

Forestar Real Estate Group Inc.  
 Form 3  
 May 16, 2008

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 *		2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â Portwood Charles J.		(Month/Day/Year)	Forestar Real Estate Group Inc. [FOR]	
(Last)	(First)	(Middle)	05/13/2008	
1300 SOUTH MOPAC EXPRESSWAY, 3 SOUTH			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
AUSTIN,Â TXÂ 78746			<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner	6. Individual or Joint/Group Filing(Check Applicable Line)
(City)	(State)	(Zip)	<input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Form filed by One Reporting Person
			(give title below) (specify below)	<input type="checkbox"/> Form filed by More than One Reporting Person
			Vice President - Land Mgmt	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	2,994 <u>(1)</u> <u>(2)</u> <u>(3)</u>	D	Â
Common Stock	528 <u>(1)</u> <u>(4)</u>	I	By Trustee 401(k) plan <u>(4)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of	5. Ownership Form of Derivative	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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The Reporting Person acquired shares of common stock through on-going acquisitions under a 401(k) plan. Number of shares are according to the trustee of the Temple-Inland Inc. 401(k) plan according to the latest report of the Plan Administrator. (Note: the trustee uses unit accounting; therefore share equivalents may fluctuate slightly from month to month.)

- (5) Options are fully vested and exercisable as of the date of this report.
- (6) Options to acquire 833 shares are fully vested and exercisable as of the date of this report. Options to acquire 417 shares will vest and become exercisable on February 4, 2009.
- (7) Options to acquire 427 shares became exercisable on February 3, 2008 and options to acquire 427 shares will vest and become exercisable on each of February 3, 2009 and 2010.
- (8) Options to acquire 427 shares became exercisable on February 2, 2008 and options to acquire 427 shares will vest and become exercisable on each of February 2, 2009, 2010 and 2011.
- (9) Options to acquire 1,575 shares will vest and become exercisable on each of February 12, 2009, 2010, 2011 and 2012.
- (10) Restricted shares will vest effective February 3, 2009, and will be payable in cash based on the fair market value on the vesting date.
- (11) Restricted shares will vest effective February 2, 2010, and will be payable in cash based on the fair market value on the vesting date.

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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