Forestar Real Estate Group Inc.

Form 4

February 20, 2008

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

**OMB** Number:

3235-0287

Expires:

January 31, 2005

0.5

Estimated average

**OMB APPROVAL** 

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

may continue.

Check this box

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

See Instruction 1(b).

Common

Stock

02/20/2008

(Print or Type Responses)

1. Name and Address of Reporting Person * DOUGHERTY MICHAEL E			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)  1300 SOUTH I EXPRY, 3-SO	MOPAC	Middle)	3. Date of (Month/D 02/19/20	• /	nnsaction			_X_ Director Officer (give below)		Owner or (specify
(Street) AUSTIN, TX 78746			4. If Amendment, Date Original Filed(Month/Day/Year)					6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		
(City)	(State)	(Zip)	Table	e I - Non-D	erivative :	Secur	ities Acq	uired, Disposed of	, or Beneficial	ly Owned
	Transaction Date Ionth/Day/Year)	Executio any	ned n Date, if Day/Year)	3. Transactio Code (Instr. 8)	4. Securit n(A) or Di (Instr. 3,	spose	d of (D)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	
Common Stock 02	2/19/2008	02/19/2	8008	P	500	A	\$ 27.49	3,749	D	

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

P

5,000

02/20/2008

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D

\$ 27.7 8,749 (1)

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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. Transactic Code (Instr. 8)	orNumber Expiration Date U		Underlying S	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) (2)	\$ 28.85					02/12/2009	02/12/2018	Common Stock	20,000	

# **Reporting Owners**

Reporting Owner Name / Address	Relationships					
noporomg o who reamy, raun oss	Director	10% Owner	Officer	Other		
DOUGHERTY MICHAEL E 1300 SOUTH MOPAC EXPRY 3-SOUTH AUSTIN, TX 78746	X					

# **Signatures**

David M. Grimm signing on behalf of Michael E.

Dougherty

02/20/2008

\*\*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.
- Options Vesting Schedule 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. 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.

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