

NewStar Financial, Inc.  
 Form 4  
 December 21, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**CAPITAL Z FINANCIAL SERVICES FUND II LP**

(Last) (First) (Middle)

230 PARK AVENUE SOUTH

(Street)

NEW YORK, NY 10003

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**NewStar Financial, Inc. [NEWS]**

3. Date of Earliest Transaction (Month/Day/Year)  
 12/19/2006

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
 \_\_\_ Officer (give title below) \_\_\_ Other (specify below)

6. Individual or Joint/Group Filing (Check Applicable Line)  
 \_\_\_ Form filed by One Reporting Person  
 \_\_\_X\_\_\_ 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 Ownership (Instr. 4)
Common Stock, par value \$0.01 per share	12/19/2006		C	V	5,504,798 <sup>(2)</sup> <sub>(3)</sub>	A	D

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

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SEC 1474 (9-02)

**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 Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Series A Conv. Pref. Stock, par value \$0.01 per share	(1)	12/19/2006		C	6,000,000	(1)	(1)	Common Stock	5,504,798 (2) (3)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CAPITAL Z FINANCIAL SERVICES FUND II LP 230 PARK AVENUE SOUTH NEW YORK, NY 10003		X		
CAPITAL Z FINANCIAL SERVICES PRIVATE FUND II, L.P. 230 PARK AVENUE SOUTH NEW YORK, NY 10003		X		
CAPITAL Z PARTNERS LP 230 PARK AVENUE SOUTH NEW YORK, NY 10003		X		
CAPITAL Z PARTNERS LTD 230 PARK AVENUE SOUTH NEW YORK, NY 10003		X		

## Signatures

/s/ Craig Fisher, General Counsel  
(\*\*\*) 12/21/2006

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* 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).
- (1) See Explanation of Responses in Exhibit 99.1.
- (2) See Explanation of Responses in Exhibit 99.1.

(3) See Explanation of Responses in Exhibit 99.1.

(4) See Explanation of Responses in Exhibit 99.1.

**Remarks:**

See Exhibit 99.1 Joint Filer Information

(\*\*\*) By: Capital Z Partners, L.P., its General Partner

By: Capital Z Partners, Ltd., its General Partner

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

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