New Mountain Finance Corp
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Table of Contents

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Subject to Completion, Dated October 10, 2013

PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus dated March 1, 2013)

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

6,000,000 Shares

New Mountain Finance Corporation

Common Stock

New Mountain Finance Corporation ("NMFC") is a holding company with no direct operations of its own, and its only business and sole asset is its ownership of common membership units of New Mountain Finance Holdings, L.L.C. (the "Operating Company"). The Operating Company is an externally managed business development company managed by New Mountain Finance Advisers BDC, L.L.C. and is the operating company for NMFC's business. NMFC and the Operating Company each have elected to be treated as a business development company under the Investment Company Act of 1940. The Operating Company's investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. Prior to this offering, NMFC owned approximately 85.3% of the common membership units of the Operating Company and New Mountain Finance AIV Holdings Corporation owned approximately 14.7% of the common membership units of the Operating Company.

We are offering for sale 3,000,000 shares of NMFC's common stock and the selling stockholder named in this prospectus supplement is offering for sale an additional 3,000,000 shares of NMFC's common stock. See "Selling Stockholder". The selling stockholder has granted the underwriters a 30-day option to purchase up to 900,000 additional shares of NMFC's common stock at the public offering price, less the underwriting discounts and commissions. We will only receive proceeds from the sale of shares of NMFC's common stock offered by us and we will not receive any proceeds from the sale of shares of NMFC's common stock offered by the selling stockholder, including pursuant to any exercise by the underwriters of their option to purchase additional shares.

NMFC's common stock is listed on the New York Stock Exchange under the symbol "NMFC". On October 9, 2013, the last reported sales price on the New York Stock Exchange for NMFC's common stock was $14.37 per share.

An investment in NMFC's common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which NMFC invests, through the Operating Company, are subject to special risks. See "Risk Factors" beginning on page S-26 of this prospectus supplement and page 23 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in NMFC's common stock.

This prospectus supplement and the accompanying prospectus contain important information about NMFC and the Operating Company that a prospective investor should know before investing in NMFC's common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. NMFC and the Operating Company file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (*http://www.sec.gov*), which is available free of charge by contacting NMFC by mail at 787 Seventh Avenue, 48th Floor, New York, New York 10019 or on our website at *http://www.newmountainfinance.com*. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total(2)
Public Offering Price	$	$
Sales Load paid by us (Underwriting Discounts and Commissions)(1)(3)	$	$
Proceeds to us (before expenses)(1)	$	$
Sales Load paid by the selling stockholder (Underwriting Discounts and Commissions)(1)	$	$
Proceeds to selling stockholder (before expenses)(1)	$	$

(1) New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") has agreed to bear an additional $ or $ per share, of sales load only in connection with the shares of NMFC's common stock offered by NMFC and the Operating Company (and not the selling stockholder) in this offering, which is not reflected in the above table. The allocable portion of the expenses relating to the shares of NMFC's common stock offered by us in this offering, including the sales load not being borne by the Investment Adviser, will be borne by the Operating Company. The Operating Company will incur approximately $102,933 of estimated expenses, excluding the sales load and the offering expenses to be incurred by the selling stockholder, relating to the shares of NMFC's common stock offered by us in this offering. Existing stockholders of NMFC will, and purchasers in this offering would, indirectly bear such expenses, including the sales load not being borne by the Investment Adviser, through NMFC's ownership of common membership units of the Operating Company. The selling stockholder will incur the allocable portion of the offering expenses, including sales load, relating to the shares of NMFC's common stock offered by the selling stockholder in this offering.

(2) To the extent that the underwriters sell more than 6,000,000 shares of NMFC's common stock, the underwriters have the option to purchase up to an additional 900,000 shares of NMFC's common stock from the selling stockholder at the public offering price, less the sales load, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price, sales

load and proceeds to the selling stockholder will be $, $, and $, respectively. We will not receive any proceeds from the offering of additional shares. All underwriting discounts and commissions (sales load) relating to the offering of additional shares will be borne by the selling stockholder identified in this prospectus supplement. See "Underwriting".

(3) See "Underwriting" for details of compensation to be received by the underwriters.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2013.

Joint-Lead Bookrunners

Goldman, Sachs & Co. **Wells Fargo Securities** **Morgan Stanley**

Co-Lead Managers

Baird **Keefe, Bruyette & Woods**
A Stifel Company

Co-Managers

BB&T Capital Markets **Janney Montgomery Scott** **Oppenheimer & Co.**

Prospectus Supplement dated , 2013

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

ABOUT THIS PROSPECTUS SUPPLEMENT	S-i
PROSPECTUS SUPPLEMENT SUMMARY	S-1
THE OFFERING	S-12
FEES AND EXPENSES	S-18
SELECTED FINANCIAL AND OTHER DATA	S-21
SELECTED QUARTERLY FINANCIAL DATA	S-24
RISK FACTORS	S-26
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	S-31
CAPITALIZATION	S-33
USE OF PROCEEDS	S-34
PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS	S-35
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	S-38
SENIOR SECURITIES	S-66
SELLING STOCKHOLDER	S-67
UNDERWRITING	S-68
LEGAL MATTERS	S-74
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	S-74
AVAILABLE INFORMATION	S-74
INDEX TO FINANCIAL STATEMENTS	S-76

PROSPECTUS

PROSPECTUS SUMMARY	1
THE OFFERING	11
FEES AND EXPENSES	16
SELECTED FINANCIAL AND OTHER DATA	19
SELECTED QUARTERLY FINANCIAL DATA	22
RISK FACTORS	23
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	57
USE OF PROCEEDS	58
PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS	59
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	62
SENIOR SECURITIES	91
BUSINESS	92
PORTFOLIO COMPANIES	107
MANAGEMENT	114
PORTFOLIO MANAGEMENT	125
INVESTMENT MANAGEMENT AGREEMENT	127
ADMINISTRATION AGREEMENT	135
LICENSE AGREEMENT	135
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	136
CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS	139
SELLING STOCKHOLDERS	142
DETERMINATION OF NET ASSET VALUE	144
DIVIDEND REINVESTMENT PLAN	147
DESCRIPTION OF NMFC'S CAPITAL STOCK	149
DESCRIPTION OF STRUCTURE-RELATED AGREEMENTS	153
SHARES ELIGIBLE FOR FUTURE SALE	160
MATERIAL FEDERAL INCOME TAX CONSIDERATIONS	161

REGULATION	178
PLAN OF DISTRIBUTION	184
SAFEKEEPING AGENT, TRANSFER AND DISTRIBUTION PAYING AGENT AND REGISTRAR	186
BROKERAGE ALLOCATION AND OTHER PRACTICES	186
LEGAL MATTERS	186
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	186
AVAILABLE INFORMATION	187
PRIVACY NOTICE	187
INDEX TO FINANCIAL STATEMENTS	F-1

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any shares of our common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our common stock. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. Please carefully read this prospectus supplement and the accompanying prospectus together with any exhibits and the additional information described under "Available Information" and in the "Prospectus Supplement Summary" and "Risk Factors" sections before you make an investment decision.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under "Risk Factors" and the other information included in this prospectus supplement and the accompanying prospectus.

In this prospectus supplement, unless the context otherwise requires, references to:

- *"NMFC" refers to New Mountain Finance Corporation, a Delaware corporation, which was incorporated on June 29, 2010 in preparation for the initial public offering;*
- *"NMF SLF" refers to New Mountain Finance SPV Funding, L.L.C.;*
- *"Operating Company" refers to New Mountain Finance Holdings, L.L.C., a Delaware limited liability company, which is the operating company for our business. References to the Operating Company include New Mountain Finance Holdings, L.L.C.'s wholly-owned subsidiary, NMF SLF, unless the context otherwise requires. References to the Operating Company exclude NMF SLF when referencing the Operating Company's common membership units, board of directors, and credit facility or leverage;*
- *"Guardian AIV" refers to New Mountain Guardian AIV, L.P.;*
- *"AIV Holdings" refers to New Mountain Finance AIV Holdings Corporation, a Delaware corporation which was incorporated on March 11, 2011, of which Guardian AIV is the sole stockholder;*
- *"New Mountain Finance Entities", "we", "us" and "our" refer to NMFC, the Operating Company and AIV Holdings, collectively; except for references to the registration statement of which this prospectus forms a part and the offering of securities thereunder, in which case references to "we", "us" and "our" refer to NMFC and the Operating Company only.*
- *"Investment Adviser" refers to New Mountain Finance Advisers BDC, L.L.C., the Operating Company's investment adviser;*
- *"Administrator" refers to the New Mountain Finance Entities' administrator, New Mountain Finance Administration, L.L.C.;*
- *"New Mountain Capital" refers to New Mountain Capital Group, L.L.C. and its affiliates;*
- *"Predecessor Entities" refers to New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P., together with their respective direct and indirect wholly-owned subsidiaries prior to the initial public offering;*
- *"Holdings Credit Facility" refers to the Operating Company's Amended and Restated Loan and Security Agreement with Wells Fargo Bank, National Association, dated May 19, 2011, as amended;*
- *"SLF Credit Facility" refers to NMF SLF's Loan and Security Agreement with Wells Fargo Bank, National Association, dated October 27, 2010, as amended; and*
- *"Credit Facilities" refers to the Holding Credit Facility and the SLF Credit Facility, collectively.*

Overview

The Operating Company is a Delaware limited liability company. The Operating Company is externally managed and has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, the Operating Company is obligated to comply with certain regulatory requirements. The Operating Company intends to be treated as a partnership for federal income tax purposes for so long as it has at least two members.

The Operating Company is externally managed by the Investment Adviser. The Administrator provides the administrative services necessary for operations. The Investment Adviser and Administrator are wholly-owned subsidiaries of New Mountain Capital. New Mountain Capital is a firm with a track record of investing in the middle market and with assets under management (which includes amounts committed, not all of which have been drawn down and invested to date) totaling more than $9.0 billion as of June 30, 2013. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity, and credit investment vehicles. The Operating Company, formerly known as New Mountain Guardian (Leveraged), L.L.C., was originally formed as a subsidiary of Guardian AIV by New Mountain Capital in October 2008. Guardian AIV was formed through an allocation of approximately $300.0 million of the $5.1 billion of commitments supporting New Mountain Partners III, L.P., a private equity fund managed by New Mountain Capital. In February 2009, New Mountain Capital formed a co-investment vehicle, New Mountain Guardian Partners, L.P., comprising $20.4 million of commitments.

NMFC is a Delaware corporation that was originally incorporated on June 29, 2010. NMFC is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, NMFC is obligated to comply with certain regulatory requirements. NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code").

AIV Holdings is a Delaware corporation that was originally incorporated on March 11, 2011. Guardian AIV, a Delaware limited partnership, is AIV Holdings' sole stockholder. AIV Holdings is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, AIV Holdings is obligated to comply with certain regulatory requirements. AIV Holdings has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under the Code.

On May 19, 2011, NMFC priced its initial public offering (the "IPO") of 7,272,727 shares of common stock at a public offering price of $13.75 per share. Concurrently with the closing of the IPO and at the public offering price of $13.75 per share, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in a concurrent private placement (the "Concurrent Private Placement"). Additionally, 1,252,964 shares were issued to the partners of New Mountain Guardian Partners, L.P. at that time for their ownership interest in the Predecessor Entities. In connection with NMFC's IPO and through a series of transactions, the Operating Company owns all of the operations of the Predecessor Entities, including all of the assets and liabilities related to such operations.

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC and AIV Holdings each entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company, pursuant to which NMFC and AIV Holdings were admitted as members of the Operating Company. NMFC acquired from the Operating Company, with the gross proceeds of the IPO and the Concurrent Private Placement, common membership units ("units") of the Operating Company (the number of units are equal to the number of shares of NMFC's common stock sold in the IPO and the Concurrent Private Placement). Additionally, NMFC received units of the Operating Company equal to the number of shares of common stock of NMFC issued to the partners of New Mountain Guardian Partners, L.P. Guardian AIV was the parent of the Operating Company prior to the IPO and, as a result of the transactions completed in connection with the IPO, obtained units in the Operating Company. Guardian AIV contributed its units in the Operating Company to its newly formed subsidiary, AIV Holdings, in exchange for common stock of AIV Holdings. AIV Holdings has the right to exchange all or any portion of its units in the Operating Company for shares of NMFC's common stock on a one-for-one basis at any time.

Since NMFC's IPO, and through June 30, 2013, NMFC raised $190.4 million in net proceeds from additional offerings of common stock and issued shares valued at $193.7 million to AIV Holdings for exchanged units. NMFC acquired from the Operating Company units of the Operating Company equal to the number of shares of NMFC's common stock sold in the additional offerings.

The current structure was designed to generally prevent NMFC and its stockholders from being allocated taxable income with respect to unrecognized gains that existed at the time of the IPO in the Predecessor Entities' assets, and rather such amounts would be allocated generally to AIV Holdings and its stockholders. The result is that any distributions made to NMFC's stockholders that are attributable to such gains generally will not be treated as taxable dividends but rather as return of capital. See "Material Federal Income Tax Considerations" included in the accompanying prospectus.

The diagram below depicts the New Mountain Finance Entities' current organizational structure as of September 30, 2013.

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*

Includes partners of New Mountain Guardian Partners, L.P.

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These common membership units are exchangeable into shares of NMFC common stock on a one-for-one basis.

The Operating Company's investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. In some cases, the Operating Company's investments may also include equity interests. The primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

As of June 30, 2013, the Operating Company's net asset value was $640.3 million and its portfolio had a fair value of approximately $1,059.0 million in 59 portfolio companies, with a weighted average yield to maturity of approximately 10.3%. This yield to maturity calculation assumes that all investments not on non-accrual are purchased at fair value on June 30, 2013 and

held until their respective maturities with no prepayments or losses and exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of the London Interbank Offered Rate ("LIBOR") contracts by the individual companies in the Operating Company's portfolio or other factors.

The Investment Adviser

The Investment Adviser, a wholly-owned subsidiary of New Mountain Capital, manages the Operating Company's day-to-day operations and provides it with investment advisory and management services. In particular, the Investment Adviser is responsible for identifying attractive investment opportunities, conducting research and due diligence on prospective investments, structuring the Operating Company's investments and monitoring and servicing the Operating Company's investments. We currently do not have, and do not intend to have, any employees. As of June 30, 2013, the Investment Adviser was supported by approximately 100 staff members of New Mountain Capital, including 59 investment professionals.

The Investment Adviser is managed by a five member investment committee (the "Investment Committee"), which is responsible for approving purchases and sales of the Operating Company's investments above $5.0 million in aggregate by issuer. The Investment Committee currently consists of Steven B. Klinsky, Robert A. Hamwee, Adam Collins, Douglas Londal and John Kline. The Investment Committee is responsible for approving all of the Operating Company's investment purchases above $5.0 million. The Investment Committee also monitors investments in the Operating Company's portfolio and approves all asset dispositions above $5.0 million. Purchases and dispositions below $5.0 million may be approved by the Operating Company's Chief Executive Officer. These approval thresholds are subject to change over time. We expect to benefit from the extensive and varied relevant experience of the investment professionals serving on the Investment Committee, which includes expertise in private equity, primary and secondary leveraged credit, private mezzanine finance and distressed debt.

Recent Developments

Preliminary Estimates of Net Asset Value and Adjusted Net Investment Income

Set forth below is a preliminary estimate of our net asset value per share as of October 10, 2013 and a preliminary estimate of our adjusted net investment income per share range for the three months ended September 30, 2013. The following estimates are not a comprehensive statement of our financial condition or results for the period from December 31, 2012 through September 30, 2013. We advise you that our actual results for the three and nine months ended September 30, 2013 may differ materially from these estimates, which are given only as of the date of this prospectus supplement, as a result of the completion of our financial closing procedures, final adjustments and other developments, including changes in interest rates or changes in the businesses to whom we have made loans, which may arise between now and the time that our financial results for the three and nine months ended September 30, 2013 are finalized. In addition, our board of directors has not yet determined the fair value of our investment portfolio as of September 30, 2013, which could have a material impact on our actual net asset value per share as of September 30, 2013. This information is therefore inherently uncertain.

As of the date of this prospectus supplement, we currently believe that the Operating Company will meet the adjusted net investment income per share estimate of between $0.33 and $0.35 for the three months ended September 30, 2013, which was previously announced on our quarterly earnings call held on August 8, 2013.

As of the date of this prospectus supplement, we estimate that our net asset value per share as of October 10, 2013 is approximately $14.34.

The preliminary financial estimates provided herein have been prepared by, and are the responsibility of, management. Deloitte & Touche LLP, our independent registered public accounting firm, has not audited, reviewed, compiled, or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, Deloitte & Touche LLP does not express an opinion or any form of assurance with respect thereto.

Competitive Advantages

We believe that we have the following competitive advantages over other capital providers to middle market companies:

Proven and Differentiated Investment Style With Areas of Deep Industry Knowledge

In making its investment decisions, the Investment Adviser applies New Mountain Capital's long-standing, consistent investment approach that has been in place since its founding more than 10 years ago. We focus on companies in less well followed defensive growth niches of the middle market space where we believe few debt funds have built equivalent research and operational size and scale.

We benefit directly from New Mountain Capital's private equity investment strategy that seeks to identify attractive investment sectors from the top down and then works to become a well positioned investor in these sectors. New Mountain Capital focuses on companies and industries with sustainable strengths in all economic cycles, particularly ones that are defensive in nature, that are non-cyclical and can maintain pricing power in the midst of a recessionary and/or inflationary environment. New Mountain Capital focuses on companies within sectors in which it has significant expertise (examples include federal services, software, education, niche healthcare, business services, energy and logistics) while typically avoiding investments in companies with products or services that serve markets that are highly cyclical, have the potential for long-term decline, are overly-dependent on consumer demand or are commodity-like in nature.

In making its investment decisions, the Investment Adviser has adopted the approach of New Mountain Capital, which is based on three primary investment principles:

1. A generalist approach, combined with proactive pursuit of the highest quality opportunities within carefully selected industries, identified via an intensive and structured ongoing research process;
2. Emphasis on strong downside protection and strict risk controls; and
3. Continued search for superior risk adjusted returns, combined with timely, intelligent exits and outstanding return performance.

Experienced Management Team and Established Platform

The Investment Adviser's team members have extensive experience in the leveraged lending space. Steven B. Klinsky, New Mountain Capital's Founder, Chief Executive Officer and Managing Director and Chairman of the board of directors of the New Mountain Finance Entities, was a general partner of Forstmann Little & Co., a manager of debt and equity funds totaling multiple billions of dollars in the 1980s and 1990s. He was also a co-founder of Goldman, Sachs & Co.'s Leverage Buyout Group in the period from 1981 to 1984. Robert A. Hamwee, Chief Executive Officer and President of the New Mountain Finance Entities and Managing Director of New Mountain Capital, was formerly President of GSC Group, Inc. ("GSC"), where he was the portfolio manager of GSC's distressed debt funds and led the development of GSC's CLOs. Douglas Londal, Managing Director of New Mountain Capital, was previously co-head of Goldman, Sachs & Co.'s United States ("U.S.") mezzanine debt team. John Kline, Chief Operating Officer and Executive Vice

President of the New Mountain Finance Entities and Managing Director of New Mountain Capital, worked at GSC as an investment analyst and trader for GSC's control distressed and corporate credit funds and at Goldman, Sachs & Co. in the Credit Risk Management and Advisory Group.

Many of the debt investments that the Operating Company has made to date have been in the same companies with which New Mountain Capital has already conducted months of intensive acquisition due diligence related to potential private equity investments. We believe that private equity underwriting due diligence is usually more robust than typical due diligence for loan underwriting. In its underwriting of debt investments, the Investment Adviser is able to utilize the research and hands-on operating experience that New Mountain Capital's private equity underwriting teams possess regarding the individual companies and industries. Business and industry due diligence is led by a team of investment professionals of the Investment Adviser that generally consists of three to seven individuals, typically based on their relevant company and/or industry specific knowledge. Additionally, the Investment Adviser is also able to utilize its relationships with operating management teams and other private equity sponsors. We believe this differentiates us from many of our competitors.

Significant Sourcing Capabilities and Relationships

We believe the Investment Adviser's ability to source attractive investment opportunities is greatly aided by both New Mountain Capital's historical and current reviews of private equity opportunities in the business segments we target. To date, a significant majority of the investments that the Operating Company has made are in the debt of companies and industry sectors that were first identified and reviewed in connection with New Mountain Capital's private equity efforts, and the majority of our current pipeline reflects this as well. Furthermore, the Investment Adviser's investment professionals have deep and longstanding relationships in both the private equity sponsor community and the lending/agency community which they have and will continue to utilize to generate investment opportunities.

Risk Management through Various Cycles

New Mountain Capital has emphasized tight control of risk since its inception and long before the recent global financial distress began. To date, New Mountain Capital has never experienced a bankruptcy of any of its portfolio companies in its private equity efforts or with respect to the Predecessor Entities' business. The Investment Adviser seeks to emphasize tight control of risk with our investments in several important ways, consistent with New Mountain Capital's historical approach. In particular, the Investment Adviser:

- Emphasizes the origination or purchase of debt in what the Investment Adviser believes are defensive growth companies, which are less likely to be dependent on macro-economic cycles;

- Targets investments in companies that are preeminent market leaders in their own industries, and when possible, investments in companies that have strong management teams whose skills are difficult for competitors to acquire or reproduce; and

- Emphasizes capital structure seniority in the Investment Adviser's underwriting process.

Access to Non Mark to Market, Seasoned Leverage Facilities

The amounts available under the Credit Facilities are generally not subject to reduction as a result of mark to market fluctuations in the Operating Company's portfolio investments. For a detailed discussion of the Credit Facilities, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations Liquidity and Capital Resources".

Market Opportunity

We believe that the size of the market for investments that we target, coupled with the demands of middle market companies for flexible sources of capital at competitive terms and rates, create an attractive investment environment for us.

The leverage finance market has a high level of financing needs over the next several years due to significant bank debt maturities. We believe that the large dollar volume of loans that need to be refinanced will present attractive opportunities to invest capital in a manner consistent with our stated objectives.

Middle market companies continue to face difficulties in accessing the capital markets. We believe opportunities to serve the middle market will continue to exist. While many middle market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies and hedge funds have reduced their middle market lending activities due to decreased availability of their own financing.

Consolidation among commercial banks has reduced the focus on middle market lending. We believe that many traditional bank lenders to middle market businesses have either exited or de-emphasized their service and product offerings in the middle market. These traditional lenders have instead focused on lending and providing other services to large corporate clients. We believe this has resulted in fewer key players and the reduced availability of debt capital to the companies we target.

Attractive pricing. Reduced access to, and availability of, debt capital typically increases the interest rates, or pricing, of loans for middle market lenders. Recent primary debt transactions in this market often include upfront fees, prepayment protections and, in some cases, warrants to purchase common stock, all of which should enhance the profitability of new loans to lenders.

Conservative deal structures. As a result of the credit crisis, many lenders are requiring larger equity contributions from financial sponsors. Larger equity contributions create an enhanced margin of safety for lenders because leverage is a lower percentage of the implied enterprise value of the company.

Large pool of uninvested private equity capital available for new buyouts. We expect that private equity firms will continue to pursue acquisitions and will seek to leverage their equity investments with mezzanine loans and/or senior loans (including traditional first and second lien, as well as unitranche loans) provided by companies such as ours.

Operating and Regulatory Structure

NMFC and the Operating Company are closed-end, non-diversified management investment companies that have elected to be treated as BDCs under the 1940 Act and are required to maintain an asset coverage ratio, as defined in the 1940 Act, of at least 200.0%. NMFC has no material long-term liabilities itself and its only business and sole asset is its ownership of units of the Operating Company. As a result, NMFC looks to the Operating Company's assets for purposes of satisfying the requirements under the 1940 Act otherwise applicable to NMFC. See "Regulation" in the accompanying prospectus. The Operating Company and NMF SLF have long term liabilities related to the Credit Facilities.

NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. See "Material Federal Income Tax

Considerations". As a RIC, NMFC generally will not have to pay corporate-level federal income taxes on any net ordinary income or capital gains that it timely distributes to its stockholders as dividends if it meets certain source-of-income, distribution and asset diversification requirements. The Operating Company intends to make distributions to its unit holders that will be sufficient to enable NMFC to pay quarterly distributions to its stockholders and to maintain its status as a RIC. NMFC intends to distribute to its stockholders substantially all of its annual taxable income, except that it may retain certain net capital gains for reinvestment in units of the Operating Company.

Risks

An investment in NMFC's common stock involves risk, including the risk of leverage and the risk that our operating policies and strategies may change without prior notice to NMFC stockholders or prior stockholder approval. See "Risk Factors" and the other information included in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of NMFC's common stock. The value of the Operating Company's assets, as well as the market price of NMFC's shares, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in NMFC. Investing in NMFC involves other risks, including the following:

- We have a limited operating history;
- The Operating Company may suffer credit losses;
- The Operating Company does not expect to replicate the Predecessor Entities' historical performance or the historical performance of other entities managed or supported by New Mountain Capital;
- There is uncertainty as to the value of the Operating Company's portfolio investments because most of its investments are, and may continue to be in private companies and recorded at fair value. In addition, because NMFC is a holding company, the fair values of the Operating Company's investments are determined by the Operating Company's board of directors in accordance with the Operating Company's valuation policy;
- The Operating Company's ability to achieve its investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, the Operating Company's ability to achieve its investment objective could be significantly harmed;
- The Investment Adviser has limited experience managing a BDC or a RIC, which could adversely affect our business;
- The Operating Company operates in a highly competitive market for investment opportunities and may not be able to compete effectively;
- Our business, results of operations and financial condition depends on the Operating Company's ability to manage future growth effectively;
- The Operating Company borrows money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us;
- Changes in interest rates may affect the Operating Company's cost of capital and net investment income;
- Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies;

We may experience fluctuations in our annual and quarterly results due to the nature of our business;

The Operating Company's board of directors may change its investment objective, operating policies and strategies without prior notice or member approval, the effects of which may be adverse to your interest as a stockholder;

NMFC will be subject to corporate-level federal income tax on all of its income if it is unable to maintain RIC status under Subchapter M of the Code, which would have a material adverse effect on its financial performance;

NMFC may not be able to pay you distributions on its common stock, its distributions to you may not grow over time and a portion of its distributions to you may be a return of capital for federal income tax purposes;

The Operating Company's investments in portfolio companies may be risky, and the Operating Company could lose all or part of any of its investments;

The lack of liquidity in the Operating Company's investments may adversely affect our business;

Economic recessions or downturns could impair the Operating Company's portfolio companies and harm its operating results;

NMFC is a holding company with no direct operations of its own, and will depend on distributions from the Operating Company to meet its ongoing obligations;

Any future exchange by AIV Holdings of units of the Operating Company for shares of NMFC's common stock would significantly dilute the voting power of NMFC's current stockholders with respect to the election of NMFC directors or other matters that require the approval of NMFC stockholders only. In addition, the interests of the partners of Guardian AIV following such exchange by AIV Holdings may be adverse to the interests of NMFC's current stockholders and could limit your ability to influence the outcome of key transactions, including any change of control;

The market price of NMFC's common stock may fluctuate significantly; and

Sales of substantial amounts of NMFC's common stock in the public market may have an adverse effect on the market price of its common stock.

Company Information

Our administrative and executive offices are located at 787 Seventh Avenue, 48th Floor, New York, New York 10019, and our telephone number is (212) 720-0300. We maintain a website at *http://www.newmountainfinance.com*. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

Presentation of Historical Financial Information and Market Data

Historical Financial Information

Unless otherwise indicated, historical references contained in this prospectus supplement and the accompanying prospectus in "Selected Financial and Other Data", "Selected Quarterly Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Senior Securities" and in the accompanying prospectus in "Portfolio Companies" relate to the Operating

Company, which is NMFC's sole investment. The consolidated financial statements of New Mountain Finance Holdings, L.L.C., formerly known as New Mountain Guardian (Leveraged), L.L.C., and New Mountain Guardian Partners, L.P. are the Operating Company's historical consolidated financial statements.

Market Data

Statistical and market data used in this prospectus supplement and the accompanying prospectus has been obtained from governmental and independent industry sources and publications. We have not independently verified the data obtained from these sources, and we cannot assure you of the accuracy or completeness of the data. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements contained in this prospectus supplement and the accompanying prospectus. See "Cautionary Statement Regarding Forward-Looking Statements".

THE OFFERING

Common Stock Offered by NMFC	3,000,000 shares.
Common Stock Offered by the Selling Stockholder	3,000,000 shares, excluding 900,000 shares of common stock issuable pursuant to the option to purchase additional shares granted to the underwriters.
Shares of NMFC's Common Stock Currently Outstanding	38,259,921 shares.
Shares of NMFC's Common Stock Outstanding After This Offering	44,259,921 shares, excluding 900,000 shares of common stock issuable pursuant to the option to purchase additional shares granted to the underwriters. This amount does not include any shares which may be issuable upon conversion of existing securities.
Use of Proceeds	We will not receive any proceeds from the sale of shares of NMFC's common stock sold by the selling stockholder. The Operating Company intends to use the net proceeds from the sale of shares of NMFC's common stock sold by us primarily for new investments in portfolio companies in accordance with the Operating Company's investment objective and strategies described in this prospectus supplement and the accompanying prospectus. The Operating Company may also use a portion of the net proceeds from the sale of shares of NMFC's common stock sold by us in this offering for other general corporate purposes, including to temporarily repay indebtedness (which will be subject to reborrowing), and other working capital needs. The Operating Company is continuously identifying, reviewing and, to the extent consistent with its investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments. We expect it will take up to three months for the Operating Company to substantially invest the net proceeds of this offering, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal. Proceeds not immediately used for new investments or the temporary repayment of debt will be invested in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of the investment. These securities may have lower yields than the types of investments we would typically make in accordance with our investment objective and, accordingly, may result in lower distributions, if any, during such period. See "Use of Proceeds" in this prospectus supplement.
New York Stock Exchange Symbol	"NMFC"

Investment Advisory Fees	NMFC does not have an investment adviser. The Operating Company pays the Investment Adviser a fee for its services under an amended and restated investment advisory and management agreement (the "Investment Management Agreement") consisting of two components a base management fee and an incentive fee. The base management fee is payable quarterly in arrears and is calculated at an annual rate of 1.75% of the Operating Company's average gross assets for the two most recent quarters less (i) the borrowings under the SLF Credit Facility and (ii) cash and cash equivalents. The base management fee is calculated based on the average value of the Operating Company's gross assets, borrowings under the SLF Credit Facility, and the cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of the Operating Company's "Pre-Incentive Fee Adjusted Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature, each as described in the Investment Management Agreement. The second part will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of the Operating Company's "Adjusted Realized Capital Gains", if any, on a cumulative basis from inception through the end of the year, computed net of all "Adjusted Realized Capital Losses" and "Adjusted Unrealized Capital Depreciation" on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee, each as described in the Investment Management Agreement. See "Investment Management Agreement" in the accompanying prospectus.

Administrator	The Administrator serves as the administrator for us and arranges office space for us and provides us with office equipment and administrative services. The Administrator performs, or oversees the performance of, our financial records, prepares reports to our stockholders/unit holders and reports filed by us with the Securities and Exchange Commission ("SEC"), monitors the payment of our expenses, and oversees the performance of administrative and professional services rendered to us by others. The Operating Company reimburses the Administrator for the New Mountain Finance Entities' allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the New Mountain Finance Entities under an administration agreement, as amended and restated (the "Administration Agreement"). See "Administration Agreement" in the accompanying prospectus.
Distributions	NMFC intends to pay quarterly distributions to its stockholders out of assets legally available for distribution. The quarterly distributions, if any, will be determined by NMFC's board of directors. The distributions NMFC pays to its stockholders in a year may exceed its taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital for federal income tax purposes. The specific tax characteristics of NMFC's distributions will be reported to stockholders after the end of the calendar year. The Operating Company intends to make distributions to its members that will be sufficient to enable NMFC to pay quarterly distributions to its stockholders. See "Price Range of Common Stock and Distributions" in this prospectus supplement and the accompanying prospectus.
Taxation of NMFC	NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, NMFC generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that it timely distributes to its stockholders as dividends. To maintain its RIC status, NMFC must meet specified source-of-income and asset diversification requirements and distribute annually to its stockholders at least 90.0% of its net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. The Operating Company intends to make distributions to its members that will be sufficient to enable NMFC to obtain and maintain its status as a RIC. See "Price Range of Common Stock and Distributions" and "Material Federal Income Tax Considerations" in this prospectus supplement and the accompanying prospectus.

Taxation of Operating Company	The Operating Company intends to be treated as a partnership for federal income tax purposes for as long as it has at least two members. As a result, the Operating Company will itself not be subject to federal income tax. Rather, each of the Operating Company's unit holders, including NMFC, will be required to take into account, for federal income tax purposes, its allocable share of the Operating Company's items of income, gain, loss, deduction and credit. NMF SLF is treated as a disregarded entity for federal income tax purposes. As a result, NMF SLF will itself not be subject to federal income tax and, for federal income tax purposes, the Operating Company will take into account all of NMF SLF's assets and items of income, gain, loss, deduction and credit. See "Material Federal Income Tax Considerations" in the accompanying prospectus.
Dividend Reinvestment Plan	NMFC has adopted an "opt out" dividend reinvestment plan for its stockholders. As a result, if NMFC declares a distribution, then your cash distributions will be automatically reinvested in additional shares of NMFC's common stock, unless you specifically "opt out" of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of stock will be subject to the same federal income tax consequences as stockholders who elect to receive their distributions in cash. Cash distributions reinvested in additional shares of NMFC's common stock will be automatically reinvested by NMFC in additional units of the Operating Company. NMFC will use only newly issued shares to implement the plan if the price at which newly issued shares are to be credited is equal to or greater than 110.0% of the last determined net asset value of the shares. NMFC reserves the right to purchase shares of its common stock in the open market in connection with its implementation of the plan if the price at which its newly issued shares are to be credited does not exceed 110.0% of the last determined net asset value of the shares. See "Dividend Reinvestment Plan" in the accompanying prospectus.
Trading at a Discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The possibility that NMFC's common stock may trade at a discount to its net asset value per share is separate and distinct from the risk that its net asset value per share may decline. We cannot predict whether NMFC's common stock will trade above, at or below net asset value.

License Agreement	The New Mountain Finance Entities have entered into a royalty-free license agreement with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant the New Mountain Finance Entities a non-exclusive license to use the names "New Mountain" and "New Mountain Finance". See "License Agreement" in the accompanying prospectus.
Leverage	We expect to continue to use leverage to make investments. As a result, we may continue to be exposed to the risks of leverage, which include that leverage may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts we invest and therefore, indirectly, increases the risks associated with investing in shares of NMFC's common stock. See "Risk Factors" in this prospectus supplement and the accompanying prospectus.
Anti-Takeover Provisions	The New Mountain Finance Entities' respective boards of directors are divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may serve to deter hostile takeovers or proxy contests, as may certain other measures that we may adopt. These measures may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of NMFC stockholders. See "Description of NMFC's Capital Stock Delaware Law and Certain Certificate of Incorporation and Bylaw Provisions; Anti-Takeover Measures" in the accompanying prospectus.
Available Information	We have filed with the SEC a registration statement on Form N-2 together with all amendments and related exhibits under the Securities Act of 1933, as amended (the "Securities Act"). The registration statement contains additional information about us and the shares of common stock being offered by this prospectus supplement and the accompanying prospectus.

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This information is available at the SEC's public reference room at 100 F Street, NE, Washington, District of Columbia 20549 and on the SEC's website at *http://www.sec.gov*. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. This information is also available free of charge by contacting us at New Mountain Finance Corporation, 787 Seventh Avenue, 48th Floor, New York, New York 10019, by telephone at (212) 720-0300, or on our website at *http://www.newmountainfinance.com*. Information contained on our website or on the SEC's web site about us is not incorporated into this prospectus supplement or the accompanying prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus supplement or the accompanying prospectus.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. The selling stockholder will incur the allocable portion of the offering expenses, including sales load, relating to the shares of NMFC's common stock offered by the selling stockholder in this offering. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by "you", "NMFC", the "Operating Company", or "us" or that "we", "NMFC", or the "Operating Company" will pay fees or expenses, stockholders will indirectly bear such fees or expenses through NMFC's investment in the Operating Company.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	3.0%(1)
Offering expenses borne by us (as a percentage of offering price)	0.2%(2)
Dividend reinvestment plan fees	N/A (3)
Total stockholder transaction expenses (as a percentage of offering price)	3.2%
Annual expenses (as a percentage of net assets attributable to common stock):	
Base management fees	2.3%(4)
Incentive fees payable under the Investment Management Agreement	2.9%(5)
Interest payments on borrowed funds	1.6%(6)
Other expenses	1.1%(7)
Total annual expenses	7.9%(8)

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in NMFC's common stock. In calculating the following expense amounts, we have assumed that our borrowings and annual operating expenses would remain at the levels set forth in the table above. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment in this offering, assuming a 5.0% annual return	$ 49	$ 145	$ 241	$ 480

The example and the expenses in the tables above should not be considered a representation of future expenses, and actual expenses may be greater or less than those shown.

While the example assumes, as required by the applicable rules of the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Management Agreement, which, assuming a 5.0% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the above example. The above illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5.0% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment in this offering, assuming a 5.0% annual return	$ 58	$ 171	$ 282	$ 547

The example assumes a sales load of 3.0%. In addition, while the examples assume reinvestment of all distributions at net asset value, participants in NMFC's dividend reinvestment plan will receive a number of shares of NMFC's common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of NMFC's common stock at the close of trading on the dividend payment date. The market price per share of NMFC's common stock may be at, above or below net asset value. See "Dividend Reinvestment Plan" in the accompanying prospectus for additional information regarding the dividend reinvestment plan.

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(1) Represents the commission with respect to the shares of NMFC's common stock being sold in this offering which we will pay in connection with the sale of shares of NMFC's common stock offered by us in this offering. The Investment Adviser has agreed to bear an additional $ per share, or approximately % of the offering price, of sales load only in connection with the sales of shares of NMFC's common stock offered by NMFC and the Operating Company (and not the selling stockholder) in this offering, which is not reflected in the above table. All underwriting discounts and commissions (sales load) related to the common stock offered by the selling stockholder will be borne by the selling stockholder and are not reflected in the table above. There is no guaranty that there will be any sales of NMFC's common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2) The offering expenses that will be borne by us in connection with the sale of shares of NMFC's common stock offered by us in this offering are estimated to be approximately $102,933, which excludes the offering expenses to be incurred by the selling stockholder. The selling stockholder will incur its allocable portion of the offering expenses, including sales load, relating to the shares of NMFC's common stock offered by the selling stockholder in this offering. Total expenses relating to the shelf registration statement that was declared effective by the SEC on March 1, 2013, of which this prospectus supplement and the accompanying prospectus form a part, are estimated to be $755,124.

(3) The de minimus expenses of the dividend reinvestment plan are included in "other expenses".

(4) The base management fee under the Investment Management Agreement is based on an annual rate of 1.75% of the Operating Company's average gross assets for the two most recent quarters less (i) the borrowings under the SLF Credit Facility and (ii) cash and cash equivalents. The base management fees reflected in the table above is based on the six months ended June 30, 2013. See "Investment Management Agreement" in the accompanying prospectus.

(5) Assumes that annual incentive fees earned by the Investment Adviser remain consistent with the incentive fees earned by the Investment Adviser during the six months ended June 30, 2013 and includes accrued capital gains incentive fee. These accrued capital gains incentive fees would be paid by the Operating Company if the Operating Company ceased operations on June 30, 2013 and liquidated its investments at the June 30, 2013 valuation. As we cannot predict whether the Operating Company will meet the thresholds for incentive fees under the

Investment Management Agreement, the incentive fees paid in subsequent periods, if any, may be substantially different than the fees incurred during the six months ended June 30, 2013. For more detailed information about the incentive fee calculations, see the "Investment Management Agreement" section of the accompanying prospectus.

(6)

We may borrow funds from time to time to make investments to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities or if the economic situation is otherwise conducive to doing so. The costs associated with these borrowings are indirectly borne by NMFC's stockholders through its investment in the Operating Company. As of June 30, 2013, the Operating Company had $209.4 million and $207.1 million of indebtedness outstanding under the Holdings Credit Facility and the SLF Credit Facility, respectively. For purposes of this calculation, we have assumed the June 30, 2013 amounts outstanding under these credit facilities, and have computed interest expense using an assumed interest rate of 2.9% for the Holdings Credit Facility and 2.3% for the SLF Credit Facility, which were the rates payable as of June 30, 2013. See "Senior Securities" in this prospectus supplement and the accompanying prospectus.

(7)

"Other expenses" include the New Mountain Finance Entities' overhead expenses, including payments by the Operating Company under the Administration Agreement based on the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the New Mountain Finance Entities under the Administration Agreement. Pursuant to the Administration Agreement, and further restricted by the Operating Company, expenses payable to the Administrator by the Operating Company as well as other direct and indirect expenses (excluding interest, other credit facility expenses, trading expenses and management and incentive fees) have been capped at $3.5 million for the time period from April 1, 2012 to March 31, 2013 and capped at $4.25 million for the time period from April 1, 2013 to March 31, 2014. This expense ratio does not include any expense cap. Assuming $4.25 million of annual expense, the expense ratio would be 0.6%. See "Administration Agreement" in the accompanying prospectus.

(8)

The holders of shares of NMFC's common stock indirectly bear the cost associated with our annual expenses through NMFC's investment in the Operating Company.

SELECTED FINANCIAL AND OTHER DATA

The selected financial and other data should be read in conjunction with the respective financial statements and related combined notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus supplement and the accompanying prospectus. Financial information as of and for the years ended December 31, 2012, December 31, 2011, December 31, 2010, December 31, 2009 and as of December 31, 2008 and for the period October 29, 2008 (commencement of operations) to December 31, 2008 has been derived from our financial statements and related combined notes that were audited by Deloitte & Touche, LLP, an independent registered public accounting firm. The financial information at and for the six months ended June 30, 2013 was derived from our unaudited financial statements and related combined notes. In the opinion of management, all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods, have been included. Our results for the interim periods may not be indicative of our results for any future interim period or the full year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" below and in the accompanying prospectus for more information.

The below selected financial and other data is for the Operating Company.

	Six months ended June 30, 2013	Year ended December 31, 2012	2011	2010	2009	Period from October 29, 2008 (commencement of operations) to December 31, 2008
		(in thousands except units and per unit data)				
New Mountain Finance Holdings, L.L.C.						
Statement of Operations Data:						
Total investment income	$ 60,474	$ 85,786	$ 56,523	$ 41,375	$ 21,767	$ 256
Net expenses	25,304	40,569	17,998	3,911	1,359	
Net investment income	35,170	45,217	38,525	37,464	20,408	256
Net realized and unrealized gains (losses)	4,215	28,779	(6,848)	26,328	105,272	(1,435)
Net increase (decrease) in net assets resulting from operations	39,385	73,996	31,677	63,792	125,680	(1,179)
Per unit data:						
Net asset value	$ 14.32	$ 14.06	$ 13.60	N/A	N/A	N/A
Net increase (decrease) in net assets resulting from operations (basic and diluted)	0.94	2.18	1.02	N/A	N/A	N/A
Dividends declared(1)	0.68	1.71	0.86	N/A	N/A	N/A
Balance sheet data:						
Total assets	$ 1,094,423	$ 1,025,564	$ 730,579	$ 460,224	$ 330,558	$ 61,669
Holdings Credit Facility	209,436	206,938	129,038	59,697	77,745	
SLF Credit Facility	207,100	214,262	165,928	56,936		

Total net assets	640,295	569,939	420,502	241,927	239,441	30,354
Other data:						
Total return at net asset value(2)	6.76%	16.61%	10.09%	26.54%	76.38%	NM
Number of portfolio companies at period end	59	63	55	43	24	6
Total new investments for the period	$ 262,254	$ 673,218	$ 493,331	$332,708	$268,382	$ 63,018
Investment sales and prepayments for the period	$ 201,388	$ 423,874	231,962	258,202	125,430	132
Weighted average Yield to Maturity on debt portfolio at period end(3) (unaudited)	10.3%	10.1%	10.7%	(4)	(4)	(4)
Weighted average Adjusted Yield to Maturity on debt portfolio at period end(5) (unaudited)	(5)	(5)	13.1%	12.5%	12.7%	18.8%
Weighted average common membership units outstanding for the period	41,890,217	34,011,738	30,919,629	N/A	N/A	N/A
Portfolio turnover	19.53%	52.02%	42.13%	76.69%	57.50%	0.22%

N/A Fund was not unitized as of December 31, 2010, December 31, 2009 and December 31, 2008.

NM Total return from commencement of operations through December 31, 2008 was deemed not meaningful due to the scaling of operations during this short time period.

(1)

Dividends declared in the year ended December 31, 2012 include a $0.23 per unit special dividend related to estimated realized capital gains attributable to the Operating Company's investments in Lawson Software, Inc. and Infor Lux Bond Company and a $0.14 per unit special dividend intended to minimize to the greatest extent possible NMFC's federal income or excise tax liability. Actual cash payments on the dividends declared to AIV Holdings, only, for the quarters ended March 31, 2012, June 30, 2012 and December 31, 2012, were made on April 4, 2012, July 9, 2012 and January 7, 2013 respectively.

(2)

For the six months ended June 30, 2013 and the year ended December 31, 2012, total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the respective period or year. Dividend and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter. For the year ended December 31, 2011, total return is calculated in two parts: (1) from the opening of the first day of the year to NMFC's IPO date, total return is calculated based on net income over weighted average net assets and (2) from NMFC's IPO date to the last day of the year, total return is calculated assuming a purchase at net asset value on NMFC's IPO date and a sale at net asset value on the last day of the year. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at net asset value. For the years ended December 31, 2010 and December 31, 2009, total return is the ratio of net income compared to capital, adjusted for capital contributions and distributions.

(3)

The Operating Company's weighted average Yield to Maturity calculation assumes that all investments not on non-accrual are purchased at fair value on the last day of the period and held until their respective maturities with no prepayments or losses and exited at par at maturity.

(4)

Prior to NMFC's IPO, for yield calculation purposes, NMF SLF was treated as a fully levered asset of the Operating Company with NMF SLF's net asset value being included in the yield to maturity calculations. Since NMF SLF is consolidated in accordance with GAAP, at the time of the IPO, the Operating Company began using the weighted average Yield to Maturity concept instead of the "Adjusted Yield to Maturity" concept for yield calculation purposes.

(5)

"Adjusted Yield to Maturity" assumes that the investments in the Operating Company's portfolio are purchased at fair value on the last day of the period and held until their respective maturities with no prepayments or losses and exited at par at maturity. This calculation excludes the impact of existing leverage, except for the non-recourse debt of NMF SLF. NMF SLF is treated as a fully levered asset of the Operating Company, with NMF SLF's net asset value being included for yield calculation purposes.

The below selected financial and other data is for NMFC.

