

SUGARMAN JAY  
Form 4  
February 20, 2013

**FORM 4**

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

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 1(b).

**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 \*  
SUGARMAN JAY

(Last) (First) (Middle)

1114 AVENUE OF THE AMERICAS, 39TH FLOOR

(Street)

NEW YORK, NY 10036

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
ISTAR FINANCIAL INC [SFI]

3. Date of Earliest Transaction (Month/Day/Year)  
02/15/2013

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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)
Common Stock	02/15/2013		A	V	42,857 (1) A \$ 0 2,683,079 (4)	D	
Common Stock	02/15/2013		F		23,922 (1) D \$ 0 2,683,079 (4)	D	
Common Stock	01/01/2013		A	V	962,963 (3) A \$ 0 2,683,079 (4)	D	
Common Stock	01/01/2013		F	V	520,255 (1) D \$ 0 2,683,079 (1)	D	
Common Stock					44,544 (1)	I	By spouse

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Preferred Stock, Series D						2,000 <sup>(4)</sup>	D
Restricted Stock Units	02/15/2013	A	108,571 <sup>(2)</sup>	A	\$ 0	2,382,645 <sup>(4)</sup>	D

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.** 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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SUGARMAN JAY 1114 AVENUE OF THE AMERICAS, 39TH FLOOR NEW YORK, NY 10036	X		Chairman and CEO	

## Signatures

s/ Jay Sugarman                      02/20/2013  
 \*\*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).

(1)

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Effective February 15, 2013, the Reporting Person, Mr. Jay Sugarman, has been granted 42,857 shares of iStar Financial Inc. common stock ("Shares") in connection with an annual incentive award. After deducting 23,922 Shares for applicable tax withholding, the Reporting Person acquired a net amount of 18,935 Shares. The Shares are fully vested and are subject to transfer restrictions which provide that one-half of the Shares may not be sold for one year and one-half of the Shares may not be sold for two years from the date of the award.

- (2) The Reporting Person has been granted long-term incentive equity awards in the total amount of 108,571 Restricted Stock Units (Units), consisting of time-based (service condition) awards and performance-based (market condition) awards. The Units represent the right to receive an equivalent number of shares of iStar common stock (net of shares deducted for applicable taxes and other withholdings) if and when the Units vest. Subject to the terms of the agreements, 21,714 Units will cliff vest on February 1, 2016 if certain service conditions have been satisfied; 28,952 Units will vest on December 31, 2013 if certain performance and service conditions have been achieved; and 57,905 Units will vest on December 31, 2014 if certain performance and service conditions have been achieved.

- (3) Effective January 1, 2013, the Reporting Person acquired 962,963 shares of iStar common stock upon the vesting of Units pursuant to an award originally dated December 19, 2008, as amended July 1, 2011, which award has been previously reported on Form 4. After deducting 520,255 shares for applicable tax withholding, the Reporting Person acquired a net amount of 442,708 shares of iStar common stock.

- (4) Following these transactions, the Reporting Person is the direct beneficial owner of 2,683,079 shares of iStar common stock, the indirect beneficial owner of 44,544 shares of iStar common stock owned by the Reporting Person's spouse, and the direct beneficial owner of 2,000 shares of iStar Series D preferred stock. The Reporting Person also owns a total of 2,382,645 Units, representing the right to receive an equivalent number of shares of iStar common stock (net of shares deducted for applicable taxes and other withholdings) if and when the Units vest.

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.