CHURCH & DWIGHT CO INC /DE/
Form 4
June 19, 2013

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

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

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
DE MAYNADIER PATRICK D

(Last) (First) (Middle)

PRINCETON SOUTH CORPORATE PARK, 500 CHARLES EWING BOULEVARD

(Street)

EWING, NJ 08628

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CHURCH & DWIGHT CO INC /DE/ [CHD]

3. Date of Earliest Transaction (Month/Day/Year)
06/17/2013

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP, Gen. Counsel & Secretary

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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								11,082.0163 (1)	D	

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

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SEC 1474 (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 Amou Underlying Securit (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amo Num Shar
Stock Option	$ 61.92	06/17/2013		A		64,980		06/17/2016	06/17/2023	Common Stock	6
Phantom Stock	(2)							08/08/1988 (3)	08/08/1988 (3)	Common Stock	4,5

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DE MAYNADIER PATRICK D PRINCETON SOUTH CORPORATE PARK 500 CHARLES EWING BOULEVARD EWING, NJ 08628			EVP, Gen. Counsel & Secretary	

Signatures

/s/ Karen M. Sheehan, attorney-in-fact for Patrick D. de Maynadier	06/19/2013
**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) Holdings have been adjusted to reflect shares purchased in the Church & Dwight Co., Inc. Employee Stock Purchase Plan.

(2) The phantom stock shares convert to common stock on a 1-for-1 basis.

(3) The phantom stock shares were acquired under the Church & Dwight Co., Inc. Deferred Compensation Plan and are to be settled in cash at such time as prescribed by the Plan.

(4) Holdings have been adjusted to reflect dividends paid to reporting person under the Church & Dwight Co., Inc. Deferred Compensation Plan.

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. provision for credit losses increased to $11.4 million for the nine months ended September 30, 2007 from $6.6 million for the nine months ended September 30, 2006. The increase in the provision was primarily due to a $4.4 million specific reserve and the growth of our loan portfolio.

Non-interest income. Non-interest income decreased $37.7 million, to negative $32.1 million for the nine months ended September 30, 2007 from $5.6 million for the nine months ended September 30, 2006. The decrease is primarily due to a $12.8 million impairment charge prior to the sale of our investments in debt securities in our RMBS portfolio resulting from a severe correction of the RMBS market, a $28.1 million loss on the residual interest a $4.3 million loss on sale of loans and

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Explanation of Responses:

securities, and $5.5 million loss on investments in debt securities due to impairments of two of our debt securities, partially offset by an additional $7.3 million in fee income, $2.9 million in management and performance fees related to the NCOF and $3.1 million on other income driven by a $2.5 million recognition of fair value of one of our three equity positions. On June 29, 2007, we completed the sale of securities and loans totaling $187.9 million, including $113.9 million of RMBS holdings to a non-recourse, off-balance sheet financing vehicle and recognized a $4.4 million loss on the sale. We retained a fair value residual interest in the assets sold, which had a fair value of $29.7 million at June 30, 2007 and $3.1 million at September 30, 2007. The residual interest includes the present value of the expected future cash flows that we will receive from its retained interest. Any change in the fair value of the residual interest is recorded in the consolidated statement of operations. The residual interest represents the full extent of our continued financial exposure to the assets sold.

Operating expenses. Operating expenses increased $20.1 million, to $42.8 million for the nine months ended September 30, 2007 from $22.7 million for the nine months ended September 30, 2006. Employee compensation and benefits increased $16.9 million primarily as a result of the non-cash compensation charge of $12.7 million related to restricted stock grants made since our inception, including equity awards made in connection with the initial public offering and higher employee headcount. The remaining $3.2 million increase in operating expenses was attributable to an increase of $2.7 million in general and administrative expense and $0.6 million in occupancy and equipment expenses. The increase in general and administrative expenses is primarily due to $1.0 million increase in professional fees, $0.7 million increase in insurance expense, $0.4 million related to board of directors expenses, and other expenses associated with operating as a public company.

