

Nines Christopher L
 Form 4
 September 16, 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 *
 Nines Christopher L

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)
 09/16/2008

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

AUSTIN, TX 78746

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

(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 | 09/16/2008 | 09/16/2008 | P | 2,000 A \$ 15.95 | 12,526 ⁽¹⁾ | D | |
| Common Stock | | | | | 277 ⁽²⁾ | I | By Trustee 401(k) Plan |

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

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SEC 1474 (9-02)

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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) | 8. F. Derivative Securities (Instr. 3 and 4) | |
|---------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option (right to buy) <u>(3)</u> <u>(4)</u> | \$ 9.83 | | | | | 08/01/2006 | 08/01/2013 | Common Stock | 333 |
| Option (right to buy) <u>(4)</u> <u>(5)</u> | \$ 15.02 | | | | | 02/06/2007 | 02/06/2014 | Common Stock | 833 |
| Option (right to buy) <u>(4)</u> <u>(6)</u> | \$ 20.26 | | | | | 02/04/2007 | 02/04/2015 | Common Stock | 1,250 |
| Option (right to buy) <u>(4)</u> <u>(7)</u> | \$ 27.06 | | | | | 02/03/2007 | 02/03/2016 | Common Stock | 2,133 |
| Option (right to buy) <u>(4)</u> <u>(8)</u> | \$ 30.56 | | | | | 02/02/2008 | 02/02/2017 | Common Stock | 2,133 |
| Option (right to buy) <u>(9)</u> | \$ 28.85 | | | | | 02/12/2009 | 02/12/2018 | Common Stock | 22,300 |
| Restricted <u>(4)</u> | <u>(10)</u> | | | | | <u>(10)</u> | <u>(10)</u> | Common Stock | 875 |
| Restricted <u>(4)</u> | <u>(11)</u> | | | | | <u>(11)</u> | <u>(11)</u> | Common Stock | 875 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Nines Christopher L
1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH

Chief Financial Officer

AUSTIN, TX 78746

Signatures

David M. Grimm signing on behalf of Christopher L.
Nines

09/16/2008

__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.

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.)
- (2) Options Vesting Schedule - Exercise price is \$9.83: Options Exercisable 08/01/2007 - 333.
- (3) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
- (4) Options Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007 - 416; Options Exercisable 02/06/2008 - 416.
- (5) Options Vesting Schedule - Exercise price of \$20.26: Options Exercisable 02/04/2007 - 416; Options Exercisable 02/04/2008 - 416; Options Exercisable 02/04/2009 - 416.
- (6) Options Vesting Schedule - Exercise price of \$27.06: Options Exercisable 02/03/2007 - 533; Options Exercisable 02/03/2008 - 533; Options Exercisable 02/03/2009 - 533; and Options Exercisable 02/03/2010 - 533.
- (7) Options Vesting Schedule - Exercise price of \$30.56: Options Exercisable 02/02/2008 - 533; Options Exercisable 02/02/2009 - 533; Options Exercisable 02/02/2010 - 533; and Options Exercisable 02/02/2011 - 533.
- (8) 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.
- (9) 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.
- (10) 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.
- (11)

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.