	Six months ended June 30, 2013	Year ended December 31, 2012	Period from May 19, 2011 (commencement of operations) to December 31, 2011
	(in thousands except shares and per share data)		
New Mountain Finance Corporation			
Statement of Operations Data:			
Total investment income allocated from the Operating Company	$ 42,081	$ 37,511	$ 13,669
Net expenses allocated from the Operating Company	17,189	17,719	5,324
Net investment income allocated from the Operating Company	24,892	19,792	8,345
Net realized and unrealized gains (losses) allocated from the Operating Company	1,648	12,087	(4,235)
Net change in unrealized (depreciation) appreciation of investment in the Operating Company	(32)	(95)	6,221
Net increase (decrease) in net assets resulting from operations	26,508	31,784	10,331
Per share data:			
Net asset value	$ 14.32	$ 14.06	$ 13.60
Net increase (decrease) in net assets resulting from operations (basic)	0.92	2.14	0.97
Net increase (decrease) in net assets resulting from operations (diluted)	0.94	2.18	0.38
Dividends declared(1)	0.68	1.71	0.86
Balance sheet data:			
Total assets	$ 546,200	$ 345,331	$ 145,487
Total net assets	546,200	341,926	145,487
Other data:			
Total return at market value(2)	(0.42)%	24.84%	4.16%
Total return at net asset value(3)	6.76%	16.61%	2.82%
Weighted average shares outstanding for the period	28,797,837	14,860,838	10,697,691

(1) Dividends declared in the year ended December 31, 2012 include a $0.23 per share special dividend related to estimated realized capital gains attributable to the Operating Company's investments in Lawson Software, Inc. and Infor Lux Bond Company and a $0.14 per share special dividend intended to minimize to the greatest extent possible NMFC's federal income or excise tax liability.

(2) For the six months ended June 30, 2013 and the year ended December 31, 2012, total return is calculated assuming a purchase of common stock at the opening of the first day of the year, respectively, and a sale on the closing of the last business day of the respective periods. For the period May 19, 2011 to December 31, 2011, total return is calculated assuming a purchase of common stock at IPO, respectively, and a sale on the closing of the last business day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under NMFC's dividend reinvestment plan.

(3) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

SELECTED QUARTERLY FINANCIAL DATA

The selected quarterly financial data should be read in conjunction with the respective financial statements and related combined notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus supplement and the accompanying prospectus. The following table sets forth certain quarterly financial data for the quarters ended June 30, 2013 and March 31, 2013 and for each of the quarters for the fiscal years ended December 31, 2012, December 31, 2011, December 31, 2010 and December 31, 2009 of the Operating Company, which is derived from the Operating Company's financial statements and related combined notes, and for each of the quarters for the fiscal year ended December 31, 2012 and for each of the quarters from May 19, 2011 (commencement of operations) through December 31, 2011 of NMFC. This data is derived from our unaudited financial statements and related combined notes. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" included in this prospectus supplement and the accompanying prospectus for more information.

The below selected quarterly financial data is for the Operating Company.

	Investment Income		Net Investment Income		Total Net Realized Gains and Net Changes in Unrealized Appreciation (Depreciation) of Investments		Net Increase (Decrease) in Capital Resulting from Operations	
Quarter Ended	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
	(in thousands except for per unit data)							
June 30, 2013	$ 35,156	$ 0.82	$ 23,543	$ 0.55	$ (8,719)	$ (0.21)	$ 14,824	$ 0.34
March 31, 2013	25,318	0.62	11,627	0.28	12,934	0.32	24,561	0.60
December 31, 2012	$ 24,713	$ 0.65	$ 13,522	$ 0.36	$ 3,478	$ 0.09	$ 17,000	$ 0.45
September 30, 2012	21,752	0.60	10,136	0.28	12,109	0.34	22,245	0.62
June 30, 2012	20,299	0.66	11,646	0.38	(561)	(0.02)	11,085	0.36
March 31, 2012	19,022	0.62	9,913	0.32	13,754	0.45	23,667	0.77
December 31, 2011	$ 17,127	$ 0.55	$ 9,540	$ 0.31	$ 8,317	$ 0.27	$ 17,857	$ 0.58
September 30, 2011	15,069	0.49	10,002	0.32	(21,255)	(0.68)	(11,253)	(0.36)
June 30, 2011	13,116	0.42	9,554	0.31	(899)	(0.03)	8,655	0.28
March 31, 2011	11,212	N/A	9,429	N/A	6,990	N/A	16,419	N/A
December 31, 2010	$ 9,820	N/A	$ 8,335	N/A	$ 7,978	N/A	$ 16,313	N/A
September 30, 2010	13,881	N/A	13,145	N/A	5,560	N/A	18,705	N/A
June 30, 2010	8,597	N/A	7,777	N/A	(5,349)	N/A	2,428	N/A
March 31, 2010	9,077	N/A	8,208	N/A	18,138	N/A	26,346	N/A
December 31, 2009	$ 7,617	N/A	$ 6,617	N/A	$ 1,617	N/A	$ 8,234	N/A
September 30, 2009	6,148	N/A	6,030	N/A	33,709	N/A	39,739	N/A
June 30, 2009	5,092	N/A	4,877	N/A	42,562	N/A	47,439	N/A
March 31, 2009	2,910	N/A	2,883	N/A	27,385	N/A	30,268	N/A

N/A Not applicable, as the Operating Company was not unitized until May 19, 2011.

The below selected quarterly financial data is for NMFC.

Quarter Ended	Net Investment Income allocated from the Operating Company Total	Net Investment Income allocated from the Operating Company Per Share	Total Net Realized and Unrealized Gains (Losses) Total	Total Net Realized and Unrealized Gains (Losses) Per Share	Net Increase (Decrease) in Net Assets Resulting from Operations Total	Net Increase (Decrease) in Net Assets Resulting from Operations Per Share
	(in thousands except for per share data)					
June 30, 2013	$ 17,674	$ 0.55	$ (6,682)	$ (0.21)	$ 10,992	$ 0.34
March 31, 2013	7,218	0.28	8,298	0.32	15,516	0.61
December 31, 2012	$ 7,759	$ 0.36	$ 2,047	$ 0.09	$ 9,806	$ 0.45
September 30, 2012	4,574	0.28	5,381	0.34	9,955	0.62
June 30, 2012	4,029	0.38	(194)	(0.02)	3,835	0.36
March 31, 2012	3,430	0.32	4,758	0.45	8,188	0.77
December 31, 2011	$ 3,301	$ 0.31	$ 2,877	$ 0.27	$ 6,178	$ 0.58
September 30, 2011	3,460	0.32	(7,353)	(0.68)	(3,893)	(0.36)
June 30, 2011	1,584	0.15	6,462	0.60	8,046	0.75
March 31, 2011	N/A	N/A	N/A	N/A	N/A	N/A

N/A Not applicable, as NMFC did not commence operations until May 19, 2011.

RISK FACTORS

Investing in NMFC's common stock involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should consider carefully the following information before making an investment in NMFC's common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of NMFC's common stock could decline, and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS AND STRUCTURE

The Operating Company's ability to achieve its investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, the Operating Company's ability to achieve its investment objective could be significantly harmed.

The Operating Company depends on the investment judgment, skill and relationships of the investment professionals of the Investment Adviser, particularly Steven B. Klinsky and Robert Hamwee, as well as other key personnel to identify, evaluate, negotiate, structure, execute, monitor and service its investments. The Investment Adviser, as an affiliate of New Mountain Capital, is supported by New Mountain Capital's team, which as of June 30, 2013 consisted of approximately 100 staff members of New Mountain Capital and its affiliates to fulfill its obligations to the Operating Company under the Investment Management Agreement. The Investment Adviser may also depend upon New Mountain Capital to obtain access to investment opportunities originated by the professionals of New Mountain Capital and its affiliates. The Operating Company's future success depends to a significant extent on the continued service and coordination of the key investment personnel of the Investment Adviser. The departure of any of these individuals could have a material adverse effect on the Operating Company's ability to achieve its investment objective.

The Investment Committee, which provides oversight over the Operating Company's investment activities, is provided by the Investment Adviser. The Investment Committee currently consists of five members. The loss of any member of the Investment Committee or of other senior professionals of the Investment Adviser and its affiliates without suitable replacement could limit the Operating Company's ability to achieve its investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition, results of operation and cash flows. To achieve the Operating Company's investment objective, the Investment Adviser may hire, train, supervise and manage new investment professionals to participate in its investment selection and monitoring process. If the Investment Adviser is unable to find investment professionals or do so in a timely manner, our business, financial condition and results of operations could be adversely affected.

The Operating Company borrows money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us.

The Operating Company borrows money as part of its business plan. Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital and may, consequently, increase the risk of investing in us. We expect the Operating Company to continue to use leverage to finance its investments, through senior securities issued by banks and other lenders. The Operating Company is restricted from incurring additional indebtedness under the Credit Facilities, without lender consent. Lenders of these senior securities have fixed dollar claims on the Operating

Company's assets that are superior to NMFC's and AIV Holdings' claim as members of the Operating Company, and, consequently, superior to claims of NMFC's and AIV Holdings' common stockholders. If the value of the Operating Company's assets decreases, leveraging would cause its net asset value and, consequently, NMFC's and AIV Holdings' net asset value, to decline more sharply than it otherwise would have had it not leveraged. Similarly, any decrease in the Operating Company's income would cause its net income and consequently NMFC's and AIV Holdings' net income to decline more sharply than they would have had it not borrowed. Such a decline could adversely affect the Operating Company's ability to make distributions to its members and, consequently, NMFC's and AIV Holdings' ability to make common stock dividend payments. In addition, because the Operating Company's investments may be illiquid, the Operating Company may be unable to dispose of them or to do so at a favorable price in the event it needs to do so if it is unable to refinance any indebtedness upon maturity and, as a result, we may suffer losses. Leverage is generally considered a speculative investment technique.

The Operating Company's ability to service any debt that it incurs depends largely on its financial performance and is subject to prevailing economic conditions and competitive pressures. Moreover, as the Investment Adviser's management fee is payable to the Investment Adviser based on gross assets, including those assets acquired through the use of leverage, the Investment Adviser may have a financial incentive to incur leverage which may not be consistent with NMFC's and AIV Holdings' interests and the interests of their common stockholders. In addition, holders of NMFC's and AIV Holdings' common stock will, indirectly, bear the burden of any increase in the Operating Company's expenses as a result of leverage, including any increase in the management fee payable to the Investment Adviser.

At June 30, 2013, the Operating Company had $209.4 million and $207.1 million of indebtedness outstanding under the Holdings Credit Facility and the SLF Credit Facility, respectively. The Holdings Credit Facility had an effective annual interest rate of 3.0% for the six months ended June 30, 2013 and the SLF Credit Facility had an effective interest rate of 2.2% for the six months ended June 30, 2013.

Illustration. The following table illustrates the effect of leverage on returns from an investment in NMFC's common stock assuming various annual returns, net of expenses and adjusted for unsettled securities purchased. The calculations in the table below are hypothetical. Actual returns may be higher or lower than those appearing below and will also depend on NMFC's ownership interest in the Operating Company. The calculation assumes (i) $1,094.4 million in total assets, (ii) a weighted average cost of borrowings of 2.6%, (iii) $416.5 million in debt outstanding and (iv) $640.3 million in stockholders' equity.

Assumed Return on Our Portfolio
(net of expenses)

	(10.0)%	**(5.0)%**	**0%**	**5.0%**	**10.0%**
Corresponding return to stockholder	(18.8)%	(10.2)%	(1.7)%	6.9%	15.4%

RISKS RELATED TO OUR OPERATIONS

Regulations governing the operations of BDCs will affect NMFC's ability to raise additional equity capital as well as the Operating Company's ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies.

The Operating Company's business requires a substantial amount of capital. The Operating Company may acquire additional capital from the issuance of senior securities, including borrowing under a credit facility or other indebtedness. In addition, NMFC may also issue additional equity capital, which would in turn increase the equity capital available to the Operating Company. Under the 1940 Act, NMFC is not permitted to own any other securities other than common membership units of the Operating Company. As a result, any proceeds from offerings of NMFC's equity securities would be contributed to the Operating Company and subsequently used by the Operating Company for investment purposes. However, NMFC and the Operating Company may not be able to raise additional capital in the future on favorable terms or at all.

The Operating Company may issue debt securities, other evidences of indebtedness or preferred membership units, and it may borrow money from banks or other financial institutions, which we refer to collectively as "senior securities", up to the maximum amount permitted by the 1940 Act. The 1940 Act permits the Operating Company to issue senior securities in amounts such that its asset coverage, as defined in the 1940 Act, equals at least 200.0% after each issuance of senior securities. The Operating Company consolidates the assets and liabilities of NMF SLF for purposes of its financial statements and calculating compliance with the 200.0% asset coverage ratio. If the Operating Company's asset coverage ratio is not at least 200.0%, it would be unable to issue senior securities, and if it had senior securities outstanding (other than any indebtedness issued in consideration of a privately arranged loan, such as any indebtedness outstanding under the Credit Facilities), it would be unable to make distributions to its members and, consequently, NMFC and AIV Holdings would be unable to pay dividends. However, at June 30, 2013, the only senior securities outstanding were indebtedness under the Credit Facilities and therefore at June 30, 2013, the Operating Company would not have been precluded from paying distributions. If the value of the Operating Company's or NMF SLF's assets declines, the Operating Company may be unable to satisfy this test. If that happens, the Operating Company or NMF SLF may be required to liquidate a portion of its investments and repay a portion of its indebtedness at a time when such sales may be disadvantageous.

The Holdings Credit Facility matures on October 27, 2016 and permits borrowings of $250.0 million as of June 30, 2013. The Holdings Credit Facility had $209.4 million in debt outstanding as of June 30, 2013. The SLF Credit Facility matures on October 27, 2016 and permits borrowings of $215.0 million as of June 30, 2013. The SLF Credit Facility had $207.1 million in debt outstanding as of June 30, 2013.

In addition, the Operating Company may in the future seek to securitize other portfolio securities to generate cash for funding new investments. To securitize loans, the Operating Company would likely create a wholly-owned subsidiary and contribute a pool of loans to the subsidiary. The Operating Company would then sell interests in the subsidiary on a non-recourse basis to purchasers and it would retain all or a portion of the equity in the subsidiary. If the Operating Company is unable to successfully securitize its loan portfolio, which must be done in compliance with the relevant restrictions in the Credit Facilities, its ability to grow its business or fully execute its business strategy could be impaired and our earnings, if any, could decrease. The securitization market is subject to changing market conditions and the Operating Company may not be able to access this market when it would otherwise deem appropriate. Moreover, the successful securitization of the Operating Company's portfolio might expose the Operating Company to losses as the residual investments in which it does not sell interests will tend to be those that are riskier and more apt to generate losses. The 1940 Act also may impose restrictions on the structure of any securitization.

NMFC may also obtain capital for use by the Operating Company through the issuance of additional equity capital, which would in turn increase the equity capital available to the Operating Company. As a BDC, NMFC generally is not able to issue or sell its common stock at a price below net asset value per share. If NMFC's common stock trades at a discount to its net asset value per share, this restriction could adversely affect its ability to raise equity capital. NMFC may, however, sell its common stock, or warrants, options or rights to acquire its common stock, at a price below its net asset value per share of the common stock if its board of directors and independent directors determine that such sale is in its best interests and the best interests of its stockholders, and its stockholders approve such sale. In any such case, the price at which NMFC's securities are to be issued and sold may not be less than a price that, in the determination of NMFC's board of directors, closely approximates the market value of such securities (less any underwriting commission or discount). If NMFC raises additional funds by issuing more shares of its common stock or if the Operating Company issues senior securities convertible into, or exchangeable for, NMFC's common stock, the percentage ownership of NMFC's and AIV Holdings' stockholders may decline and you may experience dilution. Any proceeds from the issuance of additional shares of NMFC's common stock would be contributed to the Operating Company and used to purchase, on a one-for-one basis, additional common membership units of the Operating Company.

RISKS RELATING TO THE OPERATING COMPANY'S INVESTMENTS

Economic recessions, downturns or government spending cuts could impair the Operating Company's portfolio companies and harm its operating results.

Many of the Operating Company's portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay its debt investments during these periods. Therefore, the Operating Company's non-performing assets are likely to increase, and the value of the Operating Company's portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of collateral securing some of the Operating Company's debt investments and the value of its equity investments. Economic slowdowns or recessions could lead to financial losses in the Operating Company's portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase the Operating Company's funding costs, limit NMFC's and the Operating Company's access to the capital markets or result in a decision by lenders not to extend credit to the Operating Company. These events could prevent the Operating Company from increasing investments and harm its operating results.

In addition, levels of the U.S. government's spending in future periods are very difficult to predict and subject to significant risks. Significant budgetary constraints may result in further reductions to projected spending levels. In particular, U.S. government expenditures are subject to the potential for automatic reductions, generally referred to as "sequestration". Sequestration, which is in the process of being implemented, is expected to result in significant additional reductions to spending by the U.S. government on both existing and new contracts as well as disruption of ongoing programs. Also, we expect that budgetary constraints and ongoing concerns regarding the U.S. national debt will continue to place downward pressure on U.S. government spending levels. Due to these and other factors, overall U.S. government spending could decline, which could result in significant reductions to the revenues, cash flow and profits of the Operating Company's portfolio companies.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of the Operating Company's portfolio of LIBOR-indexed, floating-rate debt securities.

Concerns have been publicized that some of the member banks surveyed by the British Bankers' Association ("BBA") in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the inter-bank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting inter-bank lending rates higher than those they actually submitted. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

Actions by the BBA, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined. Uncertainty as to the nature of such potential changes may adversely affect the market for LIBOR-based securities, including the Operating Company's portfolio of LIBOR-indexed, floating-rate debt securities. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities or the value of our portfolio of LIBOR- indexed, floating-rate debt securities.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, the Operating Company's current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as "anticipates", "expects", "intends", "plans", "will", "may", "continue", "believes", "seeks", "estimates", "would", "could", "should", "targets", "projects" or variations of these words and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

- the preliminary estimates of our net asset value;
- our future operating results;
- the Operating Company's business prospects and the prospects of its portfolio companies;
- the impact of investments that the Operating Company expects to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of the Operating Company's portfolio companies to achieve their objectives;
- the Operating Company's expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of the Operating Company's portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair the Operating Company's portfolio companies' ability to continue to operate, which could lead to the loss of some or all of the Operating Company's investments in such portfolio companies;
- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;
- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

- currency fluctuations could adversely affect the results of the Operating Company's investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and

- the risks, uncertainties and other factors we identify in "Risk Factors" and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include the Operating Company's ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement or the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in "Risk Factors" and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act.

CAPITALIZATION

The following table sets forth the Operating Company's capitalization as of June 30, 2013:

- on an actual basis; and

- on an as adjusted basis to give effect to the sale of 3,000,000 shares of NMFC's common stock by us in this offering at a public offering price of $14.37 per share (the last reported closing price of NMFC's common stock on October 9, 2013), after deducting the estimated underwriting discounts and commissions of approximately $1.3 million (excluding the sales load borne by the Investment Adviser) and estimated offering expenses of approximately $0.1 million payable by the Operating Company.

You should read this table together with "Use of Proceeds" and the financial statements and related notes thereto included elsewhere in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2013	
	Actual	As Adjusted (unaudited)
	(in thousands)	
Assets:		
Cash and cash equivalents	$ 15,946	$ 57,660
Investments at fair value	1,059,001	1,059,001
Other assets	19,476	19,373
Total assets	$ 1,094,423	$ 1,136,034
Liabilities:		
Credit facilities payable	$ 416,536	$ 416,536
Other liabilities	37,592	37,489
Total liabilities	$ 454,128	$ 454,025
Net assets	$ 640,295	$ 682,009
Members' Capital:		
Common membership units ("unit"), par value $0.01 per unit; 100,000,000 units authorized, 47,831,859 units outstanding		$ 478
Capital in excess of par value		681,531
Total members' capital		682,009

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of NMFC's common stock by the selling stockholder pursuant to this prospectus supplement.

We estimate that we will receive net proceeds from the sale of the 3,000,000 shares of NMFC's common stock sold by us in this offering of approximately $41.7 million (using the last reported closing price of NMFC's common stock on October 9, 2013 of $14.37 per share), after deducting estimated offering expenses of approximately $0.1 million payable by the Operating Company and underwriting discounts and commissions of approximately $1.3 million. In addition, the Investment Adviser has agreed to bear an additional $ of commissions in connection with the sale of shares of NMFC's common stock sold by NMFC and the Operating Company (and not the selling stockholder) in this offering, which will not be subject to reimbursement by either NMFC or the Operating Company.

The Operating Company intends to use the net proceeds from the sale of shares of NMFC's common stock sold by us in this offering primarily for new investments in portfolio companies in accordance with the Operating Company's investment objective and strategies described in this prospectus supplement and the accompanying prospectus. The Operating Company may also use a portion of the net proceeds from the sale of shares of NMFC's common stock sold by us in this offering for other general corporate purposes, including to temporarily repay indebtedness (which will be subject to reborrowing), and other working capital needs. The Operating Company is continuously identifying, reviewing and, to the extent consistent with its investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments.

We expect it will take up to three months for the Operating Company to substantially invest the net proceeds from the sale of shares of NMFC's common stock sold by us in this offering, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal.

Proceeds not immediately used for new investments or the temporary repayment of debt will be invested primarily in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of investment. These securities may have lower yields than the types of investments we would typically make in accordance with our investment objective and, accordingly, may result in lower distributions, if any, during such period.

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

NMFC's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "NMFC". The following table sets forth the net asset value ("NAV") per share of NMFC's common stock, the high and low closing sale price for NMFC's common stock, the closing sale price as a percentage of NAV and the quarterly dividend distributions per share for each fiscal quarter since NMFC's IPO on May 19, 2011.

Fiscal Year Ended	NAV Per Share(3)	Closing Sales Price(4) High	Closing Sales Price(4) Low	Premium or Discount of High Sales to NAV(5)	Premium or Discount of Low Sales to NAV(5)	Declared Dividends Per Share(6)
December 31, 2013						
Fourth Quarter(1)	*	$ 14.58	$ 14.05	*	*	*
Third Quarter	*	$ 14.90	$ 14.21	*	*	$ 0.46(8)
Second Quarter	$ 14.32	$ 15.60	$ 13.82	8.94%	(3.49)%	$ 0.34
First Quarter	$ 14.31	$ 15.45	$ 14.30	7.97%	(0.07)%	$ 0.34
December 31, 2012						
Fourth Quarter	$ 14.06	$ 15.18	$ 13.75	7.97%	(2.20)%	$ 0.48(9)
Third Quarter	$ 14.10	$ 15.50	$ 14.18	9.93%	0.57%	$ 0.34
Second Quarter	$ 13.83	$ 14.29	$ 13.28	3.33%	(3.98)%	$ 0.57(10)
First Quarter	$ 14.05	$ 13.75	$ 13.14	(2.14)%	(6.48)%	$ 0.32
December 31, 2011(2)						
Fourth Quarter	$ 13.60	$ 13.41	$ 12.27	(1.40)%	(9.78)%	$ 0.30
Third Quarter	$ 13.32	$ 13.37	$ 10.77	0.38%	(19.14)%	$ 0.29
Second Quarter(7)	$ 14.25	$ 13.55	$ 12.35	(4.91)%	(13.33)%	$ 0.27

(1) Period from July 1, 2013 through October 9, 2013.

(2) NMFC was not unitized until the IPO date of May 19, 2011.

(3) NAV is determined as of the last date in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(4) Closing sales price is determined as the high or low closing sales price noted within the respective quarter, not adjusted for dividends.

(5) Calculated as of the respective high or low sales price divided by the quarter end NAV.

(6) Represents the dividend paid for the specified quarter.

(7) Period from May 19, 2011 through June 30, 2011 (excludes IPO price of $13.75).

(8) Includes a third quarter dividend of $0.34 per share payable on September 30, 2013 and a special dividend of $0.12 per share payable on August 30, 2013.

(9) Includes a fourth quarter dividend of $0.34 per share payable on December 28, 2012 and a special dividend of $0.14 per share payable on January 31, 2013.

(10)

Includes a special dividend of $0.23 per share payable on May 31, 2012 and a second quarter dividend of $0.34 per share payable on June 29, 2012.

*

Not determinable at the time of filing.

On October 9, 2013, the last reported sales price of NMFC's common stock was $14.37 per share. As of June 30, 2013, the Operating Company had two record holders, which were NMFC and AIV Holdings, whereas NMFC had approximately 11 stockholders of record and approximately two beneficial owners whose shares are held in the names of brokers, dealers, funds, trusts and clearing agencies. The Operating Company is not a publicly traded entity.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that NMFC's shares of common stock will trade at a discount from NAV or at premiums that are unsustainable over the long term are separate and distinct from the risk that our NAV will decrease. Since NMFC's initial public offering on May 19, 2011, NMFC's shares of common stock have traded at times at a discount to the net assets attributable to those shares. As of October 9, 2013, NMFC's shares of common stock traded at a premium of approximately 0.3% of the NAV attributable to those shares as of June 30, 2013. It is not possible to predict whether the shares offered hereby will trade at, above, or below NAV.

Since NMFC is a holding company, distributions will be paid on NMFC's common stock from distributions received from the Operating Company. The Operating Company intends to make distributions to its unit holders that will be sufficient to enable NMFC to pay quarterly distributions to NMFC's stockholders and to obtain and maintain NMFC's status as a regulated investment company. NMFC intends to distribute approximately its entire portion of the Operating Company's Adjusted Net Investment Income on a quarterly basis and substantially its entire portion of the Operating Company's taxable income on an annual basis, except that they may retain certain net capital gains for reinvestment.

NMFC has adopted an "opt out" dividend reinvestment plan on behalf of its stockholders, whereas NMFC stockholders' cash dividends will be automatically reinvested in additional shares of NMFC's common stock, unless the stockholder elects to receive cash. Cash dividends reinvested in additional shares of NMFC's common stock will be automatically reinvested by NMFC into additional units of the Operating Company.

NMFC applies the following in implementing the dividend reinvestment plan. If the price at which newly issued shares are to be credited to stockholders' accounts is greater than 110.0% of the last determined NAV of the shares, NMFC will use only newly issued shares to implement its dividend reinvestment plan. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of NMFC's common stock on the NYSE on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, the average of their electronically reported bid and asked prices. If NMFC uses newly issued shares to implement the plan, NMFC will receive, on a one-for-one basis, additional units of the Operating Company in exchange for cash distributions that are reinvested in shares of NMFC's common stock under the dividend reinvestment plan.

If the price at which newly issued shares are to be credited to stockholders' accounts is less than 110.0% of the last determined NAV of the shares, NMFC will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of NMFC's common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of NMFC's stockholders have been tabulated.

The following table reflects the cash distributions, including dividends and returns of capital, if any, per unit/share that have been declared by the Operating Company's board of directors, and subsequently NMFC's board of directors, since NMFC's IPO:

Date Declared	**Record Date**	**Payment Date**	**Amount**
May 6, 2013	June 14, 2013	June 28, 2013	$ 0.34
March 6, 2013	March 15, 2013	March 28, 2013	0.34
December 27, 2012(1)	December 31, 2012	January 31, 2013	$ 0.14
November 6, 2012	December 14, 2012	December 28, 2012	0.34
August 8, 2012	September 14, 2012	September 28, 2012	0.34
May 8, 2012	June 15, 2012	June 29, 2012	0.34
May 8, 2012(2)	May 21, 2012	May 31, 2012	0.23
March 7, 2012	March 15, 2012	March 30, 2012	0.32
November 8, 2011	December 15, 2011	December 30, 2011	$ 0.30
August 10, 2011	September 15, 2011	September 30, 2011	0.29
August 10, 2011	August 22, 2011	August 31, 2011	0.27
Total			$ 3.25

(1) Special dividend intended to minimize to the greatest extent possible NMFC's federal income or excise tax liability.

(2) Special dividend related to estimated realized capital gains attributable to the Operating Company's investments in Lawson Software, Inc. and Infor Lux Bond Company.

Tax characteristics of all dividends paid by NMFC are reported to stockholders on Form 1099 after the end of the calendar year. Future quarterly dividends, if any, for the New Mountain Finance Entities will be determined by their respective boards of directors.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus supplement and the accompanying prospectus. In addition to historical information, the following discussion and other parts of this prospectus supplement and the accompanying prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" appearing in this prospectus supplement and the accompanying prospectus.

Overview

The Operating Company is a Delaware limited liability company. The Operating Company is externally managed and has elected to be treated as a BDC under the 1940 Act. As such, the Operating Company is obligated to comply with certain regulatory requirements. The Operating Company intends to be treated as a partnership for federal income tax purposes for so long as it has at least two members.

The Operating Company is externally managed by the Investment Adviser. The Administrator provides the administrative services necessary for operations. The Investment Adviser and Administrator are wholly-owned subsidiaries of New Mountain Capital. New Mountain Capital is a firm with a track record of investing in the middle market and with assets under management (which includes amounts committed, not all of which have been drawn down and invested to date) totaling more than $9.0 billion as of June 30, 2013. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity, and credit investment vehicles. The Operating Company, formerly known as New Mountain Guardian (Leveraged), L.L.C., was originally formed as a subsidiary of Guardian AIV by New Mountain Capital in October 2008. Guardian AIV was formed through an allocation of approximately $300.0 million of the $5.1 billion of commitments supporting New Mountain Partners III, L.P., a private equity fund managed by New Mountain Capital. In February 2009, New Mountain Capital formed a co-investment vehicle, New Mountain Guardian Partners, L.P., comprising $20.4 million of commitments.

NMFC is a Delaware corporation that was originally incorporated on June 29, 2010. NMFC is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, NMFC is obligated to comply with certain regulatory requirements. NMFC has elected to be treated, and intends to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code.

AIV Holdings is a Delaware corporation that was originally incorporated on March 11, 2011. Guardian AIV, a Delaware limited partnership, is AIV Holdings' sole stockholder. AIV Holdings is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, AIV Holdings is obligated to comply with certain regulatory requirements. AIV Holdings has elected to be treated, and intends to comply with the requirements to qualify annually, as a RIC under the Code.

On May 19, 2011, NMFC priced its IPO of 7,272,727 shares of common stock at a public offering price of $13.75 per share. Concurrently with the closing of the IPO and at the public offering price of $13.75 per share, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in the Concurrent Private Placement. Additionally, 1,252,964 shares were issued to the partners of New Mountain Guardian Partners, L.P. at that time for their ownership interest in the Predecessor Entities. In connection with NMFC's IPO and through a series of transactions, the Operating

Company owns all of the operations of the Predecessor Entities, including all of the assets and liabilities related to such operations.

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC and AIV Holdings each entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company, pursuant to which NMFC and AIV Holdings were admitted as members of the Operating Company. NMFC acquired from the Operating Company, with the gross proceeds of the IPO and the Concurrent Private Placement, units of the Operating Company (the number of units are equal to the number of shares of NMFC's common stock sold in the IPO and the Concurrent Private Placement). Additionally, NMFC received units of the Operating Company equal to the number of shares of common stock of NMFC issued to the partners of New Mountain Guardian Partners, L.P. Guardian AIV was the parent of the Operating Company prior to the IPO and, as a result of the transactions completed in connection with the IPO, obtained units in the Operating Company. Guardian AIV contributed its units in the Operating Company to its newly formed subsidiary, AIV Holdings, in exchange for common stock of AIV Holdings. AIV Holdings has the right to exchange all or any portion of its units in the Operating Company for shares of NMFC's common stock on a one-for-one basis at any time.

Since NMFC's IPO, and through June 30, 2013, NMFC raised $190.4 million in net proceeds from additional offerings of common stock and issued shares valued at $193.7 million to AIV Holdings for exchanged units. NMFC acquired from the Operating Company units of the Operating Company equal to the number of shares of NMFC's common stock sold in the additional offerings.

The current structure was designed to generally prevent NMFC and its stockholders from being allocated taxable income with respect to unrecognized gains that existed at the time of the IPO in the Predecessor Entities' assets, and rather such amounts would be allocated generally to AIV Holdings and its stockholders. The result is that any distributions made to NMFC's stockholders that are attributable to such gains generally will not be treated as taxable dividends but rather as return of capital. See "Material Federal Income Tax Considerations" included in the accompanying prospectus.

The diagram below depicts the New Mountain Finance Entities' organizational structure as of June 30, 2013.

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*
Includes partners of New Mountain Guardian Partners, L.P.

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These common membership units are exchangeable into shares of NMFC common stock on a one-for-one basis.

The Operating Company's investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. In some cases, the Operating Company's investments may also include equity interests. The primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

As of June 30, 2013, the Operating Company's net asset value was $640.3 million and its portfolio had a fair value of approximately $1,059.0 million in 59 portfolio companies, with a weighted average yield to maturity of approximately 10.3%. This yield to maturity calculation assumes that all investments not on non-accrual are purchased at fair value on June 30, 2013 and

held until their respective maturities with no prepayments or losses and exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of the London Interbank Offered Rate ("LIBOR") contracts by the individual companies in the Operating Company's portfolio or other factors.

Recent Developments

On August 7, 2013, the Operating Company's board of directors, and subsequently NMFC's board of directors, declared a third quarter 2013 distribution of $0.34 per unit/share payable on September 30, 2013 to holders of record as of September 16, 2013. Subsequently, AIV Holdings' board of directors declared a dividend payable on September 30, 2013 to holders of record as of September 16, 2013 in an amount equal to $0.34 per unit multiplied by the total number of units owned by AIV Holdings of the Operating Company as of the record date.

On August 7, 2013, the Operating Company's board of directors, and subsequently NMFC's board of directors, declared a special distribution of $0.12 per unit/share payable on August 30, 2013 to holders of record as of August 20, 2013. Subsequently, AIV Holdings' board of directors declared a dividend payable on August 30, 2013 to holders of record as of August 20, 2013 in an amount equal to $0.12 per unit multiplied by the total number of units owned by AIV Holdings of the Operating Company as of the record date.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

Basis of Accounting

The Operating Company consolidates its wholly-owned subsidiary, NMF SLF. NMFC does not consolidate the Operating Company. NMFC applies investment company master-feeder financial statement presentation, as described in Accounting Standards Codification 946, *Financial Services Investment Companies*, ("ASC 946") to their interest in the Operating Company. NMFC observes that it is industry practice to follow the presentation prescribed for a Master Fund-Feeder Fund structure in ASC 946 in instances in which a master fund is owned by more than one feeder fund and that such presentation provides stockholders of NMFC with a clearer depiction of their investment in the master fund.

Valuation and Leveling of Portfolio Investments

At all times consistent with GAAP and the 1940 Act, the Operating Company conducts a valuation of assets, which impacts its net asset value, and, consequently, the net asset values of NMFC.

The Operating Company values its assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, the Operating Company's board of directors is ultimately and solely responsible for determining the fair value of its portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available, and any other situation where its portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. The Operating Company's quarterly valuation procedures are set forth in more detail below:

(1) Investments for which market quotations are readily available on an exchange are valued at such market quotations based on the closing price indicated from independent pricing services.

(2) Investments for which indicative prices are obtained from various pricing services and/or brokers or dealers are valued through a multi-step valuation process, as described below, to determine whether the quote(s) obtained is representative of fair value in accordance with GAAP.

a. Bond quotes are obtained through independent pricing services. Internal reviews are performed by the investment professionals of the Investment Adviser to ensure that the quote obtained is representative of fair value in accordance with GAAP and if so, the quote is used. If the Investment Adviser is unable to sufficiently validate the quote(s) internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below);

b. For investments other than bonds, the investment professionals of the Investment Adviser look at the number of quotes readily available and perform the following:

i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained;

ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

(3) Investments for which quotations are not readily available through exchanges, pricing services, brokers, or dealers are valued through a multi-step valuation process:

a. Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser responsible for the credit monitoring;

b. Preliminary valuation conclusions will then be documented and discussed with the Operating Company's senior management;

c. If an investment falls into (3) above for four consecutive quarters and if the investment's par value or its fair value exceeds the materiality threshold, then at least once each fiscal year, the valuation for each portfolio investment for which the investment professionals of the Investment Adviser do not have a readily available market quotation will be reviewed by an independent valuation firm engaged by the Operating Company's board of directors; and

d. When deemed appropriate by the Operating Company's management, an independent valuation firm may be engaged to review and value investment(s) of a portfolio company, without any preliminary valuation being performed by the Investment Adviser. The investment professionals of the Investment Adviser will review and validate the value provided.

The values assigned to investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of certain investments may fluctuate from period to period and the fluctuations could be material.

GAAP fair value measurement guidance classifies the inputs used in measuring fair value into three levels as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments and the Operating Company has the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820"), the Operating Company, to the extent that we hold such investments, does not adjust the quoted price for these investments, even in situations where the Operating Company holds a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Level II inputs include the following:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and

Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period.

The following table summarizes the levels in the fair value hierarchy that the Operating Company's portfolio investments fall into as of June 30, 2013:

(in thousands)	**Total**	**Level I**	**Level II**	**Level III**
First lien	$ 550,887	$	$ 529,575	$ 21,312
Second lien	432,779		394,252	38,527
Subordinated	46,654		21,973	24,681
Equity and other	28,681			28,681
Total investments	$ 1,059,001	$	$ 945,800	$ 113,201

NMFC is a holding company with no direct operations of its own, and its sole asset is its ownership in the Operating Company. NMFC's investments in the Operating Company are carried at fair value and represent the pro-rata interest in the net assets of the Operating Company as of the applicable reporting date. NMFC values its ownership interest on a quarterly basis, or more frequently if required under the 1940 Act.

The Operating Company generally uses the following framework when determining the fair value of investments where there are little, if any, market activity or observable pricing inputs.

Company Performance, Financial Review, and Analysis: Prior to investment, as part of its due diligence process, the Operating Company evaluates the overall performance and financial stability of the portfolio company. Post investment, the Operating Company analyzes each portfolio company's current operating performance and relevant financial trends versus prior year and budgeted results, including, but not limited to, factors affecting its revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth, margin trends, liquidity position, covenant compliance and changes to its capital structure. The Operating Company also attempts to identify and subsequently track any developments at the portfolio company, within its customer or vendor base or within the industry or the macroeconomic environment, generally, that may alter any material element of its original investment thesis. This analysis is specific to each portfolio company. The Operating Company leverages the knowledge gained from its original due diligence process, augmented by this subsequent monitoring, to continually refine its outlook for each of its portfolio companies and ultimately form the valuation of its investment in each portfolio company. When an external event such as a purchase transaction, public offering or subsequent sale occurs, the Operating Company will consider the pricing indicated by the external event to corroborate the private valuation.

Market Based Approach: The Operating Company typically estimates the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies. The Operating Company considers numerous factors when selecting the appropriate companies whose trading multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, relevant risk factors, as well as size, profitability and growth expectations. The Operating Company generally applies an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate portfolio company enterprise value. In applying the market based approach as of June 30, 2013, the Operating Company used the relevant EBITDA ranges set forth in the table below to determine the enterprise value of investments in six of its portfolio companies. The Operating Company believes this was a reasonable range in light of current comparable company trading levels and the specific companies involved.

Income Based Approach: The Operating Company also typically uses a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. In applying the income based approach as of June 30, 2013, the Operating

Company used the discount ranges set forth in the table below to value investments in eight of its portfolio companies.

(in thousands)			EBITDA Range			Discount Range		
Type	Fair Value	Approach	Low	High	Weighted Average	Low	High	Weighted Average
First lien	$ 21,312	Market and Income	4.0x	7.0x	6.1x	5.5%	21.8%	13.1%
Second lien	38,527	Market and Income	5.5x	7.5x	6.4x	10.2%	11.8%	11.0%
Subordinated	24,681	Market and Income	6.5x	9.0x	7.7x	12.6%	21.6%	14.9%
Equity	24,052	Market and Income	5.5x	8.0x	6.4x	9.0%	20.0%	16.3%

The Operating Company typically uses a Black Scholes analysis to fair value warrant investments. Input variables used in these analyses include, but are not limited to, stock price, exercise price, expiration date, valuation date, volatility, and discount rate. As of June 30, 2013, warrants had a fair value of $4.6 million, which have been excluded from the table above.

Revenue Recognition

The Operating Company's revenue recognition policies are as follows:

Sales and paydowns of investments: Realized gains and losses on investments are determined on the specific identification method.

Interest income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. The Operating Company has loans in the portfolio that contain a payment-in-kind ("PIK") provision. PIK represents interest that is accrued and recorded as interest income at the contractual rates, added to the loan principal on the respective capitalization dates, and generally due at maturity.

Non-accrual income: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and when there is reasonable doubt that principal or interest will be collected. Accrued cash and un-capitalized PIK interest is generally reversed when a loan is placed on non-accrual status. Previously capitalized PIK interest is not reversed when an investment is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment of the ultimate outcome. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

Other income: Other income represents delayed compensation, consent or amendment fees, revolver fees and other miscellaneous fees received. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date. Other income may also include fees from bridge loans. The Operating Company may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. A fee is received by the Operating Company for providing such commitments.

NMFC's revenue recognition policy is as follows:

Revenue, expenses, and capital gains (losses): At each quarterly valuation date, the Operating Company's investment income, expenses, net realized gains (losses), and net increase (decrease) in unrealized appreciation (depreciation) are allocated to NMFC based on its pro-rata interest in the net assets of the Operating Company. This is recorded on NMFC's Statements of Operations. Realized gains and losses are recorded upon sales of NMFC's investment in the Operating Company. Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. is the difference between the net asset value per share and the closing price per share for shares issued as part of the dividend reinvestment plan on the dividend payment date. This net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. includes the unrealized appreciation (depreciation) from the IPO. NMFC used the proceeds from its IPO and Concurrent Private Placement to purchase units in the Operating Company at $13.75 per unit (its IPO price per share). At the IPO date, $13.75 per unit represented a discount to the actual net asset value per unit of the Operating Company. As a result, NMFC experienced immediate unrealized appreciation on its investment in the Operating Company.

All expenses are paid and recorded by the Operating Company. Expenses are allocated to NMFC based on its pro-rata ownership interest. In addition, the Operating Company paid all of the offering costs related to the IPO and subsequent offerings. NMFC has recorded its portion of the offering costs as a direct reduction to net assets and the cost of its investment in the Operating Company.

With respect to the expenses incident to any registration of shares of NMFC's common stock issued in exchange for units of the Operating Company, AIV Holdings is responsible for the expenses of any demand registration (including underwriters' discounts or commissions) and their pro-rata share of any "piggyback" registration expenses.

Monitoring of Portfolio Investments

The Operating Company monitors the performance and financial trends of its portfolio companies on at least a quarterly basis. The Operating Company attempts to identify any developments at the portfolio company or within the industry or the macroeconomic environment that may alter any material element of its original investment strategy.

The Operating Company uses an investment rating system to characterize and monitor the credit profile and expected level of returns on each investment in the portfolio. The Operating Company uses a four-level numeric rating scale as follows:

Investment Rating 1 Investment is performing materially above expectations;

Investment Rating 2 Investment is performing materially in-line with expectations. All new loans are rated 2 at initial purchase;

Investment Rating 3 Investment is performing materially below expectations and risk has increased materially since the original investment; and

Investment Rating 4 Investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is meaningful possibility that the Operating Company will not recoup its original cost basis in the investment and may realize a substantial loss upon exit.

As of June 30, 2013, all investments in the Operating Company's portfolio had an Investment Rating of 1 or 2 with the exception of two portfolio companies; one with an Investment Rating of 3 and the other with an Investment Rating of 4. As of June 30, 2013, the Operating Company's first lien positions in ATI Acquisition Company had an Investment Rating of 4 due to the underlying business encountering significant regulatory constraints which have led to the portfolio company's underperformance. As of June 30, 2013, the Operating Company's first lien positions in ATI Acquisition Company remained on non-accrual status due to the inability of the portfolio company to service its interest payments for the quarter then ended and uncertainty about its ability to pay such amounts in the future. As of June 30, 2013, the Operating Company's investment had an aggregate cost basis of $5.9 million, an aggregate fair value of $0.4 million and total unearned interest income of $0.2 and $0.5 million, respectively, for the three and six months then ended. Unrealized gains include a fee that the Operating Company would receive upon maturity of the two super priority first lien debt investments.

Portfolio and Investment Activity

The fair value of the Operating Company's investments was approximately $1,059.0 million in 59 portfolio companies at June 30, 2013 and approximately $989.8 million in 63 portfolio companies at December 31, 2012.

The following table shows the Operating Company's portfolio and investment activity for the six months ended June 30, 2013 and June 30, 2012:

	Six months ended	
(in millions)	**June 30, 2013**	**June 30, 2012**
New investments in 17 and 19 portfolio companies, respectively	$ 262.3	$ 233.1
Debt repayments in existing portfolio companies	176.5	128.6
Sales of securities in 9 and 12 portfolio companies, respectively	24.9	75.2
Change in unrealized appreciation on 41 and 34 portfolio companies, respectively	16.5	10.0
Change in unrealized depreciation 24 and 29 portfolio companies, respectively	(16.6)	(9.8)

At June 30, 2013, the Operating Company's weighted average yield to maturity was approximately 10.3%.

Results of Operations

Since NMFC is a holding company with no direct operations of its own, and its only business and sole asset is its ownership of units of the Operating Company, NMFC's results of operations are based on the Operating Company's results of operations.

Under GAAP, NMFC's IPO did not step-up the cost basis of the Operating Company's existing investments to fair market value at the IPO date. Since the total value of the Operating Company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or original issue discount, and different amounts in realized gain and unrealized appreciation, may be recognized under GAAP in each period than if the step-up had occurred. This will remain until such predecessor investments are sold or mature in the future. The Operating Company tracks the transferred (or fair market) value of each of its investment as of the time of the IPO and, for purposes of the incentive fee calculation, adjusts income as if each investment was purchased at the date of the IPO (or stepped up to fair market value). The respective "Adjusted Net Investment Income" (defined as net investment income adjusted to reflect income as if the cost basis of investments held at the IPO date had stepped-up to fair market value as of the IPO date) is used in calculating both the incentive fee and dividend payments. The

Operating Company also uses the transferred (or fair market) value of each of its investments as of the time of the IPO to adjust capital gains ("Adjusted Realized Capital Gains") or losses ("Adjusted Realized Capital Losses") and unrealized capital appreciation ("Adjusted Unrealized Capital Appreciation") and unrealized capital depreciation ("Adjusted Unrealized Capital Depreciation"). See *Note 5, Agreements* to the June 30, 2013 financial statements appearing elsewhere in this prospectus supplement for additional details.

The following table for the Operating Company for the three months ended June 30, 2013 is adjusted to reflect the step-up to fair market value and the allocation of the incentive fees related to hypothetical capital gains out of the adjusted post-incentive fee net investment income.

(in thousands)	**Three months ended June 30, 2013**	**Stepped-up Cost Basis Adjustments**	**Incentive Fee Adjustments(1)**	**Adjusted three months ended June 30, 2013**
Investment income				
Interest income	$ 27,321	$ (214)	$	$ 27,107
Dividend income	6,436			6,436
Other income	1,399			1,399
Total investment income	35,156	(214)		34,942
Total net expenses pre-incentive fee(2)	7,907			7,907
Pre-Incentive Fee Net Investment Income	27,249	(214)		27,035
Incentive fee	3,706		1,701	5,407
Post-Incentive Fee Net Investment Income	23,543	(214)	(1,701)	21,628
Net realized gains on investments	3,312	(2,689)		623
Net change in unrealized (depreciation) appreciation of investments	(12,031)	2,903		(9,128)
Capital gains incentive fees			1,701	1,701
Net increase in capital resulting from operations	$ 14,824			$ 14,824

(1) For the three months ended June 30, 2013, the Operating Company incurred total incentive fees of $3.7 million, of which included a $1.7 million reduction to total capital gains incentive fees on a hypothetical liquidation basis.

