

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>JOSEPHS ROBIN</u>  (Last) (First) (Middle) <u>1861 NORTH ORCHARD STREET</u>  (Street) <u>CHICAGO IL 60614</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ISTAR FINANCIAL INC [ SFI ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>08/10/2007</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	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)  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
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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	08/10/2007		M		4,000	A	\$29.82	9,100 <sup>(1)</sup>	I	by trust
Common Stock, par value \$.001 per share	08/10/2007		J		0	A	\$0	14,190 <sup>(1)</sup>	D	
Common Stock, par value \$.001 per share	08/10/2007		J		0	A	\$0	60 <sup>(1)</sup>	I	by spouse

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	Amount or Number of Shares				
Option to purchase common stock	\$29.82	08/10/2007		X			4,000	05/29/2002	05/29/2012	Common stock, par value \$.001 per share	4,000	\$0	15,994	D	

Explanation of Responses:

1. This Form 4 is being filed to report the acquisition by the reporting person of 4,000 shares of Common Stock through the exercise of stock options on August 10, 2007. Following these transactions, the reporting person is the benefical owner of a total of 23,350 shares of Common Stock, of which 14,190 shares are owned directly, 60 shares are owned indirectly by the reporting person's spouse and 9,100 shares are owned indirectly through a revocable trust.

s/ Robin Josephs 08/10/2007  
\*\* 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.