

Forestar Real Estate Group Inc.  
Form 3  
May 16, 2008

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 *		2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â Portwood Charles J.		(Month/Day/Year)	Forestar Real Estate Group Inc. [FOR]	
(Last)	(First)	(Middle)	05/13/2008	
1300 SOUTH MOPAC EXPRESSWAY, 3 SOUTH			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
AUSTIN,Â TXÂ 78746			<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner	6. Individual or Joint/Group Filing(Check Applicable Line)
(City)	(State)	(Zip)	<input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Form filed by One Reporting Person
			(give title below) (specify below)	<input type="checkbox"/> Form filed by More than One Reporting Person
			Vice President - Land Mgmt	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	2,994 <u>(1)</u> <u>(2)</u> <u>(3)</u>	D	Â
Common Stock	528 <u>(1)</u> <u>(4)</u>	I	By Trustee 401(k) plan <u>(4)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of	5. Ownership Form of Derivative	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)	
Option (right to buy) <sup>(1)</sup> <sub>(5)</sub>	Â <sup>(5)</sup>	08/01/2013	Common Stock	133	\$ 9.83	D	Â
Option (right to buy) <sup>(1)</sup> <sub>(5)</sub>	Â <sup>(5)</sup>	02/06/2014	Common Stock	266	\$ 15.02	D	Â
Option (right to buy) <sup>(1)</sup> <sub>(6)</sub>	Â <sup>(6)</sup>	02/04/2015	Common Stock	1,250	\$ 20.26	D	Â
Option (right to buy) <sup>(1)</sup> <sub>(7)</sub>	Â <sup>(7)</sup>	02/03/2016	Common Stock	1,281	\$ 27.06	D	Â
Option (right to buy) <sup>(1)</sup> <sub>(8)</sub>	Â <sup>(8)</sup>	02/02/2017	Common Stock	1,708	\$ 30.56	D	Â
Option (right to buy) <sup>(9)</sup>	Â <sup>(9)</sup>	02/12/2018	Common Stock	6,300	\$ 28.85	D	Â
Restricted Shares <sup>(1)</sup> <sup>(10)</sup>	Â <sup>(10)</sup>	02/03/2009	Common Stock	700	\$ <sup>(10)</sup>	D	Â
Restricted Shares <sup>(1)</sup> <sup>(11)</sup>	Â <sup>(11)</sup>	02/02/2010	Common Stock	700	\$ <sup>(11)</sup>	D	Â

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Portwood Charles J. 1300 SOUTH MOPAC EXPRESSWAY, 3 SOUTH AUSTIN, TX 78746	Â	Â	Â Vice President - Land Mgmt	Â

## Signatures

David M. Grimm signing on behalf of Charles J. Portwood 05/16/2008

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(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) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007 (except for shares described in footnote (3)).
- (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.
- (3) Includes 2,400 shares representing a restricted stock award granted on February 12, 2008, which award will vest on February 12, 2011 so long as the Company achieves a minimum 1% return on assets over the three-year vesting period.
- (4)

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The Reporting Person acquired shares of common stock through on-going acquisitions under a 401(k) plan. Number of shares are according to the trustee of the Temple-Inland Inc. 401(k) plan according to the latest report of the Plan Administrator. (Note: the trustee uses unit accounting; therefore share equivalents may fluctuate slightly from month to month.)

- (5) Options are fully vested and exercisable as of the date of this report.
- (6) Options to acquire 833 shares are fully vested and exercisable as of the date of this report. Options to acquire 417 shares will vest and become exercisable on February 4, 2009.
- (7) Options to acquire 427 shares became exercisable on February 3, 2008 and options to acquire 427 shares will vest and become exercisable on each of February 3, 2009 and 2010.
- (8) Options to acquire 427 shares became exercisable on February 2, 2008 and options to acquire 427 shares will vest and become exercisable on each of February 2, 2009, 2010 and 2011.
- (9) Options to acquire 1,575 shares will vest and become exercisable on each of February 12, 2009, 2010, 2011 and 2012.
- (10) Restricted shares will vest effective February 3, 2009, and will be payable in cash based on the fair market value on the vesting date.
- (11) Restricted shares will vest effective February 2, 2010, and will be payable in cash based on the fair market value on the vesting date.

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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