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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarter Ended September 30, 2011

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 814-00832

NEW MOUNTAIN FINANCE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**27-2978010** (I.R.S. Employer Identification No.)
787 Seventh Avenue **48th Floor** **New York, N.Y.** (Address of principal executive offices)	**10019** (Zip Code)

(212) 730-0300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

The number of shares of the registrant's Common Stock, $0.01 par value outstanding as of November 14, 2011 was 10,697,691.

NEW MOUNTAIN FINANCE CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

New Mountain Finance Corporation

Statement of Assets and Liabilities
September 30, 2011
(unaudited)

Assets		
Investment in New Mountain Finance Holdings, L.L.C., at fair value (cost of $144,355,856)	$	142,518,067
Total assets	$	142,518,067
Net assets		
Common stock, par value $0.01 per share 10,697,691 shares issued and outstanding		106,977
Paid in capital in excess of par		144,248,879
Net unrealized (depreciation) appreciation		(1,837,789)
Total net assets	$	142,518,067
Number of shares outstanding		10,697,691
Net asset value per share	$	13.32

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

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New Mountain Finance Corporation

Statement of Operations
(unaudited)

		Three months ended September 30, 2011		From May 19, 2011 (commencement of operations) to September 30, 2011
Net investment income allocated from New Mountain Finance Holdings, L.L.C.				
Interest income	$	5,141,579	$	7,565,172
Other income		71,906		177,827
Total expenses		(1,753,053)		(2,698,438)
Net investment income allocated from New Mountain Finance Holdings, L.L.C.		3,460,432		5,044,561
Realized and unrealized gain (loss) allocated from New Mountain Finance Holdings, L.L.C.				
Realized gains on investments		485,301		346,214
Net change in unrealized (depreciation) appreciation of investments		(7,839,038)		(7,458,377)
Realized and unrealized gain (loss) allocated from New Mountain Finance Holdings, L.L.C.		(7,353,737)		(7,112,163)

Total net decrease in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.	(3,893,305)	(2,067,602)
Unrealized appreciation (depreciation) in New Mountain Finance Holdings, L.L.C. resulting from public offering price	—	6,220,520
Net (decrease) increase in net assets resulting from operations	$ (3,893,305)	$ 4,152,918
Basic earnings (loss) per share	$ (0.36)	$ 0.39
Weighted average shares of common stock outstanding - basic (See Note 8)	10,697,691	10,697,691
Diluted earnings (loss) per share	$ (0.36)	$ (0.19)
Weighted average shares of common stock outstanding - diluted (See Note 8)	30,919,629	30,919,629

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

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New Mountain Finance Corporation

Statement of Changes in Net Assets
from May 19, 2011 (commencement of operations) to September 30, 2011
(unaudited)

Increase (decrease) in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.:	
Net investment income	$ 5,044,561
Realized gains on investments	346,214
Net change in unrealized (depreciation) appreciation of investments	(7,458,377)
Total net decrease in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.	(2,067,602)
Unrealized appreciation (depreciation) in New Mountain Finance Holdings, L.L.C. resulting from public offering price	6,220,520
Total net increase in net assets resulting from operations	4,152,918
Capital transactions	
Proceeds from shares sold	129,864,996
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(3,998,597)
Contributions from exchanged shares	18,489,457
Dividends paid	(5,990,707)
Total net increase in net assets resulting from capital transactions	138,365,149
Net increase in net assets	142,518,067
Net assets at beginning of period	—
Net assets at end of period	$ 142,518,067

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

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New Mountain Finance Corporation

Statement of Cash Flows
from May 19, 2011 (commencement of operations) to September 30, 2011
(unaudited)

Cash flows from operating activities:	
Net increase in net assets resulting from operations	$ 4,152,918
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash used in operating activities:	
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	(5,044,561)
Total realized and unrealized loss (gain) allocated from New Mountain Finance Holdings, L.L.C.	7,112,163
Unrealized (appreciation) depreciation in New Mountain Finance Holdings, L.L.C. resulting from public offering price	(6,220,520)
(Increase) decrease in operating assets:	
Purchase of investment	(129,864,996)
Distributions from New Mountain Finance Holdings, L.L.C.	5,990,707
Net cash flows used in operating activities	(123,874,289)
Cash flows from financing activities:	
Proceeds from shares sold	129,864,996
Dividends paid	(5,990,707)
Net cash flows provided by financing activities	123,874,289
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 Guardian Partners, L.P. exchange of Operating Company units for shares	$ 18,489,457

Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	$	(3,998,597)

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

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New Mountain Finance Corporation

Notes to the Financial Statements
As of September 30, 2011 and for the period from May 19, 2011 (commencement of operations) to September 30, 2011
(unaudited)

1. Formation and Business Purpose

New Mountain Finance Corporation ("New Mountain Finance", the "Company", "we", "us", or "our") is a Delaware corporation that was originally incorporated on June 29, 2010. New Mountain Finance is a closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, the Company is obligated to comply with certain regulatory requirements. New Mountain Finance intends to be treated, and intends to comply with the requirements to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code") commencing with its taxable year ending December 31, 2011.

On May 19, 2011, New Mountain Finance 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, the Company 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 (defined as New Mountain Capital Group, L.L.C. and its affiliates) in a separate private placement. New Mountain Finance entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of New Mountain Finance Holdings, L.L.C. (the "Operating Company"), pursuant to which New Mountain Finance was admitted as a member of the Operating Company and 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 New Mountain Finance's common stock sold in the IPO and the concurrent private placement).

New Mountain Finance 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. The Operating Company is externally managed and has elected to be treated as a business development company 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, 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". In connection with New Mountain Finance'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.

This structure was designed to generally prevent New Mountain Finance from being allocated taxable income in respect of unrecognized gains in the Predecessor Entities' assets, with the result that any distributions made to New Mountain Finance's stockholders that are attributable to such gains generally will not be treated as taxable dividends.

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, New Mountain Finance AIV Holdings Corporation ("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 New Mountain Finance's common stock on a one-for-one basis. At September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, respectively, of the units of the Operating Company.

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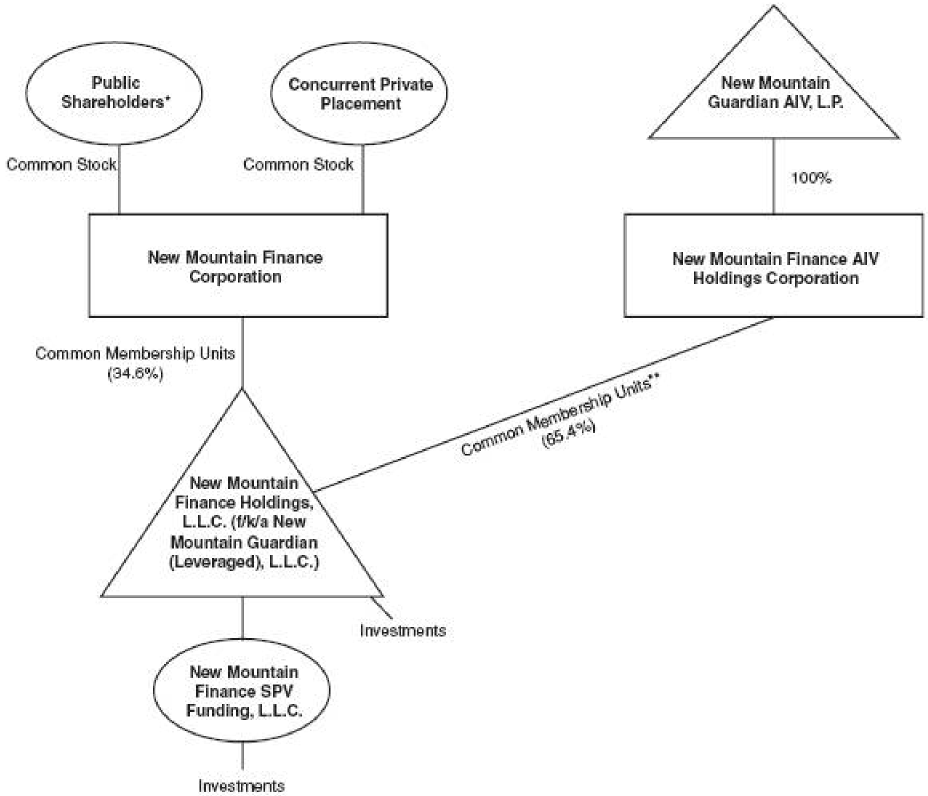
The diagram below depicts our current organizational structure.



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

** These common membership units are exchangeable into shares of New Mountain Finance common stock on a one-for-one basis.

The Company's investment objective is to generate current income and capital appreciation through the Operating Company by 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) opportunities for niche market dominance.

2. Summary of Significant Accounting Policies

Basis of accounting — The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company does not consolidate the Operating Company. New Mountain Finance applies investment company master-feeder financial statement preparation, as described in Accounting Standards Codification 946, *Financial Services — Investment Companies,* ("ASC 946") to its interest in the Operating Company (or the "Master Fund"). New Mountain Finance 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 New Mountain Finance with a clearer depiction of its investment in the Master Fund. The Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing and should be read in conjunction with that of New Mountain Finance.

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, they 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 period ending December 31, 2011.

Investments — New Mountain Finance is a holding company with no direct operations of its own, and its sole asset is its ownership in the Operating Company. New Mountain Finance's investment in the Operating Company is carried at fair value and represents the pro-rata interest in the net assets of the Operating Company as of the applicable reporting date. New Mountain Finance values its ownership interest on a quarterly basis, or more frequently if required under the 1940 Act. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

Cash and cash equivalents — Cash and cash equivalents include cash and short-term, highly liquid investments with original maturities of three months or less.

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 New Mountain Finance based on its pro-rata interest in the net assets of the Operating Company. This is recorded on New Mountain Finance's Statement of Operations. New Mountain Finance 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, New Mountain Finance experienced immediate unrealized appreciation on its investment in the Operating Company equal to the difference between the cost of $13.75 per unit and the actual net asset value per unit. This unrealized appreciation is shown separately on the Statement of Operations of New Mountain Finance. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

All expenses, including those of New Mountain Finance, are paid and recorded by the Operating Company, and allocated to New Mountain Finance based on pro-rata ownership interest. In addition, the Operating Company paid all of the offering costs related to the IPO. New Mountain Finance 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.

Income taxes — New Mountain Finance intends to elect to be treated, and intends to comply with the requirements to qualify annually, as a RIC under subchapter M of the Code commencing with its taxable year ending on December 31, 2011. As a RIC, the Company will not be 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 qualify as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing at least 90.0% of its investment company taxable income and net capital gains, 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.

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

The Company has 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 its analysis, the Company has determined that the adoption of ASC 740 did not have a material impact to the Company's financial statements.

Dividends — Distributions to common stockholders are recorded on the record date as set by the Company's board of directors. New Mountain Finance and the Operating Company 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 New Mountain Finance and the number of shares of New Mountain Finance's common stock outstanding. In addition, in order for New Mountain Finance to pay a dividend or other distribution to holders of its 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 New Mountain Finance and AIV Holdings to pay quarterly distributions to its stockholders and to obtain and maintain its status as a RIC. New Mountain

Finance intends to distribute approximately all of its portion of the Operating Company's adjusted net investment income on a quarterly basis and substantially all of its portion of the Operating Company's taxable income on an annual basis, except that it may retain certain net capital gains for reinvestment in units of the Operating Company. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

New Mountain Finance 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 New Mountain Finance's common stock will be automatically reinvested by New Mountain Finance into additional units of the Operating Company.

