

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
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<b>1. Name and Address of Reporting Person*</b> <u>RICE CATHERINE</u>  (Last) (First) (Middle) <u>1114 AVENUE OF THE AMERCIAS, 27TH FLOOR</u>  (Street) <u>NEW YORK NY 10036</u>  (City) (State) (Zip)	<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>ISTAR FINANCIAL INC [ SFI ]</u>	<b>5. Relationship of Reporting Person(s) to Issuer</b> (Check all applicable)  Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Chief Financial Officer</u>
	<b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>01/18/2008</u>	
		<b>6. Individual or Joint/Group Filing (Check Applicable Line)</b>  <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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)
			Code	V	Amount	(A) or (D)	Price			
Restricted Stock Units <sup>(1)</sup>	01/18/2008		A		79,823 <sup>(1)(2)</sup>	A	\$0	112,034 <sup>(3)(4)</sup>	D	

**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)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)					

**Explanation of Responses:**

- iStar Financial Inc. has granted the Reporting Person awards of 79,823 Restricted Stock Units effective January 18, 2008. The Units represent the right to receive an equivalent number of shares of iStar common stock if and when the Units vest. 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. In addition, if the Reporting Person voluntarily terminates employment with iStar, or iStar terminates the Reporting Person's employment for cause (as defined in the award), any unvested Units will be forfeited automatically as of the date of termination of employment.
- Of the total number of Units awarded, 44,346 Units ("Time Vest Units") will vest in annual installments of 14,782 each in January 2009, January 2010 and January 2011 if the Reporting Person is employed on the applicable vesting date. The Reporting Person is entitled to receive common stock dividend equivalent payments on the unvested Time Vest Units from the award date. The remaining 35,477 Units ("Performance Vest Units") will cliff vest on December 31, 2010 if iStar common stock has achieved a total shareholder return of 20%, compounded annually, over the vesting period and the Reporting Person is employed on the vesting date. The Reporting Person is not entitled to receive common stock dividend equivalent payments on the unvested Performance Vest Units.
- The Reporting Person also owns 32,211 Restricted Stock Units that have not yet vested, representing the right to receive an equivalent number of shares of iStar common stock if and when the Units vest, pursuant to awards dated March 2, 2006 and January 19, 2007.
- In addition to these Restricted Stock Units, the Reporting Person is the beneficial owner of a total of 194,973 shares of iStar common stock, all of which are owned directly.

s/ Catherine D Rice 01/22/2008

\*\* Signature of Reporting Person Date

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

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.