

ISTAR FINANCIAL INC  
 Form 4  
 October 14, 2008

**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 \*  
 NYDICK JAY S

(Last) (First) (Middle)  
 1114 AVENUE OF THE AMERICAS 27TH FLR  
 (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)  
 10/09/2008

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)  
 PRESIDENT

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)
Restricted Stock Units (Common Stock)	10/09/2008		A	1,000,000 (1) (2)	A \$ 0 (4)	D	

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

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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 Owned Following Transaction (Instr. 5)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NYDICK JAY S 1114 AVENUE OF THE AMERICAS 27TH FLR NEW YORK, NY 10036			PRESIDENT	

## Signatures

s/ Jay S Nydick                      10/13/2008  
 \_\_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 the purposes of retention, in the amount of 1,000,000 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 vest in annual installments as follows: 100,000 Units will vest on October 9, 2009,
- (1) 200,000 Units will vest on October 9, 2010, 300,000 Units will vest on October 9, 2011 and 400,000 Units will vest on October 9, 2012, if the Reporting Person is employed on each 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.
  - (2) If the Reporting Person voluntarily terminates employment with iStar, or iStar terminates the Reporting Person's employment for cause (as defined in the award agreement), any unvested Units will be forfeited automatically as of the date of termination of employment.
  - (3) Following this award, the Reporting Person owns a total of 1,177,933 Restricted Stock Units, representing the right to receive an equivalent number of shares of iStar common stock if and when the Units vest.
  - (4) In addition to these Restricted Stock Units, the Reporting Person is the beneficial owner of a total of 53,227 shares of iStar common stock and 11,000 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.