

SUGARMAN JAY  
Form 4  
May 29, 2009

**FORM 4**

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

OMB APPROVAL

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**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)  
05/29/2009

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)
Restricted Stock Units (1)	05/27/2009		A	6,000,000 (1) (2)	A \$ 0	6,330,311 (3) (4) D	

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

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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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 Reporting Transaction (Instr. 6)
				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
SUGARMAN JAY 1114 AVENUE OF THE AMERICAS, 39TH FLOOR NEW YORK, NY 10036	X		Chairman and CEO	

## Signatures

s/ Jay Sugarman                      05/29/2009

\_\_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).

On May 27, 2009, iStar Financial Inc.'s shareholders approved a special incentive award that was granted to the Reporting Person on October 9, 2008 for the purposes of retention in the amount of 2,000,000 Restricted Stock Units (Units), subject to shareholder approval at the 2009 annual meeting of shareholders. The Units represent the right to receive an equivalent number of shares of iStar common

(1) stock (net of shares deducted for applicable taxes and other withholdings) if and when the Units vest. The Units will vest in one installment on October 9, 2011, but only if (1) the Reporting Person is employed by iStar on that date and (2) total return on iStar's common stock during the three-year measurement period is at least 25% per year (compounded at the end of the measurement period and assuming reinvestment of dividends, if any).

On May 27, 2009, iStar's shareholders also approved the iStar Financial Inc. 2009 Long Term Incentive Plan, under which iStar had granted an incentive award to the Reporting Person in the amount of 4,000,000 Restricted Stock Units (Units) on December 19, 2008. 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 shareholder approval of the 2009 Long Term Incentive Plan at the 2009 annual meeting of shareholders. These Units will vest only if a specified price target for iStar common stock is achieved within three years of the award date and if the Reporting Person is employed on subsequent vesting date(s) after the price target has been achieved. The performance and vesting conditions of this award are described in more detail in iStar's definitive proxy statement dated April 23, 2009, as filed with the SEC on April 27, 2009.

(2) Following these awards, the Reporting Person owns a total of 6,330,311 Restricted Stock 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.

(3) In addition to these Restricted Stock Units, the Reporting Person is the beneficial owner of a total of 2,743,732 shares of iStar common stock, of which 2,291,243 shares are owned directly, 407,945 shares are owned indirectly through three family trusts and 45,544 shares

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are owned indirectly by the Reporting Person's spouse, and 2,000 shares of iStar Series D 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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