

FOREST CITY ENTERPRISES INC  
 Form 4  
 December 19, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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**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 \*  
 ESPOSITO MICHAEL P JR

2. Issuer Name and Ticker or Trading Symbol  
 FOREST CITY ENTERPRISES INC  
 [FCEA/FCEB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 12/15/2006

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

1221 AVENUE OF THE AMERICAS

(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

NEW YORK, NY 10020-1001

(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 or Price		
Class A Common	12/15/2006		A		3.818 A \$ 57.47		D <sup>(1)</sup>
Class A Common	12/15/2006		A		1.339 A \$ 57.47		D <sup>(2)</sup>
Class A Common Stock						83,400	D <sup>(3)</sup>
Class A Common Stock						24,900	D <sup>(4)</sup>

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

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(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)	Amount of Number of Shares
2003 Stock Option Grant (right to buy)	\$ 15.5					03/17/2005 <sup>(5)</sup> 03/17/2013	Class A Common	16,200
2005 Stock Option Grant (right to buy)	\$ 31.75					04/06/2007 <sup>(6)</sup> 04/06/2015	Class A Common	10,800
2006 Stock Option Grant (right to buy)	\$ 46.37					04/04/2008 <sup>(7)</sup> 04/04/2016	Class A Common	10,800
Phantom Stock	\$ 0					08/08/1988 <sup>(8)</sup> 08/08/1988 <sup>(9)</sup>	Class A Common	6,308.67

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

X

ESPOSITO MICHAEL P JR  
1221 AVENUE OF THE AMERICAS  
NEW YORK, NY 10020-1001

## Signatures

Geralyn M. Presti, Attorney-In-Fact for Michael P.  
Esposito, Jr.

12/19/2006

\_\_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) Held in a Dividend Reinvestment Account (DRIP).
- (2) Shares which were aquired under the Forest City Enterprises, Inc. Employee Stock Purchase Plan.
- (3) Held Direct - in Mr. Esposito's name in an account at Smith Barney, Paramus, NJ.
- (4) Held in an account at Smith Barney - Sarasota, FL.
- (5) 2003 Stock Option Grant - 25% exercisable on 3/17/2005; 25% exercisable 3/17/2006; and 50% exercisable 3/17/2007.
- (6) 2005 Stock Option Grant - 25% exercisable on 4/06/2007; 25% exercisable on 4/06/2008; and 50% exercisable on 4/06/2009.
- (7) 2006 Stock Option Grant - 25% exercisable on 4/04/2008; 25% exercisable on 4/04/2009; and 50% exercisable on 4/04/2010.
- (8) Exercisable at retirement, termination, death or disability.
- (9) No present expiration date
- (10) Phantom Stock - 1-for-1 - Deferred compensation plan contributions. Contributing \$5,000 after each board of director's meeting; updated to reflect current holdings.

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.