

Forestar Real Estate Group Inc.  
Form 4  
February 14, 2008

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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).

**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 \*  
Etheredge Charles T JR

2. Issuer Name and Ticker or Trading Symbol  
Forestar Real Estate Group Inc.  
[FOR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
02/12/2008

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Executive Vice President

1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH

(Street)

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

AUSTIN, TX 78746

(City) (State) (Zip)

**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 Ownership (Instr. 4)
				Code V Amount (D) Price			
Common Stock	02/12/2008	02/12/2008	A	(A) or (D) 6,800 (1) \$ 28.85	7,148 (2)	D	
Common Stock					254 (3)	I	By Trustee of 401(k) Plan

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

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SEC 1474 (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>(4)</u> <u>(5)</u>	\$ 13.26					02/01/2006	02/01/2012	Common Stock	166
Option (right to buy) <u>(5)</u> <u>(6)</u>	\$ 8.68					02/07/2005	02/07/2013	Common Stock	1,000
Option (right to buy) <u>(5)</u> <u>(7)</u>	\$ 15.02					02/06/2005	02/06/2014	Common Stock	533
Option (right to buy) <u>(5)</u> <u>(8)</u>	\$ 20.26					02/04/2006	02/04/2015	Common Stock	533
Option (right to buy) <u>(5)</u> <u>(9)</u>	\$ 27.06					02/03/2007	02/03/2016	Common Stock	1,708
Option (right to buy) <u>(5)</u> <u>(10)</u>	\$ 30.56					02/02/2006	02/02/2017	Common Stock	1,708
Option (right to buy) <u>(11)</u>	\$ 28.85	02/12/2008	02/12/2008	A	42,800	02/12/2009	02/12/2018	Common Stock	42,800
Restricted <u>(5)</u> <u>(12)</u>	<u>(12)</u>					<u>(12)</u>	<u>(12)</u>	Common Stock	700
Restricted <u>(5)</u> <u>(13)</u>	<u>(13)</u>					<u>(13)</u>	<u>(13)</u>	Common Stock	700

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Etheredge Charles T JR			Executive Vice President	

1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH  
AUSTIN, TX 78746

## Signatures

David M. Grimm signing on behalf of Charles T.  
Etheredge, Jr.

02/14/2008

\_\_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) Restricted Shares granted on 2/12/2008 will vest effective 2/12/2011.
- (2) 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.  
Reporting Person acquired additional shares through on-going acquisitions under 401(k) plan. By trustee of the Temple-Inland Savings and Retirement Plan according to the latest report of the Plan Administrator. (Note: Trustee uses unit accounting; therefore, share equivalents may fluctuate slightly from month to month.)
- (3) Reporting Person acquired additional shares through on-going acquisitions under 401(k) plan. By trustee of the Temple-Inland Savings and Retirement Plan according to the latest report of the Plan Administrator. (Note: Trustee uses unit accounting; therefore, share equivalents may fluctuate slightly from month to month.)
- (4) Options Vesting Schedule - Exercise price is \$13.26: Options Exercisable 02/01/2006 - 166.
- (5) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
- (6) Options Vesting Schedule - Exercise price is \$8.68: Options Exercisable 02/07/2006 - 1,000.
- (7) Options Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007 - 400; Options Exercisable 02/06/2008 - 133.
- (8) Options Vesting Schedule - Exercise price of \$20.26: Options Exercisable 02/04/2007 - 266; Options Exercisable 02/04/2008 - 133; Options Exercisable 02/04/2009 - 133.
- (9) Options Vesting Schedule - Exercise price of \$27.06: Options Exercisable 02/03/2007 - 427; Options Exercisable 02/03/2008 - 427; Options Exercisable 02/03/2009 - 427; and Options Exercisable 02/03/2010 - 427.
- (10) Options Vesting Schedule - Exercise price of \$30.56: Options Exercisable 02/02/2008 - 320; Options Exercisable 02/02/2009 - 320; Options Exercisable 02/02/2010 - 320; Options Exercisable 02/02/2011 - 320.
- (11) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 10,700; Options Exercisable 02/12/2010 - 10,700; Options Exercisable 02/12/2011 - 10,700; Options Exercisable 02/12/2012 - 10,700.
- (12) Restricted Shares will vest effective 02/03/2009. Restricted Shares will be settled for cash based on the fair market value on the vesting date.
- (13) Restricted Shares will vest effective 02/02/2010. Restricted Shares will be settled for cash based on the fair market value on the vesting date.

### Remarks:

Options prices and award amounts identified by footnote 5 are updated to reflect spin-off from Temple-Inland Inc. effective 12/31/2007.

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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