Income taxes. For the nine months ended September 30, 2007, we provided for income taxes based on an effective tax rate of 40.2%, and for the nine months ended September 30, 2006 we provided for income taxes based on a tax rate of 42.0%. Our effective rate for the nine months ended September 30, 2007 reflects the impact of nondeductible compensation expense incurred in connection with our initial public offering. The decline in the effective tax rate is primarily due to the relative impact of state taxes between the periods.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity consist of cash flow from operations, credit facilities, term debt securitizations and proceeds from equity offerings. We believe these sources will be sufficient to fund our operations, projected lending activities and other short-term liquidity needs. Our future liquidity needs will be determined primarily based on the growth rate in our loan portfolio. To fund our loan portfolio growth, we anticipate that we will need to incur additional indebtedness, enter into additional term debt securitizations or raise equity capital. We may need to raise additional debt or equity capital based on various factors, including if our loan portfolio grows faster than anticipated, we are unable to fund certain loans with credit facilities or term debt securitizations, or if our cash flow from operations is lower than expected. We may not be able to raise such debt or equity capital on acceptable terms or at all. The incurrence of additional debt will increase our leverage and interest expense, and the issuance of any debt or equity securities may be dilutive for existing shareholders.

On November 7, 2007, the Company entered into a $300 million term debt financing agreement with Deutsche Bank AG, New York Branch (Deutsche). Interest on this term debt financing agreement accrues at the commercial paper rate, as defined by the lender. In connection with the Deutsche term debt financing agreement, the Company formed a wholly owned subsidiary, NewStar DB Term Funding, LLC, a single-purpose bankruptcy-remote entity, to purchase or hold loans and investments. The term debt financing agreement has variable advance rates which are expected to be 80% or higher based on the diversification and average rating of the targeted loan collateral. In addition, NewStar must comply with various covenants the breach of which could result in a termination event. This term debt financing agreement matures on May 7, 2009.

On November 12, 2007, the Company entered into a definitive agreement with institutional investors to issue 12.5 million shares of the Company s common stock in a private placement at a price per share of $10.00. The gross proceeds from the offering, which will close in two tranches, will be $125 million. The first tranche of 7.25 million shares is expected to close on or about November 29, 2007, subject to customary closing conditions. The closing of the second tranche of 5.25 million shares is subject to the Company obtaining stockholder approval at a special meeting, which is expected to be held no later than January 2008, and customary closing conditions.

Cash and Cash Equivalents

As of September 30, 2007 and December 31, 2006, we had $73.4 million and $103.3 million, respectively, in cash and cash equivalents. Cash received from our initial public offering represented a large portion of our cash balance at September 30, 2007. We invest a portion of cash on hand in short-term liquid investments. From time to time, we may use a portion of our non-restricted cash to pay down our credit facilities.

Restricted Cash

We had $119.6 million and $40.2 million of restricted cash as of September 30, 2007 and December 31, 2006, respectively. The restricted cash represents the balance of the principal and interest collections accounts and pre-funding amounts in our credit facilities, our term debt

securitizations and customer holdbacks and escrows. The use of the principal collection accounts cash is limited to funding the growth of our loan portfolio within the facilities or paying down related credit facilities or term debt securitizations. The interest collection account cash is limited to the payment of interest, servicing fees and other expenses of our credit facilities and term debt securitizations and, if either a ratings downgrade or failure to receive ratings confirmation occurs on the rated notes in a term debt securitization at the end of the ramp up period or if coverage ratios are not met, paying down principal with respect thereto. Cash to fund the growth of our loan portfolio and to pay interest on our term debt securitizations represented a large portion of our restricted cash balance at September 30, 2007.