New Mountain Finance 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, New Mountain Finance 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 New Mountain Finance'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 New Mountain Finance uses newly issued shares to implement the plan, New Mountain Finance 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 New Mountain Finance'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, New Mountain Finance 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 New Mountain Finance'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 New Mountain Finance's stockholders have been tabulated.

Use of estimates — The preparation of the 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 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.

3. Agreements

On May 19, 2011, New Mountain Finance entered into a joinder agreement with respect to the Amended and Restated Limited Liability Company Agreement, as amended, of the Operating Company pursuant to which New Mountain Finance 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 New Mountain Finance.

The Operating Company entered into an Investment Management Agreement with New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser"). Under the Investment Management Agreement, the Investment Adviser 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. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

New Mountain Finance, AIV Holdings and the Operating Company have entered into an Administration Agreement, as amended and restated, with New Mountain Finance Administration, L.L.C. (the "Administrator") under which the Administrator provides administrative services. The Administrator oversees New Mountain Finance's, AIV Holdings' and the Operating Company's financial records, prepares reports filed with the Securities and Exchange Commission, generally monitors the payment of New Mountain Finance's, AIV Holdings' and the Operating Company's expenses, and watches the performance of administrative and professional services rendered by others. The Operating Company will reimburse the Administrator for New Mountain Finance's, AIV Holdings' and the Operating Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to New Mountain Finance, AIV Holdings and the Operating Company under the Administration Agreement, as amended and restated. During the first year of operations, the Operating Company has capped its direct and indirect expenses under the Administration Agreement, as amended and restated, at $3.0 million.

New Mountain Finance, the Operating Company, AIV Holdings, 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 New Mountain Finance, the Operating Company, AIV Holdings, 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, New Mountain Finance, the Operating Company, AIV Holdings, the Investment Adviser and the Administrator, will have a right to use the New Mountain and the 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, New Mountain Finance, the Operating Company, AIV Holdings, the Investment Adviser and the Administrator, will have no legal right to the New Mountain and the New Mountain Finance names.

4. Regulation

New Mountain Finance intends to elect to be treated, and intends to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code. In order to qualify as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90.0% of investment company taxable income, as defined by the Code, for each year. The Company, among other things, intends to make and continue to make the requisite distributions to its stockholders, which will generally relieve the Company from United States ("U.S.") federal, state, and local income taxes (excluding excise taxes which may be imposed under the Code).

Additionally, as a business development company, both New Mountain Finance and the Operating Company 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).

5. Related Parties

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

- Together, New Mountain Finance and AIV Holdings own all the outstanding units of the Operating Company. As of September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, 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. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.
- New Mountain Finance, AIV Holdings and the Operating Company have entered into an Administration Agreement, as amended and restated, with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Operating Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Operating Company, New Mountain Finance and AIV Holdings under the Administration Agreement, as amended and restated. During the first year of operations, the Operating Company has capped its direct and indirect expenses under the Administration Agreement, as amended and restated, at $3.0 million. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.
- New Mountain Finance 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.
- New Mountain Finance, the Operating Company, AIV Holdings, 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 New Mountain Finance, the Operating Company, AIV Holdings, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

Concurrently with the IPO, New Mountain Finance 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 separate private placement.

6. Commitments and Contingencies

In the normal course of business, the Company may enter into contracts that contain a variety of representations and warranties and which may provide general indemnifications.

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7. Stockholders' Equity

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

	Common Stock		Paid in Capital in Excess of Par	Dividends Paid	Net Unrealized Appreciation	Total Stockholders' Equity
	Shares	Par Amount				
Balance at December 31, 2010	—	$ —	$ —	$	$ —	$ —
Issuances of common stock in the IPO (1)	7,272,727	72,727	99,927,269	—	—	99,999,996
Issuances of common stock in private placement (2)	2,172,000	21,720	29,843,280	—	—	29,865,000
Issuances of common stock to New Mountain Guardian Partners, L.P. (3)	1,252,964	12,530	18,476,927	—	—	18,489,457
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	—	—	(3,998,597)	—	—	(3,998,597)
Dividends paid	—	—	—	(5,990,707)	—	(5,990,707)
Net increase in stockholders' equity resulting from operations	—	—	—	—	4,152,918	4,152,918
Balance at September 30, 2011	10,697,691	$ 106,977	$ 144,248,879	$ (5,990,707)	$ 4,152,918	$ 142,518,067

(1) On May 19, 2011, New Mountain Finance priced its IPO of 7,272,727 shares of common stock at a public offering price of $13.75 per share.
(2) Concurrently with the closing of the IPO and at the public offering price of $13.75 per share, the Company 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 separate private placement.
(3) On May 19, 2011, New Mountain Finance issued 1,252,964 shares of common stock to New Mountain Guardian Partners, L.P. for their respective ownership interest in the Predecessor Entities.

8. Earnings Per Share

The following information sets forth the computation of basic and diluted net increase in stockholders' equity per share resulting from operations for the period May 19, 2011 to September 30, 2011:

	Three months ended September 30, 2011	May 19, 2011 (commencement of operations) to September 30, 2011

Numerator for basic earnings (loss) per share:	$	(3,893,305)	$	4,152,918
Denominator for basic weighted average share:		10,697,691		10,697,691
Basic earnings (loss) per share:	$	(0.36)	$	0.39
Numerator for diluted earnings (loss) per share (a):	$	(11,252,850)	$	(5,975,999)
Denominator for diluted weighted average share (b):		30,919,629		30,919,629
Diluted earnings (loss) per share:	$	(0.36)	$	(0.19)

(a) Includes full income at the Operating Company for the period. Does not include unrealized appreciation in the Operating Company resulting from the IPO.
(b) Assumes AIV Holdings exchanges its units in the Operating Company for public shares of New Mountain Finance on May 19, 2011 (see Note 1*Formation and Business Purpose*)

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9. Financial Highlights

The following information sets forth the financial highlights for the period May 19, 2011 to September 30, 2011. The ratios to average net assets have been annualized.

		Period Ended September 30, 2011
Per share data:		
Net asset value, beginning of period	$	13.50
Net increase (decrease) in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.:		
Net investment income		0.47
Net realized and unrealized gain (loss)		(0.67)
Total net decrease		(0.20)
Unrealized appreciation in New Mountain Finance Holdings, L.L.C. resulting from public offering price		0.58
Dividends paid		(0.56)
Net asset value, end of period	$	13.32
Total Return (a)		(1.70)%
Average net assets for the period	$	148,525,653
Ratio to average net assets:		
Total expenses allocated from New Mountain Finance Holdings, L.L.C.		4.91%
Net investment income allocated from New Mountain Finance Holdings, L.L.C.		9.18%

(a) Total Return is based on the change in market price per share and takes into account dividends paid.

10. Recent Accounting Standards Updates

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04,*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"), which provides clarification about how to measure fair value and improves comparability of fair value measurements presented and disclosed in accordance with GAAP and International Financial Reporting Standards. The amendments included in ASU 2011-04 clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements outlined in ASC 820, as well as includes some instances of changes to particular principles or requirements. ASU 2011-04 clarifies that (i) the concept of the highest and best use valuation premise applies only to nonfinancial assets, (ii) instruments classified in shareholders' equity should be valued from the perspective of a market participant that holds that instrument as an asset, (iii) quantitative information should be disclosed about unobservable inputs used in a fair value measurement that is categorized within Level III of the fair value hierarchy. ASU 2011-04 changes the guidance in (i) permitting an exception to ASC 820 by allowing an entity to measure the fair value of a group of financial assets and financial liabilities exposed to market and credit risks to be consistent with the entity's net risk exposures, instead of gross risk, (ii) applying premiums and discounts in a fair value measurement lacking a Level I inputs to be consistent with the ASC 820 requirements of fair value measurement but that applying premiums and discounts in a fair value measurement related to size as a characteristic of the holding rather than as a characteristic of the asset or liability is not permitted, and (iii) requiring additional disclosures about fair value measurements categorized within Level III of the fair value hierarchy, including the valuation processes used and the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. ASU 2011-04 is effective for the interim and annual periods beginning after December 15, 2011. The Company is currently assessing the impact that adoption of ASU 2011-04 will have on the financial statements.

11. Subsequent Events

On November 8, 2011, the Company entered into an Administration Agreement, as amended and restated, by and among the Operating Company, New Mountain Finance, AIV Holdings and the Administrator, which added AIV Holdings as a party to, and clarified certain cost and expense allocation provisions in, the Administration Agreement, as amended and restated, as discussed in Note 3, *Agreements*.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
New Mountain Finance Corporation
New York, New York

We have reviewed the accompanying statement of assets and liabilities of New Mountain Finance Corporation (the "Company") as of September 30, 2011, and the related statements of operations for the three month period ended September 30, 2011 and for the period from May 19, 2011(commencement of operations) to September 30, 2011 and the statements of changes in net assets and cash flows from May 19, 2011 (commencement of operations) to September 30, 2011. These interim financial statements are the responsibility of the Company's management.

We conducted our review 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 review, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

New York, New York
November 14, 2011

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto contained elsewhere in the report. See "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Forward-Looking Statements

The information contained in this section should be read in conjunction with the financial data and financial statements and notes thereto appearing elsewhere in this quarterly report. In addition, some of the statements in this report (including in the following discussion) constitute forward-looking statements, which relate to future events or the future performance or financial condition of New Mountain Finance Corporation ("New Mountain Finance", the "Company", "we", "us", or "our"). The forward-looking statements contained in this report involve a number of risks and uncertainties, including:

- statements concerning the impact of a protracted decline in the liquidity of credit markets;
- the general economy, including interest and inflation rates, and its impact on the industries in which New Mountain Finance Holdings, L.L.C. (the "Operating Company") invests;
- the ability of the Operating Company's portfolio companies to achieve their objectives;
- the Operating Company's ability to make investments consistent with its investment objectives, including with respect to the size, nature and terms of our investments;
- the ability of New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") or its affiliates to attract and retain highly talented professionals;
- actual and potential conflicts of interest with the Investment Adviser and other affiliates of New Mountain Capital Group, L.L.C.;
- the impact of New Mountain Finance's ownership of a minority of the outstanding common membership units of the Operating Company, New Mountain Finance's only asset; and
- other factors, including those discussed in our Registration Statement on Form N-2, filed with the Securities and Exchange Commission on May 16, 2011.

We use words such as "anticipates", "believes", "expects", "intends", "will", "should", "may" and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" section in our Registration Statement on Form N-2, filed with the Securities and Exchange Commission on May 16, 2011.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

New Mountain Finance is a Delaware corporation that was originally incorporated on June 29, 2010. New Mountain Finance is a closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, we are obligated to comply with certain regulatory requirements. We intend to be treated, and intend to comply with the requirements to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code") commencing with our taxable year ending December 31, 2011.

On May 19, 2011, we priced our 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, we sold an additional 2,172,000 shares of our common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital (defined as New Mountain Capital Group, L.L.C. and its affiliates) in a separate private placement. New Mountain Finance entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company pursuant to which New Mountain Finance was admitted as a member of the Operating Company and 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 New Mountain Finance's common stock sold in the IPO and the concurrent private placement).

We are a holding company with no direct operations of our own, and our only business and sole asset is our ownership of units of the Operating Company. The Operating Company is externally managed and has elected to be treated as a business development company 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, 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". In connection with the 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.

This structure was designed to generally prevent New Mountain Finance from being allocated taxable income in respect of unrecognized gains in the Predecessor Entities' assets, with the result that any distributions made to New Mountain Finance's stockholders that are attributable to such gains generally will not be treated as taxable dividends.

