

Forestar Real Estate Group Inc.
Form 4
July 02, 2008

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 *
JASTROW KENNETH M II

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)

3. Date of Earliest Transaction (Month/Day/Year)
07/01/2008

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

1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH

(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

AUSTIN, TX 78746

(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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount or Price | | |
| Common Stock | 07/01/2008 | | M | | 14,557 ⁽¹⁾ | A | <u>(1)</u> 144,791 ⁽²⁾ D |
| Common Stock | 07/01/2008 | | D | | 3,583 ⁽¹⁾ | D | \$ 18.11 141,208 D |
| Common Stock | 07/01/2008 | | M | | 17,500 ⁽³⁾ | A | <u>(3)</u> 158,708 D |
| Common Stock | 07/01/2008 | | D | | 17,500 ⁽³⁾ | D | \$ 18.11 141,208 ⁽⁴⁾ D |
| Common Stock | | | | | | | 3,796 ⁽⁵⁾ I By Trustee |

401(k)
Plan

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)

| 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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option (right to buy) <u>(6)</u> <u>(7)</u> | \$ 20.69 | | | | | 05/07/2000 | 05/07/2009 | Common Stock | 32,000 |
| Option (right to buy) <u>(6)</u> <u>(8)</u> | \$ 13.24 | | | | | 02/04/2001 | 02/04/2010 | Common Stock | 66,666 |
| Option (right to buy) <u>(6)</u> <u>(9)</u> | \$ 11.76 | | | | | 02/02/2002 | 02/02/2011 | Common Stock | 66,666 |
| Option (right to buy) <u>(6)</u> <u>(10)</u> | \$ 13.26 | | | | | 02/01/2003 | 02/01/2012 | Common Stock | 33,333 |
| Option (right to buy) <u>(6)</u> <u>(11)</u> | \$ 8.68 | | | | | 02/07/2004 | 02/07/2013 | Common Stock | 36,666 |
| Option (right to buy) <u>(6)</u> <u>(12)</u> | \$ 15.02 | | | | | 02/06/2005 | 02/06/2014 | Common Stock | 33,333 |
| Option (right to buy) <u>(6)</u> <u>(13)</u> | \$ 20.26 | | | | | 02/04/2006 | 02/04/2015 | Common Stock | 33,333 |
| Option (right to buy) <u>(6)</u> <u>(14)</u> | \$ 27.06 | | | | | 02/03/2007 | 02/03/2016 | Common Stock | 34,166 |

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- (10) Options Vesting Schedule - Exercise price \$13.26: Options Exercisable 02/01/2003 - 8,333; Options Exercisable 02/01/2004 - 8,333; Options Exercisable 02/01/2005 - 8,333; and Options Exercisable 02/01/2006 - 8,333.
- (11) Options Vesting Schedule - Exercise price \$8.68: Options Exercisable 02/07/2004 - 9,166; Options Exercisable 02/07/2005 - 9,167; Options Exercisable 02/07/2006 - 9,166; and Options Exercisable 02/07/2007 - 9,167.
- (12) Options Vesting Schedule - Exercise price \$15.02: Options Exercisable 02/06/2005 - 8,333; Options Exercisable 02/06/2006 - 8,333; Options Exercisable 02/06/2007 - 8,333 and Options Exercisable 01/01/2008 -8,333.
- (13) Options Vesting Schedule - Exercise price \$20.26: Options Exercisable 02/04/2006 - 8,333; Options Exercisable 02/04/2007 - 8,333; and Options Exercisable 01/01/2008 -16,666.
- (14) Options Vesting Schedule - Exercise price \$27.06: Options Exercisable 02/03/2007 - 8,541; and Options Exercisable 01/01/2008 - 25,625.
- (15) Options Vesting Schedule for Options Granted 02/12/2008 - Exercise price \$28.85: Options Exercisable 02/12/2009 - 6,500; Options Exercisable 02/12/2010 - 6,500; Options Exercisable 02/12/2011 - 7,000.
17,500 Restricted Shares were settled for cash based on the fair market value on the settlement date. The remaining Restricted Shares (24,666) will vest effective February 3, 2009, subject to a 1% ROI performance criteria. Restricted Shares will be settled for cash based on the fair market value on the vesting date.
- (17) Restricted Shares will vest effective February 2, 2010, subject to a 1% ROI performance criteria. Restricted Shares will be settled for cash based on the fair market value on the vesting date.
- (18) Phantom shares accrued under a Temple-Inland Inc. plan that were settled as follows: 10,974 phantom shares were settled in shares of Forestar Common Stock and 3,583 phantom shares were settled in cash based on the fair market value on the settlement date.

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