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Asset Quality and Allowance for Loan Losses

If a loan is 90 days or more past due or if management believes that there is reasonable doubt as to collectibility in the normal course of business, it is our policy to place the loan on non-accrual status. When a loan is on non-accrual status, accrued interest previously recognized as interest income subsequent to the last cash receipt in the current year will be reversed, and the recognition of interest income on that loan will stop until factors indicating doubtful collection no longer exist and the loan has been brought current. We may make exceptions to this policy if the loan is well secured and is in the process of collection. As of September 30, 2007, we had one $7.3 million loan classified as impaired and on non-accrual status and one $7.5 million loan we classified as a troubled debt restructuring as defined by SFAS No. 15, *Accounting for Debtors and Creditors for Troubled Debt Restructurings*. We ceased accruing interest on the $7.3 million non-accrual loan during the three months ended September 30, 2007. We continue to accrue interest on the $7.5 million troubled debt restructuring. We recorded a $4.4 million specific reserve for the $7.3 million we classified as impaired and on non-accrual status. On October 18, 2007, we received a $2.2 million partial payoff from the borrower. This payment resulted in a loss of $4.3 million which was applied to the specific reserve as a charge off. The loan has a carrying value of $0.9 million. As our loan portfolio continues to season, we expect to experience additional credit issues, delinquencies, losses, specific reserves and charge offs as part of our normal course of business.

If a loan is 31 days or more past due it is our policy to categorize the loan as delinquent. At September 30, 2007, the $7.3 million loan on non-accrual status was the only delinquent loan.

Despite our lack of historical loss experience, we have provided an allowance for loan losses to provide for losses inherent in the loans in our loan portfolio. Our allowance for loan losses as of September 30, 2007 and December 31, 2006 was $30.4 million and $19.4 million, or 1.54% and 1.32% of loans, gross, respectively.

Activity in the allowance for loan losses for the nine months ended September 30, 2007 and for the year ended December 31, 2006 was as follows:

	Nine Months Ended September 30, 2007	Year Ended December 31, 2006
	($ in thousands)	
Balance as of beginning of period	$ 19,395	$ 7,610
Provision for loan losses	6,577	11,785
Specific reserve	4,400	
Balance as of end of period	$ 30,372	$ 19,395

In addition, we maintained an allowance for losses on unfunded loan commitments as of September 30, 2007 and December 31, 2006 of $1.6 million and $1.2 million, respectively, resulting in an allowance for credit losses of 1.62% and 1.40% of outstanding loans, respectively.

Borrowings and Liquidity

As of September 30, 2007 and December 31, 2006, we had outstanding borrowings totaling $1.9 billion and $1.4 billion, respectively. Borrowings under our various credit facilities, term debt securitizations and repurchase obligations have supported our loan growth.

As of September 30, 2007, our funding sources, maximum debt amounts, amounts outstanding and unused debt capacity, subject to certain covenants and conditions, are summarized below:

Funding Source	Maximum Debt Amount	Amounts Outstanding	Unused Debt Capacity	Maturity
		($ in thousands)		
Repurchase agreements	N/A	$ 545	N/A	Less than 1 year

Credit facilities	$ 1,275,000	705,401	$ 569,599	2007	2011
Term debt	1,345,572	1,165,725	179,847	2018	2022
Total	$ 2,620,572	$ 1,871,671	$ 749,446		

We must comply with various covenants the breach of which could result in a termination event, and at September 30, 2007, we were in compliance with all such covenants. These covenants vary depending on the type of facility and are customary for facilities of this type.

Repurchase agreements

We enter into sales of securities under agreements to repurchase with customers and brokers. These agreements are treated as collateralized financings, and the obligations to repurchase securities sold are reflected as a liability in our balance

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sheet. The securities underlying the agreements remain under our control. At September 30, 2007 and December 31, 2006, we had repurchase agreements outstanding with a total carrying value of $0.5 million and $34.5 million, respectively. At September 30, 2007, the maturities of these agreements ranged from one to three months with a weighted average interest rate of 7.15%. Debt securities with a market value of $3.0 million and $48.2 million were pledged as collateral for the securities sold under agreements to repurchase at September 30, 2007 and December 31, 2006, respectively.