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, New Mountain Finance AIV Holdings Corporation ("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 New Mountain Finance's common stock on a one-for-one basis. At September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, respectively, of the units of the Operating Company.

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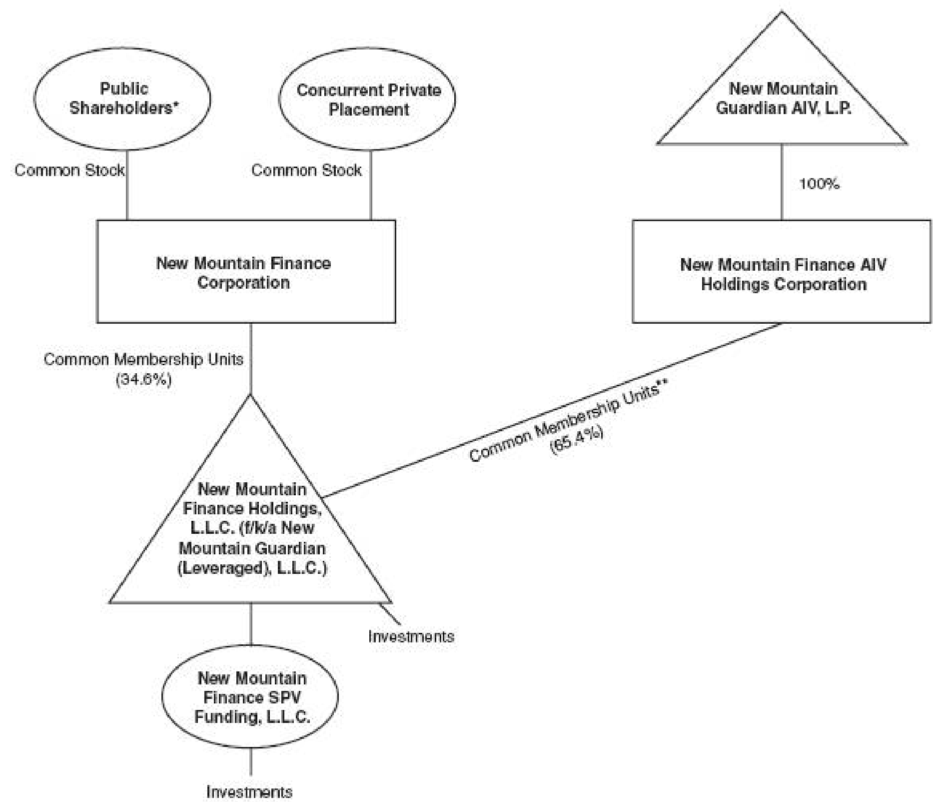
The diagram below depicts our current organizational structure.



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

** These common membership units are exchangeable into shares of New Mountain Finance common stock on a one-for-one basis.

New Mountain Finance's investment objective is to generate current income and capital appreciation through the Operating Company by 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) opportunities for niche market dominance.

As of September 30, 2011, the Operating Company's net asset value was $411.9 million and its portfolio had a fair value of approximately $604.3 million in 50 portfolio companies, with a weighted average Unadjusted and Adjusted Yield to Maturity of approximately 10.9% and 14.0%, respectively. "Adjusted Yield to Maturity" assumes that the investments in the Operating Company's portfolio are purchased at fair value on September 30, 2011 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 New Mountain Finance SPV Funding, L.L.C ("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 actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in the portfolio or other factors. References to "Unadjusted Yield to Maturity" have the same assumptions as Adjusted Yield to Maturity except that NMF SLF is not treated as a fully levered asset of the Operating Company, but rather the assets themselves are consolidated into the Operating Company.

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Recent Developments

On November 8, 2011, New Mountain Finance entered into Amendment No. 1 to the Trademark License Agreement, as amended, by and among New Mountain Capital, L.L.C., the Operating Company, New Mountain Finance, AIV Holdings, the Investment Adviser and the Administrator, which amended the preamble, added "New Mountain Finance" to the definition of "Licensed Mark" and Canada and the European Union to the definition of "Territory", as such terms are used in the Trademark License Agreement, as amended, added a definition of "Licensed Services", and added AIV Holdings, the Investment Adviser and the Administrator as parties to the Trademark License Agreement, as amended.

On November 8, 2011, New Mountain Finance entered into an Administration Agreement, as amended and restated, by and among the Operating Company, New Mountain Finance, AIV Holdings and the Administrator, which added AIV Holdings as a party to, and clarified certain cost and expense allocation provisions in, the Administration Agreement, as amended and restated.

On November 8, 2011, New Mountain Finance entered into Amendment No. 1 to the Limited Liability Company Agreement, as amended and restated, of the Operating Company, which clarified certain cost and expense allocation provisions in such agreement.

Dividend

On November 8, 2011, the Operating Company's board of directors, and subsequently New Mountain Finance's board of directors, declared a fourth quarter 2011 distribution of $0.30 per unit/share payable on December 30, 2011 to holders of record as of December 15, 2011.

Since New Mountain Finance is a holding company, all distributions on our common stock will be paid from distributions received from the Operating Company. The Operating Company intends to make distributions to its members that will be sufficient to enable us to pay quarterly distributions to our stockholders and to obtain and maintain our status as a RIC. The distribution per unit from the Operating Company will equal the dividend per share of New Mountain Finance. New Mountain Finance intends to distribute approximately all of our portion of the Operating Company's adjusted net investment income on a quarterly basis and substantially all of our portion of the Operating Company's taxable income on an annual basis, except that it may retain certain net capital gains for reinvestment. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

Critical Accounting Policies

Basis of Accounting

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 do not consolidate the Operating Company. New Mountain Finance applies investment company master-feeder financial statement preparation, as described in Accounting Standards Codification 946, *Financial Services — Investment Companies,* ("ASC 946") to our interest in the Operating Company (or the "Master Fund"). New Mountain Finance believes 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 New Mountain Finance with a clearer depiction of our investment in the Master Fund. The Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing and should be read in conjunction with that of New Mountain Finance.

Valuation of Portfolio Investments

The Operating Company conducts the valuation of its assets, pursuant to which its net asset value and consequently New Mountain Finance's net asset value is determined, at all times consistent with GAAP and the 1940 Act.

New Mountain Finance is a holding company with no direct operations of our own, and our sole asset is our ownership in the Operating Company. New Mountain Finance's investment in the Operating Company is carried at fair value and represents the pro-rata interest in the net assets of the Operating Company as of the applicable reporting date. The Operating Company values our ownership interest on a quarterly basis, or more frequently if required under the 1940 Act. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

Revenue Recognition

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 New Mountain Finance based on our pro-rata interest in the net assets of the Operating Company. This is recorded on New Mountain Finance's Statement of Operations. New Mountain Finance used the proceeds from the 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, we experienced immediate unrealized appreciation on our investment in the Operating Company equal to the difference between the cost of $13.75 per unit and the actual net asset value per unit. This unrealized appreciation is shown separately on the Statement of Operations of New Mountain Finance. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

All expenses, including those of New Mountain Finance, are paid and recorded by the Operating Company, and allocated to New Mountain Finance based on pro-rata ownership interest.

Results of Operations

As a result of the Master Fund-Feeder fund structure, New Mountain Finance's results of operations are a function of our pro-rata ownership interest in the Operating Company. Additionally, New Mountain Finance commenced operations on May 19, 2011 and therefore has no comparative periods of results of operations. See the Operating Company's Management Discussion and Analysis of Financial Condition and Results of Operations included in this filing for further details.

Liquidity and Capital Resources

On May 19, 2011, New Mountain Finance priced our 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, we sold an additional 2,172,000 shares of our common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in a separate private placement. New Mountain Finance used the gross proceeds from the IPO and concurrent private placement to acquire units in the Operating Company.

New Mountain Finance's liquidity is generally expected to be generated through periodic follow-on equity offerings. The primary use of any funds raised in the future is expected to be for investments in the Operating Company and cash distributions to our stockholders or for other general corporate purposes.

At September 30, 2011, we had no cash and cash equivalents. Cash used in operating activities from May 19, 2011 (commencement of operations) to September 30, 2011 was approximately $(123.9) million.

The Operating Company's liquidity is generated and generally available through advances from its revolving credit facilities, from cash flows from operations, investment sales of liquid assets, repayments of senior and subordinated loans, income earned on investments and cash equivalents, and, we expect, through periodic follow-on equity offerings of New Mountain Finance.

Distributions and Dividends

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 our board of directors, since our IPO:

Date Declared	Record Date	Payment Date	Amount	
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			$	0.86

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

Since New Mountain Finance is a holding company, all distributions on our common stock will be paid from distributions received from the Operating Company. The Operating Company intends to make distributions to its members that will be sufficient to enable

New Mountain Finance to pay quarterly distributions to our stockholders and to obtain and maintain our status as a RIC. The distribution per unit from the Operating Company will equal the dividend per share of New Mountain Finance. New Mountain Finance intends to distribute approximately our entire portion of the Operating Company's adjusted net investment income on a quarterly basis and substantially our entire portion of the Operating Company's taxable income on an annual basis, except that it may retain certain net capital gains for reinvestment. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.

New Mountain Finance maintains an "opt out" dividend reinvestment plan for our common stockholders. As a result, if New Mountain Finance declares a dividend, then New Mountain Finance stockholders' cash dividends will be automatically reinvested in additional shares of the New Mountain Finance'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 New Mountain Finance's common stock will be automatically reinvested by New Mountain Finance in the Operating Company in exchange for additional units of the Operating Company.

Related Parties

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

- Together, New Mountain Finance and AIV Holdings own all the outstanding units of the Operating Company. As of September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, 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. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.
- New Mountain Finance, AIV Holdings and the Operating Company have entered into an Administration Agreement, as amended and restated, with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Operating Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Operating Company, New Mountain Finance and AIV Holdings under the Administration Agreement, as amended and restated. During the first year of operations, the Operating Company has capped its direct and indirect expenses under the Administration Agreement, as amended and restated, at $3.0 million. See the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing for further details.
- New Mountain Finance 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.
- New Mountain Finance, the Operating Company, AIV Holdings, 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 New Mountain Finance, the Operating Company, AIV Holdings, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

Concurrently with the IPO, New Mountain Finance 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 separate private placement.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

See the Quantitative and Qualitative Disclosure about Market Risk in the Operating Company's Form 10-Q for the quarter ended September 30, 2011 included in this filing.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of September 30, 2011 (the end of the period covered by this report), we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Act of 1934, as amended). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic Securities and Exchange Commission filings is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief

Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

(b) Changes in Internal Controls Over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during the third quarter of 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

This quarterly report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

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APPENDIX A

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarter Ended September 30, 2011

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 814-00839

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**26-3633318** (I.R.S. Employer Identification No.)
787 Seventh Avenue **48th Floor** **New York, N.Y.** (Address of principal executive offices)	**10019** (Zip Code)

(212) 730-0300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of the registrant's common membership units outstanding as of November 14, 2011 was 30,919,629.

