

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 *
 BURNAMAN PHILLIP R II

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 C/O NEWSTAR FINANCIAL,
 INC., 500 BOYLSTON STREET,
 SUITE 1600

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

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
 M.Dir. & Head Structured Prods

(Street)
 BOSTON, MA 02116

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ___ Form filed by More than One Reporting Person

(City) (State) (Zip)

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 Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock, par value \$0.01 per share	12/19/2006		C		64,223	A	(1) 64,223 (2)	I	See Footnote (3)
Common Stock, par value \$0.01 per share	12/19/2006		C		13,494	A	(4) 77,717 (2)	I	See Footnote (3)
Common Stock, par value \$0.01	12/19/2006		C		211,414	A	(4) 297,191 (2)	D	

per share

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

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(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)	8. Amount or Number of Shares
Series A Conv. Pref. Stock, par value \$0.01 per share	(1)	12/19/2006		C	70,000	(1) (1)	Common Stock	64,223 (2)
Class A Common Stock, par value \$0.01 per share	(4)	12/19/2006		C	33,476	(4) (4)	Common Stock	13,494 (2)
Class A Common Stock, par value \$0.01 per share	(4)	12/19/2006		C	524,466	(4) (4)	Common Stock	211,414 (2)

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

BURNAMAN PHILLIP R II
C/O NEWSTAR FINANCIAL, INC.
500 BOYLSTON STREET, SUITE 1600

M.Dir. & Head Structured Prods

BOSTON, MA 02116

Signatures

/s/ John Kirby Bray,
Attorney-in-Fact

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) The Series A Convertible Preferred Stock converted into NewStar Financial, Inc. Common Stock on a 1-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) Held by the Phillip R. Burnaman, II 2006 Grantor Retained Annuity Trust.
 - (4) The Class A Common Stock converted into NewStar Financial, Inc. Common Stock, par value \$0.01 per share, on an one-for-one basis and had no expiration date.
 - (5) 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.