Credit facilities

As of September 30, 2007, we had four credit facilities: (i) a $400.0 million credit facility with Wachovia Capital Markets, LLC (Wachovia), (ii) a $400.0 million credit facility with Citigroup Global Markets Realty Corp. (Citigroup), (iii) a $400.0 million credit facility with Citigroup Financial Products Inc. and (iv) a $75.0 million facility with NATIXIS Financial Products, Inc. (NATIXIS).

The Wachovia credit facility was increased to $400.0 million pursuant to an amendment entered into on February 16, 2007 and has a principal outstanding balance as of September 30, 2007 of $298.6 million. Interest on this facility accrues at the commercial paper rate, as defined by the lender, which was 6.53% at September 30, 2007. On August 3, 2007, we entered into an amendment dated August 8, 2007 which, among other things, extended the maturity date of this facility to August 4, 2010.

The Citigroup credit facility was increased to $400.0 million pursuant to an amendment entered into on March 29, 2007 and has a principal outstanding balance as of September 30, 2007 of $299.0 million. The amendment also extended the maturity date from December 31, 2008 to December 30, 2009. Interest on this facility accrues at a variable rate per annum, which was 5.72% at September 30, 2007. In addition, the Company issued a demand note to the facility for up to $30.0 million. On November 8, 2007, we entered into an amendment to this facility which, among other things, extended the maturity date to November 2010 and completed the annual renewal of the liquidity line that supports the transaction to November 2008. In addition we amended the issued demand note to the facility which increased the principal amount to $40.0 million.

On May 1, 2007, we formed a wholly-owned subsidiary, NewStar Asset Management LLC, to provide management services to NewStar ArcTurus CLO I Ltd., (ArcTurus I) and acquire loans. ArcTurus I is currently inactive but continues to fund existing loans through participation interests acquired by Citigroup Financial Products Inc. The facility is scheduled to mature in May 2008, subject to earlier termination upon the issuance of securities by ArcTurus I . Interest on this facility accrues at a variable rate per annum which was 5.65% at September 30, 2007. As of September 30, 2007, the outstanding balance was $107.9 million.

We have a $75.0 million credit facility with IXIS that did not have an outstanding balance as of September 30, 2007. On August 8, 2007, we entered into an amendment which extended the maturity date of this facility to November 24, 2007.

On March 21, 2006 we entered into a $200 million credit facility agreement with NATIXIS. In connection with this facility, we formed a wholly owned subsidiary, NewStar Structured Finance Opportunities LLC (SFO I), a single-purpose bankruptcy-remote entity, to purchase or hold loans and investments. On June 29, 2007, SFO I formed a wholly owned subsidiary, NewStar Structured Finance Opportunities II LLC (SFO II), a single-purpose bankruptcy-remote entity to purchase or hold loans and investments. In connection with the formation of SFO II, SFO I sold all of its assets with an aggregate carrying value of $187.9 million to SFO II and SFO II assumed all of SFO I s liabilities associated with this credit facility. In addition, SFO II sold to the investors under this credit facility an undivided interest in each of the assets financed thereunder. The sale of undivided interests was accounted for as a sale/transfer of financial assets under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*.

Term debt securitizations

In August 2005, we completed our first term debt securitization. In conjunction with this transaction, we established a separate single-purpose bankruptcy-remote subsidiary, NewStar Trust 2005-1 (the 2005 CLO Trust) and initially sold and contributed $375.0 million in loans and other debt products (including unfunded commitments), or portions thereof, to the 2005 CLO Trust. We remain the servicer of the loans and other debt products. As such, we must comply with various covenants. Simultaneously with the initial sale and contributions, the 2005 CLO Trust issued $343.3 million of notes, including variable funding notes to institutional investors, and issued $31.7 million of trust certificates, the junior-most class of securities in the trust, of which we retained 100%. The notes are collateralized by the specific assets, principal collection account cash and principal payment receivables totaling $323.1 million at September 30, 2007. Outstanding drawn notes at September 30, 2007 were $291.5 million. The 2005 CLO Trust has no significant assets other than the collateral. The stated maturity date of the notes is July 25, 2018. However, we expect them to mature earlier assuming, among other things, certain collateral characteristics, certain repayment rates, no refinancing and the exercise of a clean-up call repurchase option. The 2005 CLO Trust s organizational documents and the indenture governing the notes contain covenants that limit the 2005 CLO Trust s ability to, among other

