

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 \*  
 Brooker T Kimball Jr

(Last) (First) (Middle)

C/O NEWSTAR FINANCIAL,  
 INC., 500 BOYLSTON STREET,  
 SUITE 1600

(Street)

BOSTON, MA 02116

(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  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

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 Ownership (Instr. 4) |
|--|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock, par value \$0.01 per share | 12/19/2006                           |  | C                              | 5,504,798   | A <u>(1)</u> 5,504,798 <sup>(2)</sup> <sub>(3)</sub>  | I  | See Footnote <u>(4)</u>           |
| Common Stock, par value \$0.01 per share |                                      |  |                                |   | 5,000 <sup>(2)</sup>  | D  |                                   |

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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) |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|  |  |                                      |  | 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 |
| Brooker T Kimball Jr<br>C/O NEWSTAR FINANCIAL, INC.<br>500 BOYLSTON STREET, SUITE 1600<br>BOSTON, MA 02116 | X             |           | X       |       |

## Signatures

/s/ John Kirby Bray, 12/21/2006  
Attorney-in-Fact

\*\*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) Represents securities of the Issuer held directly by J.P. Morgan Corsair II Capital Partners, L.P. ("Corsair II").
- (4)

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The reporting person indirectly participates in and is an officer of the entity that has been appointed as adviser to Corsair II, which has voting and investment power over the securities owned by Corsair II. As such, the reporting person may be deemed to beneficially own the securities of the Issuer owned directly by Corsair II. The reporting person disclaims beneficial ownership of such securities, and this report shall not be deemed an admission that the reporting person is the beneficial owner of the securities for the purpose of Section 16 or for any other purpose, except to the extent of his pecuniary interest therein.

(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.

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