(2) Includes expense waivers and reimbursements of $0.8 million.

For the three months ended June 30, 2013, the Operating Company had a $0.2 million adjustment to interest income for amortization, a decrease of $2.7 million to net realized gains and an increase of $2.9 million to net change in unrealized depreciation to adjust for the stepped-up cost basis of the transferred investments as discussed above. For the three months ended June 30, 2013, total adjusted investment income of $34.9 million consisted of approximately $23.4 million in cash interest from investments, approximately $0.9 million in payment-in-kind interest from investments, approximately $2.2 million in prepayment fees, net amortization of purchase premiums and discounts and origination fees of approximately $0.6 million, approximately $6.4 million in dividend income and approximately $1.4 million in other income. The Operating Company's Adjusted Net Investment Income was $21.6 million for the three months ended June 30, 2013.

The following table for the Operating Company for the six months ended June 30, 2013 is adjusted to reflect the step-up to fair market value and the allocation of the incentive fees related to hypothetical capital gains out of the adjusted post-incentive fee net investment income.

(in thousands)	Six months ended June 30, 2013	Stepped-up Cost Basis Adjustments	Incentive Fee Adjustments(1)	Adjusted six months ended June 30, 2013
Investment income				
Interest income	$ 52,364	$ (693)	$	$ 51,671
Dividend income	6,433			6,433
Other income	1,677			1,677
Total investment income	60,474	(693)		59,781
Total net expenses pre-incentive fee(2)	15,458			15,458
Pre-Incentive Fee Net Investment Income	45,016	(693)		44,323
Incentive fee	9,846		(981)	8,865
Post-Incentive Fee Net Investment Income	35,170	(693)	981	35,458
Net realized gains on investments	4,356	(3,149)		1,207
Net change in unrealized (depreciation) appreciation of investments	(141)	3,842		3,701
Capital gains incentive fees			(981)	(981)
Net increase in capital resulting from operations	$ 39,385			$ 39,385

(1) For the six months ended June 30, 2013, the Operating Company incurred total incentive fees of $9.8 million, of which $1.0 million related to capital gains incentive fees on a hypothetical liquidation basis.

(2) Includes expense waivers and reimbursements of $1.7 million.

For the six months ended June 30, 2013, the Operating Company had a $0.7 million adjustment to interest income for amortization, a decrease of $3.1 million to net realized gains and an increase of $3.8 million to net change in unrealized depreciation to adjust for the stepped-up cost basis of the transferred investments as discussed above. For the six months ended June 30, 2013, total adjusted investment income of $59.8 million consisted of approximately $45.7 million in cash interest from investments, approximately $1.6 million in payment-in-kind interest from investments, approximately $3.2 million in prepayment fees, net amortization of purchase premiums and discounts and origination fees of approximately $1.2 million, approximately $6.4 million in dividend income and approximately $1.7 million in other income. The Operating Company's Adjusted Net Investment Income was $35.4 million for the six months ended June 30, 2013.

In accordance with GAAP, for the six months ended June 30, 2013, the Operating Company accrued $1.0 million of hypothetical capital gains incentive fee based upon the cumulative net Adjusted Realized Capital Gains and Adjusted Realized Capital Losses and the cumulative net Adjusted Unrealized Capital Appreciation and Adjusted Unrealized Capital Depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual Adjusted Realized Capital Gains computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value. As of June 30, 2013, no actual capital gains incentive fee was owed under the Investment Management Agreement, as cumulative net Adjusted Realized Gains did not exceed cumulative Adjusted Unrealized Depreciation.

The following table for the Operating Company for the year ended December 31, 2012 is adjusted to reflect the step-up to fair market value and the allocation of the incentive fees related to hypothetical capital gains out of the adjusted post-incentive fee net investment income.

(in thousands)	Year ended December 31, 2012	Stepped-up Cost Basis Adjustments	Incentive Fee Adjustments(1)	Adjusted year ended December 31, 2012
Investment income				
Interest income	$ 83,646	$ (3,476)	$	$ 80,170
Dividend income	812			812
Other income	1,328			1,328
Total investment income	85,786	(3,476)		82,310
Total expenses pre-incentive fee	24,625			24,625
Pre-Incentive Fee Net Investment Income	61,161	(3,476)		57,685
Incentive fee	15,944		(4,407)	11,537
Post-Incentive Fee Net Investment Income	45,217	(3,476)	4,407	46,148
Net realized gains (losses) on investments	18,851	(6,958)		11,893
Net change in unrealized appreciation of investments	9,928	10,434		20,362
Capital gains incentive fees			(4,407)	(4,407)
Net increase in capital resulting from operations	$ 73,996			$ 73,996

(1) For the year ended December 31, 2012, the Operating Company incurred total incentive fees of $15.9 million, of which $4.4 million related to capital gains incentive fees on a hypothetical liquidation basis.

For the year ended December 31, 2012, the Operating Company had a $3.5 million adjustment to interest income for amortization, a decrease of $6.9 million to net realized gains and an increase of $10.4 million to net change in unrealized appreciation to adjust for the stepped-up cost basis of the transferred investments as discussed above. For the year ended December 31, 2012, total adjusted interest income of $80.2 million consisted of approximately $71.9 million in cash interest from investments, approximately $2.2 million in payment-in-kind interest from investments, approximately $3.6 million in prepayment fees and net amortization of purchase premiums and discounts and origination fees of approximately $2.5 million. The Operating Company's Adjusted Net Investment Income was $46.1 million for the year ended December 31, 2012.

In accordance with GAAP, for the year ended December 31, 2012, the Operating Company accrued $4.4 million of hypothetical capital gains incentive fee based upon the cumulative net Adjusted Realized Capital Gains and Adjusted Realized Capital Losses and the cumulative net Adjusted Unrealized Capital Appreciation and Adjusted Unrealized Capital Depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual Adjusted

Realized Capital Gains computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value. As of December 31, 2012, no actual capital gains incentive fee was owed under the Investment Management Agreement, as cumulative net Adjusted Realized Capital Gains did not exceed cumulative Adjusted Unrealized Capital Depreciation.

The following table for the Operating Company for the period May 19, 2011 (effective date of the Investment Management Agreement) to December 31, 2011 is adjusted to reflect the step-up to fair market value.

(in thousands)	Period from May 19, 2011 to December 31, 2011	Adjustments	Adjusted Period from May 19, 2011 to December 31, 2011
Investment income			
Interest income	$ 38,836	$ (2,019)	$ 36,817
Other income	670		670
Total investment income	39,506	(2,019)	37,487
Total expenses pre-incentive fee	11,863		11,863
Pre-Incentive Fee Net Investment Income	27,643	(2,019)	25,624
Incentive fee(1)	3,522		3,522
Post-Incentive Fee Net Investment Income	24,121	(2,019)	22,102
Net realized gains (losses) on investments	3,298	(2,422)	876
Net change in unrealized (depreciation) appreciation of investments	(15,538)	4,441	(11,097)
Net increase in capital resulting from operations	$ 11,881		$ 11,881

(1) For the year ended December 31, 2011, the Operating Company had no incentive fees related to capital gains incentive fees on a hypothetical liquidation basis.

For the period May 19, 2011 (effective date of the Investment Management Agreement) to December 31, 2011, the Operating Company had a $2.0 million adjustment to interest income for amortization, a decrease of $2.4 million to realized gains and an increase of $4.4 million to unrealized depreciation to adjust for the stepped-up cost basis of the transferred investments as discussed above. The Operating Company's Adjusted Net Investment Income was $22.1 million for the period May 19, 2011 (effective date of the Investment Management Agreement) to December 31, 2011.

Results of Operations for the Operating Company for the Three Months Ended June 30, 2013 and June 30, 2012

Revenue

(in thousands)	Three months ended June 30, 2013	June 30, 2012	Percent Change
Interest income	$ 27,321	$ 20,124	36%
Dividend income	6,436		100%
Other income	1,399	175	NM*
Total investment income	$ 35,156	$ 20,299	

* Not meaningful.

The Operating Company's total investment income increased by $14.9 million for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase in interest and other income from the three months ended June 30, 2012 to the three months ended June 30, 2013 was primarily attributable to larger invested balances, driven by the proceeds from the 2012 and 2013 primary offerings of NMFC's common stock, the Operating Company's use of leverage for its revolving credit facilities to originate new investments and prepayment fees received associated with the early repayments or partial repayments of five different portfolio companies held by the Operating Company as of March 31, 2013. Additionally, the Operating Company's other income increased due to consent, amendment and forbearance fees received associated with three different portfolio companies held by the Operating Company as of March 31, 2013. The increase in dividend income from the three months ended June 30, 2012 to the three months ended June 30, 2013 was attributable to a distribution from one of the Operating Company's warrant investments.

Operating Expenses

(in thousands)	Three months ended June 30, 2013	June 30, 2012	Percent Change
Management fee	$ 3,727	$ 2,606	43%
Incentive fee(1)	3,706	2,771	34%
Interest and other credit facility expenses	3,118	2,401	30%
Administrative expenses	939	504	86%
Professional fees	563	426	32%
Other general and administrative expenses	396	343	15%
Total expenses	12,449	9,051	
Less: expenses waived and reimbursed	(836)	(398)	110%
Net expenses	$ 11,613	$ 8,653	

(1) For the three months ended June 30, 2013, the total incentive fees incurred of $3.7 million included a $1.7 million reduction to total capital gains incentive fees on a hypothetical liquidation basis. For the three months ended June 30, 2012, the total incentive fees incurred of $2.8 million included $0.1 million related to capital gains incentive fees on a hypothetical liquidation basis.

The Operating Company's total net operating expenses increased by $3.0 million for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. Interest and other credit facility expenses increased by $0.7 million during the three months ended June 30, 2013, primarily due to the increase of average debt outstanding from $134.1 million to $189.0 million for the Holdings Credit Facility and from $168.1 million to $214.5 million for the SLF Credit Facility for the three months ended June 30, 2012 compared to June 30, 2013. During the three months ended June 30, 2013, all expenses incurred by the Operating Company were subject to the expense cap pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company.

Additionally, the Operating Company's management fees and incentive fees increased by $1.1 million and $0.9 million, respectively, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase in management and incentive fees from the three months ended June 30, 2012 to the three months ended June 30, 2013 was attributable to larger invested balances, driven by the proceeds from the 2012 and 2013 primary offerings of NMFC's common stock, the Operating Company's use of leverage for its revolving credit facilities to originate new investments and the receipt of a $6.4 million dividend distribution from one of the Operating Company's warrant investments.

Net Realized Gains and Net Change in Unrealized Appreciation (Depreciation)

	Three months ended		
(in thousands)	**June 30, 2013**	**June 30, 2012**	**Percent Change**
Net realized gains on investments	$ 3,312	$ 11,968	(72)%
Net change in unrealized (depreciation) appreciation of investments	(12,031)	(12,529)	4%
Total net realized gains and net change in unrealized (depreciation) appreciation of investments	$ (8,719)	$ (561)	

The Operating Company's net realized and unrealized gains or losses resulted in a net loss of $8.7 million for the three months ended June 30, 2013 compared to a net loss of $0.6 million for the same period in 2012. We look at net realized and unrealized gains or losses together as movement in unrealized appreciation or depreciation can be the result of realizations. The net loss for the three months ended June 30, 2013 was primarily driven by the overall decrease in the market prices of the Operating Company's investments during the period. The net loss for the three months ended June 30, 2012 was primarily driven by an increase in the cost basis of the Operating Company's portfolio due to the amortization of purchase discounts and market prices remaining relatively constant during the period.

Results of Operations for the Operating Company for the Six Months Ended June 30, 2013 and June 30, 2012

Revenue

(in thousands)	Six months ended June 30, 2013	June 30, 2012	Percent Change
Interest income	$ 52,364	$ 38,725	35%
Dividend income	6,433		100%
Other income	1,677	596	181%
Total investment income	$ 60,474	$ 39,321	

The Operating Company's total investment income increased by $21.2 million for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The increase in interest and other income from the six months ended June 30, 2012 to the six months ended June 30, 2013 was primarily attributable to larger invested balances, driven by the proceeds from the 2012 and 2013 primary offerings of NMFC's common stock, the Operating Company's use of leverage for its revolving credit facilities to originate new investments and prepayment fees received associated with the early repayments or partial repayments of 12 different portfolio companies held by the Operating Company as of December 31, 2012. Additionally, the Operating Company's other income increased due to consent, amendment and forbearance fees received associated with six different portfolio companies held by the Operating Company as of December 31, 2012. The increase in dividend income from the six months ended June 30, 2012 to the six months ended June 30, 2013 was attributable to a distribution from one of the Operating Company's warrant investments.

Operating Expenses

(in thousands)	Six months ended June 30, 2013	June 30, 2012	Percent Change
Management fee	$ 7,295	$ 5,120	42%
Incentive fee(1)	9,846	6,133	61%
Interest and other credit facility expenses	6,189	4,884	27%
Administrative expenses	1,698	1,060	60%
Professional fees	1,135	874	30%
Other general and administrative expenses	806	639	26%
Total expenses	26,969	18,710	
Less: expenses waived and reimbursed	(1,665)	(948)	76%
Net expenses	$ 25,304	$ 17,762	

(1) For the six months ended June 30, 2013, the total incentive fees incurred of $9.8 million included $1.0 million related to capital gains incentive fees on a hypothetical liquidation basis. For the six months ended June 30, 2012, the total incentive fees incurred of $6.1 million included $1.0 million related to capital gains incentive fees on a hypothetical liquidation basis.

The Operating Company's total net operating expenses increased by $7.5 million for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. Interest and other credit facility expenses increased by $1.3 million during the six months ended June 30, 2013, primarily due to the increase of average debt outstanding from $131.5 million to $193.9 million for the Holdings Credit Facility and from $170.1 million to $214.4 million for the SLF Credit Facility for the six months ended June 30, 2012 compared to June 30, 2013. As of June 30, 2013, the Operating Company incurred $37 thousand in other expenses that were not subject to the expense cap pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company.

Additionally, the Operating Company's management fees and incentive fees increased by $2.2 million and $3.7 million, respectively, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The increase in management and incentive fees from the six months ended June 30, 2012 to the six months ended June 30, 2013 was attributable to larger invested balances, driven by the proceeds from the 2012 and 2013 primary offerings of NMFC's common stock, the Operating Company's use of leverage for its revolving credit facilities to originate new investments and the receipt of a $6.4 million dividend distribution from one of the Operating Company's warrant investments. The Operating Company's capital gains incentive fees remained relatively consistent at $1.0 million for the six months ended June 30, 2012 and $1.0 million for the six months ended June 30, 2013. As of June 30, 2013 and June 30, 2012, no actual capital gains incentive fee was owed under the Investment Management Agreement, as cumulative net Adjusted Realized Gains did not exceed cumulative Adjusted Unrealized Depreciation.

Net Realized Gains and Net Change in Unrealized Appreciation (Depreciation)

	Six months ended		
(in thousands)	**June 30, 2013**	**June 30, 2012**	**Percent Change**
Net realized gains on investments	$ 4,356	$ 12,976	(66)%
Net change in unrealized (depreciation) appreciation of investments	(141)	216	(165)%
Total net realized gains and net change in unrealized appreciation (depreciation) of investments	$ 4,215	$ 13,192	

The Operating Company's net realized and unrealized gains or losses resulted in a net gain of $4.2 million for the six months ended June 30, 2013 compared to a net gain of $13.2 million for the same period in 2012. We look at net realized and unrealized gains or losses together as movement in unrealized appreciation or depreciation can be the result of realizations. The net gain for the six months ended June 30, 2013 was primarily driven by sales or repayment of investments with fair values in excess of December 31, 2012 valuations, resulting in net realized gains being greater than the reversal of the cumulative net unrealized gains for those investments. The net gain for the six months ended June 30, 2012 was primarily related to the overall increase in the market and the quality of the Operating Company's portfolio, directly impacting the prices of the Operating Company's portfolio.

Results of Operations for the Operating Company for the Years Ended December 31, 2012, December 31, 2011 and December 31, 2010

Revenue

	Years ended December 31,					
(in thousands)		**2012**		**2011**		**2010**
Interest income	$	83,646	$	55,809	$	40,485
Dividend income		812				
Other income		1,328		714		890
Total investment income	$	85,786	$	56,523	$	41,375

The Operating Company's total investment income increased by $29.3 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The 51.8% increase in investment income from the year ended 2011 to the year ended 2012 was primarily attributable to larger invested balances, mainly driven by the proceeds from the July 2012 and December 2012 equity offerings, and the Operating Company's use of leverage from its revolving credit facilities to originate new investments. In the year ended December 31, 2012, the Operating Company's other income increased due to commitment fees received from three bridge facilities and fees received associated with amendments of 14 different portfolio companies. Additionally, during the year ended December 31, 2012, the Operating Company received distributions from two portfolio companies, which was recorded as dividend income.

The Operating Company's total investment income increased by $15.1 million for the year ended December 31, 2011 as compared to the year ended December 31, 2010. The 36.6% increase in investment income from the year ended 2010 to the year ended 2011 was primarily attributable to larger invested balances, which was mainly driven by the proceeds of the IPO on May 19, 2011 and the formation of NMF SLF. NMF SLF, formed on October 7, 2010, uses cash injected by the Operating Company and leverage from its revolving credit facility to invest primarily in first lien debt securities. Additionally in 2011, the Operating Company's interest income increased due to prepayment premiums associated with the refinancing and early repayment of the debt of multiple portfolio companies.

Operating Expenses

	Years ended December 31,					
(in thousands)		**2012**		**2011**		**2010**
Incentive fee	$	15,944	$	3,522	$	
Management fee		11,109		4,938		71
Interest and other credit facility expenses		10,085		7,086		2,948
Professional fees		1,021		722		327
Other expenses		2,410		1,730		565
Total operating expenses	$	40,569	$	17,998	$	3,911

(1) For the year ended December 31, 2012, the total incentive fees incurred of $15.9 million included $4.4 million related to capital gains incentive fees on a hypothetical liquidation basis.

The Operating Company's total operating expenses increased by $22.6 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The Operating

Company's management fees and incentive fees increased by $6.2 million and $12.4 million, respectively, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The increase in management and incentive fees from the year ended December 31, 2011 to the year ended December 31, 2012 was attributable to larger invested balances, driven by the proceeds from the July 2012 and December 2012 equity offerings, and the Operating Company's use of leverage from its revolving credit facilities to originate new investments. As a result of the net increase in Adjusted Realized Capital Gains (Losses) and Adjusted Unrealized Capital Appreciation (Depreciation), a capital gains incentive fees accrual of $4.4 million was booked for the year ended December 31, 2012. No capital gains incentive fees were booked for the year ended December 31, 2011. As a result of the IPO on May 19, 2011, the Operating Company pays management fees and incentive fees under its Investment Management Agreement, which provides a different basis for the calculation of these fees as compared to amounts previously paid prior to the completion of the IPO. As such, management and incentive fees were calculated in accordance with this agreement for a full year in 2012 as compared to a partial year in 2011. Prior to the IPO, an affiliate of the Predecessor Entities paid a majority of the management and incentive fees.

Interest and other credit facility expenses increased by $3.0 million during the year ended December 31, 2012, primarily due to the increase of average debt outstanding from $61.6 million to $133.6 million for the Holdings Credit Facility and from $133.8 million to $181.4 million for the SLF Credit Facility for the year ended December 31, 2011 compared to December 31, 2012. For the years ended December 31, 2012 and December 31, 2011, the Operating Company incurred $2.5 million and $2.2 million in other expenses that were above the expense cap pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company.

The Operating Company's total operating expenses increased by $14.1 million for the year ended December 31, 2011 as compared to the year ended December 31, 2010. The Operating Company's management fees and incentive fees increased by $4.9 million and $3.5 million, respectively, for the year ended December 31, 2011 as compared to the year ended December 31, 2010. As a result of the IPO on May 19, 2011, the Operating Company pays management fees and incentive fees under its Investment Management Agreement, which provides a different basis for the calculation of these fees as compared to amounts previously paid prior to the completion of the IPO. Prior to the IPO, an affiliate of the Predecessor Entities paid a majority of the management and incentive fees.

Interest and other credit facility expenses increased by $4.1 million during the year ended December 31, 2011. The credit facility of NMF SLF was originally executed in October 2010 and, therefore, it was not outstanding for the full year ended December 31, 2010. Costs associated with the closing of the credit facility of NMF SLF are capitalized and charged against income as other credit facility expense.

Historical operating expenses do not reflect the allocation of certain professional fees, administrative and other expenses that have been incurred following the completion of the IPO. Accordingly, the Operating Company's historical operating expenses are not comparable to its operating expenses after the completion of the IPO on May 19, 2011.

Net Realized Gains and Net Change in Unrealized Appreciation (Depreciation)

	Years ended December 31,		
(in thousands)	**2012**	**2011**	**2010**
Net realized gains on investments	$ 18,851	$ 16,252	$ 66,287
Net change in unrealized appreciation (depreciation) of investments	9,928	(23,100)	(39,959)
Total net realized gains and net change in unrealized appreciation (depreciation) of investments	$ 28,779	$ (6,848)	$ 26,328

The Operating Company's net realized and unrealized gains or losses resulted in a net gain of $28.8 million for the year ended December 31, 2012 compared to a net loss of $6.8 million for the same period in 2011, and a net gain of $26.3 million for the same period in 2010. We look at net realized and unrealized gains or losses together as movement in unrealized appreciation or depreciation can be the result of realizations. The total net gain for the year ended December 31, 2012 was primarily related to the overall increase in the market and the quality of the Operating Company's portfolio, directly impacting the prices of the Operating Company's portfolio. The appreciation of the Operating Company's portfolio and the sale or repayment of investments with fair values in excess of December 31, 2011 valuations, resulted in net realized gains being greater than the reversal of the cumulative net unrealized gains for those investments. The total net loss for the year ended December 31, 2011 was primarily related to the overall market decline, directly impacting the prices of the Operating Company's portfolio. The total net gain for the year ended December 31, 2010 was primarily driven by the continued appreciation of the Operating Company's portfolio and the sale of investments with fair values in excess of December 31, 2009 valuations, resulting in realized gains being greater than the reversal of the cumulative unrealized gains for those investments.

Liquidity and Capital Resources

The primary use of existing funds and any funds raised in the future is expected to be for the Operating Company's repayment of indebtedness, the Operating Company's investments in portfolio companies, cash distributions to the Operating Company's unit holders or for other general corporate purposes.

Guardian AIV and New Mountain Guardian Partners, L.P. contributed a portfolio to the Operating Company in connection with the IPO of NMFC, receiving 20,221,938 units of the Operating Company and 1,252,964 shares of NMFC, respectively. On May 19, 2011, NMFC priced its initial offering of 7,272,727 shares of common stock at a public offering price of $13.75 per share. Concurrently with the closing of the IPO and at the public offering price of $13.75 per share, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in the Concurrent Private Placement. NMFC used the gross proceeds from the IPO and Concurrent Private Placement to acquire units in the Operating Company.

Since NMFC's IPO, and through June 30, 2013, NMFC raised approximately $190.4 million in net proceeds from additional offerings of common stock and issued shares valued at approximately $193.7 million on behalf of AIV Holdings for exchanged units. NMFC acquired from the Operating Company units of the Operating Company equal to the number of shares of NMFC's common stock sold in the additional offerings.

On March 25, 2013, NMFC completed a public offering of 2,000,000 shares of its common stock and an underwritten secondary public offering of 4,000,000 shares of its common stock on behalf of a selling stockholder, AIV Holdings, at a public offering price of $14.30 per share. In connection with the underwritten secondary public offering, the underwriters purchased an additional 900,000 shares of NMFC's common stock from AIV Holdings with the exercise of the overallotment option to purchase up to an additional 900,000 shares of common stock. The Operating Company received net proceeds of $28.4 million in connection with the sale of 2,000,000 shares by NMFC of its common stock. NMFC did not receive any proceeds from the sale of shares of NMFC's common stock by AIV Holdings. The Operating Company and NMFC bore only their allocable portion of offering expenses related to the public offering of 2,000,000 shares, and did not bear any expenses in connection with the secondary public offering of the 4,900,000 shares of NMFC's common stock on behalf of AIV Holdings, which were borne by AIV Holdings.

On June 21, 2013, NMFC completed a public offering of 2,000,000 shares of its common stock and an underwritten secondary public offering of 4,000,000 shares of its common stock on behalf of a selling stockholder, AIV Holdings, at a public offering price of $14.55 per share. In connection with the underwritten secondary public offering, the underwriters purchased an additional 750,000 shares of NMFC's common stock from AIV Holdings with the exercise of the overallotment option to purchase up to an additional 900,000 shares of common stock. The Operating Company received net proceeds of $28.6 million in connection with the sale of 2,000,000 shares by NMFC of its common stock. NMFC did not receive any proceeds from the sale of shares of NMFC's common stock by AIV Holdings. The Operating Company and NMFC bore only their allocable portion of offering expenses related to the public offering of 2,000,000 shares, and did not bear any expenses in connection with the secondary public offering of the 4,750,000 shares of NMFC's common stock on behalf of AIV Holdings, which were borne by AIV Holdings.

The Operating Company's liquidity is generated and generally available through advances from the revolving credit facilities, from cash flows from operations, and, we expect, through periodic follow-on equity offerings of NMFC.

At June 30, 2013 and December 31, 2012, the Operating Company had cash and cash equivalents of approximately $15.9 million and $12.8 million, respectively. Cash (used in) operating activities for the six months ended June 30, 2013 and June 30, 2012 was approximately $(11.1) million and $(0.1) million, respectively. We expect that all current liquidity needs by the Operating Company will be met with cash flows from operations and other activities.

Credit Facilities

Holdings Credit Facility The Loan and Security Agreement, as amended and restated, dated May 19, 2011 (the "Holdings Credit Facility") among the Operating Company as the Borrower and Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012.

The maximum amount of revolving borrowings available under the Holdings Credit Facility is $250.0 million, as amended on June 24, 2013. The Operating Company is permitted to borrow up to 45.0% or 25.0% of the purchase price of pledged first lien or non-first lien debt securities, and up to 70.0% and 45.0% of the purchase price of specified first lien debt securities and specified non-first lien debt securities, respectively, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is collateralized by all of the investments of the Operating Company on an investment by investment basis. All fees associated with the origination or upsizing of the Holdings Credit Facility are capitalized on the Operating Company's Consolidated Statement of Assets, Liabilities, and Members' Capital and charged against income as other credit facility expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. In addition, the Holdings Credit Facility requires the Operating Company to maintain a minimum asset coverage ratio. However, the covenants are generally not tied to mark to market fluctuations in the prices of the Operating Company's investments, but rather to the performance of the underlying portfolio companies.

The Holdings Credit Facility bears interest at a rate of the London Interbank Offered Rate ("LIBOR") plus 2.75% per annum, as amended on May 8, 2012, and charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

The following table summarizes the interest expense and non-usage fees incurred by the Operating Company on the Holdings Credit Facility for the three and six months ended June 30, 2013 and June 30, 2012:

	Three months ended		Six months ended	
(in millions)	**June 30, 2013**	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Interest expense	$ 1.4	$ 1.0	$ 2.9	$ 2.1
Non-usage fee	0.1	(1)	0.1	0.1
Weighted average interest rate	2.9%	3.1%	3.0%	3.2%
Average debt outstanding	$ 189.0	$ 134.1	$ 193.9	$ 131.5

(1)
For the three months ended June 30, 2012, the total non-usage fee was less than $50 thousand.

As of June 30, 2013 and December 31, 2012, the outstanding balance on the Holdings Credit Facility was $209.4 million and $206.9 million, respectively, and the Operating Company was not aware of any instances of non-compliance related to the Holdings Credit Facility on such dates.

SLF Credit Facility NMF SLF's Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") among NMF SLF as the Borrower, the Operating Company as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012. The maximum amount of revolving borrowings available under the SLF Credit Facility is $215.0 million, as amended on December 18, 2012. The loan is non-recourse to the Operating Company and secured by all assets owned by the borrower on an investment by investment basis. All fees associated with the origination or upsizing of the SLF Credit Facility are capitalized on the Consolidated Statement of Assets, Liabilities, and Members' Capital and charged against income as other credit facility expenses over the life of the SLF Credit Facility. The SLF Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. The covenants are generally not tied to mark to market fluctuations in the prices of our investments, but rather to the performance of the underlying portfolio companies. Due to an amendment to the SLF Credit Facility on October 27, 2011, NMF SLF is no longer restricted from the purchase or sale of loans with an affiliate. Therefore, specified loans can be moved as collateral between the Holdings Credit Facility and the SLF Credit Facility.

As of June 30, 2013, the SLF Credit Facility permits borrowings of up to 70.0% of the purchase price of pledged first lien debt securities and up to 25.0% of the purchase price of specified second lien loans, of which, up to 25.0% of the aggregate outstanding loan balance of all pledged debt securities in the SLF Credit Facility is allowed to be derived from second lien loans, subject to approval by Wells Fargo Bank, National Association, as amended on March 11, 2013. The amendment does not increase the amount of borrowings permitted under the SLF Credit Facility.

The SLF Credit Facility bears interest at a rate of LIBOR plus 2.00% per annum for first lien loans and 2.75% for second lien loans, respectively, as amended on March 11, 2013. A non-usage fee is paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

The following table summarizes the interest expense and non-usage fees incurred by the Operating Company on the SLF Credit Facility for the three and six months ended June 30, 2013 and June 30, 2012:

	Three months ended		Six months ended	
(in millions)	**June 30, 2013**	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Interest expense	$ 1.2	$ 1.0	$ 2.4	$ 2.1
Non-usage fee(1)				
Weighted average interest rate	2.3%	2.3%	2.2%	2.4%
Average debt outstanding	$ 214.5	$ 168.1	$ 214.4	$ 170.1

(1) For the three and six months ended June 30, 2013 and June 30, 2012, the total non-usage fee was less than $50 thousand.

As of June 30, 2013 and December 31, 2012, the outstanding balance on the SLF Credit Facility was $207.1 million and $214.3 million, respectively, and NMF SLF was not aware of any instances of non-compliance related to the SLF Credit Facility on such dates.

Off-Balance Sheet Arrangements

The Operating Company may become a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of its portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of June 30, 2013 and December 31, 2012, the Operating Company had outstanding commitments to third parties to fund investments totaling $10.5 million and $10.5 million, respectively, under various undrawn revolving credit facilities, delayed draw commitments or other future funding commitments.

The Operating Company may from time to time enter into financing commitment letters or bridge financing commitments, which could require funding in the future. As of June 30, 2013 and December 31, 2012, the Operating Company did not enter into any commitment letters to purchase debt investments and did not enter into any bridge financing commitments.

Borrowings

The Operating Company had borrowings of $209.4 million and $206.9 million outstanding as of June 30, 2013 and December 31, 2012, respectively, under the Holdings Credit Facility. The Operating Company had borrowings of $207.1 million and $214.3 million outstanding as of June 30, 2013 and December 31, 2012, respectively, under the SLF Credit Facility.

Contractual Obligations

A summary of the Operating Company's significant contractual payment obligations as of June 30, 2013 is as follows:

	Contractual Obligations Payments Due by Period (in millions)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Holdings Credit Facility(1)	$ 209.4	$	$	$ 209.4	$
SLF Credit Facility(2)	207.1			207.1	
Total Contractual Obligations	$ 416.5	$	$	$ 416.5	$

(1) Under the terms of the $250.0 million Holdings Credit Facility, all outstanding borrowings under that facility ($209.4 million as of June 30, 2013) must be repaid on or before October 27, 2016. As of June 30, 2013, there was approximately $40.6 million of possible capacity remaining under the Holdings Credit Facility.

(2) Under the terms of the $215.0 million SLF Credit Facility, all outstanding borrowings under that facility ($207.1 million as of June 30, 2013) must be repaid on or before October 27, 2016. As of June 30, 2013, there was approximately $7.9 million of possible capacity remaining under the SLF Credit Facility.

The Operating Company has certain contracts under which it has material future commitments. The Operating Company has $10.5 million of undrawn funding commitments as of June 30, 2013 related to its participation as a lender in revolving credit facilities, delayed draw commitments or other future funding commitments of the Operating Company's portfolio companies. As of June 30, 2013, the Operating Company did not enter into any bridge financing commitments, which could require funding in the future.

We have entered into the Investment Management Agreement with the Investment Adviser in accordance with the 1940 Act. Under the Investment Management Agreement, the Investment Adviser has agreed to provide the Operating Company with investment advisory and management services. We have agreed to pay for these services (1) a management fee and (2) an incentive fee based on its performance.

We have also entered into an administration agreement, as amended and restated (the "Administration Agreement"), with the Administrator. Under the Administration Agreement, the Administrator has agreed to arrange office space for us and provide office equipment and clerical, bookkeeping and record keeping services and other administrative services necessary to conduct our respective day-to-day operations. The Administrator has also agreed to perform, or oversee the performance of, our financial records, our reports to stockholders / unit holders and reports filed with the Securities and Exchange Commission.

If any of the contractual obligations discussed above are terminated, our costs under any new agreements that are entered into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under the Investment Management Agreement and the Administration Agreement.

Distributions and Dividends

Dividends declared to stockholders / unit holders of the New Mountain Finance Entities for the six months ended June 30, 2013 totaled $28.3 million.

The following table summarizes the Operating Company's and NMFC's quarterly cash distributions, including dividends and returns of capital, if any, per unit/share that have been declared by the Operating Company's board of directors, and subsequently NMFC's board of directors, since NMFC's IPO:

Fiscal Year Ended	Date Declared	Record Date	Payment Date	Per Share/ Unit Amount
December 31, 2013				
Second Quarter	May 6, 2013	June 14, 2013	June 28, 2013	$ 0.34
First Quarter	March 6, 2013	March 15, 2013	March 28, 2013	0.34
December 31, 2012				
Fourth Quarter(1)	December 27, 2012	December 31, 2012	January 31, 2013	$ 0.14
Fourth Quarter	November 6, 2012	December 14, 2012	December 28, 2012	0.34
Third Quarter	August 8, 2012	September 14, 2012	September 28, 2012	0.34
Second Quarter	May 8, 2012	June 15, 2012	June 29, 2012	0.34
Second Quarter(2)	May 8, 2012	May 21, 2012	May 31, 2012	0.23
First Quarter	March 7, 2012	March 15, 2012	March 30, 2012	0.32
December 31, 2011				
Fourth Quarter	November 8, 2011	December 15, 2011	December 30, 2011	$ 0.30
Third Quarter	August 10, 2011	September 15, 2011	September 30, 2011	0.29
Second Quarter	August 10, 2011	August 22, 2011	August 31, 2011	0.27
Total				$ 3.25

(1) Special dividend intended to minimize to the greatest extent possible NMFC's federal income or excise tax liability.

(2) Special dividend related to estimated realized capital gains attributable to the Operating Company's investments in Lawson Software, Inc. and Infor Lux Bond Company.

Tax characteristics of all dividends paid by NMFC are reported to stockholders on Form 1099 after the end of the calendar year. Future quarterly dividends, if any, for the New Mountain Finance Entities will be determined by their respective board of directors.

Since NMFC is a holding company, all distributions on its common stock will be paid from distributions received from the Operating Company. The Operating Company intends to make distributions to its unit holders that will be sufficient to enable NMFC to pay quarterly distributions to its stockholders and to obtain and maintain its status as a RIC. NMFC intends to distribute approximately its entire portion of the Operating Company's Adjusted Net Investment Income on a quarterly basis and substantially its entire portion of the Operating Company's taxable income on an annual basis, except that it may retain certain net capital gains for reinvestment.

NMFC maintains an "opt out" dividend reinvestment plan for its common stockholders. As a result, if the Operating Company declares a dividend, then NMFC stockholders' cash dividends will be automatically reinvested in additional shares of NMFC's common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends. Cash dividends reinvested in additional shares of NMFC's common stock will be automatically reinvested by NMFC in the Operating Company in exchange for additional units of the Operating Company. See *Item 1 Financial Statements Note 2, Summary of Significant Accounting Policies* for additional details regarding NMFC's dividend reinvestment plan.

Related Parties

The New Mountain Finance Entities have entered into a number of business relationships with affiliated or related parties, including the following:

- Together, NMFC and AIV Holdings own all the outstanding units of the Operating Company. As of June 30, 2013, NMFC and AIV Holdings own approximately 85.3% and 14.7%, respectively, of the units of the Operating Company.

- The Operating Company has entered into an Investment Management Agreement with the Investment Adviser, a wholly-owned subsidiary of New Mountain Capital. Therefore, New Mountain Capital is entitled to any profits earned by the Investment Adviser, which includes any fees payable to the Investment Adviser under the terms of the Investment Management Agreement, less expenses incurred by the Investment Adviser in performing its services under the Investment Management Agreement.

- The New Mountain Finance Entities have entered into an Administration Agreement, with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges office space for the New Mountain Finance Entities and provides office equipment and administrative services necessary to conduct their respective day-to-day operations pursuant to the Administration Agreement. The Operating Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the New Mountain Finance Entities under the Administration Agreement, including rent, the fees and expenses associated with performing administrative, finance, and compliance functions, and the compensation of the Operating Company's chief financial officer and chief compliance officer and their respective staffs. Pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company, expenses payable to the Administrator by the Operating Company as well as other direct and indirect expenses (excluding interest, other credit facility expense, trading expenses and management and incentive fees) has been capped at $3.5 million for the time period from April 1, 2012 to March 31, 2013 and capped at $4.25 million for the time period from April 1, 2013 to March 31, 2014.

- The New Mountain Finance Entities, the Investment Adviser and the Administrator have entered into a royalty-free Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant the New Mountain Finance Entities, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

In addition, NMFC and the Operating Company have adopted a formal code of ethics that governs the conduct of their respective officers and directors. These officers and directors also remain subject to the duties imposed by the 1940 Act, the Delaware General Corporation Law and the Delaware Limited Liability Company Act.

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with the Operating Company's investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for the Operating Company and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that we should invest side- by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the Securities and Exchange Commission and its staff, and consistent with the Investment Adviser's allocation procedures.

Concurrently with the IPO, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in the Concurrent Private Placement.

Quantitative and Qualitative Disclosures About Market Risk

The Operating Company is subject to certain financial market risks, such as interest rate fluctuations. During the six months ended June 30, 2013, certain of the loans held in the Operating Company's portfolio had floating interest rates. As of June 30, 2013, approximately 88% of investments (excluding investments on non-accrual, revolvers, and non-interest bearing equity investments) represent floating-rate investments with a LIBOR floor (includes investments bearing prime interest rate contracts) and approximately 12% of investments represent fixed-rate investments. Additionally, the Operating Company's senior secured revolving credit facilities are also subject to floating interest rates and are currently paid based on one-month floating LIBOR rates.

The following table estimates the potential changes in net cash flow generated from interest income and expenses, should interest rates increase by 100, 200 or 300 basis points, or decrease by 25 basis points. Interest income is calculated as revenue from interest generated from the Operating Company's portfolio of investments held on June 30, 2013. Interest expense is calculated based on the terms of the Operating Company's two outstanding revolving credit facilities. For the Operating Company's floating rate credit facilities, the Operating Company uses the outstanding balance as of June 30, 2013. Interest expense on the Operating Company's floating rate credit facilities are calculated using the interest rate as of June 30, 2013, adjusted for the hypothetical changes in rates, as shown below. The base interest rate case assumes the rates on the Operating Company's portfolio investments remain unchanged from the actual effective interest rates as of June 30, 2013. These hypothetical calculations are based on a model of the investments in our portfolio, held as of June 30, 2013, and are only adjusted for assumed changes in the underlying base interest rates.

Actual results could differ significantly from those estimated in the table.

Change in Interest Rates	**Estimated Percentage Change in Interest Income Net of Interest Expense (unaudited)**
-25 Basis Points(1)	0.76%
Base Interest Rate	%
+100 Basis Points	(3.87)%
+200 Basis Points	0.86%
+300 Basis Points	6.55%

(1) Limited to the lesser of the June 30, 2013 LIBOR rates or a decrease of 25 basis points.

The Operating Company was not exposed to any foreign currency exchange risks as of June 30, 2013.

SENIOR SECURITIES

Information about the Operating Company's senior securities is shown in the following table as of December 31, 2012, 2011, 2010 and 2009. Deloitte & Touche, LLP's report on the December 31, 2012, 2011, 2010 and 2009 information included in this senior securities table is attached as an exhibit to the registration statement of which this prospectus supplement is a part.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1) (in millions)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
December 31, 2012				
Holdings Credit Facility	$ 206.9	$ 2,353	$	N/A
SLF Credit Facility	214.3	2,353		N/A
December 31, 2011				
Holdings Credit Facility	129.0	2,426		N/A
SLF Credit Facility	165.9	2,426		N/A
December 31, 2010(5)				
Holdings Credit Facility	59.7	3,074		N/A
SLF Credit Facility	56.9	3,074		N/A
December 31, 2009(5)				
Holdings Credit Facility	77.7	4,080		N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) Asset coverage per unit is the ratio of the carrying value of our total assets, less all liabilities excluding indebtedness represented by senior securities in this table, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness and is calculated on a consolidated basis.

(3) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The " " in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.

(4) Not applicable because the senior securities are not registered for public trading.

(5) Prior to NMFC's IPO on May 19, 2011, the Credit Facilities existed at the Predecessor Entities.

SELLING STOCKHOLDER

The following table sets forth:

The name of the selling stockholder;

The number of shares of common stock and the percentage of the total shares of common stock outstanding that the selling stockholder beneficially owned as of October 9, 2013;

The number of shares of common stock beneficially owned by the selling stockholder that are being offered under this prospectus supplement; and

The number of shares of common stock and the percentage of total shares of common stock outstanding that would be beneficially owned by the selling stockholder following the offering contemplated by this prospectus supplement, showing such number assuming no exercise and full exercise of the underwriters' option to purchase additional shares.

This table is prepared solely based on information supplied to us by the listed stockholders and any public documents filed with the SEC. The applicable percentages of beneficial ownership are based on an aggregate of 44,831,859 shares of NMFC's common stock issued and outstanding on October 9, 2013, which assumes that all the outstanding units of the Operating Company have been exchanged for shares of NMFC's common stock, adjusted as may be required by rules promulgated by the SEC.

Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act and includes voting or investment power (including the power to dispose) with respect to the securities. Assumes no other purchases or sales of securities since the most recently available SEC filings. This assumption has been made under the rules and regulations of the SEC and does not reflect any knowledge that NMFC has with respect to the present intent of the beneficial owners of the securities listed in the table below.

	Shares Beneficially Owned Prior to Offering				Shares Beneficially Owned After Offering			
Name	**Number**	**Percent**	**Number of Shares Being Offered**	**Number of Shares Subject to Option to Purchase Additional Shares**	**Number**	**Percent**	**Number with Option to Purchase Additional Shares**	**Percent with Option to Purchase Additional Shares**
New Mountain Finance AIV Holdings Corporation(1)	6,571,938	14.7%	3,000,000	900,000	3,571,938	7.5%	2,671,938	5.6%
Total	6,571,938	14.7%	3,000,000	900,000	3,571,938	7.5%	2,671,938	5.6%

(1) Guardian AIV is the sole stockholder of AIV Holdings. AIV Holdings has the right to exchange its units of the Operating Company for shares of NMFC's common stock on a one-for-one basis. If AIV Holdings chooses to exchange all of its units of the Operating Company, AIV Holdings would receive 6,571,938 shares of NMFC's common stock. The general partner of Guardian AIV is New Mountain Investments III, L.L.C., of which Steven B. Klinsky is the managing member. New Mountain Investments III, L.L.C., as the general partner of Guardian AIV, has voting power on a pass-through basis as to its portion of units of the Operating Company. In addition, because Guardian AIV owns all of the common stock of AIV Holdings, Guardian AIV may be deemed to beneficially own the units of the Operating Company held by AIV Holdings. Mr. Klinsky, as the managing member of New Mountain Investments III, L.L.C., has voting power and decision making power over the disposition of the holdings of Guardian AIV on a pass- through basis. Mr. Klinsky may be deemed to beneficially own the direct or indirect holdings of Guardian AIV. Mr. Klinsky and New Mountain Investments III, L.L.C. expressly disclaim beneficial ownership of the above shares of NMFC common stock and the above units of the Operating Company.

UNDERWRITING

NMFC, the Operating Company, the selling stockholder and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered by us and by the selling stockholder. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., Wells Fargo Securities, LLC and Morgan Stanley & Co. LLC are the representatives of the underwriters.

Underwriter	Number of Shares
Goldman, Sachs & Co.	
Wells Fargo Securities, LLC	
Morgan Stanley & Co. LLC	
Robert W. Baird & Co. Incorporated	
Keefe, Bruyette & Woods, Inc.	
BB&T Capital Markets, *a division of BB&T Securities, LLC*	
Janney Montgomery Scott LLC	
Oppenheimer & Co. Inc.	
Total	6,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 900,000 shares from the selling stockholder. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions (sales load) to be paid to the underwriters by the Operating Company in connection with the shares of NMFC's common stock sold by us and by the selling stockholder in connection with the shares of NMFC's common stock sold by the selling stockholder. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 900,000 additional shares. In addition, the Investment Adviser has agreed to bear an additional $, or $ per share, of commissions (sales load) only in connection with the shares of NMFC's common stock sold by NMFC and the Operating Company (and not the selling stockholder) in this offering, which is not reflected in the following table.

	Sales load by us		Sales load by selling stockholder	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per Share	$	$	$	$
Total	$	$	$	$

Because the Financial Industry Regulatory Authority, or FINRA, views the common stock offered hereby as interests in a direct participation program, the offering is being made in compliance with the requirements of FINRA Rule 2310. In compliance with such requirements, the underwriting discounts and commissions in connection with the sale of securities will not exceed 10.0% of gross proceeds of this offering. Investor suitability with respect to the common stock should be judged similarly to suitability with respect to other securities that are listed for trading on a national securities exchange.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the public offering price in connection with the shares of NMFC's common stock sold by us and at a discount of up to $ per share from the public offering price in connection with the shares of NMFC's common stock sold by the selling stockholder. If all the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

NMFC, each of its officers and directors, each of the members of the Investment Adviser's investment committee and the selling stockholder have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any shares of NMFC's common stock or securities convertible into or exchangeable for shares of NMFC's common stock during the period from the date of this prospectus supplement continuing through the date 60 days after the date of this prospectus supplement, except with the prior written consent of Goldman, Sachs & Co., Wells Fargo Securities, LLC and Morgan Stanley & Co. LLC.

The 60 day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 60 day restricted period the NMFC issues an earnings release or announce material news or a material event; or (2) prior to the expiration of the 60 day restricted period, the NMFC announces that it will release earnings results during the 15-day period following the last day of the 60 day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release of the announcement of the material news or material event.

