

Forestar Real Estate Group Inc.  
Form 4  
November 13, 2008

**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 \*  
**BRILL LOUIS**

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)  
11/11/2008

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

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 (A) or (D) Price   |  |                                   |
| Common Stock                    | 11/11/2008                           | 11/11/2008   | A                              |   | 4,450 (1) \$ 5.73   | 19,602 (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 Securities (Instr. 3 and 4) | 8. Pri Deriv Secur (Instr |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---------------------------|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---------------------------|

|  |          |  |  | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title        | Amount or Number of Shares |
|--|----------|--|--|------|---|-----|-----|------------------|-----------------|--------------|----------------------------|
| Option (right to buy) <sup>(3)</sup><br><u>(4)</u> | \$ 8.68  |  |  |      |   |     |     | 02/07/2004       | 08/31/2011      | Common Stock | 1,666                      |
| Option (right to buy) <sup>(4)</sup><br><u>(5)</u> | \$ 15.02 |  |  |      |   |     |     | 02/06/2005       | 08/31/2011      | Common Stock | 2,666                      |
| Option (right to buy) <sup>(4)</sup><br><u>(6)</u> | \$ 20.26 |  |  |      |   |     |     | 02/04/2006       | 08/31/2011      | Common Stock | 3,999                      |
| Option (right to buy) <sup>(7)</sup><br><u>(7)</u> | \$ 28.85 |  |  |      |   |     |     | 02/12/2009       | 02/12/2018      | Common Stock | 20,000                     |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| BRILL LOUIS<br>1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH<br>AUSTIN, TX 78746 | X             |           |         |       |

## Signatures

David M. Grimm signing on behalf of Louis R. Brill  
 11/13/2008  
 \*\*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) Restricted Stock Units accrued under a Company plan to be settled following Reporting Person's retirement.

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- (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 \$8.68: Options Exercisable 02/07/07 - 1,666.
- (4) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
- (5) Option Vesting Schedule - Exercise price of \$15.02: Options Exercisable 02/06/2007- 1,333; Options Exercisable 02/04/2008 - 1,333; Options Exercisable 02/06/2009 - 1,333.
- (6) Option Vesting Schedule - Exercise price of \$20.26: Options Exercisable 02/04/2007 - 1,333; Options Exercisable 02/04/2008 - 1,333; Options Exercisable 02/04/2009 - 1,333.
- (7) 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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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