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things, consolidate with and merge into another entity, transfer or otherwise dispose of any property or assets, incur or otherwise become liable for any indebtedness except for the notes, make distributions and redeem or purchase any equity interest or security.

The following table sets forth selected information with respect to the 2005 CLO Trust:

	Notes and certificates originally issued	Outstanding balance September 30, 2007	Borrowing spread to LIBOR	Ratings (S&P/Moody s/ Fitch)(1)
	($ in thousands)		%	
2005 CLO Trust:				
Class A-1	$ 156,000	$ 155,982	0.28%	AAA/Aaa/AAA
Class A-2	80,477	28,630	0.30	AAA/Aaa/AAA
Class B	18,750	18,748	0.50	AA/Aa2/AA
Class C	39,375	39,371	0.85	A/A2/A
Class D	24,375	24,372	1.50	BBB/Baa2/BBB
Class E	24,375	24,372	4.75	BB/Ba2/BB
Total notes	343,352	291,475		
Class F (trust certificates)	31,648	31,648	N/A	N/A
Total for 2005 CLO Trust	$ 375,000	$ 323,123		

(1) These ratings were given in August 2005 and are subject to change from time to time.

In June 2006, we completed our second term debt securitization. In conjunction with this transaction, we established a separate single-purpose bankruptcy-remote subsidiary, NewStar Commercial Loan Trust 2006-1 (the 2006 CLO Trust) and initially sold and contributed $356.9 million in loans and other debt products (including unfunded commitments) to the 2006 CLO Trust. We remain the servicer of the loans and other debt products. As such, we must comply with various covenants. Simultaneously with the initial sale and contributions, the 2006 CLO Trust issued $456.3 million of notes, including variable funding notes, to institutional investors and issued $43.8 million of trust certificates of which we retained 100%. The notes are collateralized by the specific assets, principal collection account cash and principal payment receivables totaling $472.0 million at September 30, 2007. Outstanding drawn notes at September 30, 2007 were $428.3 million. The 2006 CLO Trust has no significant assets other than the collateral. The stated maturity date of the notes is March 30, 2022. However, we expect them to mature earlier assuming, among other things, certain collateral characteristics, certain prepayment rates, no refinancing and the exercise of a clean-up call repurchase option. The 2006 CLO Trust s organizational documents and the indenture governing the notes contain covenants that limit the 2006 CLO Trust s ability to, among other things, consolidate with and merge into another entity, transfer or otherwise dispose of any property or assets, incur or otherwise become liable for any indebtedness except for the notes, make distributions and redeem or purchase any equity interest or security.

The following table sets forth selected information with respect to the 2006 CLO Trust:

	Notes and certificates originally issued	Outstanding balance September 30, 2007	Borrowing spread to LIBOR	Ratings (S&P/Moody s/ Fitch)(1)

	($ in thousands)		%	
2006 CLO Trust:				
Class A-1	$ 320,000	$ 320,000	0.27%	AAA/Aaa/AAA
Class A-2	40,000	12,000	0.28	AAA/Aaa/AAA
Class B	22,500	22,500	0.38	AA/Aa2/AA
Class C	35,000	35,000	0.68	A/A2/A
Class D	25,000	25,000	1.35	BBB/Baa2/BBB
Class E	13,750	13,750	1.75	BBB-/Baa3/BBB-
Total notes	456,250	428,250		
Class F (trust certificates)	43,750	43,750	N/A	N/A
Total for 2006 CLO Trust	$ 500,000	$ 472,000		

(1) These ratings were given in June 2006 and are subject to change from time to time.