Goldman, Sachs & Co., Wells Fargo Securities, LLC and Morgan Stanley & Co. LLC., in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

NMFC's common stock is listed on the New York Stock Exchange under the symbol "NMFC".

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from us in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own account, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We estimate that the offering expenses that will be borne by us in connection with the sale of shares of NMFC's common stock offered by us in this offering, excluding underwriting discounts and commissions and the offering expenses to be incurred by the selling stockholder, will be approximately $102,933. The Operating Company will pay the allocable portion of the expenses incurred in connection with the sale of shares of NMFC's common stock offered by us in this offering. The selling stockholder will incur its allocable portion of the offering expenses, including sales load, relating to the shares of NMFC's common stock offered by the selling stockholder in this offering. We and the selling stockholder will pay fees and disbursements of counsel for the underwriters up to $10,000 (excluding filing fees) in connection with securing any required review by the Financial Regulatory Authority, Inc. of the terms of this offering.

NMFC, the Operating Company and the selling stockholder have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates may, from time to time, perform various financial advisory and investment banking services for the company, for which they will receive customary fees and expenses. In addition, an affiliate of Wells Fargo Securities, LLC is a lender under our Credit Facilities.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Operating Company intends to use the net proceeds from the sale of shares of NMFC's common stock sold by us in this offering primarily for new investments in portfolio companies in accordance with the Operating Company's investment objective and strategies described in this prospectus supplement and the accompanying prospectus. The Operating Company may also use a portion of the net proceeds from the sale of shares of NMFC's common stock sold by us in this offering for other general corporate purposes, including to temporarily repay indebtedness (which will be subject to reborrowing), and other working capital needs. Affiliates of Wells Fargo Securities, LLC are lenders under the Credit Facilities. Accordingly, affiliates of Wells Fargo Securities, LLC may receive more than 5% of the net proceeds of this offering to the extent such proceeds are used to temporarily repay outstanding indebtedness under the Credit Facilities.

The principal business address of Goldman, Sachs & Co. is 200 West Street, New York, New York 10282, the principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202 and the principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036.

Each of the underwriters may arrange to sell common shares offered hereby in certain jurisdictions outside the United States, either directly or through affiliates, where they are permitted to do so. In that regard, Wells Fargo Securities, LLC may arrange to sell shares in certain jurisdictions through an affiliate, Wells Fargo Securities International Limited, or WFSIL. WFSIL is a wholly-owned indirect subsidiary of Wells Fargo & Company and an affiliate of Wells Fargo Securities, LLC. WFSIL is a United Kingdom incorporated investment firm regulated by the Financial Services Authority. Wells Fargo Securities is the trade name for certain corporate and investment banking services of Wells Fargo & Company and its affiliates, including Wells Fargo Securities, LLC and WFSIL.

European Economic Area

Each underwriter has represented and agreed that, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representative or representatives nominated by NMFC for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require NMFC or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State; "Prospectus Directive" means European Council Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in the Relevant Member State; and "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorized person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Switzerland

This document does not constitute a prospectus within the meaning of Art. 652a of the Swiss Code of Obligations. The shares of common stock may not be sold directly or indirectly in or into Switzerland except in a manner which will not result in a public offering within the meaning of the Swiss Code of Obligations. Neither this document nor any other offering materials relating to the shares of common stock may be distributed, published or otherwise made available in Switzerland except in a manner which will not constitute a public offer of the shares of common stock in Switzerland.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

Certain legal matters regarding the shares of common stock offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, District of Columbia. Certain legal matters in connection with the securities offered hereby will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York. Fried, Frank, Harris, Shriver & Jacobson LLP represents New Mountain Capital, LLC and its portfolio companies from time to time in the ordinary course of business.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

With respect to the unaudited interim financial information of New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of June 30, 2013 and for the six month periods ended June 30, 2013 and 2012, which is included in this prospectus supplement, Deloitte & Touche LLP, an independent registered public accounting firm, has applied limited procedures in accordance with the standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports included in this prospectus supplement, they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited interim financial information because those reports are not "reports" or a "part" of the Registration Statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

The financial statements of New Mountain Finance Holdings, L.L.C. as of December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012, and the financial statements of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012 and 2011, for the year ended December 31, 2012 and for the period from May 19, 2011 (Commencement of Operations) to December 31, 2011, including the Senior Securities table included in this prospectus supplement, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the Registration Statement. Such financial statements and information included in the Senior Securities table as of December 31, 2012, 2011, 2010 and 2009 have been so included in reliance upon the reports of such firm, given their authority as experts in accounting and auditing.

The principal business address of Deloitte & Touche LLP is 2 World Financial Center, New York, New York 10281.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. The registration statement contains additional information about us and the shares of common stock being offered by this prospectus supplement and the accompanying prospectus.

We are required to file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, District of Columbia 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC, which are available on the SEC's website at *http://www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, District of Columbia 20549. This information will also be available free of charge by contacting us at 787 Seventh Avenue, 48th Floor, New York, New York 10019, by telephone at (212) 720-0300, or on our website at *http://www.newmountainfinance.com*. Information contained on our website or on the SEC's web site about us is not incorporated into this prospectus supplement or the accompanying prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus supplement or the accompanying prospectus.

Table of Contents

INDEX TO FINANCIAL STATEMENTS

	PAGE
INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2013	
New Mountain Finance Holdings, L.L.C.	
Consolidated Statements of Assets, Liabilities and Members' Capital as of June 30, 2013 (unaudited) and December 31, 2012	F-1
Consolidated Statements of Operations for the three months and six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-2
Consolidated Statements of Changes in Members' Capital for the six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-3
Consolidated Statements of Cash Flows for the six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-4
Consolidated Schedule of Investments as of June 30, 2013 (unaudited)	F-5
Consolidated Schedule of Investments as of December 31, 2012	F-11
New Mountain Finance Corporation	
Statements of Assets and Liabilities as of June 30, 2013 (unaudited) and December 31, 2012	F-17
Statements of Operations for the three months and six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-18
Statements of Changes in Net Assets for the six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-19
Statements of Cash Flows for the six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-20
New Mountain Finance AIV Holdings Corporation	
Statements of Assets and Liabilities as of June 30, 2013 (unaudited) and December 31, 2012	F-21
Statements of Operations for the three months and six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-22
Statements of Changes in Net Assets for the six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-23
Statements of Cash Flows for the six months ended June 30, 2013 (unaudited) and June 30, 2012 (unaudited)	F-24
Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation	F-25
Report of Independent Registered Public Accounting Firm	F-67
INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2013	
New Mountain Finance Holdings, L.L.C.	
Consolidated Statements of Assets, Liabilities and Members' Capital as of March 31, 2013 (unaudited) and December 31, 2012	F-68
Consolidated Statements of Operations for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-69
Consolidated Statements of Changes in Members' Capital for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-70
Consolidated Statements of Cash Flows for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-71
Consolidated Schedule of Investments as of March 31, 2013 (unaudited)	F-72

Table of Contents

	PAGE
Consolidated Schedule of Investments as of December 31, 2012	F-78
New Mountain Finance Corporation	
Statement of Assets and Liabilities as of March 31, 2013 (unaudited) and December 31, 2012	F-84
Statements of Operations for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-85
Statement of Changes in Net Assets for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-86
Statement of Cash Flows for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-87
New Mountain Finance AIV Holdings Corporation	
Statement of Assets and Liabilities as of March 31, 2013 (unaudited) and December 31, 2012	F-88
Statements of Operations for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-89
Statement of Changes in Net Assets for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-90
Statement of Cash Flows for the three months ended March 31, 2013 (unaudited) and March 31, 2012 (unaudited)	F-91
Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation	F-92
Report of Independent Registered Public Accounting Firm	F-128
AUDITED FINANCIAL STATEMENTS	
Report of Independent Registered Public Accounting Firm	F-129
New Mountain Finance Holdings, L.L.C.	
Consolidated Statements of Assets, Liabilities and Members' Capital as of December 31, 2012 and December 31, 2011	F-131
Consolidated Statements of Operations for the years ended December 31, 2012, December 31, 2011 and December 31, 2010	F-132
Consolidated Statements of Changes in Members' Capital for the years ended December 31, 2012, December 31, 2011 and December 31, 2010	F-133
Consolidated Statements of Cash Flows for the years ended December 31, 2012, December 31, 2011 and December 31, 2010	F-134
Consolidated Schedule of Investments as of December 31, 2012	F-135
Consolidated Schedule of Investments as of December 31, 2011	F-142
New Mountain Finance Corporation	
Statement of Assets and Liabilities as of December 31, 2012 and December 31, 2011	F-148
Statements of Operations for the year ended December 31, 2012 and from May 19, 2011 (commencement of operations) to December 31, 2011	F-149
Statement of Changes in Net Assets for the year ended December 31, 2012 and from May 19, 2011 (commencement of operations) to December 31, 2011	F-150
Statement of Cash Flows for the year ended December 31, 2012 and from May 19, 2011 (commencement of operations) to December 31, 2011	F-151

Table of Contents

	PAGE
New Mountain Finance AIV Holdings Corporation	
Statement of Assets and Liabilities as of December 31, 2012 and December 31, 2011	F-152
Statements of Operations for the year ended December 31, 2012 and from May 19, 2011 (commencement of operations) to December 31, 2011	F-153
Statement of Changes in Net Assets for the year ended December 31, 2012 and from May 19, 2011 (commencement of operations) to December 31, 2011	F-154
Statement of Cash Flows for the year ended December 31, 2012 and from May 19, 2011 (commencement of operations) to December 31, 2011	F-155
Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation	F-156

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Assets, Liabilities and Members' Capital
(in thousands, except units and per unit data)

	June 30, 2013 (unaudited)	December 31, 2012
Assets		
Investments at fair value (cost of $1,045,565 and $976,243, respectively)	$ 1,059,001	$ 989,820
Cash and cash equivalents	15,946	12,752
Interest and dividend receivable	11,202	6,340
Deferred credit facility costs (net of accumulated amortization of $2,751 and $2,016, respectively)	5,232	5,490
Receivable from affiliate	648	534
Receivable from unsettled securities sold		9,962
Other assets	2,394	666
Total assets	$ 1,094,423	$ 1,025,564
Liabilities		
Holdings Credit Facility	209,436	206,938
SLF Credit Facility	207,100	214,262
Payable for unsettled securities purchased	19,600	9,700
Incentive fee payable	5,407	3,390
Capital gains incentive fee payable	5,388	4,407
Management fee payable	3,727	3,222
Interest payable	757	712
Payable to affiliate	46	
Dividends payable		11,192
Other liabilities	2,667	1,802
Total liabilities	454,128	455,625
Members' Capital	640,295	569,939
Total liabilities and members' capital	$ 1,094,423	$ 1,025,564
Outstanding common membership units	44,720,486	40,548,189
Capital per unit	$ 14.32	$ 14.06

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Operations
(in thousands)
(unaudited)

	Three months ended		Six months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Investment income				
Interest income	$ 27,321	$ 20,124	$ 52,364	$ 38,725
Dividend income	6,436		6,433	
Other income	1,399	175	1,677	596
Total investment income	35,156	20,299	60,474	39,321
Expenses				
Incentive fee	5,407	2,718	8,865	5,169
Capital gains incentive fee	(1,701)	53	981	964
Total incentive fee	3,706	2,771	9,846	6,133
Management fee	3,727	2,606	7,295	5,120
Interest and other credit facility expenses	3,118	2,401	6,189	4,884
Administrative expenses	939	504	1,698	1,060
Professional fees	563	426	1,135	874
Other general and administrative expenses	396	343	806	639
Total expenses	12,449	9,051	26,969	18,710
Less: expenses waived and reimbursed (See Note 5)	(836)	(398)	(1,665)	(948)
Net expenses	11,613	8,653	25,304	17,762
Net investment income	23,543	11,646	35,170	21,559
Net realized gains on investments	3,312	11,968	4,356	12,976
Net change in unrealized (depreciation) appreciation of investments	(12,031)	(12,529)	(141)	216
Net increase in members' capital resulting from operations	$ 14,824	$ 11,085	$ 39,385	$ 34,751

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Changes in Members' Capital
(in thousands)
(unaudited)

	Six months ended	
	June 30, 2013	**June 30, 2012**
Increase (decrease) in members' capital resulting from operations:		
Net investment income	$ 35,170	$ 21,559
Net realized gains on investments	4,356	12,976
Net change in unrealized (depreciation) appreciation of investments	(141)	216
Net increase in members' capital resulting from operations	39,385	34,751
Net contributions	57,020	
Dividends declared	(28,296)	(27,518)
Offering costs	(249)	
Reinvestment of dividends	2,496	
Net increase in members' capital	70,356	7,233
Members' capital at beginning of period	569,939	420,502
Members' capital at end of period	$ 640,295	$ 427,735

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six months ended	
	June 30, 2013	**June 30, 2012**
Cash flows from operating activities		
Net increase in members' capital resulting from operations	$ 39,385	$ 34,751
Adjustments to reconcile net (increase) decrease in capital resulting from operations to net cash (used in) provided by operating activities:		
Net realized gains on investments	(4,356)	(12,976)
Net change in unrealized depreciation (appreciation) of investments	141	(216)
Amortization of purchase discount	(1,923)	(3,006)
Amortization of deferred credit facility costs	735	511
Non-cash interest income	(2,177)	(715)
(Increase) decrease in operating assets:		
Purchase of investments	(262,254)	(233,117)
Proceeds from sales and paydowns of investments	201,388	203,830
Cash paid for drawn revolvers		(7,665)
Cash repayments on drawn revolvers		6,300
Interest and dividend receivable	(4,862)	261
Receivable from unsettled securities sold	9,962	
Receivable from affiliate	(114)	250
Other assets	(715)	(439)
Increase (decrease) in operating liabilities:		
Payable for unsettled securities purchased	9,900	11,595
Incentive fee payable	2,017	401
Capital gains incentive fee payable	981	964
Management fee payable	505	405
Interest payable	45	(1,176)
Payable to affiliate	46	
Other liabilities	166	(61)
Net cash flows used in operating activities	(11,130)	(103)
Cash flows from financing activities		
Net contributions	57,020	
Dividends paid	(36,992)	(20,643)
Offering costs paid	(542)	(101)
Proceeds from Holdings Credit Facility	171,818	177,618
Repayment of Holdings Credit Facility	(169,320)	(167,899)
Proceeds from SLF Credit Facility	3,238	46,943
Repayment of SLF Credit Facility	(10,400)	(39,759)
Deferred credit facility costs paid	(498)	(1,867)
Net cash flows provided by (used in) financing activities	14,324	(5,708)
Net increase (decrease) in cash and cash equivalents	3,194	(5,811)
Cash and cash equivalents at the beginning of the period	12,752	15,319
Cash and cash equivalents at the end of the period	$ 15,946	$ 9,508

Supplemental disclosure of cash flow information				
Interest paid	$	5,256	$	5,324
Non-cash financing activities:				
Dividends declared and payable	$		$	6,875
Value of members' capital issued in connection with dividend reinvestment plan		2,496		
Accrual for offering costs		1,276		86
Accrual for deferred credit facility costs		25		61

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

June 30, 2013
(in thousands, except shares)
(unaudited)

ortfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percen of Member Capita
unded Debt Investments Bermuda							
ratus Technologies Bermuda oldings Ltd.(4)**							
ratus Technologies Bermuda Ltd. / Stratus echnologies, Inc.							
formation Technology	First lien(2)(7)	12.00%	3/29/2015	$ 6,497	$ 6,265	$ 6,562	1.03
otal Funded Debt Investments Bermuda				**$ 6,497**	**$ 6,265**	**$ 6,562**	**1.03**
unded Debt Investments Cayman Islands							
nnacle Holdco S.à r.l. / Pinnacle (US) cquisition Co Limited**							
oftware	Second lien(2)	10.50% (Base Rate + 9.25%)	7/30/2020	$30,000	$29,445	$30,350	4.74
otal Funded Debt Investments Cayman lands				**$ 30,000**	**$29,445**	**$30,350**	**4.74**
unded Debt Investments United Kingdom							
agic Newco, LLC**							
oftware	First lien(3)	7.25% (Base Rate + 6.00%)	12/12/2018	$14,887	$14,499	$14,994	2.34
otal Funded Debt Investments United ingdom				**$ 14,887**	**$14,499**	**$14,994**	**2.34**
unded Debt Investments United States							
cGraw-Hill Global Education Holdings, LLC							
ducation	First lien(2)	9.75%	4/1/2021	$24,500	$24,341	$25,174	
	First lien(2)	9.00% (Base Rate + 7.75%)	3/22/2019	19,950	19,372	19,706	

				44,450	43,713	44,880	7.01%
dmentum, Inc.(fka Plato, Inc.) ducation							
	First lien(3)	6.00% (Base Rate + 4.75%)	5/17/2018	6,533	6,366	6,565	
	Second lien(2)	11.25% (Base Rate + 9.75%)	5/17/2019	29,150	28,633	29,150	
				35,683	34,999	35,715	5.58%
RA International, Inc. ederal Services							
	First lien(3)	6.50% (Base Rate + 5.25%)	7/20/2018	20,436	19,792	20,351	
	First lien(2)	6.50% (Base Rate + 5.25%)	7/20/2018	14,314	13,905	14,254	
				34,750	33,697	34,605	5.40%
harmaceutical Research Associates, Inc. ealthcare Services	Second lien(2)	10.50% (Base Rate + 9.25%)	6/10/2019	33,988	33,422	34,432	5.38%
niTek Global Services, Inc. usiness Services							
	First lien(2)	11.75% (Base Rate + 6.50% + 2.00% PIK)*	4/16/2018	25,532	24,761	23,618	
	First lien(2)	11.75% (Base Rate + 6.50% + 2.00% PIK)*	4/16/2018	6,181	6,023	5,717	
	First lien(2)	11.75% (Base Rate + 6.50% + 2.00% PIK)*	4/16/2018	5,138	4,970	4,752	
				36,851	35,754	34,087	5.32%
P Holdings LLC(8) P LLC edia	First lien(2)	8.05% (Base Rate + 6.70%)	6/4/2018	31,920	31,129	31,574	4.93%

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

June 30, 2013
(in thousands, except shares)
(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)							
Software							
	First lien(3)	7.27% (Base Rate + 5.72%)	11/22/2017	7,400	7,277	7,434	
	Second lien(2)	11.00% (Base Rate + 9.50%)	11/22/2018	24,000	23,367	24,054	
				31,400	30,644	31,488	4.92%
Rocket Software, Inc.							
Software	Second lien(2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,721	30,888	4.82%
Global Knowledge Training LLC							
Education							
	First lien(3)	6.51% (Base Rate + 4.98%)	4/21/2017	4,685	4,633	4,685	
	First lien(3)	6.50% (Base Rate + 5.00%)	4/21/2017	1,174	1,161	1,174	
	Second lien(2)	11.50% (Base Rate + 9.75%)	10/21/2018	24,250	23,841	24,667	
				30,109	29,635	30,526	4.77%
Deltek, Inc.							
Software	Second lien(2)	10.00% (Base Rate + 8.75%)	10/10/2019	30,000	29,700	29,700	4.64%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien(2)	7.25% (Base Rate + 6.00%)	11/13/2017	29,250	28,640	29,250	4.57%
Transtar Holding Company							
Distribution & Logistics	Second lien(2)	9.75% (Base Rate + 8.50%)	10/9/2019	28,300	27,814	29,043	4.54%
Kronos Incorporated							
Software	Second lien(2)	9.75% (Base Rate + 8.50%)	4/30/2020	25,000	24,765	25,938	4.05%
Meritas Schools Holdings, LLC							

Education	First lien(2)	7.00% (Base Rate + 5.75%)	6/25/2019	17,000	16,830	16,830	
	First lien(3)	7.00% (Base Rate + 5.75%)	6/25/2019	9,000	8,910	8,910	
				26,000	25,740	25,740	4.02%
Permian Tank & Manufacturing, Inc. Energy	First lien(2)	10.50%	1/15/2018	24,500	24,783	23,887	3.73%
Aderant North America, Inc. Software	Second lien(2)	10.00% (Base Rate + 8.75%)	6/20/2019	22,500	22,181	23,147	3.62%
St. George's University Scholastic Services LLC Education	First lien(3)	8.50% (Base Rate + 7.00%)	12/20/2017	$13,154	$12,905	$13,236	
	First lien(2)	8.50% (Base Rate + 7.00%)	12/20/2017	9,646	9,469	9,707	
				22,800	22,374	22,943	3.58%
LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.) Business Services	Second lien(3)	9.50% (Base Rate + 8.25%)	10/26/2020	20,000	19,717	20,263	3.16%
First American Payment Systems, L.P. Business Services	Second lien(3)	10.75% (Base Rate + 9.50%)	4/12/2019	20,000	19,631	20,188	3.15%
Merrill Communications LLC Business Services	First lien(2)	7.25% (Base Rate + 6.25%)	3/8/2018	19,950	19,760	20,033	3.13%
Six3 Systems, Inc. Federal Services	First lien(3)	7.00% (Base Rate + 5.75%)	10/4/2019	19,900	19,717	20,024	3.13%
eResearchTechnology, Inc. Healthcare Services	First lien(3)	6.00% (Base Rate + 4.75%)	5/2/2018	19,850	19,077	19,951	3.12%
Distribution International, Inc. Distribution & Logistics	First lien(2)	8.75% (Base Rate + 5.50%)	7/16/2019	20,000	19,600	19,600	3.06%
Insight Pharmaceuticals LLC Healthcare Products	Second lien(3)	13.25% (Base Rate + 11.75%)	8/25/2017	19,310	18,569	19,503	3.05%
Smile Brands Group Inc. Healthcare Services	First lien(3)	7.00% (Base Rate + 5.25%)	12/21/2017	19,758	19,520	19,289	3.01%
PODS, Inc.(6) Consumer Services							
PODS Funding Corp. II	First lien(3)	7.25% (Base Rate + 6.00%)	11/29/2016	13,175	12,892	13,208	
Storapod Holding Company, Inc.	Subordinated(2)	21.00% PIK*	11/29/2017	5,460	5,329	5,460	

18,635	18,221	18,668	2.92%

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

June 30, 2013
(in thousands, except shares)
(unaudited)

ortfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percen of Membe Capita
otera Defense Solutions, Inc. (Global Defense echnology & Systems, Inc.) ederal Services	First lien(3)	7.50% (Base Rate + 6.00%)	4/21/2017	19,360	19,135	17,424	2.72
scensus, Inc. usiness Services	First lien(3)	8.00% (Base Rate + 6.75%)	12/21/2018	16,915	16,599	16,978	2.65
Investments Holdings, LLC usiness Services	Second lien(3)	10.25% (Base Rate + 9.00%)	10/31/2020	15,000	14,858	15,113	2.36
penLink International, Inc. oftware	First lien(3)	7.75% (Base Rate + 6.25%)	10/30/2017	14,775	14,548	14,803	2.31
PLT Holdings, Inc. (Centerplate, Inc., et al.) onsumer Services	Subordinated(2)	11.75% (10.25% + 1.50% PIK)*	4/16/2019	14,747	14,477	14,411	2.25
spen Dental Management, Inc. ealthcare Services	First lien(3)	7.00% (Base Rate + 5.50%)	10/6/2016	14,795	14,517	14,351	2.24
andslide Holdings, Inc. (Crimson Acquisition orp.) oftware	First lien(3)	7.00% (Base Rate + 5.75%)	6/19/2018	14,250	14,005	14,292	2.23
rock Holdings III, Inc. dustrial Services	Second lien(2)	10.00% (Base Rate + 8.25%)	3/16/2018	14,000	13,842	14,245	2.22
ckaging Coordinators, Inc.(10) ealthcare Products	Second lien(2)	9.50% (Base Rate + 8.25%)	11/10/2020	14,000	13,862	13,860	2.16
nestar Intermediate Super Holdings, LLC usiness Services	Subordinated(2)	11.00% (Base Rate + 9.50%)	9/2/2019	12,000	11,683	12,600	1.97
an Wagner Communications, LLC edia	First lien(2)		8/3/2018	11,880	11,671	12,073	1.89

		8.25% (Base Rate + 7.00%)					
ision Solutions, Inc. oftware	Second lien(2)	9.50% (Base Rate + 8.00%)	7/23/2017	12,000	11,922	11,850	1.85
onfie Seguros Holding II Co. onsumer Services	Second lien(3)	10.25% (Base Rate + 9.00%)	5/8/2019	8,907	8,764	8,906	
	Second lien(2)	10.25% (Base Rate + 9.00%)	5/8/2019	1,979	1,989	1,980	
				10,886	10,753	10,886	1.70
ertafore, Inc. oftware	Second lien(2)	9.75% (Base Rate + 8.25%)	10/29/2017	10,000	9,930	10,206	1.59
ransFirst Holdings, Inc. usiness Services	Second lien(3)	11.00% (Base Rate + 9.75%)	6/27/2018	10,000	9,720	10,200	1.59
ailsouth, Inc. edia	First lien(3)	6.75% (Base Rate + 5.00%)	12/14/2016	9,792	9,699	9,743	1.52
irtual Radiologic Corporation ealthcare Information Technology	First lien(3)	7.75% (Base Rate + 4.50%)	12/22/2016	13,667	13,542	8,884	1.39
onsona Holdings, Inc. oftware	First lien(3)	7.25% (Base Rate + 6.00%)	8/6/2018	8,436	8,362	8,447	1.32
riple Point Technology, Inc. oftware	First lien(3)	6.25% (Base Rate + 5.00%)	10/27/2017	7,928	7,701	7,947	1.24
hysio-Control International, Inc. ealthcare Products	First lien(2)	9.88%	1/15/2019	7,000	7,000	7,735	1.21
esearch Pharmaceutical Services, Inc. ealthcare Services	First lien(3)	6.76% (Base Rate + 5.24%)	2/18/2017	6,938	6,869	6,937	1.08
lion Science and Technology Corporation ederal Services	First lien(2)(7)	12.00% (10.00% + 2.00% PIK)*	11/1/2014	6,383	6,245	6,506	1.02
mucor, Inc. ealthcare Services	Subordinated(2)(7)	11.13%	8/15/2019	$ 5,000	$ 4,946	$ 5,450	0.85
CA Services Group, Inc. usiness Services	Second lien(2)	9.25% (Base Rate + 8.00)%	11/1/2020	5,000	4,953	5,096	0.80
earning Care Group (US), Inc. ducation	Subordinated(2)	15.00% PIK*	5/8/2020	4,066	3,939	4,066	
	Subordinated(2)	15.00% PIK*	5/8/2020	744	688	744	
				4,810	4,627	4,810	0.75

F-7

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

June 30, 2013
(in thousands, except shares)
(unaudited)

Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value
Management LLC**						
	First lien(3)	8.25% (Base Rate + 7.00)%	3/30/2018	5,031	4,904	4,650
Group Holdings, Inc. ervices	Subordinated(2)	9.13%	11/1/2018	3,650	3,361	3,923
sition Company (fka Ability , Inc.)						
	First lien(2)	12.25% (Base Rate + 5.00% + 4.00% PIK)(5)*	12/30/2014	4,432	4,306	
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	1,665	1,517	316
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	103	94	103
				6,200	5,917	419
ded Debt Investments United States				**$ 990,222**	**$ 973,171**	**$ 979,201**
ded Debt Investments				**$ 1,041,606**	**$1,023,380**	**$1,031,107**
ermuda						
hnologies Bermuda td.(4)** n Technology	Ordinary shares(2)			156,247	$ 65	$ 25
	Preferred shares(2)			35,558	15	6
					80	31
es Bermuda					**$ 80**	**$ 31**
nited States						
Energy Offshore Operations, LLC						

	Preferred shares(2)	17.00%	20,000,000	$	20,000	$	20,000
owledge Training LLC							
	Ordinary shares(2)		2		2		3
	Preferred shares(2)		2,423		1,193		3,018
					1,195		3,021
Coordinators, Inc.(10)							
Coordinators Holdings, LLC							
Products	Ordinary shares(2)		19,427		1,000		1,000
res United States				**$**	**22,195**	**$**	**24,021**
res				**$**	**22,275**	**$**	**24,052**
United States							
are Group (US), Inc.							
	Warrants(2)		844	$	194	$	412
	Warrants(2)		3,589		61		1,753
					255		2,165
gs LLC(8)							
Investors LLC							
	Warrants(2)		5		466		1,907
(6)							
olding Company, Inc.							
Services	Warrants(2)		360,129		156		368
nce and Technology Corporation							
rvices	Warrants(2)		6,000		293		189
rants United States				**$**	**1,170**	**$**	**4,629**

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

June 30, 2013
(in thousands, except shares)
(unaudited)

rtfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
tal Funded Investments					**$ 1,046,825**	**$1,059,788**	**165.52%**
nfunded Debt Investments United States							
lvantage Sales & Marketing Inc.							
siness Services	First lien(2)(9) Undrawn		12/17/2015	$10,500	$ (1,260)	$ (787)	(0.13)
tal Unfunded Debt Investments				**$ 10,500**	**$ (1,260)**	**$ (787)**	**(0.13)**
tal Investments					**$ 1,045,565**	**$1,059,001**	**165.39%**

(1) New Mountain Finance Holdings, L.L.C. (the "Operating Company") generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). These investments are generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(2) Investment is pledged as collateral for the Holdings Credit Facility, a revolving credit facility among the Operating Company as the Borrower and Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian. See Note 7, *Borrowing Facilities*, for details.

(3) Investment is pledged as collateral for the SLF Credit Facility, a revolving credit facility among New Mountain Finance SPV Funding, L.L.C. as the Borrower, the Operating Company as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian. See Note 7, *Borrowing Facilities*, for details.

(4) The Operating Company holds investments in two related entities of Stratus Technologies Bermuda Holdings, Ltd. ("Stratus Holdings"). The Operating Company directly holds ordinary and preferred equity in

Stratus Holdings and has a credit investment in the joint issuers of Stratus Technologies Bermuda Ltd. ("Stratus Bermuda") and Stratus Technologies, Inc. ("Stratus U.S."), collectively, the "Stratus Notes". Stratus U.S. is a wholly-owned subsidiary of Stratus Bermuda, which in turn is a wholly-owned subsidiary of Stratus Holdings. Stratus Holdings is the parent guarantor of the credit investment of the Stratus Notes.

(5)

Investment is on non-accrual status.

(6)

The Operating Company holds investments in two related entities of PODS, Inc. The Operating Company directly holds warrants in Storapod Holding Company, Inc. ("Storapod") and has a credit investment in Storapod through Storapod WCF II Limited ("Storapod WCF II"). Storapod WCF II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with Storapod. Additionally, the Operating Company has a credit investment in PODS Funding Corp. II ("PODS II"). PODS, Inc. is a wholly-owned subsidiary of PODS Holding, Inc., which in turn is a majority-owned subsidiary of Storapod. PODS II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with PODS, Inc. and its subsidiary, PODS Enterprises, Inc.

(7)

Securities are registered under the Securities Act.

(8)

The Operating Company holds investments in two related entities of YP Holdings LLC. The Operating Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP LLC, a subsidiary of YP Holdings LLC.

(9)

Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities. Cost amounts represent the cash received at settlement date net the impact of paydowns and cash paid for drawn revolvers.

(10)

The Operating Company holds investments in Packaging Coordinators, Inc. and one related entity of Packaging Coordinators, Inc. The Operating Company has a credit investment in Packaging Coordinators, Inc. and holds ordinary equity in Packaging Coordinators Holdings, LLC, a wholly-owned subsidiary of Packaging Coordinators, Inc.

*

All or a portion of interest contains payments-in-kind ("PIK").

**

Indicates assets that the Operating Company deems to be "non-qualifying assets" under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70.00% of the Operating Company's total assets at the time of acquisition of any additional non-qualifying assets.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

June 30, 2013
(unaudited)

Investment Type	June 30, 2013 Percent of Total Investments at Fair Value
First lien	52.02%
Second lien	40.87%
Subordinated	4.40%
Equity and other	2.71%
Total investments	100.00%

Industry Type	June 30, 2013 Percent of Total Investments at Fair Value
Software	23.99%
Education	16.51%
Business Services	14.89%
Federal Services	10.20%
Healthcare Services	9.48%
Media	5.22%
Distribution & Logistics	4.59%
Consumer Services	4.19%
Energy	4.14%
Healthcare Products	3.98%
Industrial Services	1.35%
Healthcare Information Technology	0.84%
Information Technology	0.62%
Total investments	100.00%

Interest Rate Type	June 30, 2013 Percent of Total Investments at Fair Value
Floating rates	88.30%
Fixed rates	11.70%
Total investments	100.00%

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

December 31, 2012
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Funded Debt Investments Bermuda							
Stratus Technologies Bermuda Holdings Ltd.(4)**							
Stratus Technologies Bermuda Ltd. / Stratus Technologies, Inc.							
Information Technology	First lien(2)(7)	12.00%	3/29/2015	$ 6,664	$ 6,396	$ 6,631	1.16%
Total Funded Debt Investments Bermuda				**$ 6,664**	**$ 6,396**	**$ 6,631**	**1.16%**
Funded Debt Investments Cayman Islands							
Pinnacle Holdco S.à r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	First lien(3)	6.50% (Base Rate + 5.25%)	7/30/2019	$ 2,992	$ 2,971	$ 2,999	
	Second lien(2)	10.50% (Base Rate + 9.25%)	7/30/2020	30,000	29,420	30,488	
				32,992	32,391	33,487	5.88%
Total Funded Debt Investments Cayman Islands				**$ 32,992**	**$32,391**	**$33,487**	**5.88%**
Funded Debt Investments United Kingdom							
Magic Newco, LLC**							
Software	First lien(3)	7.25% (Base Rate + 6.00%)	12/12/2018	$14,963	$14,543	$15,105	2.65%
Total Funded Debt Investments United Kingdom				**$ 14,963**	**$14,543**	**$15,105**	**2.65%**
Funded Debt Investments United States							
Edmentum, Inc.(fka Plato, Inc.)							
Education	First lien(3)		5/17/2018	$11,700	$11,378	$11,744	

		7.50% (Base Rate + 6.00%)					
	Second lien(2)	11.25% (Base Rate + 9.75%)	5/17/2019	29,150	28,604	28,567	
				40,850	39,982	40,311	7.07%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)							
Software	First lien(3)	7.25% (Base Rate + 5.75%)	11/22/2017	7,700	7,560	7,785	
	Second lien(2)	11.00% (Base Rate + 9.50%)	11/22/2018	24,000	23,326	23,560	
				31,700	30,886	31,345	5.50%
Rocket Software, Inc.							
Software	Second lien(2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,711	30,933	5.43%
Pharmaceutical Research Associates, Inc.							
Healthcare Services	Second lien(2)	10.50% (Base Rate + 9.25%)	6/10/2019	30,000	29,402	30,319	5.32%
UniTek Global Services, Inc.							
Business Services	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	19,650	19,202	19,331	
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	5,970	5,798	5,873	
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	4,963	4,781	4,882	
				30,583	29,781	30,086	5.28%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien(3)	7.25% (Base Rate + 6.00%)	11/13/2017	20,000	19,608	19,900	
	First lien(2)	7.25% (Base Rate + 6.00%)	11/13/2017	10,000	9,703	9,950	
				30,000	29,311	29,850	5.24%
Global Knowledge Training LLC							
Education	First lien(3)	6.50% (Base Rate + 4.99%)	4/21/2017	4,776	4,718	4,705	
	First lien(3)	7.25% (Base Rate + 4.00%)	4/21/2017	1,174	1,159	1,156	
	Second lien(2)	11.50% (Base Rate + 9.75%)	10/21/2018	24,250	23,814	23,755	
				30,200	29,691	29,616	5.20%

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Managed Health Care Associates, Inc.							
Healthcare Services	First lien(2)	3.47% (Base Rate + 3.25%)	8/1/2014	14,756	13,240	14,276	
	Second lien(2)	6.72% (Base Rate + 6.50%)	2/1/2015	15,000	12,790	14,475	
				29,756	26,030	28,751	5.05%
Transtar Holding Company							
Distribution & Logistics(10)	Second lien(2)	9.75% (Base Rate + 8.50%)	10/9/2019	28,300	27,787	28,654	5.03%
Meritas Schools Holdings, LLC							
Education	First lien(3)	7.50% (Base Rate + 6.00%)	7/29/2017	8,150	8,084	8,171	
	Second lien(2)	11.50% (Base Rate + 10.00%)	1/29/2018	20,000	19,747	20,000	
				28,150	27,831	28,171	4.94%
Kronos Incorporated							
Software	Second lien(2)	9.75% (Base Rate + 8.50%)	4/30/2020	25,000	24,753	25,125	4.41%
St. George's University Scholastic Services LLC							
Education	First lien(2)	8.50% (Base Rate + 7.00%)	12/20/2017	$25,000	$24,501	$24,500	4.30%
SRA International, Inc.							
Federal Services	First lien(3)	6.50% (Base Rate + 5.25%)	7/20/2018	20,436	19,741	19,542	
	First lien(2)	6.50% (Base Rate + 5.25%)	7/20/2018	4,315	4,225	4,126	
				24,751	23,966	23,668	4.15%
Aderant North America, Inc.							
Software	Second lien(2)	11.00% (Base Rate + 7.75%)	6/20/2019	22,500	22,163	23,062	4.05%

LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.) Business Services	Second lien(2)	9.50% (Base Rate + 8.25%)	10/26/2020	20,000	19,704	20,150	3.54%
Learning Care Group (US), Inc. Education	First lien(2)	12.00%	4/27/2016	17,369	17,174	16,696	
	Subordinated(2)	15.00% PIK*	6/30/2016	3,782	3,639	3,434	
				21,151	20,813	20,130	3.53%
Six3 Systems, Inc. Federal Services	First lien(2)	7.00% (Base Rate + 5.75%)	10/4/2019	20,000	19,805	20,025	3.51%
First American Payment Systems, L.P. Business Services	Second lien(2)	10.75% (Base Rate + 9.50%)	4/12/2019	20,000	19,609	19,900	3.49%
eResearchTechnology, Inc. Healthcare Services	First lien(3)	8.00% (Base Rate + 6.50%)	5/2/2018	19,950	19,202	19,850	3.48%
Insight Pharmaceuticals LLC Healthcare Products	Second lien(2)	13.25% (Base Rate + 11.75%)	8/25/2017	19,310	18,659	19,503	3.42%
Transplace Texas, L.P. Distribution & Logistics(10)	Second lien(2)	11.00% (Base Rate + 9.00%)	4/12/2017	20,000	19,586	19,500	3.42%
PODS, Inc.(6) Consumer Services							
PODS Funding Corp. II	First lien(3)	7.25% (Base Rate + 6.00%)	11/29/2016	14,007	13,668	13,972	
Storapod Holding Company, Inc.	Subordinated(2)	21.00% PIK*	11/29/2017	5,296	5,156	5,113	
				19,303	18,824	19,085	3.35%
Smile Brands Group Inc. Healthcare Services	First lien(3)	7.00% (Base Rate + 5.25%)	12/21/2017	19,859	19,598	18,767	3.29%
Ascensus, Inc. Business Services	First lien(2)	8.00% (Base Rate + 6.75%)	12/21/2018	8,500	8,330	8,330	
	First lien(3)	8.00% (Base Rate + 6.75%)	12/21/2018	8,500	8,330	8,330	
				17,000	16,660	16,660	2.92%
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.) Federal Services	First lien(3)	7.50% (Base Rate + 6.00%)	4/21/2017	15,758	15,644	15,600	2.74%
IG Investments Holdings, LLC Business Services	Second lien(2)	10.25% (Base Rate + 9.00%)	10/31/2020	15,000	14,852	14,925	2.62%

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

ortfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percen of Membe Capita
penLink International, Inc. oftware	First lien(3)	7.75% (Base Rate + 6.25%)	10/30/2017	14,850	14,600	14,850	2.61
andslide Holdings, Inc. (Crimson Acquisition orp.) oftware	First lien(3)	7.00% (Base Rate + 5.75%)	6/19/2018	14,625	14,353	14,671	2.57
PLT Holdings, Inc. (Centerplate, Inc., et) onsumer Services	Subordinated(2)	11.75% (10.25% + 1.50% PIK)*	4/16/2019	14,637	14,351	14,344	2.52
abre Inc. oftware	First lien(3)	7.25% (Base Rate + 6.00%)	12/29/2017	13,965	13,918	14,186	2.49
rock Holdings III, Inc. dustrial Services	Second lien(2)	10.00% (Base Rate + 8.25%)	3/16/2018	14,000	13,825	14,105	2.48
riple Point Technology, Inc. oftware	First lien(3)	6.25% (Base Rate + 5.00%)	10/27/2017	12,968	12,549	13,021	2.28
onestar Intermediate Super Holdings, LLC usiness Services	Subordinated(2)	11.00% (Base Rate + 9.50%)	9/2/2019	12,000	11,666	12,765	2.24
spen Dental Management, Inc ealthcare Services	First lien(3)	7.00% (Base Rate + 5.50%)	10/6/2016	12,870	12,652	12,210	2.14
an Wagner Communications, LLC edia	First lien(2)	8.25% (Base Rate + 7.00%)	8/3/2018	$12,000	$11,772	$12,160	2.13
upervalu Inc.** etail	First lien(2)	8.00% (Base Rate + 6.75%)	8/30/2018	11,940	11,597	12,146	2.13
ision Solutions, Inc. oftware	Second lien(2)	9.50% (Base Rate + 8.00%)	7/23/2017	12,000	11,913	11,700	2.05

errill Communications LLC usiness Services	First lien(2)	10.75% (Base Rate + 7.50%)	3/10/2013	11,422	11,421	11,279	1.98
ailsouth, Inc. edia	First lien(3)	6.75% (Base Rate + 5.00%)	12/14/2016	11,136	11,018	11,025	1.94
nmucor, Inc. ealthcare Services	First lien(3)	5.75% (Base Rate + 4.50%)	8/19/2018	4,938	4,772	5,006	
	Subordinated(2)(7)	11.13%	8/15/2019	5,000	4,943	5,650	
				9,938	9,715	10,656	1.87
irtual Radiologic Corporation ealthcare Information Technology	First lien(3)	7.75% (Base Rate + 4.50%)	12/22/2016	14,702	14,550	10,291	1.81
ermian Tank & Manufacturing, Inc. nergy	First lien(3)	9.00% (Base Rate + 7.25%)	3/15/2017	10,072	9,852	10,072	1.77
ertafore, Inc. oftware	Second lien(2)	9.75% (Base Rate + 8.25%)	10/29/2017	10,000	9,924	10,050	1.76
erge Healthcare Inc.** ealthcare Services	First lien(2)(7)	11.75%	5/1/2015	9,000	8,916	9,709	1.70
ransFirst Holdings, Inc. usiness Services	Second lien(2)	11.00% (Base Rate + 9.75%)	6/27/2018	10,000	9,700	9,700	1.70
onsona Holdings, Inc. oftware	First lien(3)	7.25% (Base Rate + 6.00%)	8/6/2018	8,479	8,398	8,511	1.49
onfie Seguros Holding II Co. onsumer Services	Second lien(2)	10.25% (Base Rate + 9.00%)	5/8/2019	8,000	7,842	8,040	1.41
hysio-Control International, Inc. ealthcare Products	First lien(2)	9.88%	1/15/2019	7,000	7,000	7,717	1.35
urgery Center Holdings, Inc. ealthcare Services	First lien(3)	6.50% (Base Rate + 5.00%)	2/6/2017	6,834	6,809	6,800	1.19
esearch Pharmaceutical Services, Inc. ealthcare Services	First lien(3)	6.75% (Base Rate + 5.25%)	2/18/2017	7,125	7,046	6,662	1.17
lion Science and Technology Corporation ederal Services	First lien(2)(7)	12.00% (10.00% + 2.00% PIK)*	11/1/2014	6,320	6,131	6,093	1.07
CA Services Group, Inc. usiness Services	Second lien(2)	9.25% (Base Rate + 8.00%)	11/1/2020	5,000	4,951	4,900	0.86
ducation Management LLC** ducation	First lien(3)	8.25% (Base Rate + 7.00%)	3/30/2018	5,058	4,921	4,232	0.74

rickman Group Holdings, Inc.							
usiness Services	Subordinated(2)	9.13%	11/1/2018	3,650	3,342	3,842	0.68

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

olio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Perc of Meml Capi
rn-Hessey Holding Company LLC oution & Logistics(10)	Second lien(2)	11.50% (Base Rate + 9.50%)	10/10/2016	4,000	3,947	3,680	0
oldings LLC(8)							
termediate Holdings Corp. / YP nediate Holdings II LLC a	Second lien(2)	15.00% (12.00% + 3.00% PIK)*	5/18/2017	3,559	3,326	3,586	0
Gen, LLC r Generation	Second lien(2)	7.82% PIK (Base Rate + 7.50%)*	2/22/2015	3,676	3,474	2,396	0
Acquisition Company (fka Ability sition, Inc.) tion	First lien(2)	12.25% (Base Rate + 5.00% + 4.00% PIK)(5)*	12/30/2014	4,432	4,306		
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	1,665	1,517	649	
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	103	94	103	
				6,200	5,917	752	0
na Network Solutions Inc. are	First lien(2)	10.00% (Base Rate + 8.00%)	3/25/2015	648	640	650	0
Funded Debt Investments United States				**$ 942,670**	**$921,787**	**$925,287**	**162**
Funded Debt Investments				**$ 997,289**	**$975,117**	**$980,510**	**172**
y Bermuda							
s Technologies Bermuda ngs Ltd.(4)** nation Technology				144,270	$ 65	$ 65	

	Ordinary shares(2)				
	Preferred shares(2)	32,830	15	15	
			80	80	0
Shares Bermuda			**$ 80**	**$ 80**	**0**
y United States					
l Knowledge Training LLC					
tion	Ordinary shares(2)	2	$ 2	$ 2	
	Preferred shares(2)	2,423	1,195	2,423	
			1,197	2,425	0
Shares United States			**$ 1,197**	**$ 2,425**	**0**
Shares			**$ 1,277**	**$ 2,505**	**0**
ants United States					
oldings LLC(8)					
quity Investors LLC					
n	Warrants(2)	5	$ 466	$ 7,230	1
Science and Technology Corporation					
al Services	Warrants(2)	6,000	293	192	0
, Inc.(6)					
ood Holding Company, Inc.					
umer Services	Warrants(2)	360,129	156	156	0
ing Care Group (US), Inc.					
tion	Warrants(2)	844	194	14	0
Warrants United States			**$ 1,109**	**$ 7,592**	**1**
Funded Investments			**$ 977,503**	**$990,607**	**173**

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Unfunded Debt Investments United States							
Advantage Sales & Marketing Inc.							
Business Services	First lien(2)(9) Undrawn		12/17/2015	$ 10,500	$ (1,260)	$ (787)	-0.14%
Total Unfunded Debt Investments				**$ 10,500**	**$ (1,260)**	**$ (787)**	**-0.14%**
Total Investments					**$ 976,243**	**$ 989,820**	**173.67%**

(1) New Mountain Finance Holdings, L.L.C. (the "Operating Company") generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). These investments are generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(2) The Holdings Credit Facility is collateralized by the indicated investments.

(3) The SLF Credit Facility is collateralized by the indicated investments.

