

Knight Craig A  
Form 4  
November 23, 2010

**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 \*  
Knight Craig A

(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)  
11/23/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_ Other (specify below)  
Chief Real Estate Officer

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_X\_ 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 Indirect Ownership (Instr. 4)	
				(A) or (D)	Price			
				Code	V	Amount		
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 <sup>(1)</sup>	D

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

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



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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.

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