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NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2011
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Assets, Liabilities and Members' Capital

	September 30, 2011 (unaudited)	December 31, 2010
Assets		
Investments at fair value (cost of $606,704,749 and $414,308,823, respectively)	$ 604,334,414	$ 441,057,840
Cash and cash equivalents	18,438,567	10,744,082
Interest receivable	6,761,269	3,007,787
Receivable from unsettled securities sold	6,755,000	—
Deferred credit facility costs (net of accumulated amortization of $610,866 and $69,909, respectively)	3,766,729	1,880,120
Deferred offering costs	—	3,528,110
Receivable from affiliate	1,003,530	—
Other assets	521,556	5,842
Total assets	$ 641,581,065	$ 460,223,781
Liabilities		
SLF Credit Facility	166,606,448	56,936,000
Holdings Credit Facility	57,903,125	59,696,938
Payable for unsettled securities purchased	—	94,462,500
Management fee payable	1,930,140	—
Incentive fee payable	700,610	—
Interest payable	1,229,640	813,192
Payable to affiliates	—	2,531,319
Other liabilities	1,289,898	3,856,571
Total liabilities	229,659,861	218,296,520

Members' Capital	411,921,204	241,927,261
Total liabilities and members' capital	$ 641,581,065	$ 460,223,781
Outstanding common membership units (a)	30,919,629	
Capital per unit (a)	$ 13.32	

(a) Fund was not unitized as of December 31, 2010.

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Operations
(unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Investment income				
Interest income	$ 14,860,750	$ 13,598,152	$ 38,838,944	$ 30,818,117
Other income	207,831	282,837	557,648	736,771
Total investment income	15,068,581	13,880,989	39,396,592	31,554,888
Expenses				
Interest and other credit facility expenses	1,686,113	688,686	4,767,013	1,910,649
Management fee	1,930,140	17,751	2,737,649	53,249
Incentive fee	700,610	—	1,205,003	—
Professional fees (net of reimbursable expenses of $816,530, $0, $946,716 and $0, respectively)	55,138	(78,628)	624,972	114,714
Administrative expenses (net of reimbursable expenses of $218,396, $0, $398,651 and $0, respectively)	314,250	87,858	517,668	284,537
Other general and administrative expenses	380,612	20,668	559,180	62,368
Total expenses	5,066,863	736,335	10,411,485	2,425,517
Net investment income	10,001,718	13,144,654	28,985,107	29,129,371
Realized gains on investments	1,402,671	18,695,670	13,954,834	47,889,272
Net change in unrealized (depreciation) appreciation of investments	(22,657,239)	(13,135,223)	(29,119,352)	(29,539,318)
Net (decrease) increase in capital resulting from operations	$ (11,252,850)	$ 18,705,101	$ 13,820,589	$ 47,479,325

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Changes in Members' Capital
(unaudited)

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Increase (decrease) in members' capital resulting from operations:		
Net investment income	$ 28,985,107	$ 29,129,371
Realized gains on investments	13,954,834	47,889,272
Net change in unrealized (depreciation) appreciation of investments	(29,119,352)	(29,539,318)
Net increase in members' capital resulting from operations	13,820,589	47,479,325
Distributions	(10,249,155)	(71,570,191)
Contributions	195,294,674	53,549,727
Dividends paid	(17,314,992)	—
Offering costs	(11,557,173)	—
Net increase in members' capital	169,993,943	29,458,861
Members' capital at beginning of period	241,927,261	239,440,683
Members' capital at end of period	$ 411,921,204	$ 268,899,544

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Cash Flows
(unaudited)

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Cash flows from operating activities		
Net increase in capital resulting from operations	$ 13,820,589	$ 47,479,325
Adjustments to reconcile net (increase) decrease in capital resulting from operations to net cash (used in) provided by operating activities:		
Realized gains on investments	(13,954,834)	(47,889,272)
Net change in unrealized depreciation (appreciation) of investments	29,119,352	29,539,318
Amortization of purchase discount	(5,048,033)	(13,812,206)
Amortization of deferred credit facility costs	540,957	—
Non-cash interest	(957,171)	(1,231,190)
(Increase) decrease in operating assets:		
Purchase of investments	(355,424,928)	(131,240,778)
Proceeds from sales and paydowns of investments	182,264,633	156,845,630
Cash received for purchase of undrawn portion of revolving credit facility	1,260,000	—
Cash paid for sale of undrawn portion of revolving credit facility	—	(1,837,500)
Cash paid for drawn revolver	(535,593)	—
Interest receivable	(3,753,482)	(3,682,468)
Receivable from unsettled securities sold	(6,755,000)	(5,270,124)
Receivable from affiliate	(1,003,530)	—
Other assets	(515,714)	(20,675)
Increase (decrease) in operating liabilities:		
Payable for unsettled securities purchased	(94,462,500)	(10,394,765)
Management fee payable	1,930,140	—
Incentive fee payable	700,610	—
Interest payable	416,448	87,437
Payable to affiliates	(202,180)	(331,154)
Other liabilities	525,198	268,254
Net cash flows (used in) provided by operating activities	(252,035,038)	18,509,832
Cash flows from financing activities		
Contributions	195,294,674	53,549,727
Distributions	(10,249,155)	(71,570,191)
Dividends paid	(17,314,992)	—
Offering costs paid	(11,500,044)	—
Proceeds from Holdings Credit Facility	205,870,450	43,650,495
Repayment of Holdings Credit Facility	(207,664,263)	(38,637,548)
Proceeds from SLF Credit Facility	134,361,800	—
Repayment of SLF Credit Facility	(24,691,352)	—
Deferred credit facility costs paid	(4,377,595)	—
Net cash flows provided by (used in) financing activities	259,729,523	(13,007,517)
Net increase in cash and cash equivalents	7,694,485	5,502,315
Cash and cash equivalents at the beginning of the period	10,744,082	4,110,193
Cash and cash equivalents at the end of the period	$ 18,438,567	$ 9,612,508
Supplemental disclosure of cash flow information		
Interest paid	$ 3,025,253	$ 1,489,461
Non-cash financing activities:		
Accrual of offering costs	$ 57,129	$ 1,971,635

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

September 30, 2011
(unaudited)

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
United States							
Stratus Technologies, Inc.							
Information Technology	Ordinary shares (2)	—	—	144,270	$ 65,123	$ 44,838	
	Preferred shares (2)	—	—	32,830	14,819	10,203	
					79,942	55,041	0.01%
Total shares					79,942	55,041	0.01%
United States							
Alion Science and Technology Corporation							
Federal Services	Warrants (2)	—	—	6,000	292,851	316,551	0.08%
Learning Care Group (US), Inc.							
Education	Warrants (2)	—	—	844	193,850	30,140	0.01%
Total warrants					486,701	346,691	0.09%
United States							

Decision Resources, LLC							
Business Services	First lien (3)	7.00% (Base Rate + 5.50%)	12/28/2016	$ 17,865,000	17,623,450	17,686,350	
	Second lien (2)	9.50% (Base Rate + 8.00%)	5/7/2018	14,500,000	14,362,809	14,427,500	
				32,365,000	31,986,259	32,113,850	7.80%
Meritas Schools Holdings, LLC							
Education	First lien (3)	7.50% (Base Rate + 6.00%)	7/29/2017	9,750,000	9,654,742	9,408,750	
	Second lien (2)	11.50% (Base Rate + 10.00%)	1/29/2018	20,000,000	19,703,975	19,650,000	
				29,750,000	29,358,717	29,058,750	7.06%
Lawson Software, Inc. (fka SoftBrands, Inc.)							
Software	First lien (3)	6.75% (Base Rate + 5.25%)	7/5/2017	20,000,000	19,227,852	18,983,340	
	Subordinated (2)	11.50%	7/15/2018	10,500,000	9,758,283	9,397,500	
				30,500,000	28,986,135	28,380,840	6.89%
Managed Health Care Associates, Inc.							
Healthcare Services	First lien (2)	3.49% (Base Rate + 3.25%)	8/1/2014	15,467,673	12,720,508	14,926,304	
	Second lien (2)	6.74% (Base Rate + 6.50%)	2/1/2015	15,000,000	11,759,149	13,350,000	
				30,467,673	24,479,657	28,276,304	6.87%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)							
Software	First lien (3)	6.50% (Base Rate + 5.00%)	4/27/2017	12,000,000	11,911,515	11,591,256	
	Second lien (2)	9.50% (Base Rate + 8.00%)	10/27/2017	15,000,000	14,859,699	14,400,000	
				27,000,000	26,771,214	25,991,256	6.31%
Insight Pharmaceuticals LLC							
Healthcare Products	Second lien (2)	13.25% (Base Rate + 11.75%)	8/25/2017	25,000,000	24,008,514	24,000,000	5.83%
Unitek Global Services, Inc.							
Business Services	First lien (2)	9.00% (Base Rate + 7.50%)	4/15/2018	19,900,000	19,340,601	19,825,375	4.81%
U.S. Healthworks Holding Company, Inc.							
Healthcare Services	Second lien (2)	10.50% (Base Rate + 9.00%)	6/15/2017	20,000,000	19,713,799	19,500,000	4.73%
Learning Care Group (US), Inc.							
Education	First lien (2)	12.00%	4/27/2016	17,368,421	17,101,011	16,710,234	
	Subordinated (2)	15.00%	6/30/2016	3,044,655	2,851,664	2,748,385	
				20,413,076	19,952,675	19,458,619	4.72%
Ipreo Holdings LLC							
Information Services	First lien (3)	8.00% (Base Rate + 6.50%)	8/5/2017	18,750,000	18,340,674	17,718,750	4.30%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien (2)	10.00% (Base Rate + 8.00%)	12/31/2015	17,865,000	17,550,644	17,329,050	4.21%

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

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (continued)

September 30, 2011
(unaudited)

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Smile Brands Group Inc.							
Healthcare Services	First lien (3)	7.00% (Base Rate + 5.25%)	12/21/2017	$ 17,368,750	$ 17,129,958	$ 16,847,688	4.09%
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.)							
Federal Services	First lien (3)	7.00% (Base Rate + 5.50%)	4/21/2017	16,957,500	16,799,558	16,703,138	4.05%
SonicWALL, Inc.							
Software	First lien (3)	8.25% (Base Rate + 6.25%)	1/23/2016	5,519,759	5,532,394	5,492,159	
	Second lien (2)	12.00% (Base Rate + 10.00%)	1/23/2017	10,000,000	9,737,356	9,975,000	
				15,519,759	15,269,750	15,467,159	3.75%
Volume Services America, Inc. (Centerplate)							
Consumer Services	First lien (2)	10.50% (Base Rate + 8.50%)	9/16/2016	14,850,000	14,497,289	14,757,262	3.58%
MLM Holdings, Inc.							
Software	First lien (3)	7.00% (Base Rate + 5.25%)	12/1/2016	14,850,000	14,652,060	14,590,125	3.54%
Pacific Architects and Engineers Incorporated							
Federal Services	First lien (3)	7.50% (Base Rate + 6.00%)	4/4/2017	15,000,000	14,719,535	14,475,000	3.51%
Virtual Radiologic Corporation							
Healthcare Information Technology	First lien (3)	7.75% (Base Rate + 4.50%)	12/22/2016	14,889,987	14,696,646	14,145,488	3.43%
LANDesk Group, Inc.							
Software	First lien (3)	7.00% (Base Rate + 5.25%)	3/28/2016	14,250,000	14,000,807	13,982,813	3.39%
SRA International, Inc.							
Federal Services	First lien (3)	6.50% (Base Rate + 5.25%)	7/20/2018	15,000,000	14,338,789	13,912,500	3.38%
Brock Holdings III, Inc.							
Industrial Services	Second lien (2)	10.00% (Base Rate + 8.25%)	3/16/2018	15,000,000	14,731,215	13,725,000	3.33%
Fibertech Networks, LLC (fka Firefox Merger Sub, LLC)							
Telecommunication	First lien (3)	6.75% (Base Rate + 5.00%)	11/30/2016	11,910,000	11,751,903	11,731,350	2.85%
PODS Holding Funding Corp.							
Consumer Services	Subordinated (2)	16.64%	12/23/2015	11,664,000	10,277,442	11,664,000	2.83%
Mailsouth, Inc.							
Media	First lien (3)	6.75% (Base Rate + 4.99%)	12/14/2016	11,940,000	11,779,280	11,581,800	2.81%

