

ISTAR FINANCIAL INC

Form 4

October 14, 2008

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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(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
X Officer (give title ____ Other (specify
below) below)

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)
Restricted Stock Units (Common Stock)	10/09/2008		A	1,000,000 (1) (2)	A \$ 0 (4)	1,177,933 (3) (4)	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
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SEC 1474
(9-02)

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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 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. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				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

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
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).

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.

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