

Forestar Real Estate Group Inc.  
Form 4  
January 15, 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 \*  
**JASTROW KENNETH M II**

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)  
**01/11/2008**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

**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 Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	01/11/2008	01/11/2008	M	22,767 (1) A \$ 19.05	130,728	D	
Common Stock	01/11/2008	01/11/2008	J	5,603 (1) D \$ 19.05	125,125	D	
Common Stock	01/11/2008	01/11/2008	F	7,756 (2) D \$ 19.05	117,369 (3)	D	
Common Stock					3,796 (4)	I	By Trustee 401(k) Plan

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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) <u>(5)</u> <u>(6)</u>	\$ 13.33					02/06/1999	02/06/2008	Common Stock	9,333
Option (right to buy) <u>(5)</u> <u>(7)</u>	\$ 16.84					05/01/1999	05/01/2008	Common Stock	24,896
Option (right to buy) <u>(5)</u> <u>(8)</u>	\$ 20.69					05/07/2000	05/07/2009	Common Stock	32,000
Option (right to buy) <u>(5)</u> <u>(9)</u>	\$ 13.24					02/04/2001	02/04/2010	Common Stock	66,666
Option (right to buy) <u>(5)</u> <u>(10)</u>	\$ 11.76					02/02/2002	02/02/2011	Common Stock	66,666
Option (right to buy) <u>(5)</u> <u>(11)</u>	\$ 13.26					02/01/2003	02/01/2012	Common Stock	33,333
Option (right to buy) <u>(5)</u> <u>(12)</u>	\$ 8.68					02/07/2004	02/07/2013	Common Stock	36,666
Option (right to buy) <u>(5)</u> <u>(13)</u>	\$ 15.02					02/06/2005	02/06/2014	Common Stock	33,333
Option (right to buy) <u>(5)</u> <u>(14)</u>	\$ 20.26					02/04/2006	02/04/2015	Common Stock	33,333

Option (right to buy) <u>(5)</u> <u>(15)</u>	\$ 27.06				02/03/2007	02/03/2016	Common Stock	34,166	
<u>Restricted</u> <u>(16)</u>	<u>(17)</u>				<u>(17)</u>	<u>(17)</u>	Common Stock	41,666	
<u>Restricted</u> <u>(16)</u>	<u>(18)</u>				<u>(18)</u>	<u>(18)</u>	Common Stock	50,000	
Phantom Stock <u>(5)</u>	<u>(19)</u>				<u>(19)</u>	<u>(19)</u>	Common Stock	28,137	
Phantom Stock <u>(1)</u> <u>(5)</u>	\$ 19.05 <u>(1)</u>	01/11/2008	01/11/2008	M	22,766 <u>(1)</u>	<u>(1)</u>	<u>(1)</u>	Common Stock	37,323

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JASTROW KENNETH M II 1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH AUSTIN, TX 78746		X		

## Signatures

David M. Grimm signing on behalf of Kenneth M. Jastrow, Jr.

01/15/2008

\_\_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) Distribution and settlement of a portion of phantom shares due to retirement from Temple-Inland Inc.; includes phantom shares from deferred bonuses and restricted shares related to retirement agreement. Settlement is payable in cash and stock: 5,603 shares payable in cash and 17,164 shares payable in stock. Phantom shares accrued under a Temple-Inland Inc. plan, which includes a dividend reinvestment feature, to be settled upon Reporting Person's retirement.
  - (2) 1,499 shares withheld for tax purposes on deferred restricted stock and 6,257 shares withheld for tax purposes on deferred phantom stock that was distributed to Reporting Person upon retirement from Temple-Inland Inc.
  - (3) 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.
  - (4) Reporting Person acquired shares through acquisitions under 401(k) plan. By trustee of the Temple-Inland Salaried Savings 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.)
  - (5) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.
  - (6) Options Vesting Schedule for Options Granted 02/06/1998 - exercise price \$13.33: Options Exercisable 02/06/2000 - 1,400; Options Exercisable 02/06/2001 - 1,400; Options Exercisable 02/06/2002 - 1,400; Options Exercisable 02/06/2003 - 1,400; and Options Exercisable 02/06/2004 - 3,733.
  - (7) Options Vesting Schedule for Options Granted 05/01/1998 - exercise price \$16.84: Options Exercisable 05/01/2000 - 5,000; Options Exercisable 05/01/2001 - 5,000; Options Exercisable 05/01/2002 - 5,000; Options Exercisable 05/01/2003 - 5,000; and Options

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Exercisable 05/01/2004 - 4,896.

