u>	D	

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

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$\label{thm:convergence} \begin{tabular}{ll} Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned \\ (\emph{e.g.}, puts, calls, warrants, options, convertible securities) \\ \end{tabular}$

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)	ionof Derivative		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of 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) (3)	\$ 11.76	11/23/2010		M		833	02/02/2002	02/02/2011	Common Stock	833
Option (right to buy) (3) (4)	\$ 13.26						02/01/2003	02/01/2012	Common Stock	1,666
Option (right to buy) (3) (5)	\$ 8.68						02/07/2004	02/07/2013	Common Stock	2,500
Option (right to buy) (3) (6)	\$ 15.02						02/06/2005	02/06/2014	Common Stock	1,666
Option (right to buy) (3) (7)	\$ 20.26						02/04/2006	02/04/2015	Common Stock	1,666
Option (right to buy) (3) (8)	\$ 27.06						02/03/2007	02/03/2016	Common Stock	3,333
Option (right to buy) (3) (9)	\$ 30.56						02/02/2008	02/02/2017	Common Stock	3,333
Option (right to buy) (10)	\$ 28.85						02/12/2009	02/12/2018	Common Stock	66,500
Option (right to buy) (11)	\$ 9.29						02/10/2010	02/10/2019	Common Stock	35,406
Option (right to buy) (12)	\$ 17.8						02/09/2011	02/09/2020	Common Stock	15,367
Stock Appreciation Right (13)	\$ 9.29						02/10/2010	02/10/2019	Common Stock	78,807
Stock Appreciation Right (14)	\$ 17.8						02/09/2011	02/09/2020	Common Stock	18,040
Restricted Share Units	(15)						(15)	(15)	Common Stock	24,220

Restricted Share Units

(16)

<u>(16)</u>

(16)

Common Stock

(16)

9,101

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

Knight Craig A 6300 BEE CAVE ROAD BUILDING TWO, SUITE 500 AUSTIN, TX 78746

Chief Real Estate Officer

Signatures

David M. Grimm signing on behalf of Craig A. Knight

11/23/2010

**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) Options Vesting Schedule Exercise price is \$11.76: Options Exercisable 02/02/2004- 833.
- (3) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
- (4) Options Vesting Schedule Exercise price is \$13.26: Options Exerciserable 02/01/2005- 1,666.
- (5) Options Vesting Schedule Exercise price is \$8.68: Options Exercisable 02/07/2007 2,500.
- (6) Options Vesting Schedule Exercise price of \$15.02: Options Exercisable 02/06/2007 1,250; Options Exercisable 02/06/2008 416.
- Options Vesting Schedule Exercise price of \$20.26: Options Exercisable 02/04/2007 833; Options Exercisable 02/04/2008 416; Options Exercisable 02/04/2009 416.
- Options Vesting Schedule Exercise price of \$27.06: Options Exercisable 02/03/2007 833; Options Exercisable 02/03/2008 833; Options Exercisable 02/03/2009 833; and Options Exercisable 02/03/2010 833.
- Options Vesting Schedule Exercise price of \$30.56: Options Exercisable 02/02/2008 833; Options Exercisable 02/02/2009 833; Options Exercisable 02/02/2010 833; and Options Exercisable 02/02/2011 833.
- Options Vesting Schedule for Options Granted 02/12/2008 Exercise price is \$28.85: Options Exercisable 02/12/2009 16,625; Options Exercisable 02/12/2010 16,625; Options Exercisable 02/12/2011 16,625; Options Exercisable 02/12/2012 16,625.
- Vesting schedule for Options granted 02/10/2009 Exercise price is \$9.29: Options Exercisable 02/10/2010 8,851; Options Exercisable 02/10/2011 8,851; Options Exercisable 02/10/2012 8,852; and Options Exercisable 02/10/2013 8,852.
- (12) Vesting schedule for Options granted 02/9/2010 Exercise price is \$17.80: Options Exercisable 02/9/2011 3,841; Options Exercisable 02/9/2012 3,842; Options Exercisable 02/9/2013 3,842; and Options Exercisable 02/9/2014 3,842.
- Vesting schedule for Stock Appreciation Rights (SARs) granted 02/10/2009 Exercise price is \$9.29: SARs Exercisable 02/10/2010 19,701; SARs Exercisable 02/10/2011 19,702; SARs Exercisable 02/10/2012 19,702; and SARs Exercisable 02/10/2013 19,702.
- Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 Exercise price is \$17.80: SARs Exercisable 02/9/2011 (14) 4,510; SARs Exercisable 02/9/2012 4,510; SARs Exercisable 02/9/2013 4,510; and SARs Exercisable 02/9/2014 4,510. SARs will be settled for cash.

(15)

Reporting Owners 3

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Restricted share units granted on 2/10/2009 will vest effective 2/10/2012. Restricted share units will be settled for cash based on the fair market value on the vesting date subject to a 1% ROA performance criteria.

(16) 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.

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.