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In June 2007 we completed our third term debt transaction. In conjunction with this transaction we established a separate single-purpose bankruptcy-remote subsidiary, NewStar Commercial Loan Trust 2007-1 (the 2007-1 CLO Trust) and initially sold and contributed $500 million in loans and other debt products (including unfunded commitments), to the 2007-1 CLO Trust. We remain the servicer of the loans and other debt products. As such, we must comply with various covenants. Simultaneously with the initial sale and contributions, the 2007-1 CLO Trust issued $546.0 million of notes, including variable funding notes, to institutional investors and issued $54.0 million of trust certificates of which we retained 100%. The notes are collateralized by specific assets, principal collection account cash and principal payment receivables totaling $500.0 million at September 30, 2007. Outstanding drawn notes at September 30, 2007 were $446.0 million. The 2007-1 CLO Trust has no significant assets other than the collateral. The stated maturity date of the notes is September 30, 2022. However, we expect them to mature earlier assuming, among other things, certain collateral characteristics, certain prepayment rates, no refinancing and the exercise of a clean-up call repurchase option. The 2007-1 CLO Trust s organizational documents and the indenture governing the notes contain covenants that limit the 2007-1 CLO Trust s ability to, among other things, consolidate with and merge into another entity, transfer or otherwise dispose of any property or assets, incur or otherwise become liable for any indebtedness except for the notes, make distributions and redeem or purchase any equity interest or security.

The following table sets forth selected information with respect to the 2007-1 CLO Trust:

	Notes originally issued	Outstanding balance September 30, 2007	Borrowing spread to LIBOR	Ratings (S&P/Moody s/ Fitch)(1)
	($ in thousands)			
2007-1 CLO Trust				
Class A-1	$ 336,500	$ 336,500	0.24%	AAA/Aaa/AAA
Class A-2	100,000		0.26	AAA/Aaa/AAA
Class B	24,000	24,000	0.55	AA/Aa2/AA
Class C	58,500	58,500	1.30	A/A2/A
Class D	27,000	27,000	2.30	BBB/Baa1/BBB+
Total notes	546,000	446,000		
Class E (trust certificates)	29,100	29,100	N/A	N/A
Class F (trust certificates)	24,900	24,900	N/A	N/A
Total for 2007-1 CLO Trust	$ 600,000	$ 500,000		

(1) These ratings are unaudited and were given in June 2007 and are subject to change from time to time.

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of September 30, 2007:

	Payments due by period				
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	($ in thousands)				
Repurchase agreements	$ 545	$	$	$	$ 545
Credit facilities (1)		705,401			705,401
Term debt (1)				1,165,725	1,165,725
Non-cancelable operating leases (2)	1,537	2,719	1,793	205	6,254

Total	$ 2,082	$ 708,120	$ 1,793	$ 1,165,930	$ 1,877,925

(1) Amounts for credit facilities and term debt presented represent principal amounts due based on contractual maturity dates and do not include interest amounts owed. The actual timing of payments will ultimately vary from the above data due to future fundings and repayments we expect to occur.

(2) On March 12, 2007, we entered into a contract to sublease an additional 15,116 square feet of office space at our corporate headquarters in Boston, MA. The sublease commenced May 15, 2007 and terminates February 28, 2013.

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OFF BALANCE SHEET ARRANGEMENTS

We are party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our borrowers. These financial instruments include unfunded commitments, standby letters of credit and interest rate mitigation products. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement we have in particular classes of financial instruments.

Our exposure to credit loss in the event of nonperformance by the other party to the financial instrument for standby letters of credit is represented by the contractual amount of those instruments. We use the same credit policies in making commitments and conditional obligations as we do for on-balance sheet instruments.