Vision Solutions, Inc.							
Software	Second lien (2)	9.50% (Base Rate + 8.00%)	7/23/2017	12,000,000	11,889,250	11,580,000	2.81%
TravelCLICK, Inc. (fka TravelCLICK Acquisition Co.)							
Information Services	First lien (3)	6.50% (Base Rate + 5.00%)	3/16/2016	11,430,031	11,225,450	11,087,130	2.69%
Merrill Communications LLC							
Business Services	First lien (2)	7.50% (Base Rate + 5.50%)	12/22/2012	11,421,788	10,026,422	11,062,002	2.69%
CHG Companies, Inc.							
Healthcare Services	Second lien (2)	11.25% (Base Rate + 9.50%)	4/7/2017	10,000,000	9,820,654	9,975,000	2.42%
Porex Corporation							
Specialty Chemicals and Materials	First lien (3)	6.76% (Base Rate + 5.24%)	3/31/2015	10,000,000	9,860,319	9,850,000	2.39%
Immucor, Inc.							
Healthcare Services	First lien (3)	7.25% (Base Rate + 5.75%)	8/19/2018	5,000,000	4,803,215	4,943,750	
	Subordinated (2)	11.13%	8/15/2019	5,000,000	4,936,289	4,887,500	
				10,000,000	9,739,504	9,831,250	2.39%

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (continued)

September 30, 2011
(unaudited)

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Airvana Network Solutions Inc.							
Software	First lien (2)	10.00% (Base Rate + 8.00%)	3/25/2015	$ 9,676,190	$ 9,506,763	$ 9,760,857	2.37%
Vertafore, Inc.							
Software	Second lien (2)	9.75% (Base Rate + 8.25%)	10/29/2017	10,000,000	9,909,344	9,641,670	2.34%
Merge Healthcare Inc.							
Healthcare Services	First lien (2)	11.75%	5/1/2015	9,000,000	8,870,249	9,180,000	2.23%
Sunquest Information Systems, Inc. (Misys Hospital Systems, Inc.)							
Healthcare Services	Second lien (2)	9.75% (Base Rate + 8.50%)	6/16/2017	9,000,000	8,835,218	8,955,000	2.17%
Mach Gen, LLC							
Power Generation	Second lien (2)	7.83% (Base Rate + 7.50%)	2/22/2015	11,829,753	9,608,302	7,869,832	1.91%
Research Pharmaceutical Services, Inc.							
Healthcare Services	First lien (3)	6.75% (Base Rate + 5.24%)	2/18/2017	7,453,125	7,350,346	7,192,266	1.75%
Surgery Center Holdings, Inc.							
Healthcare Services	First lien (3)	6.50% (Base Rate + 5.00%)	2/6/2017	6,965,000	6,932,609	6,581,925	1.60%
Stratus Technologies, Inc.							
Information Technology	First lien (2)	12.00%	3/29/2015	6,827,000	6,474,599	6,007,760	1.46%
Alion Science and Technology Corporation							
Federal Services	First lien (2)	12.00%	11/1/2014	6,133,884	5,526,935	5,377,372	1.31%
Ozburn-Hessey Holding Company LLC							
Logistics	Second lien (2)	10.50% (Base Rate + 8.50%)	10/8/2016	6,000,000	5,887,996	5,280,000	1.28%
Datatel, Inc.							
Software	Second lien (2)	8.75% (Base Rate + 7.25%)	2/19/2018	5,000,000	4,976,545	5,025,000	1.22%
Asurion, LLC (fka Asurion Corporation)							
Business Services	Second lien (2)	9.00% (Base Rate + 7.50%)	5/24/2019	5,000,000	4,976,041	4,798,440	1.16%
Physiotherapy Associates, Inc. / Benchmark Medical, Inc.							
Healthcare Facilities	First lien (2)	7.50% (Base Rate + 4.25%)	6/28/2013	3,792,954	3,232,454	3,755,024	0.91%
LVI Services Inc.							
Industrial Services	First lien (2)	9.25% (Base Rate + 7.50%)	3/31/2014	5,130,971	4,995,403	3,732,782	0.91%
Brickman Group Holdings, Inc.							
Business Services	First lien (3)	7.25% (Base Rate + 5.50%)	10/14/2016	2,977,500	3,008,919	2,947,725	0.72%
ATI Acquisition Company (fka Ability Acquisition, Inc.)							
Education	First lien (2)	8.25% (Base Rate + 6.00%)	12/30/2014	4,432,500	4,306,438	1,440,563	0.35%
Education Management LLC							
Education	First lien (1), (2) - Undrawn	—	6/1/2012	3,000,000	(1,215,000)	(291,810)	(0.07)%

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (continued)

September 30, 2011
(unaudited)

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Kronos Incorporated							
Software	First lien (1), (2) - Undrawn	—	6/11/2013	$ 4,198,500	$ (629,775)	$ (356,873)	(0.09)%
RGIS Services, LLC							
Business Services	First lien (1), (2) - Undrawn	—	4/30/2013	5,000,000	(2,850,000)	(431,350)	(0.10)%
Advantage Sales & Marketing Inc.							
Business Services	First lien (1), (2) - Undrawn	—	12/17/2015	10,500,000	(1,260,000)	(1,155,000)	(0.28)%
Total United States				$ 657,979,941	$ 606,138,106	$ 603,932,682	146.61%
Total investments					$ 606,704,749	$ 604,334,414	146.71%

(1) 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.

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

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

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

New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

December 31, 2010

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
United States							
Stratus Technologies, Inc.							
Information Technology	Ordinary shares	—	—	103,050	$ 47,063	$ 45,149	
	Preferred shares	—	—	23,450	10,710	10,274	
					57,773	55,423	0.02%
Total shares					57,773	55,423	0.02%
United States							
Alion Science and Technology Corporation							
Federal Services	Warrants (3)	—	—	6,000	292,851	283,698	0.12%
Learning Care Group (US), Inc.							
Education	Warrants	—	—	845	193,850	193,742	0.08%
Total warrants					486,701	477,440	0.20%
Canada							
Trident Exploration Corp. (2)							
Energy	First lien (3)	12.50% (Base Rate + 9.50%)	6/30/2014	$ 4,477,500	4,357,151	4,746,150	1.96%
Total Canada				4,477,500	4,357,151	4,746,150	1.96%
United States							
Managed Health Care Associates, Inc.							
Healthcare Services	First lien (3)	3.52% (Base Rate + 3.25%)	8/1/2014	22,467,673	17,462,237	20,557,920	
	Second lien (3)	6.77% (Base Rate + 6.50%)	2/1/2015	15,000,000	11,227,497	13,200,001	
				37,467,673	28,689,734	33,757,921	13.96%
Attachmate Corporation, NetIQ Corporation							
Software	Second lien (3)	7.04% (Base Rate + 6.75%)	10/13/2013	22,500,000	17,121,571	22,275,000	9.21%
Learning Care Group (US), Inc.							
Education	First lien (3)	12.00%	4/27/2016	17,368,422	17,057,656	17,192,834	
	Subordinated	15.00%	6/30/2016	2,832,237	2,610,113	2,630,413	
				20,200,659	19,667,769	19,823,247	8.19%
Decision Resources, LLC							
Business Services	First lien (4)	7.75% (Base Rate + 4.50%)	12/28/2016	18,000,000	17,730,000	17,820,001	7.37%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien (3)	10.00% (Base Rate + 8.00%)	12/31/2015	18,000,000	17,640,000	17,730,000	7.33%
Smile Brands Group, Inc.							
Healthcare Services	First lien (4)	7.50% (Base Rate + 4.25%)	12/21/2017	17,500,000	17,237,500	17,390,625	7.19%
Volume Services America, Inc. (Centerplate)							
Consumer Services	First lien (3)	10.50% (Base Rate + 8.50%)	9/16/2016	14,962,500	14,527,858	15,056,016	6.22%
MLM Holdings, Inc.							
Software	First lien (4)	7.00% (Base Rate + 5.25%)	12/1/2016	14,962,500	14,739,863	14,775,469	6.11%

LANDesk Software, Inc.							
Software	First lien (4)	7.00% (Base Rate + 5.25%)	3/28/2016	15,000,000	14,701,917	14,718,750	6.08%
SonicWALL, Inc.							
Software	First lien (4)	8.26% (Base Rate + 6.19%)	1/23/2016	4,485,887	4,507,797	4,519,531	
	Second lien (3)	12.00% (Base Rate + 10.00%)	1/23/2017	10,000,000	9,712,391	10,050,000	
				14,485,887	14,220,188	14,569,531	6.02%

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (continued)

December 31, 2010

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Virtual Radiologic Corporation							
Healthcare Information Technology	First lien (4)	7.75% (Base Rate + 4.50%)	12/22/2016	$ 14,000,000	$ 13,790,000	$ 13,965,000	5.77%
Asurion, LLC							
Business Services	First lien (4)	6.75% (Base Rate + 5.25%)	3/31/2015	13,000,000	12,494,497	13,052,234	5.40%
Aspen Dental Management, Inc.							
Healthcare Services	First lien (4)	7.72% (Base Rate + 6.00%)	10/6/2016	12,967,500	12,713,475	13,016,128	5.38%
Firefox Merger Sub, LLC (fka Fibertech Networks, LLC)							
Telecommunication	First lien (4)	6.75% (Base Rate + 5.00%)	11/30/2016	12,000,000	11,821,633	12,240,000	5.06%
Airvana Network Solutions Inc.							
Software	First lien (3)	11.00% (Base Rate + 9.00%)	8/27/2014	11,833,333	11,611,357	11,890,039	4.91%
Mailsouth, Inc.							
Media	First lien (4)	7.00% (Base Rate + 3.75%)	12/14/2016	12,000,000	11,820,000	11,880,000	4.91%
Merge Healthcare Inc.							
Healthcare Services	First lien (3)	11.75%	5/1/2015	11,000,000	10,808,642	11,770,000	4.87%
Merrill Communications LLC							
Business Services	First lien (3)	8.50% (Base Rate + 6.50%)	12/22/2012	11,421,788	9,332,773	11,393,234	4.71%
PODS Holding Funding Corp.							
Consumer Services	Subordinated	16.64%	12/23/2015	11,664,000	10,137,299	10,117,351	4.18%
Vertafore, Inc.							
Software	Second lien (3)	9.75% (Base Rate + 8.25%)	10/29/2017	10,000,000	9,901,457	10,106,250	4.18%
CHG Companies, Inc.							
Healthcare Services	Second lien (3)	11.25% (Base Rate + 9.50%)	4/7/2017	10,000,000	9,804,011	9,900,000	4.09%
First Data Corporation							
Business Services	First lien (3)	3.01% (Base Rate + 2.75%)	9/24/2014	10,646,143	7,932,011	9,842,273	4.07%
Focus Brands, Inc.							
Franchises	First lien (4)	7.25% (Base Rate + 5.50%)	11/5/2016	9,181,818	9,091,224	9,285,114	3.84%
Sunquest Information Systems, Inc.							
Healthcare Services	Second lien	9.75% (Base Rate + 8.50%)	6/16/2017	9,000,000	8,820,000	9,000,000	3.72%
Mach Gen, LLC							
Power Generation	Second lien	7.79% (Base Rate + 7.50%)	2/22/2015	11,145,736	8,580,242	7,803,431	3.23%
SSI Investments II Limited							
Education	Subordinated (3)	11.13%	6/1/2018	7,000,000	7,064,923	7,630,000	3.15%
Hyland Software, Inc.							
Software	First lien (4)	6.75% (Base Rate + 5.00%)	12/19/2016	7,500,000	7,425,000	7,528,125	3.11%
Wyle Services Corporation							
Federal Services	First lien (4)	7.75% (Base Rate + 5.75%)	3/25/2016	7,481,234	7,508,583	7,509,290	3.10%
RGIS Services, LLC							
Business Services	First lien (3)	2.80% (Base Rate + 2.50%)	4/30/2014	7,394,480	5,807,941	6,913,839	
	First lien (1)	—	4/30/2013	5,000,000	(2,850,000)	(406,350)	
				12,394,480	2,957,941	6,507,489	2.69%
Alion Science and Technology Corporation							
Federal Services	First lien (3)	12.00%	11/1/2014	6,073,149	5,392,607	6,273,057	2.59%
Kronos Incorporated							
Software	First lien (1)	—	6/11/2013	4,198,500	(629,775)	(346,376)	
	Second lien (3)	6.05% (Base Rate + 5.75%)	6/11/2015	6,700,000	5,041,455	6,563,206	
				10,898,500	4,411,680	6,216,830	2.57%