(4) The Operating Company holds investments in two related entities of Stratus Technologies Bermuda Holdings, Ltd. ("Stratus Holdings"). The Operating Company directly holds ordinary and preferred equity in Stratus Holdings and has a credit investment in the joint issuers of Stratus Technologies Bermuda Ltd. ("Stratus Bermuda") and Stratus Technologies, Inc. ("Stratus U.S."), collectively, the "Stratus Notes". Stratus U.S. is a wholly-owned subsidiary of Stratus Bermuda, which in turn is a wholly-owned subsidiary of Stratus Holdings. Stratus Holdings is the parent guarantor of the credit investment of the Stratus Notes.

(5) Investment is on non-accrual status.

(6)

The Operating Company holds investments in two related entities of PODS, Inc. The Operating Company directly holds warrants in Storapod Holding Company, Inc. ("Storapod") and has a credit investment in Storapod through Storapod WCF II Limited ("Storapod WCF II"). Storapod WCF II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with Storapod. Additionally, the Operating Company has a credit investment in PODS Funding Corp. II ("PODS II"). PODS, Inc. is a wholly-owned subsidiary of PODS Holding, Inc., which in turn is a majority-owned subsidiary of Storapod. PODS II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with PODS, Inc. and its subsidiary, PODS Enterprises, Inc.

(7)

Securities are registered under the Securities Act.

(8)

The Operating Company holds investments in two related entities of YP Holdings LLC. The Operating Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP Intermediate Holdings Corp. and YP Intermediate Holdings II LLC (together "YP Intermediate"), a subsidiary of YP Holdings LLC.

(9)

Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities. Cost amounts represent the cash received at settlement date net the impact of paydowns and cash paid for drawn revolvers.

(10)

Industries were disclosed separately in previously issued financial statements.

*

All or a portion of interest contains payments-in-kind ("PIK").

**

Indicates assets that the Operating Company deems to be "non-qualifying assets" under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70.00% of the Operating Company's total assets at the time of acquisition of any additional non-qualifying assets.

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012

Investment Type	December 31, 2012 Percent of Total Investments at Fair Value
First lien	49.86%
Second lien	44.56%
Subordinated	4.56%
Equity and other	1.02%
Total investments	100.00%

Industry Type	December 31, 2012 Percent of Total Investments at Fair Value
Software	24.92%
Education	15.17%
Healthcare Services	14.52%
Business Services	14.49%
Federal Services	9.64%
Distribution & Logistics(1)	5.23%
Consumer Services	4.21%
Media	3.44%
Healthcare Products	2.75%
Industrial Services	1.42%
Retail	1.23%
Healthcare Information Technology	1.04%
Energy	1.02%
Information Technology	0.68%
Power Generation	0.24%
Total investments	100.00%

(1) Industries were disclosed separately in previously issued financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Corporation

Statements of Assets and Liabilities
(in thousands, except shares and per share data)

	June 30, 2013 (unaudited)	December 31, 2012
Assets		
Investment in New Mountain Finance Holdings, L.L.C., at fair value (cost of $532,427 and $335,730, respectively)	$ 546,200	$ 341,926
Distribution receivable from New Mountain Finance Holdings, L.L.C.		3,405
Total assets	$ 546,200	$ 345,331
Liabilities		
Dividends payable		3,405
Total liabilities		3,405
Net assets		
Preferred stock, par value $0.01 per share, 2,000,000 authorized, none issued		
Common stock, par value $0.01 per share, 100,000,000 shares authorized, and 38,148,548 and 24,326,251 shares issued and outstanding, respectively	381	243
Paid in capital in excess of par	532,046	335,487
Undistributed net investment income	5,961	
Accumulated undistributed net realized gains	4,116	952
Net unrealized appreciation (depreciation)	3,696	5,244
Total net assets	$ 546,200	$ 341,926
Total liabilities and net assets	$ 546,200	$ 345,331
Number of shares outstanding	38,148,548	24,326,251
Net asset value per share	$ 14.32	$ 14.06

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance Corporation

Statements of Operations
(in thousands, except shares and per share data)
(unaudited)

	Three months ended		Six months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Net investment income allocated from New Mountain Finance Holdings, L.L.C.				
Interest income	$ 20,534	$ 6,962	$ 36,030	$ 13,398
Dividend income	4,727		4,725	
Other income	1,139	60	1,326	206
Total expenses	(8,726)	(2,993)	(17,189)	(6,145)
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	17,674	4,029	24,892	7,459
Net realized and unrealized gain (loss) allocated from New Mountain Finance Holdings, L.L.C.				
Net realized gains on investments	2,478	4,141	3,164	4,489
Net change in unrealized (depreciation) appreciation of investments	(9,159)	(4,335)	(1,516)	75
Net realized and unrealized (loss) gain allocated from New Mountain Finance Holdings, L.L.C.	(6,681)	(194)	1,648	4,564
Total net increase in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.	10,993	3,835	26,540	12,023
Net change in unrealized (depreciation) appreciation of investment in New Mountain Finance Holdings, L.L.C.	(1)		(32)	
Net increase in net assets resulting from operations	$ 10,992	$ 3,835	$ 26,508	$ 12,023
Basic earnings per share	$ 0.34	$ 0.36	$ 0.92	$ 1.12
Weighted average shares of common stock outstanding basic (See Note 11)	32,289,758	10,697,691	28,797,837	10,697,691
Diluted earnings per share	$ 0.35	$ 0.36	$ 0.94	$ 1.12
Weighted average shares of common stock outstanding diluted (See Note 11)	42,933,124	30,919,629	41,890,217	30,919,629

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance Corporation

Statements of Changes in Net Assets
(in thousands)
(unaudited)

	Six months ended June 30, 2013	Six months ended June 30, 2012
Increase (decrease) in net assets resulting from operations:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	$ 24,892	$ 7,459
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C.	3,164	4,489
Net change in unrealized (depreciation) appreciation of investments allocated from New Mountain Finance Holdings, L.L.C.	(1,516)	75
Net change in unrealized (depreciation) appreciation of investment in New Mountain Finance Holdings, L.L.C.	(32)	
Total net increase in net assets resulting from operations	26,508	12,023
Capital transactions		
Net proceeds from shares sold	57,020	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(203)	
Value of shares issued for exchanged units	137,384	
Dividends declared	(18,931)	(9,521)
Reinvestment of dividends	2,496	
Total net increase (decrease) in net assets resulting from capital transactions	177,766	(9,521)
Net increase in net assets	204,274	2,502
Net assets at beginning of period	341,926	145,487
Net assets at end of period	$ 546,200	$ 147,989

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance Corporation

Statements of Cash Flows
(in thousands)
(unaudited)

	Six months ended	
	June 30, 2013	**June 30, 2012**
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 26,508	$ 12,023
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	(24,892)	(7,459)
Net realized and unrealized gains allocated from New Mountain Finance Holdings, L.L.C.	(1,648)	(4,564)
Net change in unrealized depreciation of investment in New Mountain Finance Holdings, L.L.C.	32	
(Increase) decrease in operating assets:		
Purchase of investment	(57,020)	
Distributions from New Mountain Finance Holdings, L.L.C.	19,840	9,521
Net cash flows (used in) provided by operating activities	(37,180)	9,521
Cash flows from financing activities		
Net proceeds from shares sold	57,020	
Dividends paid	(19,840)	(9,521)
Net cash flows provided by (used in) financing activities	37,180	(9,521)
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period	$	$
Non-cash financing activities:		
New Mountain Finance AIV Holdings Corporation exchange of New Mountain Finance Holdings, L.L.C. units for shares	$ 137,384	$
Value of shares issued in connection with dividend reinvestment plan	2,496	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(203)	

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statements of Assets and Liabilities
(in thousands, except shares)

	June 30, 2013 (unaudited)	December 31, 2012
Assets		
Investment in New Mountain Finance Holdings, L.L.C., at fair value (cost of $98,820 and $244,015, respectively)	$ 94,095	$ 228,013
Distributions receivable from New Mountain Finance Holdings, L.L.C.		7,786
Total assets	$ 94,095	$ 235,799
Liabilities		
Dividends payable		7,786
Total liabilities		7,786
Net assets		
Common stock, par value $0.01 per share 100 shares issued and outstanding	(1)	(1)
Paid in capital in excess of par	98,820	244,015
Undistributed net investment income	913	
Distributions in excess of net realized gains	(5,484)	(6,676)
Net unrealized depreciation	(154)	(9,326)
Total net assets	94,095	228,013
Total liabilities and net assets	$ 94,095	$ 235,799

(1) As of June 30, 2013 and December 31, 2012, the par value of the total common stock was $1.

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statements of Operations
(in thousands)
(unaudited)

	Three months ended		Six months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Net investment income allocated from New Mountain Finance Holdings, L.L.C.				
Interest income	$ 6,788	$ 13,162	$ 16,335	$ 25,327
Dividend income	1,708		1,707	
Other income	260	114	351	389
Total expenses	(2,887)	(5,659)	(8,115)	(11,616)
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	5,869	7,617	10,278	14,100
Net realized and unrealized gain (loss) allocated from New Mountain Finance Holdings, L.L.C.				
Net realized gains on investments	835	7,827	1,192	8,486
Net change in unrealized (depreciation) appreciation of investments	(2,872)	(8,194)	1,375	142
Net realized and unrealized (loss) gain allocated from New Mountain Finance Holdings, L.L.C.	(2,037)	(367)	2,567	8,628
Total net increase in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.	3,832	7,250	12,845	22,728
Net realized losses on investment in New Mountain Finance Holdings, L.L.C.	(4,550)		(10,451)	
Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C.	3,509		7,797	
Net increase in net assets resulting from operations	$ 2,791	$ 7,250	$ 10,191	$ 22,728

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statements of Changes in Net Assets
(in thousands)
(unaudited)

	Six months ended	
	June 30, 2013	**June 30, 2012**
Increase (decrease) in net assets resulting from operations:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	$ 10,278	$ 14,100
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C.	1,192	8,486
Net change in unrealized appreciation (depreciation) of investments allocated from New Mountain Finance Holdings, L.L.C.	1,375	142
Net realized losses on investment in New Mountain Finance Holdings, L.L.C.	(10,451)	
Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C.	7,797	
Total net increase in net assets resulting from operations	10,191	22,728
Capital transactions		
Distribution to New Mountain Guardian AIV, L.P.	(134,699)	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(45)	
Dividends declared	(9,365)	(17,998)
Total net decrease in net assets resulting from capital transactions	(144,109)	(17,998)
Net (decrease) increase in net assets	(133,918)	4,730
Net assets at beginning of period	228,013	275,015
Net assets at end of period	$ 94,095	$ 279,745

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statements of Cash Flows
(in thousands)
(unaudited)

	Six months ended	
	June 30, 2013	**June 30, 2012**
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 10,191	$ 22,728
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	(10,278)	(14,100)
Net realized and unrealized (gains) losses allocated from New Mountain Finance Holdings, L.L.C.	(2,567)	(8,628)
Net realized losses on investment in New Mountain Finance Holdings, L.L.C.	10,451	
Net change in unrealized (appreciation) depreciation in New Mountain Finance Holdings, L.L.C.	(7,797)	
(Increase) decrease in operating activities		
Distributions from New Mountain Finance Holdings, L.L.C.	17,151	11,122
Net cash flows provided by operating activities	17,151	11,122
Cash flows from financing activities		
Proceeds from shares sold	134,699	
Distribution to New Mountain Guardian AIV, L.P.	(134,699)	
Dividends paid	(17,151)	(11,122)
Net cash flows used in financing activities	(17,151)	(11,122)
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period	$	$
Non-cash operating activities:		
Distribution receivable from New Mountain Holdings, L.L.C.	$	$ 6,875
Non-cash financing activities:		
Dividends declared and payable	$	$ (6,875)
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(45)	

The accompanying notes are an integral part of these financial statements.

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

The information in these combined notes to the financial statements relates to each of the three separate registrants: New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation (collectively, the "Companies"). Information that relates to an individual registrant will be specifically referenced by the respective company. None of the Companies makes any representation as to the information related solely to the other registrants other than itself.

Note 1. Formation and Business Purpose

New Mountain Finance Holdings, L.L.C. (the "Operating Company" or the "Master Fund") is a Delaware limited liability company. The Operating Company is externally managed and has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, the Operating Company is obligated to comply with certain regulatory requirements. The Operating Company intends to be treated as a partnership for federal income tax purposes for so long as it has at least two members.

The Operating Company is externally managed by New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser"). New Mountain Finance Administration, L.L.C. (the "Administrator") provides the administrative services necessary for operations. The Investment Adviser and Administrator are wholly-owned subsidiaries of New Mountain Capital (defined as New Mountain Capital Group, L.L.C. and its affiliates). New Mountain Capital is a firm with a track record of investing in the middle market and with assets under management (which includes amounts committed, not all of which have been drawn down and invested to date) totaling more than $9.0 billion as of June 30, 2013. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity, and credit investment vehicles. The Operating Company, formerly known as New Mountain Guardian (Leveraged), L.L.C., was originally formed as a subsidiary of New Mountain Guardian AIV, L.P. ("Guardian AIV") by New Mountain Capital in October 2008. Guardian AIV was formed through an allocation of approximately $300.0 million of the $5.1 billion of commitments supporting New Mountain Partners III, L.P., a private equity fund managed by New Mountain Capital. In February 2009, New Mountain Capital formed a co-investment vehicle, New Mountain Guardian Partners, L.P., comprising $20.4 million of commitments. New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P., together with their respective direct and indirect wholly-owned subsidiaries, are defined as the "Predecessor Entities".

New Mountain Finance Corporation ("NMFC") is a Delaware corporation that was originally incorporated on June 29, 2010. NMFC is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, NMFC is obligated to comply with certain regulatory requirements. NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code").

New Mountain Finance AIV Holdings Corporation ("AIV Holdings") is a Delaware corporation that was originally incorporated on March 11, 2011. Guardian AIV, a Delaware limited partnership, is

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 1. Formation and Business Purpose (Continued)

AIV Holdings' sole stockholder. AIV Holdings is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, AIV Holdings is obligated to comply with certain regulatory requirements. AIV Holdings has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under the Code.

On May 19, 2011, NMFC priced its initial public offering (the "IPO") of 7,272,727 shares of common stock at a public offering price of $13.75 per share. Concurrently with the closing of the IPO and at the public offering price of $13.75 per share, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in a concurrent private placement (the "Concurrent Private Placement"). Additionally, 1,252,964 shares were issued to the limited partners of New Mountain Guardian Partners, L.P. at that time for their ownership interest in the Predecessor Entities. In connection with NMFC's IPO and through a series of transactions, the Operating Company owns all of the operations of the Predecessor Entities, including all of the assets and liabilities related to such operations.

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC and AIV Holdings each entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company, pursuant to which NMFC and AIV Holdings were admitted as members of the Operating Company. NMFC acquired from the Operating Company, with the gross proceeds of the IPO and the Concurrent Private Placement, common membership units ("units") of the Operating Company (the number of units are equal to the number of shares of NMFC's common stock sold in the IPO and the Concurrent Private Placement). Additionally, NMFC received units of the Operating Company equal to the number of shares of common stock of NMFC issued to the limited partners of New Mountain Guardian Partners, L.P. Guardian AIV was the parent of the Operating Company prior to the IPO and, as a result of the transactions completed in connection with the IPO, obtained units in the Operating Company. Guardian AIV contributed its units in the Operating Company to its newly formed subsidiary, AIV Holdings, in exchange for common stock of AIV Holdings. AIV Holdings has the right to exchange all or any portion of its units in the Operating Company for shares of NMFC's common stock on a one-for-one basis at any time.

During the quarter ended June 30, 2013, NMFC issued an additional 73,888 shares in conjunction with its dividend reinvestment plan at a weighted average price of $14.16. On June 21, 2013, NMFC completed a public offering of 2,000,000 shares of its common stock and an underwritten secondary public offering of 4,000,000 shares of its common stock on behalf of a selling stockholder, AIV Holdings, at a public offering price of $14.55 per share. In connection with the public offering, the underwriters purchased an additional 750,000 shares of NMFC's common stock from AIV Holdings with the exercise of the overallotment option to purchase up to an additional 900,000 shares of common stock. The Operating Company received net proceeds of $28,620 in connection with the sale of 2,000,000 shares by NMFC of its common stock. NMFC did

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 1. Formation and Business Purpose (Continued)

not receive any proceeds from the sale of shares of NMFC's common stock by AIV Holdings, including pursuant to the exercise of the overallotment option. Since NMFC's IPO, and through June 30, 2013, NMFC raised approximately $190,448 in net proceeds from additional offerings of common stock and issued shares of its common stock valued at approximately $193,698 on behalf of AIV Holdings for exchanged units. NMFC acquired from the Operating Company units of the Operating Company equal to the number of shares of NMFC's common stock sold in the additional offerings. As of June 30, 2013, NMFC and AIV Holdings owned approximately 85.3% and 14.7%, respectively, of the units of the Operating Company.

The current structure was designed to generally prevent NMFC from being allocated taxable income with respect to unrecognized gains that existed at the time of the IPO in the Predecessor Entities' assets, and rather such amounts would be allocated generally to AIV Holdings. The result is that any distributions made to NMFC's stockholders that are attributable to such gains generally will not be treated as taxable dividends but rather as return of capital.

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 1. Formation and Business Purpose (Continued)

The diagram below depicts the Companies' organizational structure as of June 30, 2013.

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*
Includes partners of New Mountain Guardian Partners, L.P.

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These common membership units are exchangeable into shares of NMFC common stock on a one-for-one basis.

***

New Mountain Finance SPV Funding, L.L.C. ("NMF SLF").

The Operating Company's investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. In some cases, the Operating Company's investments may also include equity interests. The primary focus

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 1. Formation and Business Purpose (Continued)

is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

Note 2. Summary of Significant Accounting Policies

Basis of accounting The Companies' financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Operating Company consolidates its wholly-owned subsidiary, NMF SLF. NMFC and AIV Holdings do not consolidate the Operating Company. NMFC and AIV Holdings apply investment company master-feeder financial statement presentation, as described in Accounting Standards Codification 946, *Financial Services Investment Companies*, ("ASC 946") to their interest in the Operating Company. NMFC and AIV Holdings observe that it is industry practice to follow the presentation prescribed for a master fund-feeder fund structure in ASC 946 in instances in which a master fund is owned by more than one feeder fund and that such presentation provides stockholders of NMFC and AIV Holdings with a clearer depiction of their investment in the Master Fund.

The Companies' financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of operations and financial condition for all periods presented. All intercompany transactions have been eliminated. Revenues are recognized when earned and expenses when incurred. The financial results of the Operating Company's portfolio investments are not consolidated in the financial statements. Prior to the IPO, an affiliate of the Predecessor Entities paid a majority of the management and incentive fees. Historical operating expenses do not reflect the allocation of certain professional fees, administrative and other expenses that have been incurred following the completion of the IPO. Accordingly, the Operating Company's historical operating expenses are not comparable to its operating expenses after the completion of the IPO.

The Companies' interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. Accordingly, the Companies' interim financial statements do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2013.

Investments The Operating Company applies fair value accounting in accordance with GAAP. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

reflected on the Operating Company's Consolidated Statements of Assets, Liabilities and Members' Capital at fair value, with changes in unrealized gains and losses resulting from changes in fair value reflected in the Operating Company's Consolidated Statements of Operations as "Net change in unrealized appreciation (depreciation) of investments" and realizations on portfolio investments reflected in the Operating Company's Consolidated Statements of Operations as "Net realized gains (losses) on investments".

The Operating Company values its assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, the Operating Company's board of directors is ultimately and solely responsible for determining the fair value of the portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available and any other situation where its portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. The Operating Company's quarterly valuation procedures are set forth in more detail below:

(1) Investments for which market quotations are readily available on an exchange are valued at such market quotations based on the closing price indicated from independent pricing services.

(2) Investments for which indicative prices are obtained from various pricing services and/or brokers or dealers are valued through a multi-step valuation process, as described below, to determine whether the quote(s) obtained is representative of fair value in accordance with GAAP.

a. Bond quotes are obtained through independent pricing services. Internal reviews are performed by the investment professionals of the Investment Adviser to ensure that the quote obtained is representative of fair value in accordance with GAAP and if so, the quote is used. If the Investment Adviser is unable to sufficiently validate the quote(s) internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below); and

b. For investments other than bonds, the Operating Company looks at the number of quotes readily available and performs the following:

i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained.

ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

(3) Investments for which quotations are not readily available through exchanges, pricing services, brokers, or dealers are valued through a multi-step valuation process:

a. Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser responsible for the credit monitoring;

b. Preliminary valuation conclusions will then be documented and discussed with the Operating Company's senior management;

c. If an investment falls into (3) above for four consecutive quarters and if the investment's par value or its fair value exceeds the materiality threshold, then at least once each fiscal year, the valuation for each portfolio investment for which the Operating Company does not have a readily available market quotation will be reviewed by an independent valuation firm engaged by the Companies' board of directors; and

d. When deemed appropriate by the Operating Company's management, an independent valuation firm may be engaged to review and value investment(s) of a portfolio company, without any preliminary valuation being performed by the Investment Adviser. The investment professionals of the Investment Adviser will review and validate the value provided.

The values assigned to investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Operating Company's investments may fluctuate from period to period and the fluctuations could be material.

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC's and AIV Holdings' investments in the Operating Company are carried at fair value and represent the respective pro-rata interest in the net assets of the Operating Company as of the applicable reporting date. NMFC and AIV Holdings value their ownership interest on a quarterly basis, or more frequently if required under the 1940 Act.

See Note 3, *Investments*, for further discussion relating to investments.

Cash and cash equivalents Cash and cash equivalents include cash and short-term, highly liquid investments. The Companies define cash equivalents as securities that are readily

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

convertible into known amounts of cash and so near maturity that there is insignificant risk of changes in value. Generally, these securities have original maturities of three months or less.

Revenue recognition

The Operating Company's revenue recognition policies are as follows:

Sales and paydowns of investments: Realized gains and losses on investments are determined on the specific identification method.

Interest income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. The Operating Company has loans in the portfolio that contain a payment-in-kind ("PIK") provision. PIK represents interest that is accrued and recorded as interest income at the contractual rates, added to the loan principal on the respective capitalization dates, and generally due at maturity.

Non-accrual income: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and when there is reasonable doubt that principal or interest will be collected. Accrued cash and un-capitalized PIK interest is generally reversed when a loan is placed on non-accrual status. Previously capitalized PIK interest is not reversed when an investment is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment of the ultimate outcome. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

Other income: Other income represents delayed compensation, consent or amendment fees, revolver fees and other miscellaneous fees received. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date. Other income may also include fees from bridge loans. The Operating Company may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. A fee is received by the Operating Company for providing such commitments.

NMFC's and AIV Holdings' revenue recognition policies are as follows:

Revenue, expenses, and capital gains (losses): At each quarterly valuation date, the Operating Company's investment income, expenses, net realized gains (losses), and net increase (decrease) in unrealized appreciation (depreciation) are allocated to NMFC and AIV

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

Holdings based on their pro-rata interest in the net assets of the Operating Company. This is recorded on NMFC's and AIV Holdings' Statements of Operations. Realized gains and losses are recorded upon sales of NMFC's and AIV Holdings' investments in the Operating Company. Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. is the difference between the net asset value per share and the closing price per share for shares issued as part of the dividend reinvestment plan on the dividend payment date. This net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. includes the unrealized appreciation (depreciation) from the IPO. NMFC used the proceeds from its IPO and Concurrent Private Placement to purchase units in the Operating Company at $13.75 per unit (its IPO price per share). At the IPO date, $13.75 per unit represented a discount to the actual net asset value per unit of the Operating Company. As a result, NMFC experienced immediate unrealized appreciation on its investment. Concurrently, AIV Holdings experienced immediate unrealized depreciation on its investment in the Operating Company equal to the difference between NMFC's IPO price of $13.75 per unit and the actual net asset value per unit.

All expenses, including those of NMFC and AIV Holdings, are paid and recorded by the Operating Company. Expenses are allocated to NMFC and AIV Holdings based on pro-rata ownership interest. In addition, the Operating Company paid all of the offering costs related to the IPO and subsequent offerings. NMFC and AIV Holdings have recorded their portion of the offering costs as a direct reduction to net assets and the cost of their investment in the Operating Company.

With respect to the expenses incident to any registration of shares of NMFC's common stock issued in exchange for AIV Holdings' units of the Operating Company, AIV Holdings is directly responsible for the expenses of any demand registration (including underwriters' discounts or commissions) and their pro-rata share of any "piggyback" registration expenses.

Interest and other credit facility expenses Interest and other credit facility fees are recorded on an accrual basis by the Operating Company. See Note 7, *Borrowing Facilities*, for details.

Deferred credit facility costs The deferred credit facility costs of the Operating Company consist of capitalized expenses related to the origination and amending of the Operating Company's existing credit facilities. The Operating Company amortizes these costs into expense using the straight-line method over the stated life of the related credit facility. See Note 7, *Borrowing Facilities*, for details.

Income taxes The Operating Company is treated as a partnership for federal income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements, as the partners are individually responsible for reporting income or loss based on their

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

respective share of the revenues and expenses. The Operating Company files United States ("U.S.") federal, state, and local income tax returns.

NMFC and AIV Holdings have elected to be treated, and intend to comply with the requirements to qualify annually, as RICs under subchapter M of the Code. As RICs, NMFC and AIV Holdings are not subject to federal income tax on the portion of taxable income and gains timely distributed to stockholders; therefore, no provision for income taxes has been recorded.

To continue to qualify as RICs, NMFC and AIV Holdings are required to meet certain income and asset diversification tests in addition to distributing at least 90.0% of their respective investment company taxable income, as defined by the Code. Since federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes.

Differences between taxable income and the results of operations for financial reporting purposes may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

For federal income tax purposes, distributions paid to stockholders of NMFC and AIV Holdings are reported as ordinary income, return of capital, long term capital gains or a combination thereof.

NMFC and AIV Holdings will be subject to a 4.0% nondeductible federal excise tax on certain undistributed income unless NMFC and AIV Holdings distribute, in a timely manner as required by the Code, an amount at least equal to the sum of (1) 98.0% of their respective net ordinary income earned for the calendar year and (2) 98.2% of their respective capital gain net income for the one-year period ending October 31 in the calendar year.

The Companies have adopted the Income Taxes topic of the Codification ("ASC 740"). ASC 740 provides guidance for how uncertain income tax positions should be recognized, measured, and disclosed in the financial statements. Based on their analyses, the Companies have determined that there were no material uncertain income tax positions through December 31, 2012. The 2011 and 2012 tax years remain subject to examination by U.S. federal, state, and local tax authorities.

Dividends Distributions to common unit holders of the Operating Company and common stockholders of NMFC and AIV Holdings are recorded on the record date as set by the respective board of directors. In order for NMFC and AIV Holdings to pay a dividend or other distribution to holders of their common stock, it must be accompanied by a prior distribution by the Operating Company to all of its unit holders. The Operating Company intends to make distributions to its unit holders that will be sufficient to enable NMFC and AIV Holdings to pay quarterly distributions to their stockholders and to maintain their status as RICs. NMFC and AIV Holdings intend to distribute approximately all of their portion of the Operating Company's adjusted net investment income (see Note 5, *Agreements*) on a quarterly basis and substantially all of their portion of the Operating

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

Company's taxable income on an annual basis, except that NMFC may retain certain net capital gains for reinvestment.

Under certain circumstances, the distributions that the Operating Company makes to its members may not be sufficient for AIV Holdings to satisfy the annual distribution requirement necessary for AIV Holdings to continue to qualify as a RIC. In that case, it is expected that Guardian AIV would consent to be treated as if it received distributions from AIV Holdings sufficient to satisfy the annual distribution requirement. Guardian AIV would be required to include the consent dividend in its taxable income as a dividend from AIV Holdings, which would result in phantom (i.e., non-cash) taxable income to Guardian AIV. AIV Holdings intends to make quarterly distributions to Guardian AIV, its sole stockholder, out of assets legally available for distribution each quarter.

The Operating Company and NMFC are required to take certain actions in order to maintain, at all times, a one-to-one ratio between the number of units held by NMFC and the number of shares of NMFC's common stock outstanding. NMFC has adopted a dividend reinvestment plan that provides on behalf of its stockholders for reinvestment of any distributions declared, unless a stockholder elects to receive cash. Cash distributions reinvested in additional shares of NMFC's common stock will be automatically reinvested by NMFC into additional units of the Operating Company. In addition, AIV Holdings does not intend to reinvest any distributions received from the Operating Company in additional units of the Operating Company.

NMFC applies the following in implementing the dividend reinvestment plan. If the price at which newly issued shares are to be credited to stockholders' accounts is greater than 110.0% of the last determined net asset value of the shares, NMFC will use only newly issued shares to implement its dividend reinvestment plan. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of NMFC's common stock on the New York Stock Exchange ("NYSE") on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, the average of their electronically reported bid and asked prices. If NMFC uses newly issued shares to implement the plan, NMFC will receive, on a one-for-one basis, additional units of the Operating Company in exchange for cash distributions that are reinvested in shares of NMFC's common stock under the dividend reinvestment plan.

If the price at which newly issued shares are to be credited to stockholders' accounts is less than 110.0% of the last determined net asset value of the shares, NMFC will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of NMFC's common stock to be outstanding after giving effect to payment of the

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 2. Summary of Significant Accounting Policies (Continued)

distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of NMFC's stockholders have been tabulated.

Foreign securities The accounting records of the Operating Company are maintained in U.S. dollars. Investment securities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the respective dates of the transactions. The Operating Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with "Net change in unrealized appreciation (depreciation) of investments" and "Net realized gains (losses) on investments" in the Operating Company's Consolidated Statements of Operations.

Investments denominated in foreign currencies may be negatively affected by movements in the rate of exchange between the U.S. dollar and such foreign currencies. This movement is beyond the control of the Operating Company and cannot be predicted.

Use of estimates The preparation of the Companies' financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Companies' financial statements and the reported amounts of revenues and expenses during the reporting periods. Changes in the economic environment, financial markets, and other metrics used in determining these estimates could cause actual results to differ from the estimates used, and the differences could be material.

Note 3. Investments

At June 30, 2013 the Operating Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 556,051	$ 550,887
Second lien	421,646	432,779
Subordinated	44,423	46,654
Equity and other	23,445	28,681
Total investments	$ 1,045,565	$ 1,059,001

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Software	$ 248,423	$ 254,050
Education	173,359	174,869
Business Services	154,776	157,694
Federal Services	107,727	107,998
Healthcare Services	98,351	100,410
Media	52,965	55,297
Distribution & Logistics	47,414	48,643
Consumer Services	43,607	44,333
Energy	44,783	43,887
Healthcare Products	40,431	42,098
Industrial Services	13,842	14,245
Healthcare Information Technology	13,542	8,884
Information Technology	6,345	6,593
Total investments	$ 1,045,565	$ 1,059,001

At December 31, 2012 the Operating Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 496,931	$ 493,502
Second lien	433,829	441,073
Subordinated	43,097	45,148
Equity and other	2,386	10,097
Total investments	$ 976,243	$ 989,820

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Software	$ 241,742	$ 246,696
Education	155,047	150,151
Healthcare Services	139,370	143,724
Business Services	140,426	143,420
Federal Services	95,150	95,428
Distribution & Logistics(1)	51,320	51,834
Consumer Services	41,173	41,625
Media	26,582	34,001
Healthcare Products	25,659	27,220
Industrial Services	13,825	14,105
Retail	11,597	12,146
Healthcare Information Technology	14,550	10,291
Energy	9,852	10,072
Information Technology	6,476	6,711
Power Generation	3,474	2,396
Total investments	$ 976,243	$ 989,820

(1) Industries were disclosed separately in previously issued financial statements.

As of June 30, 2013, the Operating Company's first lien positions in ATI Acquisition Company remained on non-accrual status due to the inability of the portfolio company to service its interest payment for the quarter then ended and uncertainty about its ability to pay such amounts in the future. As of June 30, 2013, the Operating Company's investment had an aggregate cost basis of $5,917, an aggregate fair value of $419 and total unearned interest income of $236 and $468, respectively, for the three and six months then ended. As of December 31, 2012, the Operating Company's original first lien position in ATI Acquisition Company was put on non-accrual status, with a cost basis of $4,306, a fair value of zero and total unearned interest income of $653 for the year then ended. The Operating Company's two super priority first lien debt investments in ATI Acquisition Company had a combined cost basis of $1,611 and a combined fair value of $752 as of December 31, 2012. During the third quarter of 2012, the Operating Company placed the super priority first lien positions on non-accrual status as well, resulting in total unearned interest income of $310 for the year ended December 31, 2012. As of December 31, 2012, the Operating Company's total investment in ATI Acquisition Company had an aggregate cost basis of $5,917 and an aggregate fair value of $752, putting the entire ATI Acquisition Company's investment on non-accrual status. As of June 30, 2013 and December 31, 2012, unrealized gains include a fee that the Operating Company would receive upon maturity of the two super priority first lien debt investments.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 3. Investments (Continued)

As of June 30, 2013, the Operating Company had unfunded commitments on revolving credit facilities and bridge facilities of $10,500 and $0, respectively. The Operating Company did not have any unfunded commitments in the form of a delayed draw or other future funding commitments as of June 30, 2013. Any unfunded commitments are disclosed on the Operating Company's Consolidated Schedule of Investments as of June 30, 2013.

As of December 31, 2012, the Operating Company had unfunded commitments on revolving credit facilities and bridge facilities of $10,500 and $0, respectively. The Operating Company did not have any unfunded commitments in the form of a delayed draw or other future funding commitments as of December 31, 2012. Any unfunded commitments are disclosed on the Operating Company's Consolidated Schedule of Investments as of December 31, 2012.

Investment Risk Factors First and second lien debt that the Operating Company invests in is entirely, or almost entirely, rated below investment grade or may be unrated. These loans are considered speculative because of the credit risk of the issuers. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal and such defaults could reduce the net asset value and income distributions of the Operating Company. First and second lien debt may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these first and second lien loans. This illiquidity may make it more difficult to value the debt.

Subordinated debt is generally subject to similar risks as those associated with first and second lien debt, except that such debt is subordinated in payment and /or lower in lien priority. Subordinated debt is subject to the additional risk that the cash flow of the borrower and the property securing the debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured and unsecured obligations of the borrower.

Note 4. Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820"), establishes a fair value hierarchy that prioritizes and ranks the inputs to valuation techniques used in measuring investments at fair value. The hierarchy classifies the inputs used in measuring fair value into three levels as follows:

> *Level I* Quoted prices (unadjusted) are available in active markets for identical investments and the Operating Company has the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by ASC 820, the Operating Company, to the extent that it holds such investments, does not adjust the quoted

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

price for these investments, even in situations where the Operating Company holds a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Level II inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

The inputs used to measure fair value may fall into different levels. In all instances when the inputs fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level of input that is significant to the fair value measurement in its entirety. As such, a Level III fair value measurement may include inputs that are both observable (Levels I and II) and unobservable (Level III). Gains and losses for such assets categorized within the Level III table below may include changes in fair value that are attributable to both observable inputs (Levels II and III) and unobservable inputs (Level III).

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period. Reclassifications impacting the fair value hierarchy are reported as transfers in/out of the respective leveling categories as of the beginning of the quarter in which the reclassifications occur.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

The following table summarizes the levels in the fair value hierarchy that the Operating Company's portfolio investments fall into as of June 30, 2013:

	Total	Level I	Level II	Level III
First lien	$ 550,887	$	$ 529,575	$ 21,312
Second lien	432,779		394,252	38,527
Subordinated	46,654		21,973	24,681
Equity and other	28,681			28,681
Total investments	$ 1,059,001	$	$ 945,800	$ 113,201

The following table summarizes the levels in the fair value hierarchy that the Operating Company's portfolio investments fall into as of December 31, 2012:

	Total	Level I	Level II	Level III
First lien	$ 493,502	$	$ 450,617	$ 42,885
Second lien	441,073		397,818	43,255
Subordinated	45,148		22,257	22,891
Equity and other	10,097			10,097
Total investments	$ 989,820	$	$ 870,692	$ 119,128

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended June 30, 2013, as well as the portion of appreciation (depreciation)

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Operating Company at June 30, 2013:

	Total	First Lien	Second Lien	Subordinated	Equity and other(2)
Fair value, March 31, 2013	$ 110,619	$ 31,934	$ 44,103	$ 23,780	$ 10,802
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	556	176	380		
Net change in unrealized appreciation (depreciation)	(2,380)	186	184	371	(3,121)
Purchases, including capitalized PIK and revolver fundings	35,485	95	13,860	530	21,000
Proceeds from sales and paydowns of investments	(37,653)	(17,653)	(20,000)		
Transfers into Level III(1)	6,574	6,574			
Fair value, June 30, 2013	$ 113,201	$ 21,312	$ 38,527	$ 24,681	$ 28,681
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Operating Company at the end of the period:	$ (2,620)	$ (312)	$ 442	$ 371	$ (3,121)

(1) As of June 30, 2013, the portfolio investments were transferred into Level III from Level II at fair value as of the beginning of the quarter in which the reclassifications occurred.

(2) During the three months ended June 30, 2013, the Operating Company received dividends of $6,436 from its equity and other investments, which were recorded as dividend income. Information related to the tax characterization of this distribution was not available as of June 30, 2013. The Companies are currently not aware of any potential tax liabilities that may be attributable to this investment and thus have not accrued any related income tax expense. The Companies will continue to evaluate any potential income tax liabilities as more information is made available.

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 4. Fair Value (Continued)

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended June 30, 2012, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Operating Company at June 30, 2012:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, March 31, 2012	$ 103,245	$ 50,569	$ 43,255	$ 6,571	$ 2,850
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	4,146	4,146			
Net change in unrealized appreciation (depreciation)	(4,355)	(4,268)	(1)	(22)	(64)
Purchases, including capitalized PIK and revolver fundings	11,055	18	10,021	990	26
Proceeds from sales and paydowns of investments	(7,717)	(7,717)			
Fair value, June 30, 2012	$ 106,374	$ 42,748	$ 53,275	$ 7,539	$ 2,812
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Operating Company at the end of the period:	$ (548)	$ (461)	$ (1)	$ (22)	$ (64)

The following table summarizes the changes in fair value of Level III portfolio investments for the six months ended June 30, 2013, as well as the portion of appreciation (depreciation) included

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Operating Company at June 30, 2013:

	Total	First Lien	Second Lien	Subordinated	Equity and other(2)
Fair value, December 31, 2012	$ 119,128	$ 42,885	$ 43,255	$ 22,891	$ 10,097
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	577	197	380		
Net change in unrealized appreciation (depreciation)	(783)	111	1,032	548	(2,474)
Purchases, including capitalized PIK and revolver fundings	36,258	95	13,860	1,242	21,061
Proceeds from sales and paydowns of investments	(48,553)	(28,550)	(20,000)		(3)
Transfers into Level III(1)	6,574	6,574			
Fair value, June 30, 2013	$ 113,201	$ 21,312	$ 38,527	$ 24,681	$ 28,681
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Operating Company at the end of the period:	$ (1,186)	$ (172)	$ 912	$ 548	$ (2,474)

(1) As of June 30, 2013, the portfolio investments were transferred into Level III from Level II at fair value as of the beginning of the quarter in which the reclassifications occurred.

(2) During the six months ended June 30, 2013, the Operating Company received dividends of $6,433 from its equity and other investments, which were recorded as dividend income. Information related to the tax characterization of this distribution was not available as of June 30, 2013. The Companies are currently not aware of any potential tax liabilities that may be attributable to this investment and thus have not accrued any related income tax expense. The Companies will continue to evaluate any potential income tax liabilities as more information is made available.

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 4. Fair Value (Continued)

The following table summarizes the changes in fair value of Level III portfolio investments for the six months ended June 30, 2012, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Operating Company at June 30, 2012:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2011	$ 90,967	$ 33,141	$ 48,405	$ 6,571	$ 2,850
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	4,169	4,146	23		
Net change in unrealized appreciation (depreciation)	(4,162)	(3,902)	(174)	(22)	(64)
Purchases, including capitalized PIK and revolver fundings	45,629	34,592	10,021	990	26
Proceeds from sales and paydowns of investments	(19,117)	(14,117)	(5,000)		
Transfers out of Level III(1)	(11,112)	(11,112)			
Fair value, June 30, 2012	$ 106,374	$ 42,748	$ 53,275	$ 7,539	$ 2,812
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Operating Company at the end of the period:	$ (549)	$ (462)	$ (1)	$ (22)	$ (64)

(1) As of June 30, 2012, the portfolio investments were transferred out of Level III into Level II at fair value as of the beginning of the quarter in which the reclassifications occurred.

Except as noted in the tables above, there were no other transfers in or out of Level I, II, or III during the three and six months ended June 30, 2013 and June 30, 2012. Transfers into Level III occurred as quotations obtained through pricing services were not deemed representative of fair value as of the balance sheet date and such assets were internally valued. As quotations obtained through pricing services were substantiated through additional market sources, investments were

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 4. Fair Value (Continued)

transferred out of Level III. The Operating Company invests in revolving credit facilities. These investments are categorized as Level III investments as these assets are not actively traded and their fair values are often implied by the term loans of the respective portfolio companies.

The Operating Company generally uses the following framework when determining the fair value of investments where there are little, if any, market activity or observable pricing inputs.

Company Performance, Financial Review, and Analysis: Prior to investment, as part of its due diligence process, the Operating Company evaluates the overall performance and financial stability of the portfolio company. Post investment, the Operating Company analyzes each portfolio company's current operating performance and relevant financial trends versus prior year and budgeted results, including, but not limited to, factors affecting its revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth, margin trends, liquidity position, covenant compliance and changes to its capital structure. The Operating Company also attempts to identify and subsequently track any developments at the portfolio company, within its customer or vendor base or within the industry or the macroeconomic environment, generally, that may alter any material element of its original investment thesis. This analysis is specific to each portfolio company. The Operating Company leverages the knowledge gained from its original due diligence process, augmented by this subsequent monitoring, to continually refine its outlook for each of its portfolio companies and ultimately form the valuation of its investment in each portfolio company. When an external event such as a purchase transaction, public offering or subsequent sale occurs, the Operating Company will consider the pricing indicated by the external event to corroborate the private valuation.

Market Based Approach: The Operating Company typically estimates the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies. The Operating Company considers numerous factors when selecting the appropriate companies whose trading multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, relevant risk factors, as well as size, profitability and growth expectations. The Operating Company generally applies an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate portfolio company enterprise value. In applying the market based approach as of June 30, 2013, the Operating Company used the relevant EBITDA ranges set forth in the table below to determine the enterprise value of investments in six of its portfolio companies. The Operating Company believes this was a reasonable range in light of current comparable company trading levels and the specific companies involved.

Income Based Approach: The Operating Company also typically uses a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. In applying the income based approach as of June 30, 2013, the Operating Company used the discount ranges set forth in the table below to value investments in eight of its portfolio companies.

			EBITDA Range			Discount Range		
Type	Fair Value	Approach	Low	High	Weighted Average	Low	High	Weighted Average
First lien	$ 21,312	Market and Income	4.0x	7.0x	6.1x	5.5%	21.8%	13.1%
Second lien	38,527	Market and Income	5.5x	7.5x	6.4x	10.2%	11.8%	11.0%
Subordinated	24,681	Market and Income	6.5x	9.0x	7.7x	12.6%	21.6%	14.9%
Equity	24,052	Market and Income	5.5x	8.0x	6.4x	9.0%	20.0%	16.3%

The Operating Company typically uses a Black Scholes analysis to fair value warrant investments. Input variables used in these analyses include, but are not limited to, stock price, exercise price, expiration date, valuation date, volatility, and discount rate. As of June 30, 2013, warrants had a fair value of $4,629, which have been excluded from the table above.

Based on a comparison to similar BDC credit facilities, the terms and conditions of the Holdings Credit Facility and the SLF Credit Facility (as defined in Note 7, *Borrowing Facilities*) are representative of market. The carrying values of the Holdings Credit Facility and SLF Credit Facility approximate fair value as of June 30, 2013, as both facilities are continually monitored and examined by both the borrower and the lender. Both facilities were amended and restated during the year ended December 31, 2012 to lower the applicable interest rate spread by 0.25% and to increase the maximum amount of revolving borrowings available under the respective facilities. Additionally for the six months ended June 30, 2013, the Holdings Credit Facility was amended and restated to further increase the maximum amount of revolving borrowings available. See Note 7, *Borrowing Facilities*, for details. The fair value of other financial assets and liabilities approximates their carrying value based on the short term nature of these items. The fair value disclosures discussed in this paragraph are considered Level III.

Fair value risk factors The Operating Company seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Operating Company's portfolio companies conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Operating Company's investments and/or on the fair value of the Operating Company's investments. The Operating Company's investments are subject to the risk of non-payment of scheduled interest or principal, resulting in a reduction in income to the Operating Company and thus the income of NMFC and AIV Holdings, and their corresponding fair valuations. Also, there may be risk associated with the concentration of investments in one geographic region

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

or in certain industries. These events are beyond the control of the Operating Company and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

Note 5. Agreements

On May 19, 2011, NMFC entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company pursuant to which NMFC was admitted as a member of the Operating Company and agreed to acquire from the Operating Company a number of units of the Operating Company equal to the number of shares of common stock outstanding of NMFC. Additionally on May 19, 2011, in connection with the contribution by Guardian AIV of its units to AIV Holdings, AIV Holdings entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company pursuant to which AIV Holdings was also admitted as a member of the Operating Company.

The Operating Company entered into an investment advisory and management agreement, as amended and restated (the "Investment Management Agreement") with the Investment Adviser. Under the Investment Management Agreement, the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Operating Company. For providing these services, the Investment Adviser receives a fee from the Operating Company, consisting of two components a base management fee and an incentive fee.

The base management fee is calculated at an annual rate of 1.75% of the Operating Company's gross assets less (i) the borrowings under the SLF Credit Facility (as defined in Note 7, *Borrowing Facilities*) and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of the Operating Company's gross assets, borrowings under the SLF Credit Facility, and cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of the Operating Company's "Pre-Incentive Fee Adjusted Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature. "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Operating Company receives from portfolio companies) accrued during the calendar quarter, minus the Operating Company's operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement, as amended and restated, with the Administrator, and any interest expense and distributions paid on any issued and outstanding preferred membership units (of which there are none as of June 30, 2013), but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 5. Agreements (Continued)

investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that the Operating Company has not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Under GAAP, NMFC's IPO did not step-up the cost basis of the Operating Company's existing investments to fair market value at the IPO date. Since the total value of the Operating Company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or original issue discount, as well as different amounts in realized gain and unrealized appreciation, may be recognized under GAAP in each period than if the step-up had occurred. This will remain until such predecessor investments are sold or mature in the future. The Operating Company tracks the transferred (or fair market) value of each of its investments as of the time of the IPO and, for purposes of the incentive fee calculation, adjusts Pre-Incentive Fee Net Investment Income to reflect the amortization of purchase or original issue discount on the Operating Company's investments as if each investment was purchased at the date of the IPO, or stepped up to fair market value. This is defined as "Pre-Incentive Fee Adjusted Net Investment Income". The Operating Company also uses the transferred (or fair market) value of each of its investments as of the time of the IPO to adjust capital gains ("Adjusted Realized Capital Gains") or losses ("Adjusted Realized Capital Losses") and unrealized capital appreciation ("Adjusted Unrealized Capital Appreciation") and unrealized capital depreciation ("Adjusted Unrealized Capital Depreciation").

