FORM 4

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washingto

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

n, D.C. 20549	OMB APPROVAL
	OWB 7 II T TO 17 IL

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l	Estimated average burden									
l	hours per response:	0.5								

## 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

1. Name and Address of Reporting Person*  MCDONALD JOHN G					2. Issuer Name <b>and</b> Ticker or Trading Symbol ISTAR FINANCIAL INC [ SFI ]									5. Relationship of Reporting Person(s) to Issuer (Check all applicable)					
													X Direct		or	10%	Owner		
(Last) (First) (Middle) GSB, STANFORD UNIVERSITY 518 MEMORIAL WAY							est Trans	saction (	Monti	n/Day/Year)			Officer (give title below)			r (specify v)			
WIOIGITE V				_ 4. I1	f Amer	ndmer	nt, Date	of Origin	al File	ed (Month/Da		6. Individual or Joint/Group Filing (Check Applicable							
(Street) STANFORD CA 94305-5015												X Form filed by One Reporting Person Form filed by More than One Report							
(Si	rate)	(Zip)		-								Person							
	Tab	le I - No	on-Deriv	/ative	Sec	uriti	ies Ac	quirec	l, Di	sposed o	of, or Be	nefici	ally	Owned	l				
Date					Exec y/Year) if any		recution Date, any							Beneficially Owned Following		6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership		
								Code	v	Amount	(A) or (D)	Price		Reported Transaction(s) (Instr. 3 and 4)			(Instr. 4)		
nmon Stock, par value \$.001 per share			02/18/	2004				х		6,900	A	\$26.3			10,450(1)		As Trustee of Family Trust		
Stock			02/18/	2004				S		6,900	D	\$41.	.56	10,4	450 <sup>(1)</sup>	I	As Trustee of Family Trust		
non Stock, par value \$.001 per share 02/18/				2004	004			P		4,600	A	\$23.6	413	13 11,550 <sup>(1)</sup>		I	By IRA		
			02/18/	2004	2004			S		3,600	D	\$41.	.48	11,550(1)		I	By IRA		
	-	Γable II												wned			<u>'</u>		
2. Conversion or Exercise Price of Derivative Security	n Date Executi e (Month/Day/Year) if any	Execution if any	med on Date,	4. Transa	ransaction ode (Instr.		5. Number of		Exerci	sable and te	7. Title and Amount of Securities Underlying		8. De Se (In	rivative curity	derivative Securities Beneficial Owned Following Reported	Ownersl Form: Ily Direct (Dor Indirect) (I) (Instr.	Beneficial Ownershi ct (Instr. 4)		
				Code	V (A)		(D)	Date Exercisable		Expiration Date	Title	or Numbe of	er						
\$26.3043	02/18/2004			Х			6,900	06/09/1	994	06/09/2004	Common Stock	6,900	)	\$0 43,80		D D			
\$23.6413	02/18/2004			Х			4,600	05/26/1	999	05/26/2004	Common Stock	4,600	)	\$0	43,800	D D			
	(Ficans For Day 1997)  Security (Instance of Derivative Security)  2. Conversion of Exercise Price of Derivative Security  \$26.3043	(First) CANFORD UNIVERSITY MORIAL WAY  DRD CA  (State)  Tab  Security (Instr. 3)  Stock, par value \$.001 per  2. Conversion or Exercise of Derivative Security  \$26.3043 02/18/2004	(First) (Middle) CANFORD UNIVERSITY MORIAL WAY  DRD CA 94305-5  (State) (Zip)  Table I - No Security (Instr. 3)  Stock, par value \$.001 per share  Stock, par value \$.001 per share  Stock, par value \$.001 per share  Table II  2. Conversion or Exercise of Derivative Security  (Month/Day/Year)  \$26.3043 02/18/2004	(First) (Middle)  ANFORD UNIVERSITY MORIAL WAY  CRD CA 94305-5015  (State) (Zip)  Table I - Non-Derive (Month/Day)  Security (Instr. 