

ISTAR FINANCIAL INC  
Form 4  
June 21, 2006

**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 \*  
MCDONALD JOHN G

(Last) (First) (Middle)

GSB STANFORD UNIVERSITY,  
518 MEMORIAL WY

(Street)

STANFORD, CA 94305-5015

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
06/21/2006

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)

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) |
|--|--------------------------------------|--|--------------------------------|---|---|--|---|
|  |                                      |  |                                | (A) or (D)<br>Code V Amount (D) Price                             |   |  |   |
| Common Stock, par value \$.001 per share | 06/21/2006                           |  | S                              | 6,900 <sup>(1)</sup> D \$ 36.7581                                 | 13,450  | I  | As Trustee  |
| Common Stock, par value \$.001 per share | 06/21/2006                           |  | P                              | 0 <sup>(1)</sup> A \$ 0   | 11,550  | I  | By IRA  |

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.

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(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 Beneficially Owned (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                                      | Amount or Number of Shares                                       |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| MCDONALD JOHN G<br>GSB STANFORD UNIVERSITY, 518 MEMORIAL WY<br>STANFORD, CA 94305-5015 |               |           |         | X     |

## Signatures

s/ John G. McDonald 06/21/2006

\*\*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) This Form 4 is being filed by the reporting person to report the market sale of 6,900 shares of common stock of iStar Financial Inc. (SFI) on 6/21/2006 at a price of \$36.7581 per share. Following this transaction, the reporting person is the beneficial owner of an aggregate of 25,000 SFI shares: 13,450 SFI shares owned indirectly as trustee of a family trust and 11,550 SFI shares owned indirectly by the reporting person's IRA.

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.