

Forestar Real Estate Group Inc.  
 Form 4  
 May 15, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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 \*  
 JOHNSON JAMES A /DC/

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)  
 05/13/2008

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 Ownership (Instr. 4)
				Code V Amount (D) Price			
Common Stock	05/13/2008	05/13/2008	A	731 <sup>(1)</sup> A \$ 25.62	6,106 <sup>(2)</sup>	D	

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)**

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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)	8. Pr Deriv Secur (Instr	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) <u>(3)</u> <u>(4)</u>	\$ 13.24					02/04/2001	02/04/2010	Common Stock	6,666
Option (right to buy) <u>(4)</u> <u>(5)</u>	\$ 6.73					02/04/2001	02/04/2015	Common Stock	1,333
Option (right to buy) <u>(4)</u> <u>(6)</u>	\$ 5.98					01/02/2002	01/02/2016	Common Stock	1,333
Option (right to buy) <u>(4)</u> <u>(7)</u>	\$ 11.76					02/02/2002	02/02/2011	Common Stock	666
Option (right to buy) <u>(4)</u> <u>(8)</u>	\$ 7.08					01/02/2003	01/02/2017	Common Stock	1,333
Option (right to buy) <u>(4)</u> <u>(9)</u>	\$ 13.26					02/01/2003	02/01/2012	Common Stock	666
Option (right to buy) <u>(10)</u>	\$ 28.85					02/12/2009	02/12/2018	Common Stock	20,000
Phantom <u>(4)</u> <u>(11)</u>	<u>(11)</u>					05/06/2016	05/06/2031	Common Stock	18,679 <u>(11)</u>

## Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

Director 10% Owner Officer Other

JOHNSON JAMES A /DC/  
1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH X  
AUSTIN, TX 78746

## Signatures

David M. Grimm signing on behalf of James A. Johnson 05/15/2007

\_\_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 Stock Units accrued under a Company plan to be settled following Reporting Person's retirement.
- (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) Options Vesting Schedule - Exercise price is \$18.03: Options Exercisable 02/04/2004 - 6,666.
- (4) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
- (5) Options Vesting Schedule - Exercise price is \$9.28: Options Exercisable 02/04/2004 - 1,333.
- (6) Options Vesting Schedule - Exercise price is \$8.27: Options Exercisable 01/02/2005 - 1,333.
- (7) Options Vesting Schedule - Exercise price is \$16.04: Options Exercisable 02/02/2005 - 666.
- (8) Options Vesting Schedule - Exercise price is \$9.74: Options Exercisable 01/02/2006 - 1,333.
- (9) Options Vesting Schedule - Exercise price is \$18.05: Options Exercisable 02/01/2006 - 666.
- (10) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price is \$28.85: Options Exercisable 02/12/2009 - 6,500; Options Exercisable 02/12/2010 - 6,500; Options Exercisable 02/12/2011 - 7,000.
- (11) Phantom shares accrued under a Temple-Inland Inc. plan being settled in 15 annual installments following Reporting Person's retirement from Temple-Inland Inc. in November 2007.

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.