Forestar Real Estate Group Inc.

Form 4

December 18, 2007

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

Check this box

if no longer subject to Section 16. Form 4 or Form 5

obligations

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES** 

may continue. See Instruction

1(b).

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** 

(Last) (First) (Middle)

1300 SOUTH MOPAC

**EXPRESSWAY 3-SOUTH** 

(Street)

2. Issuer Name and Ticker or Trading

Symbol

Forestar Real Estate Group Inc. [FOR]

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

12/14/2007

4. If Amendment, Date Original

Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Officer (give title

Applicable Line)

X\_ Director

\_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

5. Relationship of Reporting Person(s) to

(Check all applicable)

10% Owner

Other (specify

Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

Issuer

below)

(City) (State)

**AUSTIN, TX 78746** 

Common

Stock

1. Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3)

12/14/2007

(Zip)

(Month/Day/Year)

12/14/2007

Code (Instr. 8)

3.

Disposed of (D)

4. Securities

TransactionAcquired (A) or (Instr. 3, 4 and 5) 5. Amount of Securities Beneficially Owned Following

Form: Direct (D) or Indirect (I) (Instr. 4)

D

6. Ownership 7. Nature of Indirect Beneficial Ownership (Instr. 4)

**OMB APPROVAL** 

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

Reported Transaction(s) (Instr. 3 and 4)

or Price (D)

(A)

Code V Amount

9.695 J

(1)

\$0  $9,695^{(2)}$ 

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. Transactic Code (Instr. 8)	5. Number proof 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)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) (3) (4)	\$ 11.9	12/14/2007	12/14/2007	J	1,666	02/07/2004	08/31/2011	Common Stock	1,666
Option (right to buy) (4) (5)	\$ 20.41	12/14/2007	12/14/2007	J	2,666	02/06/2005	08/31/2011	Common Stock	2,666
Option (right to buy) (4) (6)	\$ 27.46	12/14/2007	12/14/2007	J	3,999	02/04/2006	08/31/2011	Common Stock	3,999

# **Reporting Owners**

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

## **Signatures**

David M. Grimm signing on behalf of Louis R.
Brill 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 02/07/2003 Exercise price is \$11.90: Options Exerciserable 02/07/07 1,666.

**(4)** 

Reporting Owners 2

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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.

- Option Vesting Schedule for Options Granted 02/06/2004 at an exercise price of \$20.41: Options exercisable 02/06/2007- 1,333; Options exercisable 02/04/2008 1,333; Options exercisable 02/06/2009 1,333.
- Option Vesting Schedule for Options Granted 02/04/2005 at an exercise price of \$27.46: Options exercisable 02/04/2007 1,333; Options exercisable 02/04/2008 1,333; Options exercisable 02/04/2009 1,333.

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.