- (8) Options Vesting Schedule for Options Granted 05/07/1999 - exercise price \$20.69: Options Exercisable 05/07/2001 - 4,800; Options Exercisable 05/07/2002 - 4,800; Options Exercisable 05/07/2003 - 4,800; Options Exercisable 05/07/2004 - 4,800; and Options Exercisable 05/07/2005 - 12,800.
- (9) Options Vesting Schedule for Options Granted 02/04/2000 - exercise price \$13.24: Options Exercisable 02/04/2002 - 10,000; Options Exercisable 02/04/2003 - 10,000; Options Exercisable 02/04/2004 - 10,000; Options Exercisable 02/04/2005 - 10,000; and Options Exercisable 02/04/2006 - 26,666.
- (10) Options Vesting Schedule for Options Granted 02/02/2001 - exercise price \$11.76: Options Exercisable 02/04/2002 - 16,666; Options Exercisable 02/04/2003 - 16,666; Options Exercisable 02/04/2004 - 16,666; Options Exercisable 02/04/2005 - 16,666.
- (11) Options Vesting Schedule for Options Granted 02/01/2002 - exercise price \$13.26: Options Exercisable 02/01/2003 - 8,333; Options Exercisable 02/01/2004 - 8,333; Options Exercisable 02/01/2005 - 8,333 and Options Exercisable 02/01/2006 - 8,333.
- (12) Options Vesting Schedule for Options Granted 02/07/2003 - exercise price \$8.68: Options Exercisable 02/07/2004 - 9,166; Options Exercisable 02/07/2005 - 9,166; Options Exercisable 02/07/2006 - 9,166; and Options Exercisable 02/07/2005 -9,166.
- (13) Options Vesting Schedule for Options Granted 02/06/2004 - exercise price \$15.02: Options Exercisable 02/06/2005 - 8,333; Options Exercisable 02/06/2006 - 8,333; Options Exercisable 02/06/2007 - 8,333 and Options Exercisable 02/06/2008 -8,333. Award amount is 33,333; amount inadvertently reported as 16,666 due to spin-off conversion calculation error on previous Form 4 dated December 18, 2007.
- (14) Options Vesting Schedule for Options Granted 02/04/2005 - exercise price \$20.26: Options Exercisable 02/04/2006 - 8,333; Options Exercisable 02/04/2007 - 8,333; Options Exercisable 02/04/2008 - 8,333 and Options Exercisable 02/04/2009 -8,333.
- (15) Options Vesting Schedule for Options Granted 02/03/2006 - exercise price \$27.06: Options Exercisable 02/03/2007 - 8,541;Options Exercisable 02/03/2008 - 8,541; Options Exercisable 02/03/2009 - 8,541 and Options Exercisable 02/03/2010 -8,541.
- (16) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.
- (17) Restricted Shares granted on August 9, 2007 that will vest effective February 3, 2009. Restricted Shares will be settled for cash based on the fair market value on the vesting date subject to a 1% ROI performance criteria.
- (18) Restricted Shares granted on August 9, 2007 that will vest effective February 2, 2010. Restricted Shares will be settled for cash based on the fair market value on the vesting date subject to a 1% ROI performance criteria.
- (19) Phantom shares accrued under the Temple-Inland Inc. plan, which includes a dividend reinvestment feature, to be settled upon Reporting Person's retirement from Temple-Inland Inc.

### Remarks:

Option prices and award amounts updated to reflect spin-off from Temple-Inland Inc. effective 12/28/2008.

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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