

OMB APPROVAL	
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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

1. Name and Address of Reporting Person* <u>MCDONALD JOHN G</u> (Last) (First) (Middle) <u>GSB, STANFORD UNIVERSITY</u> <u>518 MEMORIAL WAY</u> (Street) <u>STANFORD CA 94305-5015</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ISTAR FINANCIAL INC [SFI]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>02/18/2004</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$.001 per share	02/18/2004		X		6,900	A	\$26.3043	10,450 ⁽¹⁾	I	As Trustee of Family Trust
Common Stock	02/18/2004		S		6,900	D	\$41.56	10,450 ⁽¹⁾	I	As Trustee of Family Trust
Common Stock, par value \$.001 per share	02/18/2004		P		4,600	A	\$23.6413	11,550 ⁽¹⁾	I	By IRA
Common Stock, par value \$.001 per share	02/18/2004		S		3,600	D	\$41.48	11,550 ⁽¹⁾	I	By IRA

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 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)	Date Exercisable	Expiration Date						Title
Options to purchase common stock	\$26.3043	02/18/2004		X		6,900		06/09/1994	06/09/2004	Common Stock	6,900	\$0	43,800	D	
Options to purchase common stock	\$23.6413	02/18/2004		X		4,600		05/26/1999	05/26/2004	Common Stock	4,600	\$0	43,800	D	

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 Financial 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.

* 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.