3) 2. Transaction Date (Month/Day)  Stock, par value \$.001 per share 02/18/  Stock, par value \$.001 per share 02/18/  Table II - Deriva (e.g., par value Security (Month/Day)  2. Table II - Deriva (e.g., par value Security (Month/Day)  2. Table II - Deriva (e.g., par value Security (Month/Day)  2. Table II - Deriva (e.g., par value Security (Month/Day)  3. Transaction Date (Month/Day)  2. Table II - Deriva (e.g., par value Security (Month/Day)  3. Transaction Date (Month/Day)  3. Transaction Date (Month/Day)  3. Transaction Date (Month/Day)  4. Stock (Month/Day)  5. Table II - Deriva (e.g., par value Security (Month/Day)  5. Table II - Deriva (e.g., par value Security (Month/Day)  5. Table II - Deriva (e.g., par value Security (Month/Day)  5. Table II - Deriva (e.g., par value Security (Month/Day)  5. Table II - Deriva (e.g., par value Security (Month/Day)  6. Table II - Non-Deriva (e.g., par value Security (Month/Day)  6. Table II - Non-Deriva (e.g., par value Security (Month/Day)	Stock, par value \$.001 per share    Stock, par value \$.001 per share   02/18/2004	(First) (Middle)  (ANFORD UNIVERSITY MORIAL WAY  Table I - Non-Derivative Security (Instr. 3)  Stock, par value \$.001 per share  Stock, par value \$.001 per share  12. Transaction Date (Month/Day/Year)  Stock, par value \$.001 per share  13. Transaction Date (Month/Day/Year)  Table II - Derivative Security (e.g., puts, calls of Code (Instr. 3)  24. Example 11. Derivative Security (Month/Day/Year)  Stock 32/18/2004  Table II - Derivative Security (e.g., puts, calls of Code (Instr. 3)  25. Conversion or Exercise Price of Date (Month/Day/Year)  Code V  \$26.3043 02/18/2004  X	Stock, par value \$.001 per share   02/18/2004	(First) (Middle) CANFORD UNIVERSITY MORIAL WAY  Table I - Non-Derivative Securities Activary (Month/Day/Year)  Stock, par value \$.001 per share  2. Transaction Date (Month/Day/Year)  Stock, par value \$.001 per share  2. Transaction Date (Month/Day/Year)  Stock, par value \$.001 per share  2. Transaction Date (Month/Day/Year)  Stock 02/18/2004  Stock, par value \$.001 per share  2. Transaction Date (e.g., puts, calls, warrants)  Table II - Derivative Securities Acq (e.g., puts, calls, warrants)  2. Table II - Derivative Securities Acq (e.g., puts, calls, warrants)  Conversion Date (Month/Day/Year)  (Month/Day/Year)  2. Code (Instr. 3, 4 and 5)  Code (V (A) (D)  \$26.3043 02/18/2004  X (6,900)	Stock, par value \$.001 per share   02/18/2004   Stock, par value \$.001 per s	(First) (Middle) ANFORD UNIVERSITY MORIAL WAY  Table I - Non-Derivative Securities Acquired, Discherivative Stock, par value \$.001 per share  O2/18/2004  Table II - Derivative Securities Acquired, Discherivative Securities Acquired, Discherivative Securities Acquired, Ois Code (Instr. 3)  Stock, par value \$.001 per share  O2/18/2004  Stock par v	STAR FINANCIAL INC   SFI	STAR FINANCIAL INC   SFI   STAR FINANCIAL INC   SFI   STAR FINANCIAL INC   SFI   STAR FINANCIAL INC   SFI   STAR FINANCIAL INC   STAR FINANCIAL INC   SFI   STAR FINANCIAL INC   STAR FINANCIAL INC	Stock	Stock   Derivative   Decivitive   Deciviti	STAR FINANCIAL INC   SFI   STAR FINANCIAL INC	STAR FINANCIAL INC   SFT   STAR FINANCIAL INC   SFT   STAR FINANCIAL INC   STAR FINANCIAL I	STAR FINANCIAL INC   SFI   STAR FINANCIAL INC   STAR FINANCIAL I		

## **Explanation of Responses**

1. This Form 4 is being filed by the reporting person to report the acquisition of a total of 11,500 shares of iStar Finanical Inc. (SFI) on 2/18/2004 upon the exercise of vested stock options and the simultaneous sale of 10,500 SFI shares. Following these transactions, the reporting beneficially owns an aggregate of 22,000 SFI shares: 10,450 SFI shares are owned indirectly as trustee of a family trust and 11,550 SFI shares are owned indirectly by the reporting person's IRA.

s/ John G. McDonald

02/19/2004

\*\* Signature of Reporting Person

Date

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

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.

<sup>\*</sup> If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

<sup>\*\*</sup> Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).