

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 19, 2006**

**iStar Financial Inc.**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation)

**1-15371**

(Commission File Number)

**95-6881527**

(IRS Employer  
Identification Number)

**1114 Avenue of the Americas, 27<sup>th</sup> Floor  
New York, New York**

(Address of principal executive offices)

**10036**

(Zip Code)

Registrant's telephone number, including area code: **(212) 930-9400**

**N/A**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

---

---

**ITEM 8.01 Other Events**

On May 19, 2006, iStar Financial Inc. (the "Company") submitted a letter to Institutional Shareholder Services ("ISS"), to confirm certain information regarding the proposed iStar Financial Inc. 2006 Long-Term Incentive Plan (the "New Plan"), as described in the its definitive proxy statement filed with the Securities and Exchange Commission on May 1, 2006.

The purpose of this letter was to confirm that the total shares allocated and available for awards under the New Plan include all of the shares of Common Stock remaining available for awards under the Company's 1996 Long-Term Incentive Plan (the "1996 Plan"), which amount totaled 980,818 shares as of December 31, 2005, and are not addition to such shares. If the New Plan is approved by the Company's shareholders, no additional awards will be made under the 1996 Plan. The letter is attached hereto, as Exhibit 99.1.

**ITEM 9.01 Financial Statements and Exhibits.**

99.1 Letter to Institutional Shareholder Services from the Company, dated May 19, 2006.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

iSTAR FINANCIAL INC.

Date: May 19, 2006

By: /s/ JAY SUGARMAN  
Jay Sugarman  
Chairman and Chief Executive Officer

Date: May 19, 2006

By: /s/ CATHERINE D. RICE  
Catherine D. Rice  
Chief Financial Officer

3

---

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
99.1	Letter to Institutional Shareholder Services from the Company, dated May 19, 2006.

4

---

iStar Financial Inc.  
1114 Avenue of the Americas, 27th Floor  
New York, New York 10036

May 19, 2006

Institutional Shareholder Services  
Attention: Research Division  
2099 Gaither Road, Suite 501  
Rockville, Maryland 20850-4045

Ladies and Gentlemen:

On behalf of iStar Financial Inc. (the "Company"), we write in order to clarify an issue relating to the Company's proposed iStar Financial Inc. 2006 Long-Term Incentive Plan (the "New Plan"), as described in the Company's definitive proxy statement filed with the Securities and Exchange Commission on May 1, 2006.

We hereby confirm to you that the maximum total of 4,550,000 shares of Common Stock that have been allocated and will be available for awards under the New Plan *includes* all of the shares that would otherwise be available for awards under the Company's existing 1996 Long-Term Incentive Plan (the "1996 Plan"), which amount totaled 980,818 shares of Common Stock as of December 31, 2005. If the New Plan is approved by the Company's shareholders, no further awards will be granted pursuant to the 1996 Plan. The Company further confirms that it will make no awards under the 1996 Plan prior to its annual meeting of shareholders on May 31, 2006 at which the New Plan will be considered.

Sincerely,

/s/ Geoffrey M. Dugan

Geoffrey M. Dugan  
Senior Vice President, Assistant General Counsel  
and Secretary

---