

OZ MANAGEMENT LLC
 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 *
 OZ MANAGEMENT LLC

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)
 9 WEST 57TH STREET, 39TH FLOOR

3. Date of Earliest Transaction (Month/Day/Year)
 12/18/2006

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

(Street)
 NEW YORK, NY 10019

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

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)
			Code	V	Amount	(D)	Price
Common Stock, par value \$0.01 per share	12/18/2006	12/18/2006	P		76,459	A	\$ 18.3032
					6,122,064	(1) I	

See Footnotes (2) (3) (4)

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

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SEC 1474 (9-02)

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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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

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

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) Includes (a) Series A Convertible Preferred Stock which converts into NewStar Financial, Inc. common stock, par value \$0.01 per share, on a one-for 2.2760 basis and (b) a warrant to buy Series A Convertible Preferred Stock which converts into NewStar Financial, Inc. common stock, par value \$0.01 per share on a one-for 2.2760 basis.

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

(3) 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 the extent of its pecuniary interest therein.

(4) 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 the extent of his pecuniary interest therein.

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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