

JP MORGAN CORSAIR II CAPITAL PARTNERS LP  
 Form 4  
 December 20, 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 \*  
 JP MORGAN CORSAIR II  
 CAPITAL PARTNERS LP

(Last) (First) (Middle)

717 FIFTH AVENUE, 24TH  
 FLOOR

(Street)

NEW YORK, NY 10022

(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  
 \_\_\_\_ Officer (give title below)  
 10% Owner  
 \_\_\_\_ 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)
			Code	V	Amount	(A) or (D)	Price
Common Stock, par value \$0.01 per share	12/19/2006		C		5,504,798	A	(1)
					5,504,798	D	(2) (3)

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 Number Shares
Series A Convertible Preferred Stock, par value \$0.01 per sh	(1)	12/19/2006		C	6,000,000	(1)	(1)	Common Stock	5,504, (2) (3)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JP MORGAN CORSAIR II CAPITAL PARTNERS LP 717 FIFTH AVENUE, 24TH FLOOR NEW YORK, NY 10022			X	

## Signatures

By: Corsair II, L.P., its General Partner By: Corsair II, L.L.C., its General Partner By: Maximillian Subadvisor, L.L.C., its Subadvisor /s/ Amy Soeda Title: Chief Financial Officer 12/20/2006

\*\*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 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 of the Issuer held directly by J.P. Morgan Corsair II Capital Partners, L.P. ("Corsair"). The sole general partner of Corsair is Corsair II, L.P. ("Corsair II LP") and the sole general partner of Corsair II LP is Corsair II, L.L.C. ("Corsair II LLC"). By reason of the provisions of Rule 16a-1 of the Securities Exchange Act of 1934 (the "Exchange Act"), Corsair II LP and Corsair II LLC may be deemed to be the beneficial owners of the securities held by Corsair, although Corsair II LP and Corsair II LLC disclaim beneficial ownership of such securities except to the extent of any indirect pecuniary interests therein (within the meaning of Rule 16a-1 of the Exchange Act) in an indeterminate portion of the securities beneficially owned by Corsair.
- (4) 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.