

NewStar Financial, Inc.
 Form 4
 December 21, 2006

FORM 4

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

OMB APPROVAL

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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 *
OZ MANAGEMENT LLC

(Last) (First) (Middle)

9 WEST 57TH STREET, 39TH FLOOR

(Street)

NEW YORK, NY 10019

(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)
 ___X___ 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)
Common Stock, par value \$0.01 per share	12/19/2006		C	4,587,278 A <u>(1)</u>	6,122,064 <u>(2)</u>	I	See Footnotes <u>(3)</u> <u>(4)</u> <u>(5)</u>
Common Stock, par value \$0.01 per share	12/20/2006		P	92,900 A \$ 18.1	6,214,964	I	See Footnotes <u>(3)</u> <u>(4)</u> <u>(5)</u>
Common Stock, par	12/20/2006		P	50,000 A \$ 18.25	6,264,964	I	See Footnotes

value									(3) (4) (5)
\$0.01 per share									
Common Stock, par value \$0.01 per share	12/20/2006	P	50,000	A	\$ 18.218	6,314,964	I		See Footnotes (3) (4) (5)

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

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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 Number Shares
Series A convertible Preferred Stock, par value \$0.01	(1)	12/19/2006		C	11,380,000	(1)	(1)	Common Stock	4,587 (2)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OZ MANAGEMENT LLC 9 WEST 57TH STREET, 39TH FLOOR NEW YORK, NY 10019			X	

Signatures

/s/ Daniel S. Och, Senior Managing Member of OZ Management, LLC
Date: 12/21/2006

**Signature of Reporting Person

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) The Series A Convertible Preferred Stock converted into NewStar Financial, Inc. Common Stock on a one-for-2.2760 basis and had no expiration date.

(2) Reflects a 1-for-2.4808 reverse split of our Common Stock that became effective on December 19, 2006.

(3) Represents securities directly held by OZ Master Fund, Ltd. (the "Fund").

OZ Management, LLC ("OZ"), as investment manager to the Fund, may be deemed to be the beneficial owner of the Issuer's securities held by the Fund. OZ disclaims beneficial ownership of such securities, and this report shall not be deemed an admission that OZ is the beneficial owner of the securities for the purpose of Section 16 or for any other purpose, except to its pecuniary interest therein.

Daniel S. Och, as Senior Managing Member of OZ Management, LLC, may be deemed to be the beneficial owner of the Issuer's securities held by the Fund. Mr. Och disclaims beneficial ownership of such securities, and this report shall not be deemed an admission that Mr. Och is the beneficial owner of the securities for the purpose of Section 16 or for any other purpose, except to his pecuniary interest therein.

(6) Not applicable.

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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