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

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (continued)

December 31, 2010

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members' Capital
Bartlett Holdings, Inc.							
Industrial Services	First lien (4)	6.75% (Base Rate + 5.00%)	11/23/2016	$ 6,000,000	$ 5,940,644	$ 6,037,500	2.50%
Ozburn-Hessey Holding Company LLC							
Logistics	Second lien	10.50% (Base Rate + 8.50%)	10/8/2016	6,000,000	5,874,951	5,985,000	2.47%
Vision Solutions, Inc.							
Software	First lien (4)	7.75% (Base Rate + 6.00%)	7/23/2016	5,775,000	5,662,174	5,753,344	2.38%
LVI Services Inc							
Industrial Services	First lien (3)	9.25% (Base Rate + 7.50%)	3/31/2014	5,162,883	4,304,472	4,388,450	1.81%
Stratus Technologies, Inc.							
Information Technology	First lien	12.00%	3/29/2015	5,000,000	4,796,989	4,225,000	1.75%
ATI Acquisition Company							
Education	First lien (3)	8.25% (Base Rate + 5.99%)	12/30/2014	4,455,000	4,304,106	4,076,325	1.68%
Physiotherapy Associates, Inc. / Benchmark Medical, Inc.							
Healthcare Facilities	First lien (3)	7.50% (Base Rate + 4.25%)	6/28/2013	3,823,549	3,063,441	3,594,136	1.49%
Brickman Group Holdings, Inc.							
Business Services	First lien (4)	7.25% (Base Rate + 5.50%)	10/14/2016	3,000,000	3,035,496	3,042,501	1.26%
Datatel, Inc.							
Software	Second lien (3)	10.25% (Base Rate + 8.25%)	12/9/2016	2,000,000	1,964,077	2,042,500	0.84%
Applied Systems, Inc.							
Software	Second lien	9.25% (Base Rate + 7.75%)	6/8/2017	2,000,000	1,980,093	2,009,166	0.83%
Education Management LLC							
Education	First lien (1)	—	6/1/2012	3,000,000	(1,215,000)	(217,500)	-0.09%
Total United States				$ 460,503,332	$ 409,407,198	$ 435,778,827	180.13%
Total debt investments				$ 464,980,832	$ 413,764,349	$ 440,524,977	182.09%
Total investments					$ 414,308,823	$ 441,057,840	182.31%

(1) Par Value amounts represent the undrawn portion of revolving credit facilities. Cost amounts represent the cash received at settlement date increased for paydowns at par minus the purchase price.

(2) The company is headquartered in Canada. The debt is issued in United States dollars.

(3) The Holdings credit facility (formerly known as the Debt Funding Credit Facility) is collateralized by the indicated investments.

(4) The SLF credit facility is collateralized by the indicated investments.

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

New Mountain Finance Holdings, L.L.C.

Notes to the Consolidated Financial Statements
September 30, 2011
(unaudited)

1. Formation and Business Purpose

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

NMF Holdings 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 approximately $9.0 billion as of September 30, 2011. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity, and credit investment vehicles. NMF Holdings, 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 ("New Mountain Finance") is a Delaware corporation that was originally incorporated on June 29, 2010. New Mountain Finance is a closed-end, non-diversified management investment company that has elected to be treated as a business development company under the 1940 Act. As such, New Mountain Finance is obligated to comply with certain regulatory requirements. New Mountain Finance intends to be treated, and intends to comply with the requirements to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code") commencing with its taxable year ending December 31, 2011.

On May 19, 2011, New Mountain Finance 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, New Mountain Finance 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 separate private placement.

New Mountain Finance is a holding company with no direct operations of its own, and its sole asset is its ownership in NMF Holdings. New Mountain Finance entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of NMF Holdings, pursuant to which New Mountain Finance was admitted as a member of NMF Holdings and acquired from NMF Holdings, with the gross proceeds of the IPO and the concurrent private placement, common membership units ("units") of NMF Holdings (the number of units are equal to the number of shares of New Mountain Finance's common stock sold in the IPO and the concurrent private placement). In connection with New Mountain Finance's IPO and through a series of transactions, the Company owns all of the operations of the Predecessor Entities, including all of the assets and liabilities related to such operations.

Guardian AIV was the parent of the Company prior to the IPO and, as a result of the transactions completed in connection with the IPO, obtained units in NMF Holdings. Guardian AIV contributed its units in NMF Holdings to its newly formed subsidiary, New Mountain Finance AIV Holdings Corporation ("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 NMF Holdings for shares of New Mountain Finance's common stock on a one-for-one basis. As of September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, respectively, of the units of NMF Holdings.

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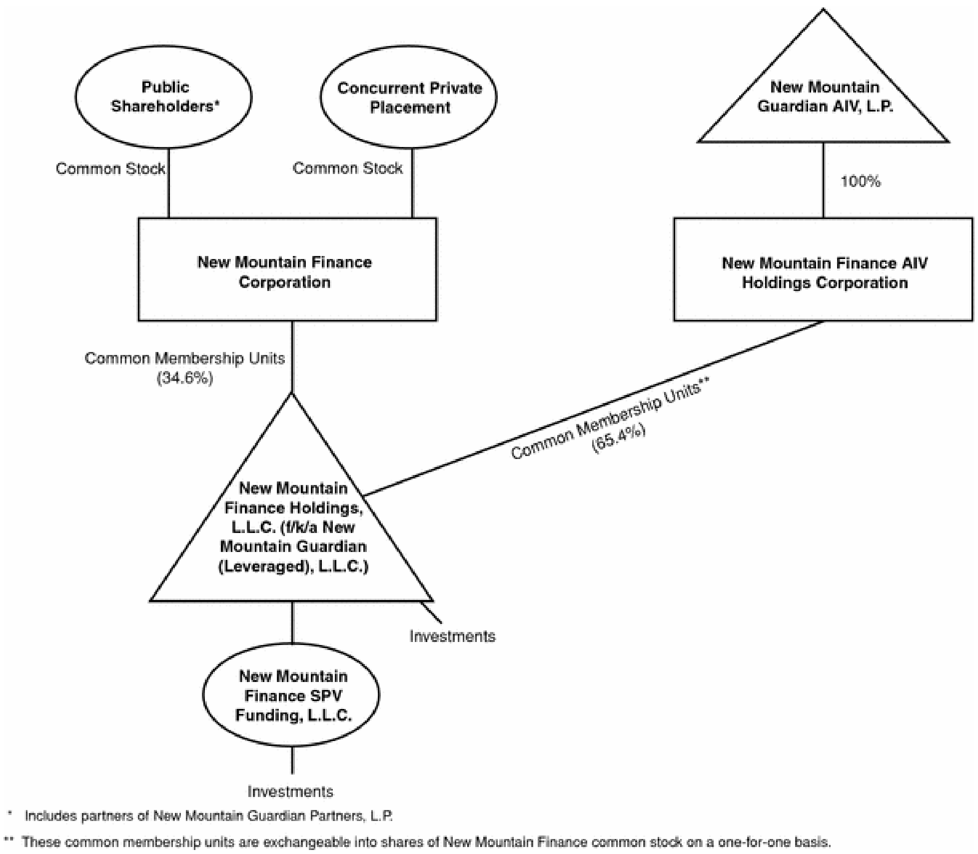
The diagram below depicts our current organizational structure.



The 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, our 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) opportunities for niche market dominance.

2. Summary of Significant Accounting Policies

Basis of accounting — The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company consolidates its wholly-owned subsidiary, New Mountain Finance SPV Funding, L.L.C. ("NMF SLF"). The consolidated 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.

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, they 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, 2011.

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Investments — NMF Holdings 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 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 Consolidated Statements of Operations as "Net change in unrealized appreciation (depreciation) of investments" and realizations on portfolio investments reflected in the Consolidated Statements of Operations as "Realized gains (losses) on investments".

NMF Holdings values its assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, the Company's Board of Directors is ultimately and solely responsible for determining the fair value of the Company's 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 the Company's portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. The 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 Bloomberg.
(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 Interactive Data Corporation. Analytics are performed by the investment professionals of the Company's 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 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 Company looks at the number of quotes readily available and performs the following:
        i. Investments for which more than two 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 or two quotes are 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(s) internally and if the investment's par 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 Company's senior management;
    c. If an investment falls into (3) above for four consecutive quarters, then at least once each fiscal year, the valuation for each portfolio investment for which the Company does not have a readily available market quotation will be reviewed by an independent valuation firm engaged by our board of directors; and
    d. Also, when deemed appropriate by the Company's management, an independent valuation firm may be engaged to review and value investment(s) in 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.

Valuation methods may include comparisons of financial ratios of the portfolio companies that issued such private securities to peer companies that are public, the nature of and the realizable value of any collateral, the portfolio company's earnings, discounted cash flows, the ability to make payments, the markets in which the portfolio company conducts business, and other relevant factors, including available market data such as relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; comparable merger and acquisition transactions; and the principal market and enterprise values. When an external event such as a purchase transaction, public offering or subsequent sale occurs, the Company will consider the pricing indicated by the external event to corroborate the private valuation.

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 NMF Holdings' investments may fluctuate from period to period.

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 Company defines 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 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 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 or when there is reasonable doubt that principal or interest will be collected. Accrued interest is generally reversed when a loan 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 and 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.

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

Deferred credit facility costs — Deferred credit facility costs consist of expenses related to the origination of the existing credit facilities. These expenses are amortized using the straight-line method over the stated life of the related credit facility. See Note 7, *Borrowing Facilities*, for details.

Income taxes — NMF Holdings intends to be 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 or expenses. NMF Holdings files United States ("U.S.") federal, state, and local income tax returns.

NMF Holdings has 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 its analysis, NMF Holdings has determined that the adoption of ASC 740 did not have a material impact to the Company's financial statements.

Dividends — Distributions to common unit holders are recorded on the record date as set by the Company's board of directors. The Company and New Mountain Finance 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 New Mountain Finance and the number of shares of New Mountain Finance's common stock outstanding. In addition, in order for New Mountain Finance to pay a dividend or other distribution to holders of its common stock, it must be accompanied by a prior distribution by NMF Holdings to all of its unit holders. NMF Holdings intends to make distributions to its unit holders that will be sufficient to enable New Mountain Finance to pay quarterly distributions to its stockholders and to obtain and maintain its status as a RIC. New Mountain Finance intends to distribute approximately all of its portion of the Company's adjusted net investment income (see Note 5, *Agreements*) on a quarterly basis and substantially all of its portion of the Company's taxable income on an annual basis, except that it may retain certain net capital gains for reinvestment.

