#### ISTAR FINANCIAL INC

Form 4

October 14, 2008

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

OMB

**OMB APPROVAL** 

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Check this box if no longer subject to Section 16. Form 4 or

Form 5 obligations may continue. See Instruction

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(b).

(Last)

(City)

1. Name and Address of Reporting Person \* RICE CATHERINE

(First)

(Street)

(State)

2. Issuer Name and Ticker or Trading Symbol

ISTAR FINANCIAL INC [SFI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Middle)

(Zip)

3. Date of Earliest Transaction

(Month/Day/Year)

10/09/2008

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

1114 AVENUE OF THE AMERCIAS, 27TH FLOOR

> 4. If Amendment, Date Original Filed(Month/Day/Year)

Chief Financial Officer 6. Individual or Joint/Group Filing(Check

Applicable Line)

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

Person

NEW YORK, NY 10036

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

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

3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)

Amount

5. Amount of 7. Nature of Securities Ownership Indirect Beneficially Form: Direct Beneficial Owned Ownership (D) or Following Indirect (I) (Instr. 4) Reported (Instr. 4)

(A) or (D) Price

Transaction(s) (Instr. 3 and 4)

Restricted

Stock)

Stock Units 10/09/2008 (Common

150,000 Α (1)

Code V

 $262,034 \frac{(2)}{2}$ \$0 (3)

D

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

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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	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Title	and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	TransactionNumber		Expiration D	ate	Amoun	t of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Underly	ying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8) Derivative		e		Securit	ies	(Instr. 5)	Bene
	Derivative				Securities Acquired			(Instr. 3	3 and 4)		Own
	Security										Follo
	•				(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
									A manuat		
									Amount		
					Date	Date	Expiration	Or Title Nesselves			
						Exercisable Date	Date		Number		
				C + V	(A) (D)				of		
				Code V	(A) (D)				Shares		

# **Reporting Owners**

Relationships Reporting Owner Name / Address

> Officer Other Director 10% Owner

RICE CATHERINE 1114 AVENUE OF THE AMERCIAS, 27TH FLOOR NEW YORK, NY 10036

Chief Financial Officer

# **Signatures**

s/ Catherine D 10/13/2008 Rice

\*\*Signature of Date Reporting Person

## **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).

iStar Financial Inc. has granted the Reporting Person a special incentive award for purposes of retention, in the amount of 150,000 Restricted Stock Units effective October 9, 2008. The Units represent the right to receive an equivalent number of shares of iStar common stock if and when the Units vest. The Units will cliff vest in one installment on October 9, 2011 if the Reporting Person is employed on

- the applicable vesting date. The Reporting Person is entitled to receive common stock dividend equivalent payments on the unvested Units from the award date. Units that are not vested may not be sold, transferred or pledged except by will, the laws of descent or to or for the benefit of the Reporting Person's family. If the Reporting Person voluntarily terminates employment with iStar, or iStar terminates the Reporting Person's employment for cause (as defined), any unvested Units will be forfeited automatically as of the date employment terminates.
- Following this award, the Reporting Person owns a total of 262,034 Restricted Stock Units, representing the right to receive an equivalent number of shares of iStar common stock if and when the Units vest.
- In addition to these Restricted Stock Units, the Reporting Person is the beneficial owner of a total of 194,973 shares of iStar common (3)stock and 10,000 shares of iStar preferred stock.

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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