Pre-Incentive Fee Adjusted Net Investment Income, expressed as a rate of return on the value of the Operating Company's net assets at the end of the immediately preceding calendar quarter, will be compared to a "hurdle rate" of 2.0% per quarter (8.0% annualized), subject to a "catch-up" provision measured as of the end of each calendar quarter. The hurdle rate is appropriately pro-rated for any partial periods. The calculation of the Operating Company's incentive fee with respect to the Pre-Incentive Fee Adjusted Net Investment Income for each quarter is as follows:

No incentive fee is payable to the Investment Adviser in any calendar quarter in which the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income does not exceed the hurdle rate of 2.0% (the "preferred return" or "hurdle").

100.0% of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income with respect to that portion of such Pre-Incentive Fee Adjusted Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser. This portion of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income (which exceeds the hurdle rate but is less than or equal to 2.5%) is referred to as the "catch-up". The catch-up provision is intended to provide the Investment Adviser with an incentive fee of 20.0% on all of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income as if a hurdle rate did not apply when the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income exceeds 2.5% in any calendar quarter.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

20.0% of the amount of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income, if any, that exceeds 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser once the hurdle is reached and the catch-up is achieved.

The second part will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of the Operating Company's Adjusted Realized Capital Gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee.

In accordance with GAAP, the Operating Company accrues a hypothetical capital gains incentive fee based upon the cumulative net Adjusted Realized Capital Gains and Adjusted Realized Capital Losses and the cumulative net Adjusted Unrealized Capital Appreciation and Adjusted Unrealized Capital Depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual Adjusted Realized Capital Gains computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value.

The Operating Company has revised its presentation of incentive fees on the Consolidated Statements of Assets, Liabilities and Members' Capital and the Consolidated Statements of Operations to disclose the two parts of the incentive fee incurred by the Operating Company for net investment income related incentive fees and capital gains related incentive fees.

The following table summarizes the management fees and incentive fees incurred by the Operating Company for the three and six months ended June 30, 2013 and June 30, 2012.

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Management fee	$ 3,727	$ 2,606	$ 7,295	$ 5,120
Incentive fee, excluding accrued capital gains incentive fees	5,407	2,718	8,865	5,169
Accrued capital gains incentive fees(1)	(1,701)	53	981	964

(1) The accrued capital gains incentive fees would be paid by the Operating Company if the Operating Company ceased operations on June 30, 2013 and June 30, 2012, respectively, and liquidated its investments at the valuations as of the respective quarter ends. As of June 30, 2013 and June 30, 2012, no actual capital gains incentive fee was owed under the Investment Management Agreement, as cumulative net Adjusted Realized Capital Gains did not exceed cumulative Adjusted Unrealized Capital Depreciation.

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 5. Agreements (Continued)

The Operating Company's Consolidated Statements of Operations below are adjusted as if the step-up in cost basis to fair market value had occurred at the IPO date, May 19, 2011.

The following Statement of Operations for the three and six months ended June 30, 2013 is adjusted to reflect this step-up to fair market value.

	Three months ended June 30, 2013	Adjustments	Adjusted three months ended June 30, 2013
Investment income			
Interest income(1)	$ 27,321	$ (214)	$ 27,107
Dividend income	6,436		6,436
Other income	1,399		1,399
Total investment income	35,156	(214)	34,942
Total net expenses pre-incentive fee(2)	7,907		7,907
Pre-Incentive Fee Net Investment Income	27,249	(214)	27,035
Incentive fee(3)	3,706		3,706
Post-Incentive Fee Net Investment Income	23,543	(214)	23,329
Net realized gains on investments	3,312	(2,689)	623
Net change in unrealized (depreciation) appreciation of investments	(12,031)	2,903	(9,128)
Net increase in capital resulting from operations	$ 14,824		$ 14,824

(1) Includes $904 in payment-in-kind interest from investments.

(2) Includes expense waivers and reimbursements of $836.

(3) For the three months ended June 30, 2013, the Operating Company incurred total incentive fees of $3,706, of which $(1,701) related to a reduction in the accrual of the capital gains incentive fees on a hypothetical liquidation basis.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

	Six months ended June 30, 2013	Adjustments	Adjusted six months ended June 30, 2013
Investment income			
Interest income(1)	$ 52,364	$ (693)	$ 51,671
Dividend income	6,433		6,433
Other income	1,677		1,677
Total investment income	60,474	(693)	59,781
Total net expenses pre-incentive fee(2)	15,458		15,458
Pre-Incentive Fee Net Investment Income	45,016	(693)	44,323
Incentive fee(3)	9,846		9,846
Post-Incentive Fee Net Investment Income	35,170	(693)	34,477
Net realized gains on investments	4,356	(3,149)	1,207
Net change in unrealized (depreciation) appreciation of investments	(141)	3,842	3,701
Net increase in capital resulting from operations	$ 39,385		$ 39,385

(1) Includes $1,546 in payment-in-kind interest from investments.

(2) Includes expense waivers and reimbursements of $1,665.

(3) For the six months ended June 30, 2013, the Operating Company incurred total incentive fees of $9,846, of which $981 related to capital gains incentive fees on a hypothetical liquidation basis.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

The following Statement of Operations for the three and six months ended June 30, 2012 is adjusted to reflect the step-up to fair market value.

	Three months ended June 30, 2012	Adjustments	Adjusted three months ended June 30, 2012
Investment income			
Interest income	$ 20,124	$ (825)	$ 19,299
Other income	175		175
Total investment income	20,299	(825)	19,474
Total net expenses pre-incentive fee(1)	5,882		5,882
Pre-Incentive Fee Net Investment Income	14,417	(825)	13,592
Incentive fee(2)	2,771		2,771
Post-Incentive Fee Net Investment Income	11,646	(825)	10,821
Net realized gains on investments	11,968	(4,504)	7,464
Net change in unrealized (depreciation) appreciation of investments	(12,529)	5,329	(7,200)
Net increase in capital resulting from operations	$ 11,085		$ 11,085

(1) Includes expense waivers and reimbursements of $398.

(2) For the three months ended June 30, 2012, the Operating Company incurred total incentive fees of $2,771, of which $53 related to capital gains incentive fees on a hypothetical liquidation basis.

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 5. Agreements (Continued)

	Six months ended June 30, 2012	Adjustments	Adjusted six months ended June 30, 2012
Investment income			
Interest income	$ 38,725	$ (1,848)	$ 36,877
Other income	596		596
Total investment income	39,321	(1,848)	37,473
Total net expenses pre-incentive fee(1)	11,629		11,629
Pre-Incentive Fee Net Investment Income	27,692	(1,848)	25,844
Incentive fee(2)	6,133		6,133
Post-Incentive Fee Net Investment Income	21,559	(1,848)	19,711
Net realized gains on investments	12,976	(5,218)	7,758
Net change in unrealized appreciation (depreciation) of investments	216	7,066	7,282
Net increase in capital resulting from operations	$ 34,751		$ 34,751

(1) Includes expense waivers and reimbursements of $948.

(2) For the six months ended June 30, 2012, the Operating Company incurred total incentive fees of $6,133, of which $964 related to capital gains incentive fees on a hypothetical liquidation basis.

The Companies have entered into an Administration Agreement, as amended and restated, with the Administrator under which the Administrator provides administrative services. The Administrator performs, or oversees the performance of, the Companies' financial records, prepares reports filed with the Securities and Exchange Commission, generally monitors the payment of the Companies' expenses, and watches the performance of administrative and professional services rendered by others. The Operating Company will reimburse the Administrator for the Companies' allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the Companies under the Administration Agreement, as amended and restated. Pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company, expenses payable to the Administrator by the Operating Company as well as other direct and indirect expenses (excluding interest, other credit facility expenses, trading expenses and management and incentive fees) have been capped at $3,500 for the time period

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

from April 1, 2012 to March 31, 2013 and capped at $4,250 for the time period from April 1, 2013 to March 31, 2014.

The Operating Company has revised its presentation of expenses and expense waivers and reimbursements for the three and six months ended June 30, 2012. Expenses were previously presented net of waivers and reimbursements, which had been included parenthetically. The revised presentation shows total gross expenses with a separate reduction for expense waivers and reimbursements.

The Operating Company incurred the following expenses in excess of the expense cap for the three and six months ended June 30, 2013 and June 30, 2012:

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Professional fees	$ 533	$ 119	$ 1,028	$ 365
Administrative expenses	303	279	637	583
Other general and administrative expenses				
Total expense waivers and reimbursements	$ 836	$ 398	$ 1,665	$ 948

As of June 30, 2013, $533 of the expense waivers and reimbursements was receivable from an affiliate.

The Companies, the Investment Adviser and the Administrator have also entered into a Trademark License Agreement, as amended, with New Mountain Capital, L.L.C., pursuant to which New Mountain Capital, L.L.C. has agreed to grant the Companies, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the "New Mountain" and the "New Mountain Finance" names. Under the Trademark License Agreement, as amended, subject to certain conditions, the Companies, the Investment Adviser and the Administrator will have a right to use the "New Mountain" and "New Mountain Finance" names, for so long as the Investment Adviser or one of its affiliates remains the investment adviser of the Operating Company. Other than with respect to this limited license, the Companies, the Investment Adviser and the Administrator will have no legal right to the "New Mountain" or the "New Mountain Finance" names.

NMFC entered into a Registration Rights Agreement with AIV Holdings, Steven B. Klinsky (the Chairman of the Companies' board of directors), an entity related to Steven B. Klinsky and the Investment Adviser. Subject to several exceptions, AIV Holdings and the Investment Adviser have the right to require NMFC to register for public resale under the Securities Act of 1933, as amended (the "Securities Act of 1933"), all registerable securities that are held by any of them and that they request to be registered. Registerable securities subject to the Registration Rights Agreement are

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

shares of NMFC's common stock issued or issuable in exchange for units and any other shares of NMFC's common stock held by AIV Holdings, the Investment Adviser and any of their transferees. The rights under the Registration Rights Agreement can be conditionally exercised by AIV Holdings or the Investment Adviser, meaning that prior to the effectiveness of the registration statement related to the shares, AIV Holdings or the Investment Adviser can withdraw their request to have the shares registered. AIV Holdings and the Investment Adviser may each assign their rights to any person that acquires registerable securities subject to the Registration Rights Agreement and who agrees to be bound by the terms of the Registration Rights Agreement. Steven B. Klinsky and a related entity will have the right to "piggyback", or include their own registerable securities in such a registration. Shares held by AIV Holdings and Steven B. Klinsky were registered on a shelf registration statement on Form N-2.

AIV Holdings and the Investment Adviser may require NMFC to use its reasonable best efforts to register under the Securities Act of 1933 all or any portion of these registerable securities upon a "demand request". The demand registration rights are subject to certain limitations.

The Registration Rights Agreement includes limited blackout and suspension periods. In addition, AIV Holdings and the Investment Adviser may also require NMFC to file a shelf registration statement on Form N-2 for the resale of their registerable securities if NMFC is eligible to use Form N-2 at that time.

Holders of registerable securities have "piggyback" registration rights, including AIV Holdings, which means that these holders may include their respective shares in any future registrations of NMFC's equity securities, whether or not that registration relates to a primary offering by NMFC or a secondary offering by or on behalf of any of NMFC's stockholders. AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) have priority over NMFC in any registration that is an underwritten offering.

AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) will be responsible for the expenses of any demand registration (including underwriters' discounts or commissions) and their pro-rata share of any "piggyback" registration. NMFC has agreed to indemnify AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) with respect to liabilities resulting from untrue statements or omissions in any registration statement filed pursuant to the Registration Rights Agreement, other than untrue statements or omissions resulting from information furnished to NMFC by such parties. AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) have also agreed to indemnify NMFC with respect to liabilities resulting from untrue statements or omissions furnished by them to NMFC relating to them in any registration statement.

Note 6. Related Parties

The Companies have entered into a number of business relationships with affiliated or related parties. NMFC and AIV Holdings own all the outstanding units of the Operating Company. As of

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 6. Related Parties (Continued)

June 30, 2013, NMFC and AIV Holdings owned approximately 85.3% and 14.7%, respectively, of the units of the Operating Company.

The Operating Company has entered into the Investment Management Agreement with the Investment Adviser, a wholly-owned subsidiary of New Mountain Capital. Therefore, New Mountain Capital is entitled to any profits earned by the Investment Adviser, which includes any fees payable to the Investment Adviser under the terms of the Investment Management Agreement, less expenses incurred by the Investment Adviser in performing its services under the Investment Management Agreement.

The Companies have entered into an Administration Agreement, as amended and restated, with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges office space for the Companies and provides office equipment and administrative services necessary to conduct their respective day-to-day operations pursuant to the Administration Agreement, as amended and restated. The Operating Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Companies under the Administration Agreement, as amended and restated, including rent, the fees and expenses associated with performing administrative, finance and compliance functions, and the compensation of the Companies' chief financial officer and chief compliance officer and their respective staffs. Pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company, expenses payable to the Administrator by the Operating Company as well as other direct and indirect expenses (excluding interest, other credit facility expenses, trading expenses and management and incentive fees) have been capped at $3,500 for the time period from April 1, 2012 to March 31, 2013 and capped at $4,250 for the time period from April 1, 2013 to March 31, 2014.

The Companies, the Investment Adviser and the Administrator have entered into a royalty-free Trademark License Agreement, as amended, with New Mountain Capital, L.L.C., pursuant to which New Mountain Capital, L.L.C. has agreed to grant the Companies, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

The Companies have adopted a formal code of ethics that governs the conduct of their respective officers and directors. These officers and directors also remain subject to the duties imposed by the 1940 Act, the Delaware General Corporation Law and the Delaware Limited Liability Company Act.

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with the Operating Company' investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for the Operating Company and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that the Operating Company should invest side-by-side with

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 6. Related Parties (Continued)

one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the Securities and Exchange Commission and its staff, and consistent with the Investment Adviser's allocation procedures.

Concurrently with the IPO, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in the Concurrent Private Placement.

Note 7. Borrowing Facilities

Holdings Credit Facility The Loan and Security Agreement, as amended and restated, dated May 19, 2011 (the "Holdings Credit Facility") among the Operating Company as the Borrower and Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012. The Operating Company became a party to the Holdings Credit Facility upon the IPO of NMFC. The Holdings Credit Facility amends and restates the credit facility of the Predecessor Entities (the "Predecessor Credit Facility").

The maximum amount of revolving borrowings available under the Holdings Credit Facility is $250,000, as amended on June 24, 2013. As of June 30, 2013, the Operating Company was permitted to borrow up to 45.0% or 25.0% of the purchase price of pledged first lien or non-first lien debt securities, and up to 70.0% and 45.0% of the purchase price of specified first lien debt securities and specified non-first lien debt securities, respectively, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is collateralized by all of the investments of the Operating Company on an investment by investment basis. All fees associated with the origination or upsizing of the Holdings Credit Facility are capitalized on the Operating Company's Consolidated Statement of Assets, Liabilities, and Members' Capital and charged against income as other credit facility expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. In addition, the Holdings Credit Facility requires the Operating Company to maintain a minimum asset coverage ratio. However, the covenants are generally not tied to mark to market fluctuations in the prices of the Operating Company's investments, but rather to the performance of the underlying portfolio companies.

The Holdings Credit Facility bears interest at a rate of the London Interbank Offered Rate ("LIBOR") plus 2.75% per annum, as amended on May 8, 2012, and charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 7. Borrowing Facilities (Continued)

The following table summarizes the interest expense and non-usage fees incurred by the Operating Company on the Holdings Credit Facility for the three and six months ended June 30, 2013 and June 30, 2012.

	Three months ended		Six months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Interest expense	$ 1,408	$ 1,051	$ 2,877	$ 2,113
Non-usage fee	54	34	69	73
Weighted average interest rate	2.9%	3.1%	3.0%	3.2%
Average debt outstanding	$ 189,027	$ 134,099	$ 193,936	$ 131,527

As of June 30, 2013 and December 31, 2012, the outstanding balance on the Holdings Credit Facility was $209,436 and $206,938, respectively, and the Operating Company was not aware of any instances of non-compliance related to the Holdings Credit Facility on such dates.

SLF Credit Facility NMF SLF's Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") among NMF SLF as the Borrower, the Operating Company as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012. The maximum amount of revolving borrowings available under the SLF Credit Facility is $215,000, as amended on December 18, 2012. The loan is non-recourse to the Operating Company and secured by all assets owned by the borrower on an investment by investment basis. All fees associated with the origination or upsizing of the SLF Credit Facility are capitalized on the Consolidated Statement of Assets, Liabilities, and Members' Capital and charged against income as other credit facility expenses over the life of the SLF Credit Facility. The SLF Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. The covenants are generally not tied to mark to market fluctuations in the prices of our investments, but rather to the performance of the underlying portfolio companies. Due to an amendment to the SLF Credit Facility on October 27, 2011, NMF SLF is no longer restricted from the purchase or sale of loans with an affiliate. Therefore, specified loans can be moved as collateral between the Holdings Credit Facility and the SLF Credit Facility.

As of June 30, 2013, the SLF Credit Facility permits borrowings of up to 70.0% of the purchase price of pledged first lien debt securities and up to 25.0% of the purchase price of specified second lien loans, of which, up to 25.0% of the aggregate outstanding loan balance of all pledged debt securities in the SLF Credit Facility is allowed to be derived from second lien loans, subject to approval by Wells Fargo Bank, National Association, as amended on March 11, 2013. The amendment does not increase the amount of borrowings permitted under the SLF Credit Facility.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 7. Borrowing Facilities (Continued)

The SLF Credit Facility bears interest at a rate of LIBOR plus 2.00% per annum for first lien loans and 2.75% for second lien loans, respectively, as amended on March 11, 2013. A non-usage fee is paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

The following table summarizes the interest expense and non-usage fees incurred by the Operating Company on the SLF Credit Facility for the three and six months ended June 30, 2013 and June 30, 2012.

	Three months ended		Six months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Interest expense	$ 1,234	$ 996	$ 2,420	$ 2,087
Non-usage fee	1	9	2	12
Weighted average interest rate	2.3%	2.3%	2.2%	2.4%
Average debt outstanding	$ 214,479	$ 168,123	$ 214,405	$ 170,107

As of June 30, 2013 and December 31, 2012, the outstanding balance on the SLF Credit Facility was $207,100 and $214,262, respectively, and NMF SLF was not aware of any instances of non-compliance related to the SLF Credit Facility on such dates.

Leverage risk factors The Operating Company utilizes and may utilize leverage to the maximum extent permitted by the law for investment and other general business purposes. The Operating Company's lenders will have fixed dollar claims on certain assets that are superior to the claims of the Operating Company's unit holders, and therefore NMFC's common stockholders, and the Operating Company would expect such lenders to seek recovery against these assets in the event of a default. The use of leverage also magnifies the potential for gain or loss on amounts invested. Leverage may magnify interest rate risk (particularly on the Operating Company's fixed-rate investments), which is the risk that the prices of portfolio investments will fall or rise if market interest rates for those types of securities rise or fall. As a result, leverage may cause greater changes in the Operating Company's net asset value. Similarly, leverage may cause a sharper decline in the Operating Company's income than if the Operating Company had not borrowed. Such a decline could negatively affect the Operating Company's ability to make dividend payments to its unit holders. Leverage is generally considered a speculative investment technique. The Operating Company's ability to service any debt incurred will depend largely on financial performance and will be subject to prevailing economic conditions and competitive pressures.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 8. Regulation

NMFC and AIV Holdings have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as RICs under Subchapter M of the Code. In order to continue to qualify as RICs, among other things, NMFC and AIV Holdings are required to timely distribute to their stockholders at least 90.0% of investment company taxable income, as defined by the Code, for each year. NMFC and AIV Holdings, among other things, intend to make and continue to make the requisite distributions to their stockholders, which will generally relieve NMFC and AIV Holdings from U.S. federal, state, and local income taxes (excluding excise taxes which may be imposed under the Code). However, under certain circumstances, the distributions that the Operating Company makes to its members may not be sufficient for AIV Holdings to satisfy the annual distribution requirement necessary for AIV Holdings to continue to qualify as a RIC. In that case, it is expected that Guardian AIV would consent to be treated as if it received distributions from AIV Holdings sufficient to satisfy the annual distribution requirement. Guardian AIV would be required to include the consent dividend in its taxable income as dividend from AIV Holdings, which would result in phantom (i.e., non-cash) taxable income to Guardian AIV.

Additionally as BDCs, the Companies must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70.0% of its total assets are qualifying assets (with certain limited exceptions).

Note 9. Commitments and Contingencies

In the normal course of business, the Companies may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Operating Company may also enter into future funding commitments such as revolving credit facilities, bridge financing commitments, or delayed draw commitments. As of June 30, 2013, the Operating Company had unfunded commitments on revolving credit facilities of $10,500 and no outstanding bridge financing commitments or other future funding commitments, all of which are disclosed on the Operating Company's Consolidated Schedule of Investments. As of December 31, 2012, the Operating Company had unfunded commitments on revolving credit facilities of $10,500 and no outstanding bridge financing commitments or other future funding commitments, all of which are disclosed on the Operating Company's Consolidated Schedule of Investments.

The Operating Company also has revolving borrowings available under the Holdings Credit Facility and the SLF Credit Facility as of June 30, 2013. See Note 7, *Borrowing Facilities*, for details.

The Operating Company may from time to time enter into financing commitment letters. As of June 30, 2013 and December 31, 2012, the Operating Company did not enter into any commitment letters to purchase debt investments, which could require funding in the future.

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 10. Stockholders' Equity

The table below illustrates the effect of certain transactions on the capital accounts of NMFC:

	Common Stock				Accumulated Undistributed		
	Shares	Par Amount	Paid in Capital in Excess of Par	Undistributed Net Investment Income	Net Realized Gains (Losses)	Net Unrealized Appreciation (Depreciation)	Total Stockholders' Equity
Balance at December 31, 2012	24,326,251	$ 243	$ 335,487	$	$ 952	$ 5,244	$ 341,926
Issuances of common stock	13,822,297	138	196,762				196,900
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.			(203)				(203)
Dividends declared				(18,931)			(18,931)
Net increase (decrease) in stockholders' equity resulting from operations				24,892	3,164	(1,548)	26,508
Balance at June 30, 2013	38,148,548	$ 381	$ 532,046	$ 5,961	$ 4,116	$ 3,696	$ 546,200

The table below illustrates the effect of certain transactions on the capital accounts of AIV Holdings:

	Common Stock				Distributions In Excess		
	Shares	Par Amount	Paid in Capital in Excess of Par	Undistributed Net Investment Income	of Net Realized (Losses) Gains	Net Unrealized (Depreciation) Appreciation	Total Stockholders' Equity
Balance at December 31, 2012	100	$ (1)	$ 244,015	$	$ (6,676)	$ (9,326)	$ 228,013
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.			(45)				(45)
Dividends declared				(9,365)			(9,365)
Distribution to New Mountain Guardian AIV, L.P.			(134,699)				(134,699)
Net increase (decrease) in stockholders' equity resulting from operations			(10,451)	10,278	1,192	9,172	10,191

Balance at June 30, 2013	100	$	(1)	$	98,820	$	913	$	(5,484)	$	(154)	$	94,095

(1) As of June 30, 2013 and December 31, 2012, the par amount of the total common stock was $1.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 11. Earnings Per Share

The following information sets forth the computation of basic and diluted net increase in NMFC's net assets per share resulting from operations for the three and six months ended June 30, 2013 and June 30, 2012:

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Numerator for basic earnings per share:	$ 10,992	$ 3,835	$ 26,508	$ 12,023
Denominator for basic weighted average share:	32,289,758	10,697,691	28,797,837	10,697,691
Basic earnings per share:	$ 0.34	$ 0.36	$ 0.92	$ 1.12
Numerator for diluted earnings per share(a):	$ 14,824	$ 11,085	$ 39,385	$ 34,751
Denominator for diluted weighted average share(b):	42,933,124	30,919,629	41,890,217	30,919,629
Diluted earnings per share:	$ 0.35	$ 0.36	$ 0.94	$ 1.12

(a) Includes the full income at the Operating Company for the period.

(b) Assumes AIV Holdings exchanges its units in the Operating Company for public shares of NMFC as of June 30, 2013 and June 30, 2012, respectively (see Note 1, *Formation and Business Purpose*).

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 12. Financial Highlights

The following information sets forth the financial highlights for the Operating Company for the respective six months ended June 30, 2013 and June 30, 2012.

	Six months ended	
	June 30, 2013	June 30, 2012
Total return based on net asset value(a)	6.76%	8.34%
Average net assets for the period	$ 597,124	$ 427,504
Ratio to average net assets(b):		
Net investment income	11.88%	10.14%
Total expenses, before waivers/reimbursements	9.11%	8.80%
Total expenses, net of waivers/reimbursements	8.55%	8.36%
Net assets, end of period	$ 640,295	$ 427,735
Average debt outstanding Holdings Credit Facility	$ 193,936	$ 131,527
Average debt outstanding SLF Credit Facility	$ 214,405	$ 170,107
Weighted average common membership units outstanding	41,890,217	30,919,629
Asset coverage ratio	253.72%	237.15%
Portfolio turnover	19.53%	27.45%

(a) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(b) Ratio to average net assets has been annualized.

	Six months ended	
	June 30, 2013	June 30, 2012
Per unit data for the Operating Company(a):		
Net asset value, January 1, 2013 and January 1, 2012, respectively	$ 14.06	$ 13.60
Net investment income	0.84	0.70
Net realized and unrealized gains (losses)	0.10	0.42
Dividends from net investment income	(0.68)	(0.89)
Net increase in net assets resulting from operations	0.26	0.23
Net asset value, June 30, 2013 and June 30, 2012, respectively	$ 14.32	$ 13.83

(a) Per unit data is based on weighted average common membership units outstanding.

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 12. Financial Highlights (Continued)

The following information sets forth the financial highlights for NMFC for the six months ended June 30, 2013 and June 30, 2012. The ratios to average net assets have been annualized.

	Six months ended	
	June 30, 2013	**June 30, 2012**
Per share data(a):		
Net asset value, January 1, 2013 and January 1, 2012, respectively	$ 14.06	$ 13.60
Net increase (decrease) in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.:		
Net investment income	0.84	0.70
Net realized and unrealized gains (losses)	0.10	0.42
Total net increase	0.94	1.12
Dividends declared	(0.68)	(0.89)
Net asset value, June 30, 2013 and June 30, 2012, respectively	$ 14.32	$ 13.83
Per share market value, June 30, 2013 and June 30, 2012, respectively	$ 14.16	$ 14.19
Total return based on market value(b)	(0.42)%	12.57%
Total return based on net asset value(c)	6.76%	8.34%
Shares outstanding at end of period	38,148,548	10,697,691
Average weighted shares outstanding for the period	28,797,837	10,697,691
Average net assets for the period	$ 410,769	$ 147,909
Ratio to average net assets(d):		
Total expenses allocated from New Mountain Finance Holdings, L.L.C.	8.55%	8.36%
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	11.88%	10.14%

(a) Per share data is based on the summation of the per share results of operations items over the outstanding shares for the period in which the respective line items were realized or earned.

(b) Total return is calculated assuming a purchase of common stock at the opening of the first day of the year and a sale on the closing of the last business day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under NMFC's dividend reinvestment plan.

(c) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)

June 30, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 12. Financial Highlights (Continued)

distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(d)
Ratio to average net assets for the six months ended June 30, 2013 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned.

The following information sets forth the financial highlights for AIV Holdings for the six months ended June 30, 2013 and June 30, 2012. The ratios to average net assets have been annualized.

	Six months ended	
	June 30, 2013	**June 30, 2012**
Total return based on net asset value(a)	5.00%	8.34%
Average net assets for the period	$ 186,355	$ 279,594
Ratio to average net assets(b):		
Total expenses allocated from New Mountain Finance Holdings, L.L.C.	8.55%	8.36%
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	11.88%	10.14%

(a)
Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at net asset value on the last day of the respective quarter.

(b)
Ratio to average net assets for the six months ended June 30, 2013 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned.

Note 13. Subsequent Events

On August 7, 2013, the Operating Company's board of directors, and subsequently NMFC's board of directors, declared a third quarter 2013 distribution of $0.34 per unit/share payable on September 30, 2013 to holders of record as of September 16, 2013. Subsequently, AIV Holdings' board of directors declared a dividend payable on September 30, 2013 to holders of record as of September 16, 2013 in an amount equal to $0.34 per unit multiplied by the total number of units owned by AIV Holdings of the Operating Company as of the record date.

On August 7, 2013, the Operating Company's board of directors, and subsequently NMFC's board of directors, declared a special distribution of $0.12 per unit/share payable on August 30, 2013 to holders of record as of August 20, 2013. Subsequently, AIV Holdings' board of directors declared a dividend payable on August 30, 2013 to holders of record as of August 20, 2013 in an amount equal to $0.12 per unit multiplied by the total number of units owned by AIV Holdings of the Operating Company as of the record date.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Boards of Directors of
New Mountain Finance Holdings, L.L.C.,
New Mountain Finance Corporation and
New Mountain Finance AIV Holdings Corporation
New York, New York

We have reviewed the accompanying Consolidated Statement of Assets, Liabilities and Members' Capital of New Mountain Finance Holdings, L.L. C., as of June 30, 2013, including the Consolidated Schedule of Investments and the related Consolidated Statements of Operations for the three and six month periods ended June 30, 2013 and 2012, and the Consolidated Statements of Changes in Members' Capital, and Cash Flows for the six month periods ended June 30, 2013 and 2012. Also, we have reviewed the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of June 30, 2013, and the related Statements of Operations for the three and six month periods ended June 30, 2013 and 2012, and for the Statements of Changes in Net Assets and Cash Flows for the six month periods ended June 30, 2013 and 2012. These interim financial statements are the responsibility of the management of New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Statement of Assets, Liabilities and Members' Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedule of Investments as of December 31, 2012 and the related Consolidated Statements of Operations, Changes in Members' Capital, and Cash Flows for the year then ended (not presented herein), and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012, the related Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended (not presented herein); and in our report dated March 6, 2013, we expressed unqualified opinions on those financial statements. In our opinion, the information set forth in the accompanying Consolidated Statement of Assets, Liabilities and Members' Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedule of Investments, and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012 is fairly stated, in all material respects, in relation to the Consolidated Statement of Assets, Liabilities, and Members' Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedules of Investments, and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation from which they have been derived.

DELOITTE & TOUCHE LLP

New York, New York
August 7, 2013

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Assets, Liabilities and Members' Capital
(in thousands, except units and per unit data)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Investments at fair value (cost of $1,005,399 and $976,243, respectively)	$ 1,030,866	$ 989,820
Cash and cash equivalents	15,878	12,752
Interest and dividend receivable	9,549	6,340
Deferred credit facility costs (net of accumulated amortization of $2,373 and $2,016, respectively)	5,386	5,490
Receivable from affiliate	495	534
Receivable from unsettled securities sold		9,962
Other assets	1,244	666
Total assets	$ 1,063,418	$ 1,025,564
Liabilities		
Holdings Credit Facility	215,163	206,938
SLF Credit Facility	215,000	214,262
Incentive fee payable	10,547	7,797
Management fee payable	3,568	3,222
Dividends payable	5,516	11,192
Interest payable	810	712
Payable to affiliate	5	
Payable for unsettled securities purchased		9,700
Other liabilities	2,331	1,802
Total liabilities	452,940	455,625
Members' Capital	610,478	569,939
Total liabilities and members' capital	$ 1,063,418	$ 1,025,564
Outstanding common membership units	42,646,598	40,548,189
Capital per unit	$ 14.31	$ 14.06

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Operations
(in thousands)
(unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
Investment income		
Interest income	$ 25,043	$ 18,601
Other income	275	421
Total investment income	25,318	19,022
Expenses		
Incentive fee	6,140	3,361
Management fee	3,568	2,514
Interest and other credit facility expenses	3,071	2,483
Administrative expenses (net of reimbursable expenses of $334 and $304, respectively)	425	252
Professional fees (net of reimbursable expenses of $495 and $246, respectively)	77	202
Other general and administrative expenses	410	297
Total expenses	13,691	9,109
Net investment income	11,627	9,913
Net realized gains on investments	1,044	1,007
Net change in unrealized appreciation (depreciation) of investments	11,890	12,747
Net increase in members' capital resulting from operations	$ 24,561	$ 23,667

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Changes in Members' Capital
(in thousands)
(unaudited)

	Three months ended	
	March 31, 2013	**March 31, 2012**
Increase in members' capital resulting from operations:		
Net investment income	$ 11,627	$ 9,913
Net realized gains on investments	1,044	1,007
Net change in unrealized appreciation (depreciation) of investments	11,890	12,747
Net increase in members' capital resulting from operations	24,561	23,667
Net contributions	28,400	
Dividends declared	(13,797)	(9,895)
Offering costs	(75)	
Reinvestment of dividends	1,450	
Net increase in members' capital	40,539	13,772
Members' capital at beginning of period	569,939	420,502
Members' capital at end of period	$ 610,478	$ 434,274

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three months ended	
	March 31, 2013	**March 31, 2012**
Cash flows from operating activities		
Net increase in members' capital resulting from operations	$ 24,561	$ 23,667
Adjustments to reconcile net (increase) decrease in capital resulting from operations to net cash used in operating activities:		
Net realized gains on investments	(1,044)	(1,007)
Net change in unrealized appreciation of investments	(11,890)	(12,747)
Amortization of purchase discount	(1,103)	(1,539)
Amortization of deferred credit facility costs	357	243
Non-cash interest income	(114)	(204)
(Increase) decrease in operating assets:		
Purchase of investments	(112,005)	(106,680)
Proceeds from sales and paydowns of investments	85,110	71,672
Cash paid for drawn revolvers		(7,665)
Cash repayments on drawn revolvers		3,465
Interest and dividend receivable	(3,209)	(558)
Receivable from unsettled securities sold	9,962	(4,924)
Receivable from affiliate	39	123
Other assets	(157)	27
Increase (decrease) in operating liabilities:		
Payable for unsettled securities purchased	(9,700)	4,575
Incentive fee payable	2,750	1,044
Management fee payable	346	314
Interest payable	98	352
Payable to affiliate	5	
Other liabilities	238	(263)
Net cash flows used in operating activities	(15,756)	(30,105)
Cash flows from financing activities		
Net contributions	28,400	
Dividends paid	(18,023)	(3,423)
Offering costs paid	(224)	
Proceeds from Holdings Credit Facility	65,425	93,884
Repayment of Holdings Credit Facility	(57,200)	(70,999)
Proceeds from SLF Credit Facility	3,238	22,131
Repayment of SLF Credit Facility	(2,500)	(13,059)
Deferred credit facility costs paid	(234)	(192)
Net cash flows provided by financing activities	18,882	28,342
Net increase (decrease) in cash and cash equivalents	3,126	(1,763)
Cash and cash equivalents at the beginning of the period	12,752	15,319
Cash and cash equivalents at the end of the period	$ 15,878	$ 13,556

Supplemental disclosure of cash flow information				
Interest paid	$	2,545	$	1,778
Non-cash financing activities:				
Dividends declared and payable	$	5,516	$	6,472
Value of members' capital issued in connection with dividend reinvestment plan		1,450		
Accrual for offering costs		828		
Accrual for deferred credit facility costs		64		7

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

March 31, 2013
(in thousands, except shares)
(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Funded Debt Investments Bermuda							
Stratus Technologies Bermuda Holdings Ltd.(4)**							
Stratus Technologies Bermuda Ltd. / Stratus Technologies, Inc.							
Information Technology	First lien(2)(7)	12.00%	3/29/2015	$ 6,664	$ 6,411	$ 6,855	1.12%
Total Funded Debt Investments Bermuda				**$ 6,664**	**$ 6,411**	**$ 6,855**	**1.12%**
Funded Debt Investments Cayman Islands							
Pinnacle Holdco S.à r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	Second lien(2)	10.50% (Base Rate + 9.25%)	7/30/2020	$30,000	$29,433	$30,581	5.01%
Total Funded Debt Investments Cayman Islands				**$ 30,000**	**$29,433**	**$30,581**	**5.01%**
Funded Debt Investments United Kingdom							
Magic Newco, LLC**							
Software	First lien(3)	7.25% (Base Rate + 6.00%)	12/12/2018	$14,925	$14,521	$15,196	2.49%
Total Funded Debt Investments United Kingdom				**$ 14,925**	**$14,521**	**$15,196**	**2.49%**
Funded Debt Investments United States							
McGraw-Hill Global Education Holdings, LLC							
Education	First lien(2)	9.75%	4/1/2021	$20,000	$19,889	$19,900	
	First lien(2)	9.00% (Base Rate + 7.75%)	3/22/2019	20,000	19,383	19,400	
				40,000	39,272	39,300	6.44%

Edmentum, Inc.(fka Plato, Inc.) Education							
	First lien(3)	6.00% (Base Rate + 4.75%)	5/17/2018	6,616	6,441	6,666	
	Second lien(2)	11.25% (Base Rate + 9.75%)	5/17/2019	29,150	28,618	29,150	
				35,766	35,059	35,816	5.87%
SRA International, Inc. Federal Services							
	First lien(3)	6.50% (Base Rate + 5.25%)	7/20/2018	20,436	19,766	20,436	
	First lien(2)	6.50% (Base Rate + 5.25%)	7/20/2018	14,314	13,888	14,314	
				34,750	33,654	34,750	5.69%
Pharmaceutical Research Associates, Inc. Healthcare Services	Second lien(2)	10.50% (Base Rate + 9.25%)	6/10/2019	34,000	33,419	34,382	5.63%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation) Software							
	First lien(3)	7.27% (Base Rate + 5.72%)	11/22/2017	7,550	7,418	7,640	
	Second lien(2)	11.00% (Base Rate + 9.50%)	11/22/2018	24,000	23,347	24,270	
				31,550	30,765	31,910	5.23%
Rocket Software, Inc. Software	Second lien(2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,716	30,798	5.05%
Unitek Global Services, Inc. Business Services							
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	19,600	19,174	19,551	
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	5,955	5,789	5,940	
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	4,950	4,775	4,938	
				30,505	29,738	30,429	4.98%

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

March 31, 2013
(in thousands, except shares)
(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
Global Knowledge Training LLC							
Education	First lien(3)	6.51% (Base Rate + 4.99%)	4/21/2017	$ 4,746	$ 4,691	$ 4,675	
	First lien(3)	6.50% (Base Rate + 5.00%)	4/21/2017	1,174	1,160	1,156	
	Second lien(2)	11.50% (Base Rate + 9.75%)	10/21/2018	24,250	23,827	24,225	
				30,170	29,678	30,056	4.92%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien(2)	7.25% (Base Rate + 6.00%)	11/13/2017	29,625	28,975	29,625	4.85%
Transtar Holding Company							
Distribution	Second lien(2)	9.75% (Base Rate + 8.50%)	10/9/2019	28,300	27,800	29,149	4.77%
Meritas Schools Holdings, LLC							
Education	First lien(3)	7.50% (Base Rate + 6.00%)	7/29/2017	7,911	7,849	7,911	
	Second lien(2)	11.50% (Base Rate + 10.00%)	1/29/2018	20,000	19,756	20,000	
				27,911	27,605	27,911	4.57%
Kronos Incorporated							
Software	Second lien(2)	9.75% (Base Rate + 8.50%)	4/30/2020	25,000	24,759	26,187	4.29%
Permian Tank & Manufacturing, Inc.							
Energy	First lien(2)	10.50%	1/15/2018	24,500	24,795	25,358	4.15%
Managed Health Care Associates, Inc.							
Healthcare Services	First lien(2)	3.46% (Base Rate + 3.25%)	8/1/2014	9,756	8,937	9,756	
	Second lien(2)	6.71% (Base Rate + 6.50%)	2/1/2015	15,000	13,021	14,850	

				24,756	21,958	24,606	4.03%
St. George's University Scholastic Services LLC Education							
	First lien(2)	8.50% (Base Rate + 7.00%)	12/20/2017	19,013	18,648	19,036	
	First lien(3)	8.50% (Base Rate + 7.00%)	12/20/2017	4,387	4,303	4,393	
				23,400	22,951	23,429	3.84%
Aderant North America, Inc. Software	Second lien(2)	10.00% (Base Rate + 8.75%)	6/20/2019	22,500	22,172	23,006	3.77%
Learning Care Group (US), Inc. Education							
	First lien(2)	14.00% (12.00% + 2.00% PIK)*	4/27/2016	17,368	17,188	16,696	
	Subordinated(2)	15.00% PIK*	6/30/2016	3,782	3,649	3,434	
	Subordinated(2)	15.00% PIK*	6/30/2016	718	659	652	
				21,868	21,496	20,782	3.40%
LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.) Business Services	Second lien(3)	9.50% (Base Rate + 8.25%)	10/26/2020	20,000	19,710	20,500	3.36%
First American Payment Systems, L.P. Business Services	Second lien(3)	10.75% (Base Rate + 9.50%)	4/12/2019	20,000	19,620	20,275	3.32%
eResearchTechnology, Inc. Healthcare Services	First lien(3)	6.00% (Base Rate + 4.75%)	5/2/2018	19,900	19,090	20,149	3.30%
Merrill Communications LLC Business Services	First lien(2)	7.25% (Base Rate + 6.25%)	3/8/2018	20,000	19,802	20,100	3.29%
Six3 Systems, Inc. Federal Services	First lien(3)	7.00% (Base Rate + 5.75%)	10/4/2019	19,950	19,761	20,075	3.29%
Transplace Texas, L.P. Logistics	Second lien(2)	11.00% (Base Rate + 9.00%)	4/12/2017	20,000	19,605	19,878	3.26%
Insight Pharmaceuticals LLC Healthcare Products	Second lien(3)	13.25% (Base Rate + 11.75%)	8/25/2017	19,310	18,544	19,504	3.19%
PODS, Inc.(6) Consumer Services							
PODS Funding Corp. II	First lien(3)	7.25% (Base Rate + 6.00%)	11/29/2016	13,854	13,538	13,923	
Storapod Holding Company, Inc.	Subordinated(2)	21.00% PIK*	11/29/2017	5,296	5,160	5,296	
				19,150	18,698	19,219	3.15%

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

March 31, 2013
(in thousands, except shares)
(unaudited)

ortfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percen of Membe Capita
otera Defense Solutions, Inc. (Global Defense echnology & Systems, Inc.) ederal Services	First lien(3)	7.50% (Base Rate + 6.00%)	4/21/2017	$19,413	$19,172	$19,024	3.12
mile Brands Group Inc. ealthcare Services	First lien(3)	7.00% (Base Rate + 5.25%)	12/21/2017	19,809	19,559	18,917	3.10
scensus, Inc. usiness Services	First lien(3)	8.00% (Base Rate + 6.75%)	12/21/2018	16,957	16,630	17,339	2.84
Investments Holdings, LLC usiness Services	Second lien(3)	10.25% (Base Rate + 9.00%)	10/31/2020	15,000	14,855	15,000	2.46
penLink International, Inc. oftware	First lien(3)	7.75% (Base Rate + 6.25%)	10/30/2017	14,812	14,574	14,880	2.44
andslide Holdings, Inc. (Crimson Acquisition orp.) oftware	First lien(3)	7.00% (Base Rate + 5.75%)	6/19/2018	14,438	14,179	14,523	2.38
PLT Holdings, Inc. (Centerplate, Inc., et al.) onsumer Services	Subordinated(2)	11.75% (10.25% + 1.50% PIK)*	4/16/2019	14,692	14,414	14,398	2.36
spen Dental Management, Inc ealthcare Services	First lien(3)	7.00% (Base Rate + 5.50%)	10/6/2016	14,832	14,536	14,313	2.34
rock Holdings III, Inc. dustrial Services	Second lien(2)	10.00% (Base Rate + 8.25%)	3/16/2018	14,000	13,833	14,192	2.32
onestar Intermediate Super Holdings, LLC usiness Services	Subordinated(2)	11.00% (Base Rate + 9.50%)	9/2/2019	12,000	11,674	12,930	2.12
an Wagner Communications LLC edia	First lien(2)		8/3/2018	11,940	11,721	12,104	1.98

		8.25% (Base Rate + 7.00%)					
ision Solutions, Inc. oftware	Second lien(2)	9.50% (Base Rate + 8.00%)	7/23/2017	12,000	11,918	11,850	1.94
onfie Seguros Holdings II Co. onsumer Services	Second lien(3)	10.25% (Base Rate + 9.00%)	5/8/2019	9,000	8,851	9,236	
	Second lien(2)	10.25% (Base Rate + 9.00%)	5/8/2019	2,000	2,010	2,053	
				11,000	10,861	11,289	1.85
ransFirst Holdings, Inc. usiness Services	Second lien(3)	11.00% (Base Rate + 9.75%)	6/27/2018	10,000	9,710	10,300	1.69
ertafore, Inc. oftware	Second lien(2)	9.75% (Base Rate + 8.25%)	10/29/2017	10,000	9,927	10,300	1.69
ailsouth, Inc. edia	First lien(3)	6.75% (Base Rate + 5.00%)	12/14/2016	9,821	9,722	9,723	1.59
erge Healthcare Inc.** ealthcare Services	First lien(2)(7)	11.75%	5/1/2015	9,000	8,924	9,613	1.57
irtual Radiologic Corporation ealthcare Information Technology	First lien(3)	7.75% (Base Rate + 4.50%)	12/22/2016	13,702	13,569	9,592	1.57
onsona Holdings, Inc. oftware	First lien(3)	7.25% (Base Rate + 6.00%)	8/6/2018	8,458	8,380	8,500	1.39
riple Point Technology, Inc. oftware	First lien(3)	6.25% (Base Rate + 5.00%)	10/27/2017	7,948	7,709	7,981	1.31
hysio-Control International, Inc. ealthcare Products	First lien(2)	9.88%	1/15/2019	7,000	7,000	7,927	1.30
urgery Center Holdings, Inc. ealthcare Services	First lien(3)	6.88% (Base Rate + 4.49%)	2/6/2017	6,816	6,793	6,816	1.12
esearch Pharmaceutical Services, Inc. ealthcare Services	First lien(3)	6.75% (Base Rate + 5.25%)	2/18/2017	7,031	6,958	6,574	1.08
lion Science and Technology Corporation ederal Services	First lien(2)(7)	12.00% (10.00% + 2.00% PIK)*	11/1/2014	6,320	6,156	6,441	1.06
mucor, Inc. ealthcare Services	Subordinated(2)(7)	11.13%	8/15/2019	5,000	4,945	5,725	0.94
CA Services Group, Inc. usiness Services	Second lien(2)	9.25% (Base Rate + 8.00%)	11/1/2020	5,000	4,952	5,025	0.82

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

March 31, 2013
(in thousands, except shares)
(unaudited)

io Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Per ... Men... Ca...
on Management LLC** on	First lien(3)	8.25% (Base Rate + 7.00%)	3/30/2018	$ 5,045	$ 4,912	$ 4,379	
an Group Holdings, Inc. ss Services	Subordinated(2)	9.13%	11/1/2018	3,650	3,351	3,988	
-Hessey Holding Company LLC cs	Second lien(2)	11.50% (Base Rate + 9.50%)	10/10/2016	4,000	3,951	3,840	
dings LLC(8) ermediate Holdings Corp. / YP ediate Holdings II LLC	Second lien(2)	15.00% (12.00% + 3.00% PIK)*	5/8/2017	1,776	1,671	1,788	
Gen, LLC Generation	Second lien(2)	7.79% PIK (Base Rate + 7.50%)*	2/22/2015	1,708	1,734	1,152	
equisition Company (fka Ability tion, Inc.) on	First lien(2)	12.25% (Base Rate + 5.00% + 4.00% PIK)(5)*	12/30/2014	4,432	4,306		
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	1,665	1,517	499	
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	103	94	103	
				6,200	5,917	602	
'unded Debt Investments United States				**$ 973,154**	**$ 953,849**	**$ 968,219**	**15**
'unded Debt Investments				**$ 1,024,743**	**$1,004,214**	**$1,020,851**	**16**
Bermuda							

Technologies Bermuda gs Ltd.(4)**							
ation Technology	Ordinary shares(2)	144,270	$	65	$	51
	Preferred shares(2)	32,830		15		11
				80		62
hares Bermuda			**$**	**80**	**$**	**62**
United States						
Knowledge Training LLC						
on	Ordinary shares(2)	2	$	2	$	2
	Preferred shares(2)	2,423		1,193		2,913
				1,195		2,915
hares United States			**$**	**1,195**	**$**	**2,915**
hares			**$**	**1,275**	**$**	**2,977**
nts United States						
dings LLC(8) ity Investors LLC	Warrants(2)	5	$	466	$	7,230
Inc.(6) d Holding Company, Inc. ner Services	Warrants(2)	360,129		156		352
cience and Technology Corporation Services	Warrants(2)	6,000		293		193

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

March 31, 2013
(in thousands, except shares)
(unaudited)

lio Company, Location and Industry(1)	**Type of Investment**	**Interest Rate**	**Maturity Date**	**Principal Amount, Par Value or Shares**	**Cost**	**Fair Value**	**Perc o Mem Cap**
ng Care Group (US), Inc.							
tion	Warrants(2)			844	$ 194	$ 9	
tion	Warrants(2)			3,589	61	41	
					255	50	0
Warrants United States					**$ 1,170**	**$ 7,825**	**1**
Funded Investments					**$ 1,006,659**	**$1,031,653**	**168**
ded Debt Investments United States							
tage Sales & Marketing Inc.							
ess Services	First lien(2)(9)						
	Undrawn		12/17/2015	$10,500	$ (1,260)	$ (787)	-(
Unfunded Debt Investments				**$ 10,500**	**$ (1,260)**	**$ (787)**	**-(**
Investments					**$ 1,005,399**	**$1,030,866**	**168**

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(1) New Mountain Finance Holdings, L.L.C. (the "Operating Company") generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). These investments are generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(2) Investment is pledged as collateral for the Holdings Credit Facility, a revolving credit facility among the Operating Company as the the Borrower and Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian. See Note 7, *Borrowing Facilities*, for details.