New Mountain Finance 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 New Mountain Finance's common stock will be automatically reinvested by New Mountain Finance into additional units of NMF Holdings.

New Mountain Finance 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, New Mountain Finance 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 New Mountain Finance'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 New Mountain Finance uses newly issued shares to implement the plan, New Mountain Finance will receive, on a one-for-one basis, additional units of NMF Holdings in exchange for cash distributions that are reinvested in shares of New Mountain Finance'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, New Mountain Finance 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 New Mountain Finance'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 New Mountain Finance's stockholders have been tabulated.

Foreign securities — The accounting records of the 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 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 (depreciation) appreciation of investments" and "Realized gains on investments" in the 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 Company and cannot be predicted.

Use of estimates — The preparation of the consolidated 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 consolidated 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.

3. Investments

At September 30, 2011 investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 383,534,562	$ 383,082,855
Second lien	194,779,866	192,152,442
Subordinated	27,823,678	28,697,385
Equity and other	566,643	401,732
Total investments	$ 606,704,749	$ 604,334,414

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	$ 65,228,242	$ 69,161,042
Consumer Services	24,774,731	26,421,262
Education	52,596,680	49,696,262
Federal Services	69,228,312	68,113,611
Healthcare Facilities	3,232,454	3,755,024
Healthcare Information Technology	14,696,646	14,145,488
Healthcare Products	24,008,514	24,000,000
Healthcare Services	112,871,994	116,339,433
Industrial Services	19,726,618	17,457,782
Information Services	29,566,124	28,805,880
Information Technology	6,554,541	6,062,801

Logistics		5,887,996		5,280,000
Media		11,779,280		11,581,800
Power Generation		9,608,302		7,869,832
Software		135,332,093		134,062,847
Specialty Chemicals and Materials		9,860,319		9,850,000
Telecommunication		11,751,903		11,731,350
Total investments	$	606,704,749	$	604,334,414

At December 31, 2010 investments consisted of the following:

Investment Cost and Fair Value by Type

		Cost		Fair Value
First lien	$	303,924,269	$	321,212,659
Second lien		90,027,745		98,934,554
Subordinated		19,812,335		20,377,764
Equity and other		544,474		532,863
Total investments	$	414,308,823	$	441,057,840

Investment Cost and Fair Value by Industry

		Cost		Fair Value
Business Services	$	53,482,718	$	61,657,732
Consumer Services		24,665,157		25,173,367
Education		30,015,648		31,505,814
Energy		4,357,151		4,746,150
Federal Services		30,834,041		31,796,045
Franchises		9,091,224		9,285,114
Healthcare Facilities		3,063,441		3,594,136
Healthcare Information Technology		13,790,000		13,965,000
Healthcare Services		88,073,362		94,834,674
Industrial Services		10,245,116		10,425,950
Information Technology		4,854,762		4,280,423
Logistics		5,874,951		5,985,000
Media		11,820,000		11,880,000
Power Generation		8,580,242		7,803,431
Software		103,739,377		111,885,004
Telecommunication		11,821,633		12,240,000
Total investments	$	414,308,823	$	441,057,840

As of September 30, 2011 and December 31, 2010, there were no assets being accounted for on a non-accrual basis.

As of September 30, 2011 and December 31, 2010, the Company had unfunded commitments on revolving credit facilities of $22,698,500 and $12,198,500, respectively, which are disclosed on the Consolidated Schedules of Investments.

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 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 Company, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the 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:

a) Quoted prices for similar assets or liabilities in active markets;
b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
c) 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
d) 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 consider 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 reclassification of certain investments within the fair value hierarchy from period to period. Reclassifications impacting Level III of the fair value hierarchy are reported as transfers in/out of the

Level III category as of the beginning of the quarter in which the reclassifications occur.

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of September 30, 2011:

	Total	Level I	Level II	Level III
First lien	$ 383,082,855	—	$ 368,607,654	$ 14,475,201
Second lien	192,152,442	—	168,152,442	24,000,000
Subordinated	28,697,385	—	14,285,000	14,412,385
Equity and other	401,732	—	—	401,732
Total investments	$ 604,334,414	—	$ 551,045,096	$ 53,289,318

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of December 31, 2010:

	Total	Level I	Level II	Level III
First lien	$ 321,212,659	—	$ 304,237,325	$ 16,975,334
Second lien	98,934,554	—	98,934,554	—
Subordinated	20,377,764	—	7,630,000	12,747,764
Equity and other	532,863	—	—	532,863
Total investments	$ 441,057,840	—	$ 410,801,879	$ 30,255,961

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The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended September 30, 2011, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held at September 30, 2011:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, June 30, 2011	$ 44,501,997	$ 30,794,495	$ —	$ 13,231,138	$ 476,364
Total gains or losses included in earnings:					
Net change in unrealized appreciation (depreciation)	22,914	(1,083,701)	—	1,181,247	(74,632)
Purchases, including capitalized PIK and revolver fundings	24,000,000	—	24,000,000	—	—
Proceeds from sales and paydowns of investments	(535,593)	(535,593)	—	—	—
Transfer out of Level III (1)	(14,700,000)	(14,700,000)	—	—	—
Fair value, September 30, 2011	$ 53,289,318	$ 14,475,201	$ 24,000,000	$ 14,412,385	$ 401,732
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 22,914	$ (1,083,701)	$ —	$ 1,181,247	$ (74,632)

(1) Portfolio investments are transferred into and out of Level III at fair value as of the beginning of the quarter in which the reclassifications occur.

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended September 30, 2010, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held at September 30, 2010:

	Total	First Lien	Subordinated	Equity and other
Fair value, June 30, 2010	$ 19,989,340	$ 17,101,778	$ 2,372,314	$ 515,248
Total gains or losses included in earnings:				
Net change in unrealized appreciation (depreciation)	65,120	88,327	(28,773)	5,566
Purchases, including capitalized PIK	8,518,811	16,079	8,444,959	57,773
Fair value, September 30, 2010	$ 28,573,271	$ 17,206,184	$ 10,788,500	$ 578,587
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 65,120	$ 88,327	$ (28,773)	$ 5,566

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The following table summarizes the changes in fair value of Level III portfolio investments for the nine months ended September 30, 2011, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held at September 30, 2011:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2010	$ 30,255,961	$ 16,975,334	$ —	$ 12,747,764	$ 532,863
Total gains or losses included in earnings:					
Net change in unrealized appreciation (depreciation)	811,495	(487,407)	—	1,452,203	(153,301)
Purchases, including capitalized PIK and revolver fundings	38,210,181	13,975,593	24,000,000	212,418	22,170
Proceeds from sales and paydowns of investments	(535,593)	(535,593)	—	—	—
Transfers into Level III (1)	(752,726)	(752,726)	—	—	—
Transfers out of Level III (1)	(14,700,000)	(14,700,000)	—	—	—
Fair value, September 30, 2011	$ 53,289,318	$ 14,475,201	$ 24,000,000	$ 14,412,385	$ 401,732
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 811,495	$ (487,407)	$ —	$ 1,452,203	$ (153,301)

(1) Portfolio investments are transferred into and out of Level III at fair value as of the beginning of the quarter in which the reclassifications occur.

The following table summarizes the changes in fair value of Level III portfolio investments for the nine months ended September 30, 2010, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held at September 30, 2010:

	Total	First Lien	Subordinated	Equity and other
Fair value, December 31, 2009	$ —	$ —	$ —	$ —
Total gains or losses included in earnings:				
Net change in unrealized appreciation (depreciation)	150,729	162,095	(45,479)	34,113
Purchases, including capitalized PIK	28,422,542	17,044,089	10,833,979	544,474
Fair value, September 30, 2010	$ 28,573,271	$ 17,206,184	$ 10,788,500	$ 578,587
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 150,729	$ 162,095	$ (45,479)	$ 34,113

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 nine months ended September 30, 2011 and September 30, 2010. 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 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.

Fair value risk factors — The Company seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the 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 Company's investments and/or on the fair value of the Company's investments. 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 Company and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

5. Agreements

NMF Holdings entered into an Investment Management Agreement with New Mountain Finance Advisers BDC, L.L.C. Under the Investment Management Agreement, the Investment Adviser manages the day-to-day operations of, and provides

investment advisory services to, NMF Holdings. For providing these services, the Investment Adviser receives a fee from NMF Holdings, 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 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 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 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 Company receives from portfolio companies) accrued during the calendar quarter, minus the 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, 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 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, New Mountain Finance's IPO did not step-up the cost basis of the Company's existing investments to fair market value at the IPO date. Since the total value of the 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 investments are sold or mature in the future. The 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 our 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 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 or losses and unrealized capital depreciation. This is defined as "Adjusted Realized Capital Gains", "Adjusted Realized Capital Losses", and "Adjusted Unrealized Capital Depreciation".

Pre-Incentive Fee Adjusted Net Investment Income, expressed as a rate of return on the value of the 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 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 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 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 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 Company's Pre-Incentive Fee Adjusted Net Investment Income as if a hurdle rate did not apply when the Company's Pre-Incentive Fee Adjusted Net Investment Income exceeds 2.5% in any calendar quarter.
- 20.0% of the amount of the 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 Company's Adjusted Realized Capital Gains, if any, on a cumulative basis from inception through the end of the 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, NMF Holdings accrues a hypothetical capital gains incentive fee based upon the cumulative net Adjusted Realized Capital Gains and Losses and the cumulative net Adjusted Unrealized Capital Appreciation and 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 the 1940 Act, and are based on actual Adjusted Realized Capital Gains computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis. No accrual was required for the three months ended September 30, 2011 and for the period from May 19, 2011 (effective date of the Investment Management Agreement) to September 30, 2011.

The management fee and incentive fee were $1,930,140 and $700,610 for the three months ended September 30, 2011 and $2,737,649 and $1,205,003 for the period from May 19, 2011 (effective date of the Investment Management Agreement) to September 30, 2011. The Consolidated Statement of Operations below is adjusted as if step-up in cost basis to fair market value had occurred at the IPO date. This statement begins on May 19, 2011, the effective date of the Investment Management Agreement.

The following Statement of Operations for the three months ended September 30, 2011 is adjusted to reflect this step-up to fair market value.

	Three months ended to September 30, 2011	Adjustments	Adjusted Three months ended to September 30, 2011
Investment income			
Interest income	$ 14,860,750	$ (1,189,611)	$ 13,671,139
Other income	207,831		207,831
Total investment income	15,068,581	(1,189,611)	13,878,970
Total expenses pre-incentive fee	4,366,253		4,366,253
Pre-Incentive Fee Net Investment Income	10,702,328	(1,189,611)	9,512,717
Incentive fee	700,610		700,610
Post-Incentive Fee Net Investment Income	10,001,718	(1,189,611)	8,812,107
Realized gain on investments	1,402,671	(1,396,525)	6,146
Net change in unrealized (depreciation) appreciation of investments	(22,657,239)	2,586,136	(20,071,103)
Net decrease in capital resulting from operations	$ (11,252,850)		$ (11,252,850)

The following Statement of Operations for the period May 19, 2011 (effective date of the Investment Management Agreement) to September 30, 2011 is adjusted to reflect this step-up to fair market value.

