

Forestar Real Estate Group Inc.  
Form 4  
December 18, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
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)  
12/14/2007

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)
				(A) or (D) Price			
Common Stock	12/14/2007	12/14/2007	J	1,866 (1) A \$ 0	1,866 (2)	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 Security (Instr. 3 and 4)
				Code	V	(A)	(D)	Title
Option (right to buy) <sup>(3)</sup> <sub>(4)</sub>	\$ 18.03	12/14/2007	12/14/2007	J		6,666 <sub>(1)</sub>		Common Stock
Option (right to buy) <sup>(4)</sup> <sub>(5)</sub>	\$ 9.28	12/14/2007	12/14/2007	J		1,333 <sub>(1)</sub>		Common Stock
Option (right to buy) <sup>(4)</sup> <sub>(6)</sub>	\$ 8.27	12/14/2007	12/14/2007	J		1,333 <sub>(1)</sub>		Common Stock
Option (right to buy) <sup>(4)</sup> <sub>(7)</sub>	\$ 16.04	12/14/2007	12/14/2007	J		666 <sub>(1)</sub>		Common Stock
Option (right to buy) <sup>(4)</sup> <sub>(8)</sub>	\$ 9.74	12/14/2007	12/14/2007	J		1,333 <sub>(1)</sub>		Common Stock
Option (right to buy) <sup>(4)</sup> <sub>(9)</sub>	\$ 18.05	12/14/2007	12/14/2007	J		666 <sub>(1)</sub>		Common Stock
Phantom <sup>(10)</sup> <sub>(11)</sub>	<u>(11)</u>	12/14/2007	12/14/2007	J		14,082		Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JOHNSON JAMES A /DC/ 1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH AUSTIN, TX 78746	X			

## Signatures

David M. Grimm signing on behalf of James A.  
Johnson

12/18/2007

\_\_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) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off effective December 28, 2007.
- (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 for Options Granted 02/04/2000 - Exercise price is \$18.03: Options Exercisable 02/04/2004 - 6,666.  
Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007. Option exercise price shown is Temple-Inland Inc.'s exercise price that will be adjusted to reflect Forestar Real Estate Group Inc.'s option exercise price upon the spin-off and pro rata distribution of shares on or around December 28, 2007.
- (4) Options Vesting Schedule for Options Granted 02/04/2000 - Exercise price is \$9.28: Options Exercisable 02/04/2004 - 1,333.
- (5) Options Vesting Schedule for Options Granted 01/02/2001 - Exercise price is \$8.27: Options Exercisable 01/02/2005 - 1,333.
- (6) Options Vesting Schedule for Options Granted 02/02/2001 - Exercise price is \$16.04: Options Exercisable 02/02/2005 - 666.
- (7) Options Vesting Schedule for Options Granted 01/02/2002 - Exercise price is \$9.74: Options Exercisable 01/02/2006 - 1,333.
- (8) Options Vesting Schedule for Options Granted 02/01/2002 - Exercise price is \$18.05: Options Exercisable 02/01/2006 - 666.  
Reporting Person acquired additional shares through on-going 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.)
- (9) 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.
- (10) 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.

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.