(3)

Investment is pledged as collateral for the SLF Credit Facility, a revolving credit facility among New Mountain Finance SPV Funding, L.L.C. as the the Borrower, the Operating Company as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian. See Note 7, *Borrowing Facilities*, for details.

(4)

The Operating Company holds investments in two related entities of Stratus Technologies Bermuda Holdings, Ltd. ("Stratus Holdings"). The Operating Company directly holds ordinary and preferred equity in Stratus Holdings and has a credit investment in the joint issuers of Stratus Technologies Bermuda Ltd. ("Stratus Bermuda") and Stratus Technologies, Inc. ("Stratus U.S."), collectively, the "Stratus Notes". Stratus U.S. is a wholly-owned subsidiary of Stratus Bermuda, which in turn is a wholly-owned subsidiary of Stratus Holdings. Stratus Holdings is the parent guarantor of the credit investment of the Stratus Notes.

(5)

Investment is on non-accrual status.

(6)

The Operating Company holds investments in two related entities of PODS, Inc. The Operating Company directly holds warrants in Storapod Holding Company, Inc. ("Storapod") and has a credit investment in Storapod through Storapod WCF II Limited ("Storapod WCF II"). Storapod WCF II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with Storapod. Additionally, the Operating Company has a credit investment in PODS Funding Corp. II ("PODS II"). PODS, Inc. is a wholly-owned subsidiary of PODS Holding, Inc., which in turn is a majority-owned subsidiary of Storapod. PODS II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with PODS, Inc. and its subsidiary, PODS Enterprises, Inc.

(7)

Securities are registered under the Securities Act.

(8)

The Operating Company holds investments in two related entities of YP Holdings LLC. The Operating Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP Intermediate Holdings Corp. and YP Intermediate Holdings II LLC (together "YP Intermediate"), a subsidiary of YP Holdings LLC.

(9)

Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities. Cost amounts represent the cash received at settlement date net the impact of paydowns and cash paid for drawn revolvers.

*

All or a portion of interest contains payments-in-kind ("PIK").

**

Indicates assets that the Operating Company deems to be "non-qualifying assets" under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70.00% of the Operating Company's total assets at the time of acquisition of any additional non-qualifying assets.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

March 31, 2013
(unaudited)

Investment Type	March 31, 2013 Percent of Total Investments at Fair Value
First lien	50.65%
Second lien	43.80%
Subordinated	4.50%
Equity and other	1.05%
Total investments	100.00%

Industry Type	March 31, 2013 Percent of Total Investments at Fair Value
Software	21.90%
Education	17.97%
Business Services	15.05%
Healthcare Services	13.69%
Federal Services	10.68%
Consumer Services	4.39%
Media	2.99%
Distribution	2.83%
Healthcare Products	2.66%
Energy	2.46%
Logistics	2.30%
Industrial Services	1.37%
Healthcare Information Technology	0.93%
Information Technology	0.67%
Power Generation	0.11%
Total investments	100.00%

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

December 31, 2012
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Funded Debt Investments Bermuda							
Stratus Technologies Bermuda Holdings Ltd.(4)**							
Stratus Technologies Bermuda Ltd. / Stratus Technologies, Inc.							
Information Technology	First lien(2)(7)	12.00%	3/29/2015	$ 6,664	$ 6,396	$ 6,631	1.16%
Total Funded Debt Investments Bermuda				**$ 6,664**	**$ 6,396**	**$ 6,631**	**1.16%**
Funded Debt Investments Cayman Islands							
Pinnacle Holdco S.à r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	First lien(3)	6.50% (Base Rate + 5.25%)	7/30/2019	$ 2,992	$ 2,971	$ 2,999	
	Second lien(2)	10.50% (Base Rate + 9.25%)	7/30/2020	30,000	29,420	30,488	
				32,992	32,391	33,487	5.88%
Total Funded Debt Investments Cayman Islands				**$ 32,992**	**$32,391**	**$33,487**	**5.88%**
Funded Debt Investments United Kingdom							
Magic Newco, LLC**							
Software	First lien(3)	7.25% (Base Rate + 6.00%)	12/12/2018	$14,963	$14,543	$15,105	2.65%
Total Funded Debt Investments United Kingdom				**$ 14,963**	**$14,543**	**$15,105**	**2.65%**
Funded Debt Investments United States							
Edmentum, Inc.(fka Plato, Inc.)							
Education	First lien(3)	7.50% (Base Rate + 6.00%)	5/17/2018	$11,700	$11,378	$11,744	

	Second lien(2)	11.25% (Base Rate + 9.75%)	5/17/2019	29,150	28,604	28,567	
				40,850	39,982	40,311	7.07%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation) Software							
	First lien(3)	7.25% (Base Rate + 5.75%)	11/22/2017	7,700	7,560	7,785	
	Second lien(2)	11.00% (Base Rate + 9.50%)	11/22/2018	24,000	23,326	23,560	
				31,700	30,886	31,345	5.50%
Rocket Software, Inc. Software	Second lien(2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,711	30,933	5.43%
Pharmaceutical Research Associates, Inc. Healthcare Services	Second lien(2)	10.50% (Base Rate + 9.25%)	6/10/2019	30,000	29,402	30,319	5.32%
Unitek Global Services, Inc. Business Services							
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	19,650	19,202	19,331	
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	5,970	5,798	5,873	
	First lien(2)	9.00% (Base Rate + 7.50%)	4/16/2018	4,963	4,781	4,882	
				30,583	29,781	30,086	5.28%
KeyPoint Government Solutions, Inc. Federal Services							
	First lien(3)	7.25% (Base Rate + 6.00%)	11/13/2017	20,000	19,608	19,900	
	First lien(2)	7.25% (Base Rate + 6.00%)	11/13/2017	10,000	9,703	9,950	
				30,000	29,311	29,850	5.24%
Global Knowledge Training LLC Education							
	First lien(3)	6.50% (Base Rate + 4.99%)	4/21/2017	4,776	4,718	4,705	
	First lien(3)	7.25% (Base Rate + 4.00%)	4/21/2017	1,174	1,159	1,156	
	Second lien(2)	11.50% (Base Rate + 9.75%)	10/21/2018	24,250	23,814	23,755	
				30,200	29,691	29,616	5.20%
Managed Health Care Associates, Inc. Healthcare Services							
	First lien(2)	3.47% (Base Rate + 3.25%)	8/1/2014	14,756	13,240	14,276	

Second lien(2)	6.72% (Base Rate + 6.50%)	2/1/2015	15,000	12,790	14,475	
			29,756	26,030	28,751	5.05%

F-78

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
Transtar Holding Company Distribution	Second lien(2)	9.75% (Base Rate + 8.50%)	10/9/2019	$28,300	$27,787	$28,654	5.03%
Meritas Schools Holdings, LLC Education	First lien(3)	7.50% (Base Rate + 6.00%)	7/29/2017	8,150	8,084	8,171	
	Second lien(2)	11.50% (Base Rate + 10.00%)	1/29/2018	20,000	19,747	20,000	
				28,150	27,831	28,171	4.94%
Kronos Incorporated Software	Second lien(2)	9.75% (Base Rate + 8.50%)	4/30/2020	25,000	24,753	25,125	4.41%
St. George's University Scholastic Services LLC Education	First lien(2)	8.50% (Base Rate + 7.00%)	12/20/2017	25,000	24,501	24,500	4.30%
SRA International, Inc. Federal Services	First lien(3)	6.50% (Base Rate + 5.25%)	7/20/2018	20,436	19,741	19,542	
	First lien(2)	6.50% (Base Rate + 5.25%)	7/20/2018	4,315	4,225	4,126	
				24,751	23,966	23,668	4.15%
Aderant North America, Inc. Software	Second lien(2)	11.00% (Base Rate + 7.75%)	6/20/2019	22,500	22,163	23,062	4.05%
LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.) Business Services	Second lien(2)	9.50% (Base Rate + 8.25%)	10/26/2020	20,000	19,704	20,150	3.54%
Learning Care Group (US), Inc. Education	First lien(2)	12.00%	4/27/2016	17,369	17,174	16,696	
	Subordinated(2)	15.00% PIK*	6/30/2016	3,782	3,639	3,434	

				21,151	20,813	20,130	3.53%
ix3 Systems, Inc. ederal Services	First lien(2)	7.00% (Base Rate + 5.75%)	10/4/2019	20,000	19,805	20,025	3.51%
irst American Payment Systems, L.P. usiness Services	Second lien(2)	10.75% (Base Rate + 9.50%)	4/12/2019	20,000	19,609	19,900	3.49%
ResearchTechnology, Inc. Healthcare Services	First lien(3)	8.00% (Base Rate + 6.50%)	5/2/2018	19,950	19,202	19,850	3.48%
nsight Pharmaceuticals LLC Healthcare Products	Second lien(2)	13.25% (Base Rate + 11.75%)	8/25/2017	19,310	18,659	19,503	3.42%
ransplace Texas, L.P. ogistics	Second lien(2)	11.00% (Base Rate + 9.00%)	4/12/2017	20,000	19,586	19,500	3.42%
ODS, Inc.(6) onsumer Services ODS Funding Corp. II	First lien(3)	7.25% (Base Rate + 6.00%)	11/29/2016	14,007	13,668	13,972	
torapod Holding Company, Inc.	Subordinated(2)	21.00% PIK*	11/29/2017	5,296	5,156	5,113	
				19,303	18,824	19,085	3.35%
mile Brands Group Inc. Healthcare Services	First lien(3)	7.00% (Base Rate + 5.25%)	12/21/2017	19,859	19,598	18,767	3.29%
scensus, Inc. usiness Services	First lien(2)	8.00% (Base Rate + 6.75%)	12/21/2018	8,500	8,330	8,330	
	First lien(3)	8.00% (Base Rate + 6.75%)	12/21/2018	8,500	8,330	8,330	
				17,000	16,660	16,660	2.92%
otera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.) ederal Services	First lien(3)	7.50% (Base Rate + 6.00%)	4/21/2017	15,758	15,644	15,600	2.74%
G Investments Holdings, LLC usiness Services	Second lien(2)	10.25% (Base Rate + 9.00%)	10/31/2020	15,000	14,852	14,925	2.62%
penLink International, Inc. oftware	First lien(3)	7.75% (Base Rate + 6.25%)	10/30/2017	14,850	14,600	14,850	2.61%
andslide Holdings, Inc. (Crimson Acquisition Corp.) oftware	First lien(3)	7.00% (Base Rate + 5.75%)	6/19/2018	14,625	14,353	14,671	2.57%

KPLT Holdings, Inc. (Centerplate, Inc., et al.)							
Consumer Services	Subordinated(2)	11.75% (10.25% + 1.50% PIK)*	4/16/2019	14,637	14,351	14,344	2.52%

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

ortfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percen of Membe Capita
abre Inc. oftware	First lien(3)	7.25% (Base Rate + 6.00%)	12/29/2017	$13,965	$13,918	$14,186	2.49
rock Holdings III, Inc. dustrial Services	Second lien(2)	10.00% (Base Rate + 8.25%)	3/16/2018	14,000	13,825	14,105	2.48
riple Point Technology, Inc. oftware	First lien(3)	6.25% (Base Rate + 5.00%)	10/27/2017	12,968	12,549	13,021	2.28
onestar Intermediate Super Holdings, LLC usiness Services	Subordinated(2)	11.00% (Base Rate + 9.50%)	9/2/2019	12,000	11,666	12,765	2.24
spen Dental Management, Inc ealthcare Services	First lien(3)	7.00% (Base Rate + 5.50%)	10/6/2016	12,870	12,652	12,210	2.14
an Wagner Communications, LC edia	First lien(2)	8.25% (Base Rate + 7.00%)	8/3/2018	12,000	11,772	12,160	2.13
upervalu Inc.** etail	First lien(2)	8.00% (Base Rate + 6.75%)	8/30/2018	11,940	11,597	12,146	2.13
ision Solutions, Inc. oftware	Second lien(2)	9.50% (Base Rate + 8.00%)	7/23/2017	12,000	11,913	11,700	2.05
errill Communications LLC usiness Services	First lien(2)	10.75% (Base Rate + 7.50%)	3/10/2013	11,422	11,421	11,279	1.98
ailsouth, Inc. edia	First lien(3)	6.75% (Base Rate + 5.00%)	12/14/2016	11,136	11,018	11,025	1.94
nmucor, Inc. ealthcare Services	First lien(3)	5.75% (Base Rate + 4.50%)	8/19/2018	4,938	4,772	5,006	
	Subordinated(2)(7)	11.13%	8/15/2019	5,000	4,943	5,650	

				9,938	9,715	10,656	1.87
irtual Radiologic Corporation ealthcare Information Technology	First lien(3)	7.75% (Base Rate + 4.50%)	12/22/2016	14,702	14,550	10,291	1.81
ermian Tank & Manufacturing, Inc. nergy	First lien(3)	9.00% (Base Rate + 7.25%)	3/15/2017	10,072	9,852	10,072	1.77
ertafore, Inc. oftware	Second lien(2)	9.75% (Base Rate + 8.25%)	10/29/2017	10,000	9,924	10,050	1.76
erge Healthcare Inc.** ealthcare Services	First lien(2)(7)	11.75%	5/1/2015	9,000	8,916	9,709	1.70
ransFirst Holdings, Inc. usiness Services	Second lien(2)	11.00% (Base Rate + 9.75%)	6/27/2018	10,000	9,700	9,700	1.70
onsona Holdings, Inc. oftware	First lien(3)	7.25% (Base Rate + 6.00%)	8/6/2018	8,479	8,398	8,511	1.49
onfie Seguros Holding II Co. onsumer Services	Second lien(2)	10.25% (Base Rate + 9.00%)	5/8/2019	8,000	7,842	8,040	1.41
hysio-Control International, Inc. ealthcare Products	First lien(2)	9.88%	1/15/2019	7,000	7,000	7,717	1.35
urgery Center Holdings, Inc. ealthcare Services	First lien(3)	6.50% (Base Rate + 5.00%)	2/6/2017	6,834	6,809	6,800	1.19
esearch Pharmaceutical Services, Inc. ealthcare Services	First lien(3)	6.75% (Base Rate + 5.25%)	2/18/2017	7,125	7,046	6,662	1.17
lion Science and Technology Corporation ederal Services	First lien(2)(7)	12.00% (10.00% + 2.00% PIK)*	11/1/2014	6,320	6,131	6,093	1.07
CA Services Group, Inc. usiness Services	Second lien(2)	9.25% (Base Rate + 8.00%)	11/1/2020	5,000	4,951	4,900	0.86
ducation Management LLC** ducation	First lien(3)	8.25% (Base Rate + 7.00%)	3/30/2018	5,058	4,921	4,232	0.74
rickman Group Holdings, Inc. usiness Services	Subordinated(2)	9.13%	11/1/2018	3,650	3,342	3,842	0.68
zburn-Hessey Holding Company LLC ogistics	Second lien(2)	11.50% (Base Rate + 9.50%)	10/10/2016	4,000	3,947	3,680	0.65
P Holdings LLC(8) P Intermediate Holdings Corp. / YP termediate Holdings II LLC edia	Second lien(2)	15.00% (12.00% + 3.00% PIK)*	5/18/2017	3,559	3,326	3,586	0.63

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

tfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percen of Membe Capita
h Gen, LLC er Generation	Second lien(2)	7.82% PIK (Base Rate + 7.50%)*	2/22/2015	$ 3,676	$ 3,474	$ 2,396	0.42
Acquisition Company (fka Ability uisition, Inc.) cation	First lien(2)	12.25% (Base Rate + 5.00% + 4.00% PIK)(5)*	12/30/2014	4,432	4,306		
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	1,665	1,517	649	
	First lien(2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012 Past Due	103	94	103	
				6,200	5,917	752	0.13
ana Network Solutions Inc. ware	First lien(2)	10.00% (Base Rate + 8.00%)	3/25/2015	648	640	650	0.1
l Funded Debt Investments United States				**$942,670**	**$921,787**	**$925,287**	**162.3**
l Funded Debt Investments				**$997,289**	**$975,117**	**$980,510**	**172.0**
ity Bermuda							
tus Technologies Bermuda dings Ltd.(4)** rmation Technology	Ordinary shares(2)			144,270	$ 65	$ 65	
	Preferred shares(2)			32,830	15	15	
					80	80	0.0

al Shares Bermuda				**$ 80**	**$ 80**	**0.0**
ity United States						
bal Knowledge Training LLC						
cation	Ordinary shares(2)		2	$ 2	$ 2	
	Preferred shares(2)		2,423	1,195	2,423	
				1,197	2,425	0.4
al Shares United States				**$ 1,197**	**$ 2,425**	**0.4**
al Shares				**$ 1,277**	**$ 2,505**	**0.4**
rrants United States						
Holdings LLC(8)						
Equity Investors LLC						
ia	Warrants(2)		5	$ 466	$ 7,230	1.2
n Science and Technology Corporation						
eral Services	Warrants(2)		6,000	293	192	0.0
DS, Inc.(6)						
apod Holding Company, Inc.						
sumer Services	Warrants(2)		360,129	156	156	0.0
ning Care Group (US), Inc.						
cation	Warrants(2)		844	194	14	0.0
al Warrants United States				**$ 1,109**	**$ 7,592**	**1.3**
al Funded Investments				**$ 977,503**	**$ 990,607**	**173.8**
unded Debt Investments United States						
antage Sales & Marketing Inc.						
ness Services	First lien(2)(9) Undrawn	12/17/2015	$ 10,500	$ (1,260)	$ (787)	(0.1
al Unfunded Debt Investments			**$ 10,500**	**$ (1,260)**	**$ (787)**	**(0.1**
al Investments				**$ 976,243**	**$ 989,820**	**173.6**

(1) New Mountain Finance Holdings, L.L.C. (the "Operating Company") generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). These investments are generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(2)

The Holdings Credit Facility is collateralized by the indicated investments.

(3)
The SLF Credit Facility is collateralized by the indicated investments.

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012
(in thousands, except shares)

(4)

The Operating Company holds investments in two related entities of Stratus Technologies Bermuda Holdings, Ltd. ("Stratus Holdings"). The Operating Company directly holds ordinary and preferred equity in Stratus Holdings and has a credit investment in the joint issuers of Stratus Technologies Bermuda Ltd. ("Stratus Bermuda") and Stratus Technologies, Inc. ("Stratus U.S."), collectively, the "Stratus Notes". Stratus U.S. is a wholly-owned subsidiary of Stratus Bermuda, which in turn is a wholly-owned subsidiary of Stratus Holdings. Stratus Holdings is the parent guarantor of the credit investment of the Stratus Notes.

(5)

Investment is on non-accrual status.

(6)

The Operating Company holds investments in two related entities of PODS, Inc. The Operating Company directly holds warrants in Storapod Holding Company, Inc. ("Storapod") and has a credit investment in Storapod through Storapod WCF II Limited ("Storapod WCF II"). Storapod WCF II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with Storapod. Additionally, the Operating Company has a credit investment in PODS Funding Corp. II ("PODS II"). PODS, Inc. is a wholly-owned subsidiary of PODS Holding, Inc., which in turn is a majority-owned subsidiary of Storapod. PODS II is a special purpose entity used to enter into a Shari'ah-compliant financing arrangement with PODS, Inc. and its subsidiary, PODS Enterprises, Inc.

(7)

Securities are registered under the Securities Act.

(8)

The Operating Company holds investments in two related entities of YP Holdings LLC. The Operating Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP Intermediate Holdings Corp. and YP Intermediate Holdings II LLC (together "YP Intermediate"), a subsidiary of YP Holdings LLC.

(9)

Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities. Cost amounts represent the cash received at settlement date net the impact of paydowns and cash paid for drawn revolvers.

*

All or a portion of interest contains payments-in-kind ("PIK").

**

Indicates assets that the Operating Company deems to be "non-qualifying assets" under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70.00% of the

Operating Company's total assets at the time of acquisition of any additional non-qualifying assets.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012

Investment Type	December 31, 2012 Percent of Total Investments at Fair Value
First lien	49.86%
Second lien	44.56%
Subordinated	4.56%
Equity and other	1.02%
Total investments	100.00%

Industry Type	December 31, 2012 Percent of Total Investments at Fair Value
Software	24.92%
Education	15.17%
Healthcare Services	14.52%
Business Services	14.49%
Federal Services	9.64%
Consumer Services	4.21%
Media	3.44%
Distribution	2.89%
Healthcare Products	2.75%
Logistics	2.34%
Industrial Services	1.42%
Retail	1.23%
Healthcare Information Technology	1.04%
Energy	1.02%
Information Technology	0.68%
Power Generation	0.24%
Total investments	100.00%

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Corporation

Statement of Assets and Liabilities
(in thousands, except shares and per share data)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Investment in New Mountain Finance Holdings, L.L.C., at fair value (cost of $434,975 and $335,730, respectively)	$ 448,406	$ 341,926
Distribution receivable from New Mountain Finance Holdings, L.L.C.		3,405
Total assets	$ 448,406	$ 345,331
Liabilities		
Dividends payable		3,405
Total liabilities		3,405
Net assets		
Preferred stock, par value $0.01 per share, 2,000,000 authorized, none issued		
Common stock, par value $0.01 per share, 100,000,000 shares authorized, and 31,324,660 and 24,326,251 shares issued and outstanding, respectively	313	243
Paid in capital in excess of par	434,662	335,487
Accumulated undistributed net realized gains	575	952
Net unrealized appreciation (depreciation)	12,856	5,244
Total net assets	$ 448,406	$ 341,926
Total liabilities and net assets	$ 448,406	$ 345,331
Number of shares outstanding	31,324,660	24,326,251
Net asset value per share	$ 14.31	$ 14.06

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance Corporation

Statement of Operations
(in thousands, except shares and per share data)
(unaudited)

	Three months ended	
	March 31, 2013	**March 31, 2012**
Net investment income allocated from New Mountain Finance Holdings, L.L.C.		
Interest income	$ 15,496	$ 6,436
Other income	185	146
Total expenses	(8,463)	(3,152)
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	7,218	3,430
Net realized and unrealized gain allocated from New Mountain Finance Holdings, L.L.C.		
Net realized gains on investments	686	348
Net change in unrealized appreciation of investments	7,643	4,410
Net realized and unrealized gain allocated from New Mountain Finance Holdings, L.L.C.	8,329	4,758
Total net increase in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.	15,547	8,188
Net change in unrealized (depreciation) appreciation of investment in New Mountain Finance Holdings, L.L.C.	(31)	
Net increase in net assets resulting from operations	$ 15,516	$ 8,188
Basic earnings per share	$ 0.61	$ 0.77
Weighted average shares of common stock outstanding basic (See Note 11)	25,267,118	10,697,691
Diluted earnings per share	$ 0.60	$ 0.77
Weighted average shares of common stock outstanding diluted (See Note 11)	40,835,723	30,919,692
Dividends declared per share	$ 0.34	$ 0.32

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance Corporation

Statement of Changes in Net Assets
(in thousands)
(unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
Increase (decrease) in net assets resulting from operations:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	$ 7,218	$ 3,430
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C.	686	348
Net change in unrealized appreciation (depreciation) of investments allocated from New Mountain Finance Holdings, L.L.C.	7,643	4,410
Net change in unrealized (depreciation) appreciation of investment in New Mountain Finance Holdings, L.L.C.	(31)	
Total net increase in net assets resulting from operations	15,516	8,188
Capital transactions		
Net proceeds from shares sold	28,400	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(55)	
Value of shares issued for exchanged units	69,450	
Dividends declared	(8,281)	(3,423)
Reinvestment of dividends	1,450	
Total net increase (decrease) in net assets resulting from capital transactions	90,964	(3,423)
Net increase in net assets	106,480	4,765
Net assets at beginning of period	341,926	145,487
Net assets at end of period	$ 448,406	$ 150,252

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance Corporation

Statement of Cash Flows
(in thousands)
(unaudited)

	Three months ended	
	March 31, 2013	**March 31, 2012**
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 15,516	$ 8,188
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	(7,218)	(3,430)
Net realized and unrealized gains allocated from New Mountain Finance Holdings, L.L.C.	(8,329)	(4,758)
Net change in unrealized depreciation of investment in New Mountain Finance Holdings, L.L.C.	31	
(Increase) decrease in operating assets:		
Purchase of investment	(28,400)	
Distributions from New Mountain Finance Holdings, L.L.C.	10,236	3,423
Net cash flows (used in) provided by operating activities	(18,164)	3,423
Cash flows from financing activities		
Net proceeds from shares sold	28,400	
Dividends paid	(10,236)	(3,423)
Net cash flows provided by (used in) financing activities	18,164	(3,423)
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period	$	$
Non-cash financing activities:		
New Mountain Finance AIV Holdings Corporation exchange of New Mountain Finance Holdings, L.L.C. units for shares	$ 69,450	$
Value of shares issued in connection with dividend reinvestment plan	1,450	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(55)	

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statement of Assets and Liabilities
(in thousands, except shares)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Investment in New Mountain Finance Holdings, L.L.C., at fair value (cost of $170,287 and $244,015, respectively)	$ 162,071	$ 228,013
Distributions receivable from New Mountain Finance Holdings, L.L.C.	5,516	7,786
Total assets	$ 167,587	$ 235,799
Liabilities		
Dividends payable	5,516	7,786
Total liabilities	5,516	7,786
Net assets		
Common stock, par value $0.01 per share 100 shares issued and outstanding	(1)	(1)
Paid in capital in excess of par	170,287	244,015
Distributions in excess of net realized gains	(7,425)	(6,676)
Net unrealized depreciation	(791)	(9,326)
Total net assets	162,071	228,013
Total liabilities and net assets	$ 167,587	$ 235,799

(1) As of March 31, 2013 and December 31, 2012, the par value of the total common stock was $1.

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statement of Operations
(in thousands)
(unaudited)

	Three months ended	
	March 31, 2013	**March 31, 2012**
Net investment income allocated from New Mountain Finance Holdings, L.L.C.		
Interest income	$ 9,547	$ 12,165
Other income	90	275
Total expenses	(5,228)	(5,957)
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	4,409	6,483
Net realized and unrealized gain (loss) allocated from New Mountain Finance Holdings, L.L.C.		
Net realized gains on investments	357	659
Net change in unrealized appreciation (depreciation) of investments	4,247	8,336
Net realized and unrealized gain allocated from New Mountain Finance Holdings, L.L.C.	4,604	8,995
Total net increase in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.	9,013	15,478
Net realized losses on investment in New Mountain Finance Holdings, L.L.C.	(5,901)	
Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C.	4,288	
Net increase in net assets resulting from operations	$ 7,400	$ 15,478

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statement of Changes in Net Assets
(in thousands)
(unaudited)

	Three months ended	
	March 31, 2013	**March 31, 2012**
Increase (decrease) in net assets resulting from operations:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	$ 4,409	$ 6,483
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C.	357	659
Net change in unrealized appreciation (depreciation) of investments allocated from New Mountain Finance Holdings, L.L.C.	4,247	8,336
Net realized losses on investment in New Mountain Finance Holdings, L.L.C.	(5,901)	
Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C.	4,288	
Total net increase in net assets resulting from operations	7,400	15,478
Capital transactions		
Distribution to New Mountain Guardian AIV, L.P.	(67,806)	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(20)	
Dividends declared	(5,516)	(6,471)
Total net decrease in net assets resulting from capital transactions	(73,342)	(6,471)
Net (decrease) increase in net assets	(65,942)	9,007
Net assets at beginning of period	228,013	275,015
Net assets at end of period	$ 162,071	$ 284,022

The accompanying notes are an integral part of these financial statements.

Table of Contents

New Mountain Finance AIV Holdings Corporation

Statement of Cash Flows
(in thousands)
(unaudited)

	Three months ended	
	March 31, 2013	**March 31, 2012**
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 7,400	$ 15,478
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	(4,409)	(6,483)
Net realized and unrealized (gains) losses allocated from New Mountain Finance Holdings, L.L.C.	(4,604)	(8,995)
Net realized gains on investment in New Mountain Finance Holdings, L.L.C.	5,901	
Net change in unrealized (appreciation) depreciation in New Mountain Finance Holdings, L.L.C.	(4,288)	
(Increase) decrease in operating activities		
Distributions from New Mountain Finance Holdings, L.L.C.	(7,786)	
Net cash flows (used in) provided by operating activities	(7,786)	
Cash flows from financing activities		
Proceeds from shares sold	67,806	
Distribution to New Mountain Guardian AIV, L.P.	(67,806)	
Dividends paid	7,786	
Net cash flows provided by (used in) financing activities	7,786	
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period	$	$
Non-cash operating activities:		
Distribution receivable from New Mountain Holdings, L.L.C.	$ 5,516	$ 6,471
Non-cash financing activities:		
Dividends declared and payable	$ (5,516)	$ (6,471)
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(20)	

The accompanying notes are an integral part of these financial statements.

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

The information in these combined notes to the financial statements relates to each of the three separate registrants: New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation (collectively, the "Companies"). Information that relates to an individual registrant will be specifically referenced by the respective company. None of the Companies makes any representation as to the information related solely to the other registrants other than itself.

Note 1. Formation and Business Purpose

New Mountain Finance Holdings, L.L.C. (the "Operating Company" or the "Master Fund") is a Delaware limited liability company. The Operating Company is externally managed and has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, The Operating Company is obligated to comply with certain regulatory requirements. The Operating Company intends to be treated as a partnership for federal income tax purposes for so long as it has at least two members.

The Operating Company is externally managed by New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser"). New Mountain Finance Administration, L.L.C. (the "Administrator") provides the administrative services necessary for operations. The Investment Adviser and Administrator are wholly-owned subsidiaries of New Mountain Capital (defined as New Mountain Capital Group, L.L.C. and its affiliates). New Mountain Capital is a firm with a track record of investing in the middle market and with assets under management (which includes amounts committed, not all of which have been drawn down and invested to date) totaling more than $9.0 billion as of March 31, 2013. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity, and credit investment vehicles. The Operating Company, formerly known as New Mountain Guardian (Leveraged), L.L.C., was originally formed as a subsidiary of New Mountain Guardian AIV, L.P. ("Guardian AIV") by New Mountain Capital in October 2008. Guardian AIV was formed through an allocation of approximately $300.0 million of the $5.1 billion of commitments supporting New Mountain Partners III, L.P., a private equity fund managed by New Mountain Capital. In February 2009, New Mountain Capital formed a co-investment vehicle, New Mountain Guardian Partners, L.P., comprising $20.4 million of commitments. New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P., together with their respective direct and indirect wholly-owned subsidiaries, are defined as the "Predecessor Entities".

New Mountain Finance Corporation ("NMFC") is a Delaware corporation that was originally incorporated on June 29, 2010. NMFC is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, NMFC is obligated to comply with certain regulatory requirements. NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code").

New Mountain Finance AIV Holdings Corporation ("AIV Holdings") is a Delaware corporation that was originally incorporated on March 11, 2011. Guardian AIV, a Delaware limited partnership, is

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 1. Formation and Business Purpose (Continued)

AIV Holdings' sole stockholder. AIV Holdings is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, AIV Holdings is obligated to comply with certain regulatory requirements. AIV Holdings has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under the Code.

On May 19, 2011, NMFC priced its initial public offering (the "IPO") of 7,272,727 shares of common stock at a public offering price of $13.75 per share. Concurrently with the closing of the IPO and at the public offering price of $13.75 per share, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in a concurrent private placement (the "Concurrent Private Placement"). Additionally, 1,252,964 shares were issued to the limited partners of New Mountain Guardian Partners, L.P. at that time for their ownership interest in the Predecessor Entities. In connection with NMFC's IPO and through a series of transactions, the Operating Company owns all of the operations of the Predecessor Entities, including all of the assets and liabilities related to such operations.

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC and AIV Holdings each entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company, pursuant to which NMFC and AIV Holdings were admitted as members of the Operating Company. NMFC acquired from the Operating Company, with the gross proceeds of the IPO and the Concurrent Private Placement, common membership units ("units") of the Operating Company (the number of units are equal to the number of shares of NMFC's common stock sold in the IPO and the Concurrent Private Placement). Additionally, NMFC received units of the Operating Company equal to the number of shares of common stock of NMFC issued to the limited partners of New Mountain Guardian Partners, L.P. Guardian AIV was the parent of the Operating Company prior to the IPO and, as a result of the transactions completed in connection with the IPO, obtained units in the Operating Company. Guardian AIV contributed its units in the Operating Company to its newly formed subsidiary, AIV Holdings, in exchange for common stock of AIV Holdings. AIV Holdings has the right to exchange all or any portion of its units in the Operating Company for shares of NMFC's common stock on a one-for-one basis at anytime.

During the quarter ended March 31, 2013, NMFC issued an additional 98,409 shares in conjunction with its dividend reinvestment plan at a weighted average price of $14.74. Since NMFC's IPO, and through March 31, 2013, NMFC raised $161,828 in net proceeds from additional offerings of common stock and issued shares valued at $125,764 to AIV Holdings for exchanged units. NMFC acquired from the Operating Company units of the Operating Company equal to the number of shares of NMFC's common stock sold in the additional offerings. As of March 31, 2013, NMFC and AIV Holdings owned approximately 73.5% and 26.5%, respectively, of the units of the Operating Company.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 1. Formation and Business Purpose (Continued)

The current structure was designed to generally prevent NMFC from being allocated taxable income with respect to unrecognized gains that existed at the time of the IPO in the Predecessor Entities' assets, and rather such amounts would be allocated generally to AIV Holdings. The result is that any distributions made to NMFC's stockholders that are attributable to such gains generally will not be treated as taxable dividends but rather as return of capital.

The diagram below depicts the Companies' organizational structure as of March 31, 2013.

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*

Includes partners of New Mountain Guardian Partners, L.P.

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These common membership units are exchangeable into shares of NMFC common stock on a one-for-one basis.

***

New Mountain Finance SPV Funding, L.L.C. ("NMF SLF").

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 1. Formation and Business Purpose (Continued)

The Operating Company's investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. In some cases, the Operating Company's investments may also include equity interests. The primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

Note 2. Summary of Significant Accounting Policies

Basis of accounting The Companies' financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Operating Company consolidates its wholly-owned subsidiary, NMF SLF. NMFC and AIV Holdings do not consolidate the Operating Company. NMFC and AIV Holdings apply investment company master-feeder financial statement presentation, as described in Accounting Standards Codification 946, *Financial Services Investment Companies*, ("ASC 946") to their interest in the Operating Company. NMFC and AIV Holdings observe that it is industry practice to follow the presentation prescribed for a master fund-feeder fund structure in ASC 946 in instances in which a master fund is owned by more than one feeder fund and that such presentation provides stockholders of NMFC and AIV Holdings with a clearer depiction of their investment in the Master Fund.

The Companies' financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of operations and financial condition for all periods presented. All intercompany transactions have been eliminated. Revenues are recognized when earned and expenses when incurred. The financial results of the Operating Company's portfolio investments are not consolidated in the financial statements. Prior to the IPO, an affiliate of the Predecessor Entities paid a majority of the management and incentive fees. Historical operating expenses do not reflect the allocation of certain professional fees, administrative and other expenses that have been incurred following the completion of the IPO. Accordingly, the Operating Company's historical operating expenses are not comparable to its operating expenses after the completion of the IPO.

The Companies' interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. Accordingly, the Companies' interim financial statements do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2013.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

Investments The Operating Company applies fair value accounting in accordance with GAAP. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are reflected on the Operating Company's Consolidated Statements of Assets, Liabilities and Members' Capital at fair value, with changes in unrealized gains and losses resulting from changes in fair value reflected in the Operating Company's Consolidated Statements of Operations as "Net change in unrealized appreciation (depreciation) of investments" and realizations on portfolio investments reflected in the Operating Company's Consolidated Statements of Operations as "Net realized gains (losses) on investments".

The Operating Company values its assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, the Operating Company's board of directors is ultimately and solely responsible for determining the fair value of the portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available and any other situation where its portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. The Operating Company's quarterly valuation procedures are set forth in more detail below:

(1) Investments for which market quotations are readily available on an exchange are valued at such market quotations based on the closing price indicated from independent pricing services.

(2) Investments for which indicative prices are obtained from various pricing services and/or brokers or dealers are valued through a multi-step valuation process, as described below, to determine whether the quote(s) obtained is representative of fair value in accordance with GAAP.

a. Bond quotes are obtained through independent pricing services. Internal reviews are performed by the investment professionals of the Investment Adviser to ensure that the quote obtained is representative of fair value in accordance with GAAP and if so, the quote is used. If the Investment Adviser is unable to sufficiently validate the quote(s) internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below); and

b. For investments other than bonds, the Operating Company looks at the number of quotes readily available and performs the following:

i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained.

ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 2. Summary of Significant Accounting Policies (Continued)

analyze the market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

(3) Investments for which quotations are not readily available through exchanges, pricing services, brokers, or dealers are valued through a multi-step valuation process:

a. Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser responsible for the credit monitoring;

b. Preliminary valuation conclusions will then be documented and discussed with the Operating Company's senior management;

c. If an investment falls into (3) above for four consecutive quarters and if the investment's par value or its fair value exceeds the materiality threshold, then at least once each fiscal year, the valuation for each portfolio investment for which the Operating Company does not have a readily available market quotation will be reviewed by an independent valuation firm engaged by the Companies' board of directors; and

d. When deemed appropriate by the Operating Company's management, an independent valuation firm may be engaged to review and value investment(s) of a portfolio company, without any preliminary valuation being performed by the Investment Adviser. The investment professionals of the Investment Adviser will review and validate the value provided.

The values assigned to investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Operating Company's investments may fluctuate from period to period.

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC's and AIV Holdings' investments in the Operating Company are carried at fair value and represent the respective pro-rata interest in the net assets of the Operating Company as of the applicable reporting date. NMFC and AIV Holdings value their ownership interest on a quarterly basis, or more frequently if required under the 1940 Act.

See Note 3, *Investments*, for further discussion relating to investments.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents Cash and cash equivalents include cash and short-term, highly liquid investments. The Companies define cash equivalents as securities that are readily convertible into known amounts of cash and so near maturity that there is insignificant risk of changes in value. Generally, these securities have original maturities of three months or less.

Revenue recognition

The Operating Company's revenue recognition policies are as follows:

Sales and paydowns of investments: Realized gains and losses on investments are determined on the specific identification method.

Interest income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. The Operating Company has loans in the portfolio that contain a payment-in-kind ("PIK") provision. PIK represents interest that is accrued and recorded as interest income at the contractual rates, added to the loan principal on the respective capitalization dates, and generally due at maturity.

Non-accrual income: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and when there is reasonable doubt that principal or interest will be collected. Accrued cash and un-capitalized PIK interest is generally reversed when a loan is placed on non-accrual status. Previously capitalized PIK interest is not reversed when an investment is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment of the ultimate outcome. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

Other income: Other income represents delayed compensation, consent or amendment fees, revolver fees and other miscellaneous fees received. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date. Other income may also include fees from bridge loans. The Operating Company may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. A fee is received by the Operating Company for providing such commitments.

NMFC's and AIV Holdings' revenue recognition policies are as follows:

Revenue, expenses, and capital gains (losses): At each quarterly valuation date, the Operating Company's investment income, expenses, net realized gains (losses), and net increase

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

(decrease) in unrealized appreciation (depreciation) are allocated to NMFC and AIV Holdings based on their pro-rata interest in the net assets of the Operating Company. This is recorded on NMFC's and AIV Holdings' Statements of Operations. Realized gains and losses are recorded upon sales of NMFC's and AIV Holdings' investments in the Operating Company. Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. is the difference between the net asset value per share and the closing price per share for shares issued as part of the dividend reinvestment plan on the dividend payment date. This net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. includes the unrealized appreciation (depreciation) from the IPO. NMFC used the proceeds from its IPO and Concurrent Private Placement to purchase units in the Operating Company at $13.75 per unit (its IPO price per share). At the IPO date, $13.75 per unit represented a discount to the actual net asset value per unit of the Operating Company. As a result, NMFC experienced immediate unrealized appreciation on its investment. Concurrently, AIV Holdings experienced immediate unrealized depreciation on its investment in the Operating Company equal to the difference between NMFC's IPO price of $13.75 per unit and the actual net asset value per unit.

All expenses, including those of NMFC and AIV Holdings, are paid and recorded by the Operating Company. Expenses are allocated to NMFC and AIV Holdings based on pro-rata ownership interest. In addition, the Operating Company paid all of the offering costs related to the IPO and subsequent offerings. NMFC and AIV Holdings have recorded their portion of the offering costs as a direct reduction to net assets and the cost of their investment in the Operating Company.

With respect to the expenses incident to any registration of shares of NMFC's common stock issued in exchange for AIV Holdings' units of the Operating Company, AIV Holdings is directly responsible for the expenses of any demand registration (including underwriters' discounts or commissions) and their pro-rata share of any "piggyback" registration expenses.

Interest and other credit facility expenses Interest and other credit facility fees are recorded on an accrual basis by the Operating Company. See Note 7, *Borrowing Facilities*, for details.

Deferred credit facility costs The deferred credit facility costs of the Operating Company consist of capitalized expenses related to the origination and amending of the Operating Company's existing credit facilities. The Operating Company amortizes these costs into expense using the straight-line method over the stated life of the related credit facility. See Note 7, *Borrowing Facilities*, for details.

Income taxes The Operating Company is treated as a partnership for federal income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements, as the partners are individually responsible for reporting income or loss based on their respective share of the revenues and expenses. The Operating Company files United States ("U.S.") federal, state, and local income tax returns.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

NMFC and AIV Holdings have elected to be treated, and intend to comply with the requirements to qualify annually, as RICs under subchapter M of the Code. As RICs, NMFC and AIV Holdings are not subject to federal income tax on the portion of taxable income and gains timely distributed to stockholders; therefore, no provision for income taxes has been recorded.

To continue to qualify as RICs, NMFC and AIV Holdings are required to meet certain income and asset diversification tests in addition to distributing at least 90.0% of their respective investment company taxable income, as defined by the Code. Since federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes.

Differences between taxable income and the results of operations for financial reporting purposes may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

For federal income tax purposes, distributions paid to stockholders of NMFC and AIV Holdings are reported as ordinary income, return of capital, long term capital gains or a combination thereof.

NMFC and AIV Holdings will be subject to a 4.0% nondeductible federal excise tax on certain undistributed income unless NMFC and AIV Holdings distribute, in a timely manner as required by the Code, an amount at least equal to the sum of (1) 98.0% of their respective net ordinary income earned for the calendar year and (2) 98.2% of their respective capital gain net income for the one-year period ending October 31 in the calendar year.

The Companies have adopted the Income Taxes topic of the Codification ("ASC 740"). ASC 740 provides guidance for how uncertain income tax positions should be recognized, measured, and disclosed in the financial statements. Based on their analyses, the Companies have determined that there were no material uncertain income tax positions through December 31, 2012. The 2011 and 2012 tax years remain subject to examination by U.S. federal, state, and local tax authorities.

Dividends Distributions to common unit holders of the Operating Company and common stockholders of NMFC and AIV Holdings are recorded on the record date as set by the respective board of directors. In order for NMFC and AIV Holdings to pay a dividend or other distribution to holders of their common stock, it must be accompanied by a prior distribution by the Operating Company to all of its unit holders. The Operating Company intends to make distributions to its unit holders that will be sufficient to enable NMFC and AIV Holdings to pay quarterly distributions to their stockholders and to maintain their status as RICs. NMFC and AIV Holdings intend to distribute approximately all of their portion of the Operating Company's adjusted net investment income (see Note 5, *Agreements*) on a quarterly basis and substantially all of their portion of the Operating Company's taxable income on an annual basis, except that NMFC may retain certain net capital gains for reinvestment.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 2. Summary of Significant Accounting Policies (Continued)

Under certain circumstances, the distributions that the Operating Company makes to its members may not be sufficient for AIV Holdings to satisfy the annual distribution requirement necessary for AIV Holdings to continue to qualify as a RIC. In that case, it is expected that Guardian AIV would consent to be treated as if it received distributions from AIV Holdings sufficient to satisfy the annual distribution requirement. Guardian AIV would be required to include the consent dividend in its taxable income as a dividend from AIV Holdings, which would result in phantom (i.e., non-cash) taxable income to Guardian AIV. AIV Holdings intends to make quarterly distributions to Guardian AIV, its sole stockholder, out of assets legally available for distribution each quarter.

