

Grimm David M
Form 4
September 19, 2008

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

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Grimm David M

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)

1300 SOUTH MOPAC
EXPRESSWAY 3-SOUTH

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
09/18/2008

____ Director ____ 10% Owner
X Officer (give title ____ Other (specify
below) below)
Chief Administrative Officer

AUSTIN, TX 78746

(City) (State) (Zip)

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

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							9,060 <u>(1)</u>	D	
Common Stock	09/18/2008	09/18/2008	P		1,000	A \$ 14.72 <u>(2)</u>	1,000	I	By Spouse
Common Stock							397 <u>(3)</u>	I	By Trustee 401(k) Plan

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

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Grimm David M 1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH AUSTIN, TX 78746			Chief Administrative Officer	

Signatures

David M.
Grimm

09/19/2008

__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) 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.

The price reported is a weighted average purchase price. The purchase price ranged from \$14.69 to \$14.72. Reporting Person provided
- (2) Issuer full information regarding the number of shares purchased at each separate price. Issuer will provide, upon receipt of a request, a copy of this information to the SEC staff or a security holder of the issuer.

Reporting Person acquired shares through acquisitions under 401(k) plan. By trustee of the Temple-Inland Salaried Savings Plan
- (3) 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 - 666.
- (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 \$9.83: Options Exercisable 08/01/2007 - 533.
- (7) Options Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007 - 266; 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 - 427; Options Exercisable 02/02/2009 - 427; Options Exercisable 02/02/2010 - 427; and Options Exercisable 02/02/2011 - 427.
- (11) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 5,575; Options Exercisable 02/12/2010 - 5,575; Options Exercisable 02/12/2011 - 5,575; Options Exercisable 02/12/2012 - 5,575.
- (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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.