Knight Craig A
Form 4
November 23, 2010

FORM 4

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

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

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).

(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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
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 (1)	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)

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) (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)	(15)	Common Stock	24,220

Restricted Share Units (16)	(16)			(16)	(16)	Common Stock	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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(13) 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.

(14) Vesting schedule for Stock Appreciation Rights (SARs) granted 02/9/2010 - Exercise price is $17.80: SARs Exercisable 02/9/2011 - 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)

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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