Unfunded commitments are agreements to lend to a borrower, provided that all conditions have been met. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because certain commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. We evaluate each borrower s creditworthiness on a case-by-case basis. The amount of collateral required is based on management s credit evaluation of the borrower. At September 30, 2007, we had $412.2 million of unfunded commitments.

Standby letters of credit are conditional commitments issued by us to guarantee the performance by a borrower to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending credit to our borrowers. At September 30, 2007 we had $12.9 million of standby letters of credit.

Interest rate risk mitigation products are offered to enable customers to meet their financing and risk management objectives. Derivative financial instruments consist predominantly of interest rate swaps, interest rate caps and floors. The interest rate risks to the Company of these customer derivatives is mitigated by entering into similar derivatives having offsetting terms with other counterparties. At September 30, 2007, the notional value of the interest rate mitigation products was $377.1 million.

On June 29, 2007, we completed the sale of securities and loans totaling $187.9 million, including $113.9 million of RMBS holdings to a non-recourse, off-balance sheet financing vehicle and recognized a $4.4 million loss on the sale. We retained a residual interest in the assets sold, which had a fair value of $29.7 million at June 30, 2007 and $3.1 million at September 30, 2007. Our valuation of the residual involves two basic assumptions (i) a forecast of cash flows from the underlying collateral, and (ii) a discount rate applied to those cash flows. The valuation of the residual performed as of June 30, 2007 used a discount rate of 15% a rate that was established by modeling the pool to create CDO tranches; AAA through BBB which reflected a mix of debt in place against those assets and reflected an estimated market rate at that time. The loss for the quarter was driven by the following factors; i) further deterioration in the performance of the underlying RMBS collateral assets impacting the anticipated cash flows, ii) the decision by the lender to end the reinvestment period, transitioning the facility to amortize with 100% of the cash flow used to pay down the debt, and iii) increasing the discount rate applied to the valuation model. During the three months ended September 30, 2007, the Company increased the discount rate to 30% to reflect the general widening of spreads in the marketplace. We have made no changes to our general approach in projecting future liquidations/losses. The change in the fair value of the residual interest is recorded in the consolidated statement of operations. The residual interest represents the full extent of our continued financial exposure to the assets sold.

Critical Accounting Policies

Refer to the Company s 2006 Annual Report on Form 10-K for a complete discussion regarding our critical accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to changes in market values of our investment in debt securities, available-for-sale and derivatives, which are carried at fair value. Fair value is defined as the market price for those securities for which a market quotation is readily available and for all other investments and derivatives, fair value is determined pursuant to a valuation policy and a consistent valuation process. Where a market quotation is not readily available, we estimate fair value using various valuation methodologies, including cash flow analysis, as well as qualitative factors.

As of September 30, 2007 and December 31, 2006, investments in debt securities available-for-sale totaled $37.6 million and $203.1 million, respectively, and our net unrealized loss on those debt securities totaled $1.5 million and $3.5 million, respectively. Any unrealized gain or loss on these investments is included in Other Comprehensive Income in the equity section of the balance sheet, until realized. The decrease in carrying value is a result of sales in debt securities of $175.2 million.

Interest rate risk represents a market risk exposure to us. Our goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect our net interest income. Interest rate risk is measured as the potential volatility to our net interest income caused by changes in market interest rates. During the normal course of business our

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lending to clients and our investments in debt securities create some interest rate risk as does the impact of ever-changing market conditions. We attempt to mitigate this risk through our ALCO process taking into consideration balance sheet dynamics such as loan and investment growth and pricing, changes in funding mix and maturity characteristics. The ALCO group reviews the overall rate risk position and strategy on an ongoing basis. The ALCO group also reviews the impact on net interest income caused by changes in the shape of the yield curve as well as parallel shifts in the yield curve.

We invested the proceeds from our December 2006 initial public offering in short term instruments to permit us ready access to cash in order to fund our directly originated loan growth. As a result, our sensitivity to interest rate movement has increased. As the cash is redeployed and we continue to grow our loan portfolio, this interest rate sensitivity as a percentage of earnings will decrease over time.

