Forestar Real Estate Group Inc.
Form 4
December 18, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Etheredge Charles T JR

(Last) (First) (Middle)

1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH

(Street)

AUSTIN, TX 78746

(City) (State) (Zip)

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)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

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	(A) or (D)	Price			
Common Stock	12/14/2007	12/14/2007	J		348 (1)	A	$ 0	348 (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)

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) (1) (3)	$ 18.05	12/14/2007	12/14/2007	J		166		02/01/2006	02/01/2012	Common Stock	166
Option (right to buy) (1) (4)	$ 11.9	12/14/2007	12/14/2007	J		1,000		02/07/2005	02/07/2013	Common Stock	1,000
Option (right to buy) (1) (5)	$ 20.41	12/14/2007	12/14/2007	J		533		02/06/2005	02/06/2014	Common Stock	533
Option (right to buy) (1) (6)	$ 27.46	12/14/2007	12/14/2007	J		533		02/04/2006	02/04/2015	Common Stock	533
Option (right to buy) (1) (7)	$ 36.59	12/14/2007	12/14/2007	J		1,281		02/03/2007	02/03/2016	Common Stock	1,281
Option (right to buy) (1) (8)	$ 41.29	12/14/2007	12/14/2007	J		700		02/02/2006	02/02/2017	Common Stock	700
Restricted (1) (9)	(9)	12/14/2007	12/14/2007	J		700		(9)	(9)	Common Stock	700
Restricted (1) (10)	(10)	12/14/2007	12/14/2007	J		700		(10)	(10)	Common Stock	700

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Etheredge Charles T JR 1300 SOUTH MOPAC EXPRESSWAY 3-SOUTH AUSTIN, TX 78746			Executive Vice President	

Signatures

David M. Grimm signing on behalf of Charles T. Etheredge, Jr.	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 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.
(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 02/01/2006 - Exercise price is $18.05: Options Exerciserable 02/01/2006- 166.
(4)	Options Vesting Schedule for Options Granted 02/07/2003 - Exercise price is $11.90: Options Exerciserable 02/07/2006 - 1,000.
(5)	Options Vesting Schedule for Options Granted 02/06/2004 at an exercise price of $20.41: Options Exerciserable 02/06/2007 - 400; Options Exerciserable 02/06/2008 - 133.
(6)	Option Vesting Schedule for Options Granted 02/04/2005 at an exercise price of $27.46: Options exercisable 02/04/2007 - 266; Options exercisable 02/04/2008 - 133; Options exercisable 02/04/2009 - 133.
(7)	Options Vesting Schedule for Options Granted 02/03/2006 at an exercise price of $36.59: Options Exerciserable 02/03/2007 - 427; Options Exerciserable 02/03/2008 - 427; Options Exerciserable 02/03/2009 - 427; and Options Exerciserable 02/03/2010 - 427.
(8)	Options Vesting Schedule for Options Granted 02/02/2007 at an exercise price of $41.29: Options exercisable 02/02/2008 - 320; Options exercisable 02/02/2009 - 320; Options exercisable 02/02/2010 - 320; Options exercisable 02/02/2011 - 320.
(9)	Restricted Shares granted on 02/03/2006 will vest effective 02/03/2009. Restricted Shares will be settled for cash based on the fair market value on the vesting date.
(10)	Restricted Shares granted on 02/02/2007 will vest effective 02/02/2010. Restricted Shares will be settled for 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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