

Knight Craig A
Form 4
February 11, 2010

FORM 4

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

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**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

OMB
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2005
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(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)
02/09/2010

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) 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)
Common Stock	02/09/2010		M	(A) or (D) Amount (1) 4,333 A	Price (1) 50,524	D	
Common Stock	02/09/2010		D	(A) or (D) Amount (1) 4,333 D	Price (1) 46,191	D	
Common Stock	02/09/2010		A	(A) or (D) Amount (2) 7,753 A	Price (2) \$ 0 53,944	D	
Common Stock	02/09/2010		A	(A) or (D) Amount (3) 22,472 A	Price (3) \$ 0 76,416 (4)	D	

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

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(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 Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 11.76							02/02/2002	02/02/2011	Common Stock	
Option (right to buy) <u>(6)</u> <u>(7)</u>	\$ 13.26							02/01/2003	02/01/2012	Common Stock	
Option (right to buy) <u>(6)</u> <u>(8)</u>	\$ 8.68							02/07/2004	02/07/2013	Common Stock	
Option (right to buy) <u>(6)</u> <u>(9)</u>	\$ 15.02							02/06/2005	02/06/2014	Common Stock	
Option (right to buy) <u>(6)</u> <u>(10)</u>	\$ 20.26							02/04/2006	02/04/2015	Common Stock	
Option (right to buy) <u>(6)</u> <u>(11)</u>	\$ 27.06							02/03/2007	02/03/2016	Common Stock	
Option (right to buy) <u>(6)</u> <u>(12)</u>	\$ 30.56							02/02/2008	02/02/2017	Common Stock	
Option (right to buy) <u>(13)</u>	\$ 28.85							02/12/2009	02/12/2018	Common Stock	6,333
Option (right to buy) <u>(14)</u>	\$ 9.29							02/10/2010	02/10/2019	Common Stock	3,333
Option (right to buy) <u>(15)</u>	\$ 17.8	02/09/2010		A		15,367		02/09/2011	02/09/2020	Common Stock	15,367
Stock Appreciation Right <u>(16)</u>	\$ 9.29							02/10/2010	02/10/2019	Common Stock	7,333
Stock Appreciation Right <u>(17)</u>	\$ 17.8	02/09/2010		A		18,040		02/09/2011	02/09/2020	Common Stock	18,040
Restricted Share Units	<u>(18)</u>	02/09/2010		M		4,333		<u>(18)</u>	<u>(18)</u>	Common Stock	4,333

(1) (6) (18)

Restricted Share Units (19)	(19)				(19)	(19)	Common Stock
Restricted Share Units (20)	(20)	02/09/2010	A	9,101	(20)	(20)	Common Stock

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 02/11/2010

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) Performance share units vested 2/2/2010. Conditions of payment satisfied 2/9/2010. Performance share units are being settled for cash based on the fair market value on 2/2/2010.
 - (2) Restricted shares granted on 2/9/2010 will vest effective 2/9/2013. Restricted shares are subject to a 1% ROA performance criteria.
 - (3) Restricted shares granted on 2/9/2010 will vest as follows: 7,491 effective 2/9/2011; 7,490 effective 2/9/2012; 7,491 effective 2/9/2013.
 - (4) 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.
 - (5) Options Vesting Schedule - Exercise price is \$11.76: Options Exercisable 02/02/2004- 833.
 - (6) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
 - (7) Options Vesting Schedule - Exercise price is \$13.26: Options Exercisable 02/01/2005- 1,666.
 - (8) Options Vesting Schedule - Exercise price is \$8.68: Options Exercisable 02/07/2007 - 2,500.
 - (9) Options Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007 - 1,250; Options Exercisable 02/06/2008 - 416.
 - (10) 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.
 - (11) 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.
 - (12) 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.
 - (13) 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.

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- (14) 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.
- (15) 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.
- (16) 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 - 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.
- (17) SARs will be settled for cash.
- (18) Restricted share units will vest effective 02/02/2010. Restricted share units will be settled for cash based on the fair market value on the vesting date.
- (19) 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.
- (20) 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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