The Operating Company and NMFC are required to take certain actions in order to maintain, at all times, a one-to-one ratio between the number of units held by NMFC and the number of shares of NMFC's common stock outstanding. NMFC has adopted a dividend reinvestment plan that provides on behalf of its stockholders for reinvestment of any distributions declared, unless a stockholder elects to receive cash. Cash distributions reinvested in additional shares of NMFC's common stock will be automatically reinvested by NMFC into additional units of the Operating Company. In addition, AIV Holdings does not intend to reinvest any distributions received from the Operating Company in additional units of the Operating Company.

NMFC applies the following in implementing the dividend reinvestment plan. If the price at which newly issued shares are to be credited to stockholders' accounts is greater than 110.0% of the last determined net asset value of the shares, NMFC will use only newly issued shares to implement its dividend reinvestment plan. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of NMFC's common stock on the New York Stock Exchange ("NYSE") on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, the average of their electronically reported bid and asked prices. If NMFC uses newly issued shares to implement the plan, NMFC will receive, on a one-for-one basis, additional units of the Operating Company in exchange for cash distributions that are reinvested in shares of NMFC's common stock under the dividend reinvestment plan.

If the price at which newly issued shares are to be credited to stockholders' accounts is less than 110.0% of the last determined net asset value of the shares, NMFC will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of NMFC's common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of NMFC's stockholders have been tabulated.

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 2. Summary of Significant Accounting Policies (Continued)

Foreign securities The accounting records of the Operating Company are maintained in U.S. dollars. Investment securities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the respective dates of the transactions. The Operating Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with "Net change in unrealized appreciation (depreciation) of investments" and "Net realized gains (losses) on investments" in the Operating Company's Consolidated Statements of Operations.

Investments denominated in foreign currencies may be negatively affected by movements in the rate of exchange between the U.S. dollar and such foreign currencies. This movement is beyond the control of the Operating Company and cannot be predicted.

Use of estimates The preparation of the Companies' financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Companies' financial statements and the reported amounts of revenues and expenses during the reporting periods. Changes in the economic environment, financial markets, and other metrics used in determining these estimates could cause actual results to differ from the estimates used, and the differences could be material.

Note 3. Investments

At March 31, 2013 the Operating Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 521,343	$ 522,150
Second lien	437,759	451,491
Subordinated	43,852	46,423
Equity and other	2,445	10,802
Total investments	$ 1,005,399	$ 1,030,866

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Software	$ 219,053	$ 225,712
Education	188,340	185,240
Business Services	148,782	155,099
Healthcare Services	136,182	141,095
Federal Services	108,011	110,108
Consumer Services	44,129	45,258
Media	23,580	30,845
Distribution	27,800	29,149
Healthcare Products	25,544	27,431
Energy	24,795	25,358
Logistics	23,556	23,718
Industrial Services	13,833	14,192
Healthcare Information Technology	13,569	9,592
Information Technology	6,491	6,917
Power Generation	1,734	1,152
Total investments	$ 1,005,399	$ 1,030,866

At December 31, 2012 the Operating Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 496,931	$ 493,502
Second lien	433,829	441,073
Subordinated	43,097	45,148
Equity and other	2,386	10,097
Total investments	$ 976,243	$ 989,820

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Software	$ 241,742	$ 246,696
Education	155,047	150,151
Healthcare Services	139,370	143,724
Business Services	140,426	143,420
Federal Services	95,150	95,428
Consumer Services	41,173	41,625
Media	26,582	34,001
Distribution	27,787	28,654
Healthcare Products	25,659	27,220
Logistics	23,533	23,180
Industrial Services	13,825	14,105
Retail	11,597	12,146
Healthcare Information Technology	14,550	10,291
Energy	9,852	10,072
Information Technology	6,476	6,711
Power Generation	3,474	2,396
Total investments	$ 976,243	$ 989,820

As of March 31, 2013, the Operating Company's first lien positions in ATI Acquisition Company remained on non-accrual status due to the inability of the portfolio company to service its interest payment for the quarter then ended and uncertainty about its ability to pay such amounts in the future. As of March 31, 2013, the Operating Company's investment had an aggregate cost basis of $5,917, an aggregate fair value of $602 and total unearned interest income of $232 for the three months then ended. As of December 31, 2012, the Operating Company's original first lien position in ATI Acquisition Company was put on non-accrual status, with a cost basis of $4,306, a fair value of zero and total unearned interest income of $653 for the year then ended. The Operating Company's two super priority first lien debt investments in ATI Acquisition Company had a combined cost basis of $1,611 and a combined fair value of $752 as of December 31, 2012. During the third quarter of 2012, the Operating Company placed the super priority first lien positions on non-accrual status as well, resulting in total unearned interest income of $310 for the year ended December 31, 2012. As of December 31, 2012, the Operating Company's total investment in ATI Acquisition Company had an aggregate cost basis of $5,917 and an aggregate fair value of $752, putting the entire ATI Acquisition Company's investment on non-accrual status. As of March 31, 2013 and December 31, 2012, unrealized gains include a fee that the Operating Company would receive upon maturity of the two super priority first lien debt investments.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 3. Investments (Continued)

As of March 31, 2013, the Operating Company had unfunded commitments on revolving credit facilities and bridge facilities of $10,500 and $0, respectively. The Operating Company did not have any unfunded commitments in the form of a delayed draw or other future funding commitments as of March 31, 2013. Any unfunded commitments are disclosed on the Operating Company's Consolidated Schedule of Investments as of March 31, 2013.

As of December 31, 2012, the Operating Company had unfunded commitments on revolving credit facilities and bridge facilities of $10,500 and $0, respectively. The Operating Company did not have any unfunded commitments in the form of a delayed draw or other future funding commitments as of December 31, 2012. Any unfunded commitments are disclosed on the Operating Company's Consolidated Schedule of Investments as of December 31, 2012.

Investment Risk Factor First and second lien debt that the Operating Company invests in is entirely, or almost entirely, rated below investment grade or may be unrated. These loans are considered speculative because of the credit risk of the issuers. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal and such defaults could reduce the net asset value and income distributions of the Operating Company. First and second lien debt may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these first and second lien loans. This illiquidity may make it more difficult to value the debt.

Subordinated debt is generally subject to similar risks as those associated with first and second lien debt, except that such debt is subordinated in payment and /or lower in lien priority. Subordinated debt is subject to the additional risk that the cash flow of the borrower and the property securing the debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured and unsecured obligations of the borrower.

Note 4. Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820"), establishes a fair value hierarchy that prioritizes and ranks the inputs to valuation techniques used in measuring investments at fair value. The hierarchy classifies the inputs used in measuring fair value into three levels as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments and the Operating Company has the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by ASC 820, the Operating Company, to the extent that it holds such investments, does not adjust the quoted

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 4. Fair Value (Continued)

price for these investments, even in situations where the Operating Company holds a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Level II inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

The inputs used to measure fair value may fall into different levels. In all instances when the inputs fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level of input that is significant to the fair value measurement in its entirety. As such, a Level III fair value measurement may include inputs that are both observable (Levels I and II) and unobservable (Level III). Gains and losses for such assets categorized within the Level III table below may include changes in fair value that are attributable to both observable inputs (Levels II and III) and unobservable inputs (Level III).

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period. Reclassifications impacting the fair value hierarchy are reported as transfers in/out of the respective leveling categories as of the beginning of the quarter in which the reclassifications occur.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

The following table summarizes the levels in the fair value hierarchy that the Operating Company's portfolio investments fall into as of March 31, 2013:

	Total	Level I	Level II	Level III
First lien	$ 522,150	$	$ 490,216	$ 31,934
Second lien	451,491		407,388	44,103
Subordinated	46,423		22,643	23,780
Equity and other	10,802			10,802
Total investments	$ 1,030,866	$	$ 920,247	$ 110,619

The following table summarizes the levels in the fair value hierarchy that the Operating Company's portfolio investments fall into as of December 31, 2012:

	Total	Level I	Level II	Level III
First lien	$ 493,502	$	$ 450,617	$ 42,885
Second lien	441,073		397,818	43,255
Subordinated	45,148		22,257	22,891
Equity and other	10,097			10,097
Total investments	$ 989,820	$	$ 870,692	$ 119,128

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended March 31, 2013, as well as the portion of appreciation (depreciation)

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Operating Company at March 31, 2013:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2012	$ 119,128	$ 42,885	$ 43,255	$ 22,891	$ 10,097
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	21	21			
Net change in unrealized appreciation (depreciation)	1,597	(75)	848	177	647
Purchases, including capitalized PIK and revolver fundings	773			712	61
Proceeds from sales and paydowns of investments	(10,900)	(10,897)			(3)
Fair value, March 31, 2013	$ 110,619	$ 31,934	$ 44,103	$ 23,780	$ 10,802
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Operating Company at the end of the period:	$ 1,812	$ 140	$ 848	$ 177	$ 647

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended March 31, 2012, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Operating Company at March 31, 2012:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2011	$ 90,967	$ 33,141	$ 48,405	$ 6,571	$ 2,850
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	23	(2)	23		
Net change in unrealized appreciation (depreciation)	193	366	(173)		
Purchases, including capitalized PIK and revolver fundings	34,574	34,574			
Proceeds from sales and paydowns of investments	(11,400)	(6,400)	(5,000)		
Transfers out of Level III(1)	(11,112)	(11,112)			
Fair value, March 31, 2012	$ 103,245	$ 50,569	$ 43,255	$ 6,571	$ 2,850
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Operating Company at the end of the period:	$ 366	$ 366	$	$	$

(1) As of March 31, 2012, the portfolio investments were transferred into Level III from Level II and out of Level III into Level II at fair value as of the beginning of the quarter in which the reclassifications occurred.

(2) Net realized gains (losses) on first lien investments were less than $0.5.

Except as noted in the tables above, there were no other transfers in or out of Level I, II, or III during the three months ended March 31, 2013 and March 31, 2012. Transfers into Level III occurred as quotations obtained through pricing services were not deemed representative of fair value as of the balance sheet date and such assets were internally valued. As quotations obtained through pricing services were substantiated through additional market sources, investments were transferred out of Level III. The Operating Company invests in revolving credit facilities. These investments are categorized as Level III investments as these assets are not actively traded and their fair values are often implied by the term loans of the respective portfolio companies.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

The Operating Company generally uses the following framework when determining the fair value of investments where there are little, if any, market activity or observable pricing inputs.

Company Performance, Financial Review, and Analysis: Prior to investment, as part of its due diligence process, the Operating Company evaluates the overall performance and financial stability of the portfolio company. Post investment, the Operating Company analyzes each portfolio company's current operating performance and relevant financial trends versus prior year and budgeted results, including, but not limited to, factors affecting its revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth, margin trends, liquidity position, covenant compliance and changes to its capital structure. The Operating Company also attempts to identify and subsequently track any developments at the portfolio company, within its customer or vendor base or within the industry or the macroeconomic environment, generally, that may alter any material element of its original investment thesis. This analysis is specific to each portfolio company. The Operating Company leverages the knowledge gained from its original due diligence process, augmented by this subsequent monitoring, to continually refine its outlook for each of its portfolio companies and ultimately form the valuation of its investment in each portfolio company. When an external event such as a purchase transaction, public offering or subsequent sale occurs, the Operating Company will consider the pricing indicated by the external event to corroborate the private valuation.

Market Based Approach: The Operating Company typically estimates the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies. The Operating Company considers numerous factors when selecting the appropriate companies whose trading multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, relevant risk factors, as well as size, profitability and growth expectations. The Operating Company generally applies an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate portfolio company enterprise value. In applying the market based approach as of March 31, 2013, the Operating Company used the relevant EBITDA ranges set forth in the table below to determine the enterprise value of investments in seven of its portfolio companies. The Operating Company believes this was a reasonable range in light of current comparable company trading levels and the specific companies involved.

Income Based Approach: The Operating Company also typically uses a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 4. Fair Value (Continued)

and the valuation date. In applying the income based approach as of March 31, 2013, the Operating Company used the discount ranges set forth in the table below to value investments in seven of its portfolio companies.

		EBITDA Range		Discount Range	
Type	**Approach**	**Low**	**High**	**Low**	**High**
First lien	Market and Income	4.00x	7.00x	7.0%	18.4%
Second lien	Market and Income	5.50x	9.00x	11.2%	13.1%
Subordinated	Market and Income	5.50x	9.00x	12.0%	21.7%
Equity	Market and Income	5.50x	8.00x	14.0%	20.0%

The Operating Company typically uses a Black Scholes analysis to fair value warrant investments. Input variables used in these analyses include, but are not limited to, stock price, exercise price, expiration date, valuation date, volatility, and discount rate.

Based on a comparison to similar BDC credit facilities, the terms and conditions of the Holdings Credit Facility and the SLF Credit Facility (as defined in Note 7, *Borrowing Facilities*) are representative of market. The carrying values of the Holdings Credit Facility and SLF Credit Facility approximate fair value as of March 31, 2013, as both facilities are continually monitored and examined by both the borrower and the lender. Both facilities were amended and restated during the year ended December 31, 2012 to lower the applicable interest rate spread by 0.25% and to increase the maximum amount of revolving borrowings available under the respective facilities. Additionally for the three months ended March 31, 2013, the Holdings Credit Facility was amended and restated to further increase the maximum amount of revolving borrowings available. See Note 7, *Borrowing Facilities*, for details. The fair value of other financial assets and liabilities approximates their carrying value based on the short term nature of these items. The fair value disclosures discussed in this paragraph are considered Level III.

Fair value risk factors The Operating Company seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Operating Company's portfolio companies conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Operating Company's investments and/or on the fair value of the Operating Company's investments. The Operating Company's investments are subject to the risk of non-payment of scheduled interest or principal, resulting in a reduction in income to the Operating Company and thus the income of NMFC and AIV Holdings, and their corresponding fair valuations. Also, there may be risk associated with the concentration of investments in one geographic region or in certain industries. These events are beyond the control of the Operating Company and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements

On May 19, 2011, NMFC entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company pursuant to which NMFC was admitted as a member of the Operating Company and agreed to acquire from the Operating Company a number of units of the Operating Company equal to the number of shares of common stock outstanding of NMFC. Additionally on May 19, 2011, in connection with the contribution by Guardian AIV of its units to AIV Holdings, AIV Holdings entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company pursuant to which AIV Holdings was also admitted as a member of the Operating Company.

The Operating Company entered into an investment advisory and management agreement, as amended and restated (the "Investment Management Agreement") with the Investment Adviser. Under the Investment Management Agreement, the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Operating Company. For providing these services, the Investment Adviser receives a fee from the Operating Company, consisting of two components a base management fee and an incentive fee.

The base management fee is calculated at an annual rate of 1.75% of the Operating Company's gross assets less (i) the borrowings under the SLF Credit Facility (as defined in Note 7, *Borrowing Facilities*) and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of the Operating Company's gross assets, borrowings under the SLF Credit Facility, and cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of the Operating Company's "Pre-Incentive Fee Adjusted Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature. "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Operating Company receives from portfolio companies) accrued during the calendar quarter, minus the Operating Company's operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement, as amended and restated, with the Administrator, and any interest expense and distributions paid on any issued and outstanding preferred membership units (of which there are none as of March 31, 2013), but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that the Operating Company has not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

Under GAAP, NMFC's IPO did not step-up the cost basis of the Operating Company's existing investments to fair market value at the IPO date. Since the total value of the Operating Company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or original issue discount, as well as different amounts in realized gain and unrealized appreciation, may be recognized under GAAP in each period than if the step-up had occurred. This will remain until such predecessor investments are sold or mature in the future. The Operating Company tracks the transferred (or fair market) value of each of its investments as of the time of the IPO and, for purposes of the incentive fee calculation, adjusts Pre-Incentive Fee Net Investment Income to reflect the amortization of purchase or original issue discount on the Operating Company's investments as if each investment was purchased at the date of the IPO, or stepped up to fair market value. This is defined as "Pre-Incentive Fee Adjusted Net Investment Income". The Operating Company also uses the transferred (or fair market) value of each of its investments as of the time of the IPO to adjust capital gains ("Adjusted Realized Capital Gains") or losses ("Adjusted Realized Capital Losses") and unrealized capital appreciation ("Adjusted Unrealized Capital Appreciation") and unrealized capital depreciation ("Adjusted Unrealized Capital Depreciation").

Pre-Incentive Fee Adjusted Net Investment Income, expressed as a rate of return on the value of the Operating Company's net assets at the end of the immediately preceding calendar quarter, will be compared to a "hurdle rate" of 2.0% per quarter (8.0% annualized), subject to a "catch-up" provision measured as of the end of each calendar quarter. The hurdle rate is appropriately pro-rated for any partial periods. The calculation of the Operating Company's incentive fee with respect to the Pre-Incentive Fee Adjusted Net Investment Income for each quarter is as follows:

No incentive fee is payable to the Investment Adviser in any calendar quarter in which the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income does not exceed the hurdle rate of 2.0% (the "preferred return" or "hurdle").

100.0% of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income with respect to that portion of such Pre-Incentive Fee Adjusted Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser. This portion of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income (which exceeds the hurdle rate but is less than or equal to 2.5%) is referred to as the "catch-up". The catch-up provision is intended to provide the Investment Adviser with an incentive fee of 20.0% on all of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income as if a hurdle rate did not apply when the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income exceeds 2.5% in any calendar quarter.

20.0% of the amount of the Operating Company's Pre-Incentive Fee Adjusted Net Investment Income, if any, that exceeds 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser once the hurdle is reached and the catch-up is achieved.

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 5. Agreements (Continued)

The second part will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of the Operating Company's Adjusted Realized Capital Gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee.

In accordance with GAAP, the Operating Company accrues a hypothetical capital gains incentive fee based upon the cumulative net Adjusted Realized Capital Gains and Adjusted Realized Capital Losses and the cumulative net Adjusted Unrealized Capital Appreciation and Adjusted Unrealized Capital Depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual Adjusted Realized Capital Gains computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value.

The following table summarizes the management fees and incentive fees incurred by the Operating Company for the three months ended March 31, 2013 and March 31, 2012.

	Three months ended	
	March 31, 2013	March 31, 2012
Management fee	$ 3,568	$ 2,514
Incentive fee, excluding accrued capital gains incentive fees	3,458	2,450
Accrued capital gains incentive fees(1)	2,682	911

(1) The accrued capital gains incentive fees would be paid by the Operating Company if the Operating Company ceased operations on March 31, 2013 and March 31, 2012, respectively, and liquidated its investments at the valuations as of the respective year ends. As of March 31, 2013 and March 31, 2012, no actual capital gains incentive fee was owed under the Investment Management Agreement, as cumulative net Adjusted Realized Capital Gains did not exceed cumulative Adjusted Unrealized Capital Depreciation.

The Operating Company's Consolidated Statements of Operations below are adjusted as if the step-up in cost basis to fair market value had occurred at the IPO date, May 19, 2011.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

The following Statement of Operations for the three months ended March 31, 2013 is adjusted to reflect this step-up to fair market value.

	Three months ended March 31, 2013	Adjustments	Adjusted three months ended March 31, 2013
Investment income			
Interest income	$ 25,043	$ (479)	$ 24,564
Other income	275		275
Total investment income	25,318	(479)	24,839
Total expenses pre-incentive fee	7,551		7,551
Pre-Incentive Fee Net Investment Income	17,767	(479)	17,288
Incentive fee(1)	6,140		6,140
Post-Incentive Fee Net Investment Income	11,627	(479)	11,148
Net realized gains on investments	1,044	(460)	584
Net change in unrealized appreciation of investments	11,890	939	12,829
Net increase in capital resulting from operations	$ 24,561		$ 24,561

(1) For the three months ended March 31, 2013, the Operating Company incurred total incentive fees of $6,140, of which $2,682 related to capital gains incentive fees on a hypothetical liquidation basis.

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

The following Statement of Operations for the three months ended March 31, 2012 is adjusted to reflect the step-up to fair market value.

	Three months ended March 31, 2012	Adjustments	Adjusted three months ended March 31, 2012
Investment income			
Interest income	$ 18,601	$ (1,023)	$ 17,578
Other income	421		421
Total investment income	19,022	(1,023)	17,999
Total expenses pre-incentive fee	5,748		5,748
Pre-Incentive Fee Net Investment Income	13,274	(1,023)	12,251
Incentive fee(1)	3,361		3,361
Post-Incentive Fee Net Investment Income	9,913	(1,023)	8,890
Net realized gains on investments	1,007	(713)	294
Net change in unrealized appreciation of investments	12,747	1,736	14,483
Net increase in capital resulting from operations	$ 23,667		$ 23,667

(1) For the three months ended March 31, 2012, the Operating Company incurred total incentive fees of $3,361, of which $911 related to capital gains incentive fees on a hypothetical liquidation basis.

The Companies have entered into an Administration Agreement, as amended and restated, with the Administrator under which the Administrator provides administrative services. The Administrator performs, or oversees the performance of, the Companies' financial records, prepares reports filed with the Securities and Exchange Commission, generally monitors the payment of the Companies' expenses, and watches the performance of administrative and professional services rendered by others. The Operating Company will reimburse the Administrator for the Companies' allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the Companies under the Administration Agreement, as amended and restated. Pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company, expenses payable to the Administrator by the Operating Company as well as other direct and indirect expenses (excluding interest, other credit facility expenses, trading

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

expenses and management and incentive fees) have been capped at $3,500 for the time period from April 1, 2012 to March 31, 2013.

The Operating Company incurred $829 in expenses in excess of the expense cap for the three months ended March 31, 2013, of which $495 was receivable from an affiliate as of March 31, 2013. The Operating Company incurred $550 in expenses in excess of the expense cap for the three months ended March 31, 2012, of which $246 was receivable from an affiliate as of March 31, 2012.

The Companies, the Investment Adviser and the Administrator have also entered into a Trademark License Agreement, as amended, with New Mountain Capital, L.L.C., pursuant to which New Mountain Capital, L.L.C. has agreed to grant the Companies, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the "New Mountain" and the "New Mountain Finance" names. Under the Trademark License Agreement, as amended, subject to certain conditions, the Companies, the Investment Adviser and the Administrator will have a right to use the "New Mountain" and "New Mountain Finance" names, for so long as the Investment Adviser or one of its affiliates remains the investment adviser of the Operating Company. Other than with respect to this limited license, the Companies, the Investment Adviser and the Administrator will have no legal right to the "New Mountain" or the "New Mountain Finance" names.

NMFC entered into a Registration Rights Agreement with AIV Holdings, Steven B. Klinsky (the Chairman of the Companies' board of directors), an entity related to Steven B. Klinsky and the Investment Adviser. Subject to several exceptions, AIV Holdings and the Investment Adviser have the right to require NMFC to register for public resale under the Securities Act of 1933, as amended (the "Securities Act of 1933"), all registerable securities that are held by any of them and that they request to be registered. Registerable securities subject to the Registration Rights Agreement are shares of NMFC's common stock issued or issuable in exchange for units and any other shares of NMFC's common stock held by AIV Holdings, the Investment Adviser and any of their transferees. The rights under the Registration Rights Agreement can be conditionally exercised by AIV Holdings or the Investment Adviser, meaning that prior to the effectiveness of the registration statement related to the shares, AIV Holdings or the Investment Adviser can withdraw their request to have the shares registered. AIV Holdings and the Investment Adviser may each assign their rights to any person that acquires registerable securities subject to the Registration Rights Agreement and who agrees to be bound by the terms of the Registration Rights Agreement. Steven B. Klinsky and a related entity will have the right to "piggyback", or include their own registerable securities in such a registration. During the three months ended March 31, 2013, shares held by AIV Holdings and Steven B. Klinsky were registered on a shelf registration statement on Form N-2.

AIV Holdings and the Investment Adviser may require NMFC to use its reasonable best efforts to register under the Securities Act of 1933 all or any portion of these registerable securities upon a "demand request". The demand registration rights are subject to certain limitations.

The Registration Rights Agreement includes limited blackout and suspension periods. In addition, AIV Holdings and the Investment Adviser may also require NMFC to file a shelf registration

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 5. Agreements (Continued)

statement on Form N-2 for the resale of their registerable securities if NMFC is eligible to use Form N-2 at that time.

Holders of registerable securities have "piggyback" registration rights, including AIV Holdings, which means that these holders may include their respective shares in any future registrations of NMFC's equity securities, whether or not that registration relates to a primary offering by NMFC or a secondary offering by or on behalf of any of NMFC's stockholders. AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) have priority over NMFC in any registration that is an underwritten offering.

AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) will be responsible for the expenses of any demand registration (including underwriters' discounts or commissions) and their pro-rata share of any "piggyback" registration. NMFC has agreed to indemnify AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) with respect to liabilities resulting from untrue statements or omissions in any registration statement filed pursuant to the Registration Rights Agreement, other than untrue statements or omissions resulting from information furnished to NMFC by such parties. AIV Holdings, the Investment Adviser and Steven B. Klinsky (and a related entity) have also agreed to indemnify NMFC with respect to liabilities resulting from untrue statements or omissions furnished by them to NMFC relating to them in any registration statement.

Note 6. Related Parties

The Companies have entered into a number of business relationships with affiliated or related parties. NMFC and AIV Holdings own all the outstanding units of the Operating Company. As of March 31, 2013, NMFC and AIV Holdings owned approximately 73.5% and 26.5%, respectively, of the units of the Operating Company.

The Operating Company has entered into the Investment Management Agreement with the Investment Adviser, a wholly-owned subsidiary of New Mountain Capital. Therefore, New Mountain Capital is entitled to any profits earned by the Investment Adviser, which includes any fees payable to the Investment Adviser under the terms of the Investment Management Agreement, less expenses incurred by the Investment Adviser in performing its services under the Investment Management Agreement.

The Companies have entered into an Administration Agreement, as amended and restated, with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges office space for the Companies and provides office equipment and administrative services necessary to conduct their respective day-to-day operations pursuant to the Administration Agreement, as amended and restated. The Operating Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Companies under the Administration Agreement, as amended and restated, including rent, the fees and expenses associated with performing administrative, finance and compliance functions,

Table of Contents

Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 6. Related Parties (Continued)

and the compensation of the Companies' chief financial officer and chief compliance officer and their respective staffs. Pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company, expenses payable to the Administrator by the Operating Company as well as other direct and indirect expenses (excluding interest, other credit facility expenses, trading expenses and management and incentive fees) have been capped at $3,500 for the time period from April 1, 2012 to March 31, 2013.

The Companies, the Investment Adviser and the Administrator have entered into a royalty-free Trademark License Agreement, as amended, with New Mountain Capital, L.L.C., pursuant to which New Mountain Capital, L.L.C. has agreed to grant the Companies, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

The Companies have adopted a formal code of ethics that governs the conduct of their respective officers and directors. These officers and directors also remain subject to the duties imposed by the 1940 Act, the Delaware General Corporation Law and the Delaware Limited Liability Company Act.

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with the Operating Company' investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for the Operating Company and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that the Operating Company should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the Securities and Exchange Commission and its staff, and consistent with the Investment Adviser's allocation procedures.

Concurrently with the IPO, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in the Concurrent Private Placement.

Note 7. Borrowing Facilities

Holdings Credit Facility The Loan and Security Agreement, as amended and restated, dated May 19, 2011 (the "Holdings Credit Facility") among the Operating Company as the Borrower and Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012. The Operating Company became a party to the Holdings Credit Facility upon the IPO of NMFC. The Holdings Credit Facility amends and restates the credit facility of the Predecessor Entities (the "Predecessor Credit Facility").

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 7. Borrowing Facilities (Continued)

The maximum amount of revolving borrowings available under the Holdings Credit Facility is $230,000, as amended on March 28, 2013. As of March 31, 2013, the Operating Company was permitted to borrow up to 45.0% or 25.0% of the purchase price of pledged first lien or non-first lien debt securities, and up to 70.0% and 45.0% of the purchase price of specified first lien debt securities and specified non-first lien debt securities, respectively, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is collateralized by all of the investments of the Operating Company on an investment by investment basis. All fees associated with the origination or upsizing of the Holdings Credit Facility are capitalized on the Operating Company's Consolidated Statement of Assets, Liabilities, and Members' Capital and charged against income as other credit facility expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. In addition, the Holdings Credit Facility requires the Operating Company to maintain a minimum asset coverage ratio. However, the covenants are generally not tied to mark to market fluctuations in the prices of the Operating Company's investments, but rather to the performance of the underlying portfolio companies.

The Holdings Credit Facility bears interest at a rate of the London Interbank Offered Rate ("LIBOR") plus 2.75% per annum, as amended on May 8, 2012, and charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

The following table summarizes the interest expense and non-usage fees incurred by the Operating Company on the Holdings Credit Facility for the three months ended March 31, 2013 and March 31, 2012.

	Three months ended	
	March 31, 2013	March 31, 2012
Interest expense	$ 1,469	$ 1,062
Non-usage fee	15	39
Weighted average interest rate	3.0%	3.3%
Average debt outstanding	$ 198,900	$ 128,956

As of March 31, 2013 and December 31, 2012, the outstanding balance on the Holdings Credit Facility was $215,163 and $206,938, respectively, and the Operating Company was not aware of any instances of non-compliance related to the Holdings Credit Facility on such dates.

SLF Credit Facility NMF SLF's Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") among NMF SLF as the Borrower, the Operating Company as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012. The

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 7. Borrowing Facilities (Continued)

maximum amount of revolving borrowings available under the SLF Credit Facility is $215,000, as amended on December 18, 2012. The loan is non-recourse to the Operating Company and secured by all assets owned by the borrower on an investment by investment basis. All fees associated with the origination or upsizing of the SLF Credit Facility are capitalized on the Consolidated Statement of Assets, Liabilities, and Members' Capital and charged against income as other credit facility expenses over the life of the SLF Credit Facility. The SLF Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. The covenants are generally not tied to mark to market fluctuations in the prices of our investments, but rather to the performance of the underlying portfolio companies. Due to an amendment to the SLF Credit Facility on October 27, 2011, NMF SLF is no longer restricted from the purchase or sale of loans with an affiliate. Therefore, specified loans can be moved as collateral between the Holdings Credit Facility and the SLF Credit Facility.

As of March 31, 2013, the SLF Credit Facility permits borrowings of up to 70.0% of the purchase price of pledged first lien debt securities and up to 25.0% of the purchase price of specified second lien loans, of which, up to 25.0% of the aggregate outstanding loan balance of all pledged debt securities in the SLF Credit Facility is allowed to be derived from second lien loans, subject to approval by Wells Fargo Bank, National Association, as amended on March 11, 2013. The amendment does not increase the amount of borrowings permitted under the SLF Credit Facility.

The SLF Credit Facility bears interest at a rate of LIBOR plus 2.00% per annum for first lien loans and 2.75% for second lien loans, as amended on March 11, 2013. A non-usage fee is paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

	Three months ended	
	March 31, 2013	March 31, 2012
Interest expense	$ 1,186	$ 1,091
Non-usage fee	1	4
Weighted average interest rate	2.2%	2.5%
Average debt outstanding	$ 214,330	$ 172,090

As of March 31, 2013 and December 31, 2012, the outstanding balance on the SLF Credit Facility was $215,000 and $214,262, respectively, and NMF SLF was not aware of any instances of non-compliance related to the SLF Credit Facility on such dates.

Leverage risk factors The Operating Company utilizes and may utilize leverage to the maximum extent permitted by the law for investment and other general business purposes. The Operating Company's lenders will have fixed dollar claims on certain assets that are superior to the claims of the Operating Company's unit holders, and therefore NMFC's common stockholders, and

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 7. Borrowing Facilities (Continued)

the Operating Company would expect such lenders to seek recovery against these assets in the event of a default. The use of leverage also magnifies the potential for gain or loss on amounts invested. Leverage may magnify interest rate risk (particularly on the Operating Company's fixed-rate investments), which is the risk that the prices of portfolio investments will fall or rise if market interest rates for those types of securities rise or fall. As a result, leverage may cause greater changes in the Operating Company's net asset value. Similarly, leverage may cause a sharper decline in the Operating Company's income than if the Operating Company had not borrowed. Such a decline could negatively affect the Operating Company's ability to make dividend payments to its unit holders. Leverage is generally considered a speculative investment technique. The Operating Company's ability to service any debt incurred will depend largely on financial performance and will be subject to prevailing economic conditions and competitive pressures.

Note 8. Regulation

NMFC and AIV Holdings have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as RICs under Subchapter M of the Code. In order to continue to qualify as RICs, among other things, NMFC and AIV Holdings are required to timely distribute to their stockholders at least 90.0% of investment company taxable income, as defined by the Code, for each year. NMFC and AIV Holdings, among other things, intend to make and continue to make the requisite distributions to their stockholders, which will generally relieve NMFC and AIV Holdings from U.S. federal, state, and local income taxes (excluding excise taxes which may be imposed under the Code). However, under certain circumstances, the distributions that the Operating Company makes to its members may not be sufficient for AIV Holdings to satisfy the annual distribution requirement necessary for AIV Holdings to continue to qualify as a RIC. In that case, it is expected that Guardian AIV would consent to be treated as if it received distributions from AIV Holdings sufficient to satisfy the annual distribution requirement. Guardian AIV would be required to include the consent dividend in its taxable income as dividend from AIV Holdings, which would result in phantom (i.e., non-cash) taxable income to Guardian AIV.

Additionally as BDCs, the Companies must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70.0% of its total assets are qualifying assets (with certain limited exceptions).

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 9. Commitments and Contingencies

In the normal course of business, the Companies may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Operating Company may also enter into future funding commitments such as revolving credit facilities, bridge financing commitments, or delayed draw commitments. As of March 31, 2013, the Operating Company had unfunded commitments on revolving credit facilities of $10,500 and no outstanding bridge financing commitments or other future funding commitments, all of which are disclosed on the Operating Company's Consolidated Schedule of Investments. As of December 31, 2012, the Operating Company had unfunded commitments on revolving credit facilities of $10,500, no outstanding bridge financing commitments or other future funding commitments, all of which are disclosed on the Operating Company's Consolidated Schedule of Investments.

The Operating Company also has revolving borrowings available under the Holdings Credit Facility and the SLF Credit Facility as of March 31, 2013. See Note 7, *Borrowing Facilities*, for details.

The Operating Company may from time to time enter into financing commitment letters. As of March 31, 2013 and December 31, 2012, the Operating Company did not enter into any commitment letters to purchase debt investments, which could require funding in the future.

Note 10. Stockholders' Equity

The table below illustrates the effect of certain transactions on the capital accounts of NMFC:

	Common Stock				Accumulated Undistributed		
	Shares	Par Amount	Paid in Capital in Excess of Par	Undistributed Net Investment Income	Net Realized Gains (Losses)	Net Unrealized Appreciation (Depreciation)	Total Stockholders' Equity
Balance at December 31, 2012	24,326,251	$ 243	$ 335,487	$	$ 952	$ 5,244	$ 341,926
Issuances of common stock	6,998,409	70	99,230				99,300
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.			(55)				(55)
Dividends declared				(7,218)	(1,063)		(8,281)
Net increase in stockholders' equity resulting from operations				7,218	686	7,612	15,516
Balance at March 31, 2013	31,324,660	$ 313	$ 434,662	$	$ 575	$ 12,856	$ 448,406

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 10. Stockholders' Equity (Continued)

The table below illustrates the effect of certain transactions on the capital accounts of AIV Holdings:

	Common Stock						
	Shares	Par Amount	Paid in Capital in Excess of Par	Undistributed Net Investment Income	Distributions In Excess of Net Realized (Losses) Gains	Net Unrealized (Depreciation) Appreciation	Total Stockholders' Equity
Balance at December 31, 2012	100	$ —(1)	$ 244,015	$ —	$ (6,676)	$ (9,326)	$ 228,013
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.			(20)				(20)
Dividends declared				(4,409)	(1,107)		(5,516)
Distribution to New Mountain Guardian AIV, L.P.			(73,708)		5,902		(67,806)
Net increase (decrease) in stockholders' equity resulting from operations				4,409	(5,544)	8,535	7,400
Balance at March 31, 2013	100	$ —(1)	$ 170,287	$ —	$ (7,425)	$ (791)	$ 162,071

(1) As of March 31, 2013 and December 31, 2012, the par amount of the total common stock was $1.

Note 11. Earnings Per Share

The following information sets forth the computation of basic and diluted net increase in NMFC's net assets per share resulting from operations for the three months ended March 31, 2013 and March 31, 2012:

	Three months ended March 31, 2013	Three months ended March 31, 2012
Numerator for basic earnings per share:	$ 15,516	$ 8,188
Denominator for basic weighted average share:	25,267,118	10,697,691
Basic earnings per share:	$ 0.61	$ 0.77
Numerator for diluted earnings per share(a):	$ 24,561	$ 23,667
Denominator for diluted weighted average share(b):	40,835,723	30,919,629

Diluted earnings per share:	$ 0.60	$ 0.77

(a) Includes the full income at the Operating Company for the period.

(b) Assumes AIV Holdings exchanges its units in the Operating Company for public shares of NMFC as of March 31, 2013 and March 31, 2012, respectively (see Note 1, *Formation and Business Purpose*).

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 12. Financial Highlights

The following information sets forth the financial highlights for the Operating Company for the respective three months ended March 31, 2013 and March 31, 2012.

	Three months ended	
	March 31, 2013	March 31, 2012
Total return based on net asset value(a)	4.26%	5.63%
Average net assets for the period	$ 579,794	$ 427,388
Ratio to average net assets(b):		
Net investment income	8.13%	9.33%
Total expenses (gross)	10.16%	9.09%
Total expenses (net of reimbursable expenses)	9.58%	8.57%
Net assets, end of period	$ 610,478	$ 434,274
Average debt outstanding Holdings Credit Facility	$ 198,900	$ 128,956
Average debt outstanding SLF Credit Facility	$ 214,330	$ 172,090
Weighted average common membership units outstanding	40,835,723	30,919,629
Asset coverage ratio	241.92%	232.84%
Portfolio turnover	8.18%	9.81%

(a) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(b) Ratio to average net assets has been annualized.

	Three months ended	
	March 31, 2013	March 31, 2012
Per unit data for the Operating Company(a):		
Net asset value, January 1, 2013 and January 1, 2012, respectively	$ 14.06	$ 13.60
Net investment income	0.28	0.32
Net realized and unrealized gains (losses)	0.31	0.45
Dividends from net investment income	(0.34)	(0.32)
Net increase in net assets resulting from operations	0.25	0.45
Net asset value, March 31, 2013 and March 31, 2012, respectively	$ 14.31	$ 14.05

(a) Per unit data is based on weighted average common membership units outstanding.

Table of Contents

**Combined Notes to the Consolidated Financial Statements of
New Mountain Finance Holdings, L.L.C.,
the Financial Statements of New Mountain Finance Corporation and the Financial Statements
of New Mountain Finance AIV Holdings Corporation (Continued)**

**March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)**

Note 12. Financial Highlights (Continued)

The following information sets forth the financial highlights for NMFC for the three months ended March 31, 2013 and March 31, 2012. The ratios to average net assets have been annualized.

	Three months ended	
	March 31, 2013	**March 31, 2012**
Per share data(a):		
Net asset value, January 1, 2013 and January 1, 2012, respectively	$ 14.06	$ 13.60
Net increase (decrease) in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.:		
Net investment income	0.28	0.32
Net realized and unrealized gains (losses)	0.31	0.45
Total net increase	0.59	0.77
Dividends declared	(0.34)	(0.32)
Net asset value, March 31, 2013 and March 31, 2012, respectively	$ 14.31	$ 14.05
Per share market value, March 31, 2013 and March 31, 2012, respectively	$ 14.62	$ 13.74
Total return based on market value(b)	0.40%	4.85%
Total return based on net asset value(c)	4.26%	5.63%
Shares outstanding at end of period	31,324,660	10,697,691
Average weighted shares outstanding for the period	25,267,118	10,697,691
Average net assets for the period	$ 358,939	$ 147,869
Ratio to average net assets(d):		
Total expenses allocated from New Mountain Finance Holdings, L.L.C.	9.58%	8.57%
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	8.13%	9.33%

(a) Per share data is based on the summation of the per share results of operations items over the outstanding shares for the period in which the respective line items were realized or earned.

(b) Total return is calculated assuming a purchase of common stock at the opening of the first day of the year and a sale on the closing of the last business day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under NMFC's dividend reinvestment plan.

Table of Contents

Combined Notes to the Consolidated Financial Statements of New Mountain Finance Holdings, L.L.C., the Financial Statements of New Mountain Finance Corporation and the Financial Statements of New Mountain Finance AIV Holdings Corporation (Continued)

March 31, 2013
(in thousands, except units/shares and per unit/share data)
(unaudited)

Note 12. Financial Highlights (Continued)

(c) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(d) Ratio to average net assets for the three months ended March 31, 2013 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned.

The following information sets forth the financial highlights for AIV Holdings for the three months ended March 31, 2013 and March 31, 2012. The ratios to average net assets have been annualized.

	Three months ended	
	March 31, 2013	**March 31, 2012**
Total return based on net asset value(a)	3.24%	5.63%
Average net assets for the period	$ 220,855	$ 279,519
Ratio to average net assets(b):		
Total expenses allocated from New Mountain Finance Holdings, L.L.C.	9.58%	8.57%
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	8.13%	9.33%

(a) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at net asset value on the last day of the respective quarter.

(b) Ratio to average net assets for the three months ended March 31, 2013 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned.

Note 13. Subsequent Events

On May 6, 2013, the Operating Company's board of directors, and subsequently NMFC's board of directors, declared a second quarter 2013 distribution of $0.34 per unit/share payable on June 28, 2013 to holders of record as of June 14, 2013. Subsequently, AIV Holdings' board of directors declared a dividend payable on June 28, 2013 to holders of record as of June 14, 2013 in an amount equal to $0.34 per unit multiplied by the total number of units owned by AIV Holdings of the Operating Company as of the record date.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Boards of Directors of
New Mountain Finance Holdings, L.L.C.,
New Mountain Finance Corporation and
New Mountain Finance AIV Holdings Corporation
New York, New York

We have reviewed the accompanying Consolidated Statement of Assets, Liabilities and Members' Capital of New Mountain Finance Holdings, L.L.C. as of March 31, 2013, including the Consolidated Schedule of Investments, and the related Consolidated Statements of Operations, Changes in Members' Capital, and Cash Flows for the three months ended March 31, 2013 and 2012. Also, we have reviewed the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of March 31, 2013, and the related Statements of Operations, Changes in Net Assets and Cash Flows for the three month periods ended March 31, 2013 and 2012. These interim financial statements are the responsibility of the management of New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Statement of Assets, Liabilities and Members' Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedule of Investments as of December 31, 2012 and the related Consolidated Statements of Operations, Changes in Members' Capital, and Cash Flows for the year then ended (not presented herein), and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012, the related Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended (not presented herein); and in our reports dated March 6, 2013, we expressed unqualified opinions on those financial statements. In our opinion, the information set forth in the accompanying Consolidated Statement of Assets, Liabilities and Members' Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedule of Investments, and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012 is fairly stated, in all material respects, in relation to the Consolidated Statement of Assets, Liabilities, and Members' Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedules of Investments, and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation from which they have been derived.

DELOITTE & TOUCHE LLP

New York, New York
May 6, 2013

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Boards of Directors and Investors of
New Mountain Finance Holdings, L.L.C.,
New Mountain Finance Corporation and
New Mountain Finance AIV Holdings Corporation
New York, New York

We have audited the accompanying consolidated statement of assets, liabilities and members' capital of New Mountain Finance Holdings, L.L.C., including the consolidated schedule of investments as of December 31, 2012 and 2011, and the related consolidated statements of operations, consolidated statements of changes in members' capital, and cash flows for the three years in the period ended December 31, 2012 and the financial highlights for the period from October 29, 2008 (commencement of operations) to December 31, 2008 and each of the four years in the period ended December 31, 2012. Also, we have audited the statements of assets and liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012 and 2011, and the related statements of operations, changes in net assets, cash flows and the financial highlights for the period from May 19, 2011(commencement of operations) to December 31, 2011 and for the year ended December 31, 2012. These financial statements are the responsibility of the management of New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of investments as of December 31, 2012 and 2011, by correspondence with the custodian, loan agent or borrower; where replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the consolidated financial position of New Mountain Finance Holdings, L.L.C. as of December 31, 2012 and 2011, and the consolidated results of its operations, its consolidated changes in members' capital, and its consolidated cash flows for each of the three years in the period ended December 31, 2012 and the financial highlights for the period from October 29, 2008 (commencement of operations) to December 31, 2008 and each of the four years in the period ended December 31,2012; and the financial positions of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012 and 2011 and the results of their operations, changes in their net assets, their cash flows, and the financial highlights for the period from May 19, 2011(commencement of operations) to December 31, 2011 and for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Table of Contents

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), New Mountain Finance Corporation's internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2013 expressed an unqualified opinion on New Mountain Finance Corporation's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
New York, New York
March 6, 2013

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Assets, Liabilities and Members' Capital

	December 31, 2012	December 31, 2011
Assets		
Investments at fair value (cost of $976,243,063 and $699,864,784, respectively)	$ 989,819,613	$ 703,513,560
Cash and cash equivalents	12,752,075	15,318,811
Receivable from unsettled securities sold	9,962,209	
Interest and dividend receivable	6,340,146	7,307,092
Deferred credit facility costs (net of accumulated amortization of $2,015,763 and $855,955, respectively)	5,490,266	3,713,739
Receivable from affiliate	533,407	369,017
Other assets	665,872	356,486
Total assets	$ 1,025,563,588	$ 730,578,705
Liabilities		
SLF Credit Facility	214,262,314	165,928,000
Holdings Credit Facility	206,938,049	129,037,813
Dividends payable	11,192,205	
Payable for unsettled securities purchased	9,700,000	7,604,931
Incentive fee payable	7,796,928	2,317,328
Management fee payable	3,221,547	2,200,354
Interest payable	712,093	1,747,095
Other liabilities	1,801,889	1,241,366
Total liabilities	455,625,025	310,076,887
Members' Capital	569,938,563	420,501,818
Total liabilities and members' capital	$ 1,025,563,588	$ 730,578,705
Outstanding common membership units	40,548,189	30,919,629
Capital per unit	$ 14.06	$ 13.60

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Operations

	Year ended December 31,		
	2012	**2011**	**2010**
Investment income			
Interest income	$ 83,645,911	$ 55,809,453	$ 40,485,158
Dividend income	811,800		
Other income	1,328,300	713,991	889,619
Total investment income	85,786,011	56,523,444	41,374,777
Expenses			
Incentive fee	15,943,910	3,522,330	
Management fee	11,109,053	4,938,004	70,999
Interest and other credit facility expenses	10,084,639	7,086,019	2,948,460
Administrative expenses (net of reimbursable expenses of $1,389,953, $870,032 and $0, respectively)	1,036,020	744,959	401,133
Professional fees (net of reimbursable expenses of $1,069,904, $1,315,733 and $0, respectively)	1,021,194	721,578	327,331
Other general and administrative expenses	1,373,715	985,283	162,593
Total expenses	40,568,531	17,998,173	3,910,516
Net investment income	45,217,480	38,525,271	37,464,261
Net realized gains on investments	18,851,239	16,252,062	66,287,267