The following table shows the hypothetical estimated change in net interest income for a 12-month period based on changes in the interest rates applied to our portfolio and cash and cash equivalents as of September 30, 2007. Our modeling is based on contractual terms and does not consider prepayment:

	Rate Change (Basis Points)	Estimated Change in Net Interest Income Over 12 Months ($ in thousands)
Decrease of	100	$ (3,965)
Increase of	100	3,965

As shown above, we estimate that a decrease in interest rates of 100 basis points would have resulted in a decrease of $4.0 million in our annualized net interest income. We estimate that an increase in interest rates of 100 basis points would have resulted in an increase in our net interest income of $4.0 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report (the Evaluation Date). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the Evaluation Date, these disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control that occurred during the first nine months of 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors.

We entered into a specific transaction comprised of loans to individual consumers, which present different risks than those associated with commercial loans.

During the nine months ended September 30, 2007, we entered into a specific transaction comprised of individual consumer loans with an outstanding balance of $11.6 million at September 30, 2007. The repayments of the individual loans are backed by an independent corporate guarantee and we are fully indemnified by the independent party if legal action were brought against us.

Refer to the Company s 2006 Annual Report on Form 10-K for a complete discussion regarding our risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On December 13, 2006 the Securities and Exchange Commission declared effective our Registration Statement on Form S-1 (File No. 333-137513) in connection with the initial public offering of our common stock. On December 19, 2006 we completed the sale of 13,800,000 shares of our common stock (including 1,800,000 shares pursuant to the exercise by the underwriters of their over-allotment option) at a price of $17.00 per share. We received net proceeds in the initial public offering of approximately $218,178,000. No expenses were paid or payments made to our directors, officers or affiliates or 10% owners of any class of our equity securities. From December 19, 2006 through September 30, 2007 we used approximately $50,000,000 to repay short-term indebtedness under our credit facilities, approximately $38,925,000 to repay and terminate corporate debt, approximately $1,005,000 to pay accounting fees associated with the initial public offering, approximately $25,000 to pay miscellaneous expenses associated with the initial public offering and approximately $65,700,000 to fund loan growth. We hold the remaining proceeds in cash and cash equivalents.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Description	Method of Filing

Exhibit Number		
3(a)	Amended and Restated Certificate of Incorporation of the Company.	Previously filed as Exhibit 3(a) to the Company s Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-33211) and incorporated herein by reference.
3(b)	Amended and Restated Bylaws of the Company.	Previously filed as Exhibit 3(b) to the Company s Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-33211) and incorporated herein by reference.

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10(a)	Amendment No. 9, dated as of August 8, 2007, to the Amended and Restated Sale and Servicing Agreement dated as of April 5, 2006, by and among NewStar CP Funding LLC, as borrower, the Company, as originator and servicer, Wachovia Bank, National Association, as swingline purchaser, Wachovia Capital Markets, LLC, as administrative agent and VFCC Agent, U.S. Bank National Association, as trustee, Lyon Financial Services, Inc. as backup servicer an each conduit purchaser and purchaser agents thereto from time to time.	Previously filed as Exhibit 10(h) to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33211) and incorporated herein by reference.
10(b)	Amendment No. 5, dated as of August 8, 2007, to the Secured Loan and Servicing Agreement, dated as of August 26, 2005, by and among NewStar Short-Term Funding LLC, as the borrower, the Company, as the originator and the servicer, MMP-5 Funding, LLC as the lender, NATIXIS Financial Products, Inc., as the administrative agent and U.S. Bank National Association, as the trustee.	Previously filed as Exhibit 10(i) to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33211) and incorporated herein by reference.
31(a)	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31(b)	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32	Certifications pursuant to 18 U.S.C. Section 1350.	Filed herewith.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWSTAR FINANCIAL, INC.

Date: November 13, 2007

By: /s/ JOHN K. BRAY
John K. Bray
Chief Financial Officer

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