	Period from May 19, 2011 to September 30, 2011	Adjustments	Adjusted Period from May 19, 2011 to September 30, 2011
Investment income			
Interest income	$ 21,865,682	$ (1,748,300)	$ 20,117,382
Other income	513,975		513,975
Total investment income	22,379,657	(1,748,300)	20,631,357
Total expenses pre-incentive fee	6,594,310		6,594,310
Pre-Incentive Fee Net Investment Income	15,785,347	(1,748,300)	14,037,047
Incentive fee	1,205,003		1,205,003
Post-Incentive Fee Net Investment Income	14,580,344	(1,748,300)	12,832,044
Realized gain (loss) on investments	1,000,668	(1,181,204)	(180,536)
Net change in unrealized (depreciation) appreciation of investments	(21,557,011)	2,929,504	(18,627,507)
Net decrease in capital resulting from operations	$ (5,975,999)		$ (5,975,999)

NMF Holdings, New Mountain Finance, and AIV Holdings have entered into an Administration Agreement, as amended and restated, with New Mountain Finance Administration, L.L.C. (the “Administrator”) under which the Administrator provides administrative services. The Administrator oversees NMF Holdings’, New Mountain Finance’s and AIV Holdings’ financial records, prepares reports filed with the Securities and Exchange Commission, generally monitors the payment of NMF Holdings’, New Mountain Finance’s and AIV Holdings’ expenses, and watches the performance of administrative and professional services rendered by others. NMF Holdings will reimburse the Administrator for NMF Holdings’, New Mountain Finance’s, and AIV Holdings’ allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to NMF Holdings, New Mountain Finance, and AIV Holdings under the Administration Agreement, as amended and restated. During the first year of operations, the Company has capped its direct and indirect expenses under the Administration Agreement, as amended and restated, at

$3.0 million.

Pursuant to the Administration Agreement, as amended and restated, NMF Holdings incurred $1,345,367 in expenses in excess of the expense cap for the nine months ended September 30, 2011, of which $816,530 was receivable from affiliate as of September 30, 2011.

The Company, New Mountin Finance, AIV Holdings, 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 Company, New Mountain Finance, AIV Holdings, 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 Company, New Mountain Finance, AIV Holdings, 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 Company. Other than with respect to this limited license, the Company, New Mountain Finance, AIV Holdings, the Investment Adviser and the Administrator will have no legal right to the New Mountain or the New Mountain Finance names.

6. Related Parties

NMF Holdings has entered into a number of business relationships with affiliated or related parties, including the following:

- NMF Holdings 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.

- NMF Holdings, New Mountain Finance, and AIV Holdings 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 NMF Holdings, New Mountain Finance, and AIV Holdings 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. NMF Holdings reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to NMF Holdings, New Mountain Finance, and AIV Holdings 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 Company's chief financial officer and chief compliance officer and their respective staffs. During the first year of operations, the Company has capped its direct and indirect expenses under the Administration Agreement, as amended and restated, at $3.0 million.
- Together, New Mountain Finance and AIV Holdings own all the outstanding units of the Company. As of September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, respectively, of the units of NMF Holdings.
- The Company, New Mountin Finance, AIV Holdings, 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 Company, New Mountain Finance, AIV Holdings, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

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 NMF Holdings' investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for NMF Holdings 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, New Mountain Finance 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 separate private placement.

7. Borrowing Facilities

Holdings Credit Facility — The Loan and Security Agreement, as amended and restated, dated May 19, 2011 (the "Holdings Credit Facility") among NMF Holdings 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 21, 2015. The maximum amount of revolving borrowings available under the Holdings Credit Facility is $160,000,000. Under the terms of the Holdings Credit Facility, the Company is permitted to borrow up to 45.0% or 25.0% of the purchase price of pledged first lien debt securities or non-first lien debt securities, respectively, subject to approval by Wells Fargo Bank, National Association. The credit facility is collateralized by all of the investments of NMF Holdings on an investment by investment basis. All fees associated with the origination or upsizing of the Holdings Credit Facility are capitalized on the Consolidated Statement of Assets, Liabilities, and Member's Capital and charged against income 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 Company to maintain a minimum asset coverage ratio. However, 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.

The Company became a party to the Holdings Credit Facility upon the IPO of New Mountain Finance. The Holdings Credit Facility amends and restates the credit facility of the Predecessor Entities (the "Predecessor Credit Facility"). The Predecessor Credit Facility consisted of two separate facilities. First, the Loan and Security Agreement dated October 21, 2009 among New Mountain Guardian (Leveraged), L.L.C. as the Collateral Manager, New Mountain Guardian Debt Funding, L.L.C. as the Borrower, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, was structured as a revolving credit facility that matured on October 21, 2014. The maximum amount of revolving borrowings available under this credit facility was $112,500,000. Second, the Loan and Security Agreement dated November 19, 2009 among New Mountain Guardian Partners (Leveraged), L.L.C as the Collateral Manager, New Mountain Guardian Partners Debt Funding, L.L.C. as the Borrower, 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 that matures on October 21, 2014. The maximum amount of revolving borrowings available under this credit facility was $7,500,000.

The Holdings Credit Facility (as well as the Predecessor Credit Facility) bears interest at a rate of LIBOR plus 3.0% per annum 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). Interest expense and non-usage fees were $1,162,756 and $538,464, respectively, for the nine months ended September 30, 2011. Interest expense and non-usage fees were $1,608,048 and $227,601, respectively, for the nine months ended September 30, 2010. The weighted average interest rate for the nine months ended September 30, 2011 and September 30, 2010 was 3.2% and 3.3%, respectively. The average debt outstanding for the nine months ended September 30, 2011 and September 30, 2010 was $46,718,994 and $64,764,538, respectively. The outstanding balance as of September 30, 2011 and December 31, 2010 was $57,903,125 and $59,696,938, respectively. As of September 30, 2011 and December 31, 2010, the Company was in compliance with all financial and operational covenants required by the credit facilities existing on such dates.

SLF Credit Facility — The Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") among NMF SLF as the Borrower, NMF Holdings 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, 2015. Amendments to the Loan and Security Agreement, dated March 9, 2011 and July 15, 2011, increased the facility size from $100.0 million to $150.0 million and $175.0 million, respectively. The SLF Credit Facility is non-recourse to NMF Holdings and is secured by all assets owned by NMF SLF 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 Member's Capital and charged against income 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.

The SLF Credit Facility permits borrowings of up to 67.0% of the purchase price of pledged debt securities subject to approval by Wells Fargo Bank, National Association and bears interest at a rate of LIBOR plus 2.25% per annum. 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). Interest expense and non-usage fees were $2,305,096 and $82,742, respectively, for the nine months ended September 30, 2011. The weighted average interest rate for the nine months ended September 30, 2011 for the facility was 2.5%. The average debt outstanding for the nine months ended September 30, 2011 was $123,049,814. The SLF Credit Facility did not exist during the nine months ended September 30, 2010. The outstanding balance as of September 30, 2011 and December 31, 2010 was $166,606,448 and $56,936,000, respectively. As of September 30, 2011 and December 31, 2010, NMF SLF was in compliance with all financial and operational covenants required by the SLF Credit Facility.

8. Regulation

As a business development company, NMF Holdings 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).

9. Commitments and Contingencies

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company has unfunded commitments on revolving credit facilities, which are disclosed on the Consolidated Schedules of Investments and in Note 3, *Investments*. The Company may from time to time enter into financing commitment letters. As of September 30, 2011, the Company has entered into commitment letters to purchase debt investments in an aggregate par amount of $45.0 million, which could require funding in the future. The Company may also 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. As of September 30, 2011 and December 31, 2010, the Company had no outstanding bridge financing commitments. The Company also has revolving borrowings available under the Holdings Credit Facility and the SLF Credit Facility as of September 30, 2011. See Note 7, *Borrowing Facilities*, for details.

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10. Financial Highlights

The following information sets forth the financial highlights for the nine months ended September 30, 2011 and 2010. The ratios to average net assets have been annualized. The total return is not annualized.

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Total Return	6.05%	19.94%
Average net assets for the period	$ 346,162,848	$ 250,372,804
Ratio to average net assets:		
Net investment income	11.16%	15.51%
Total expenses (gross)	4.53%	1.29%
Total expenses (net of reimbursable expenses)	4.01%	1.29%

	May 19, 2011 to September 30, 2011 (a)
Per unit data:	
Net asset value, May 19, 2011	$ 14.08
Net investment income	0.47
Net realized and unrealized loss	(0.67)
Dividends paid	(0.56)
Net decrease in net assets resulting from operations	(0.76)
Net asset value, September 30, 2011	$ 13.32

(a) Data presented from May 19, 2011 forward as the fund became unitized on that date, the IPO date.

11. Recent Accounting Standards Updates

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04,*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"), which provides clarification about how to measure fair value and improves comparability of fair value measurements presented and disclosed in accordance with GAAP and International Financial Reporting Standards. The amendments included in ASU 2011-04 clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements outlined in ASC 820, as well as includes some instances of changes to particular principles or requirements. ASU 2011-04 clarifies that (i) the concept of the highest and best use valuation premise applies only to nonfinancial assets, (ii) instruments classified in shareholders' equity should be valued from the perspective of a market participant that holds that instrument as an asset, (iii) quantitative information should be disclosed about unobservable inputs used in a fair value measurement that is categorized within Level III of the fair value hierarchy. ASU 2011-04 changes the guidance in (i) permitting an exception to ASC 820 by allowing an entity to measure the fair value of a group of financial assets and financial liabilities exposed to market and credit risks to be consistent with the entity's net risk exposures, instead of gross risk, (ii) applying premiums and discounts in a fair value measurement lacking a Level I inputs to be consistent with the ASC 820 requirements of fair value measurement but that applying premiums and discounts in a fair value measurement related to size as a characteristic of the holding rather than as a characteristic of the asset or liability is not permitted, and (iii) requiring additional disclosures about fair value measurements categorized within Level III of the fair value hierarchy, including the valuation processes used and the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. ASU 2011-04 is effective for the interim and annual periods beginning after December 15, 2011. The Company is currently assessing the impact that adoption of ASU 2011-04 will have on the financial statements.

12. Subsequent Events

On October 27, 2011, NMF SLF entered into a fifth amendment to the SLF Credit Facility, which removed the restriction to purchase or sell loans to an affiliate.

On October 27, 2011, NMF Holdings entered into a second amendment to the Holdings Credit Facility, which permitted NMF Holdings to borrow up to 67.0% 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.

On November 8, 2011, the Company entered into an Administration Agreement, as amended and restated, by and among the Company, New Mountain Finance, AIV Holdings and the Administrator, which added AIV Holdings as a party to, and clarified certain cost and expense allocation provisions in, the Administration Agreement, as amended and restated. See Note 5, *Agreements*, for further details.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
New Mountain Finance Holdings, L.L.C.
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. (the "Company"), including the consolidated schedule of investments as of September 30, 2011, and the related consolidated statements of operations for the three and nine month periods ended September 30, 2011 and September 30, 2010 and the consolidated statements of changes' in members' capital and cash flows for the nine month periods ended September 30, 2011 and September 30, 2010. These interim financial statements are the responsibility of the Company's management.

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 consolidated 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 combined statements of assets, liabilities and capital of New Mountain Finance Holdings, L.L.C. (Formerly New Mountain Guardian (Leveraged), L.L.C.), including the combined schedule of investments as of December 31, 2010, and the related combined statements of operations, changes in capital, and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2011 (March 28, 2011 as to note 12), we expressed an unqualified opinion on those combined financial statements. In our opinion, the information set forth in the accompanying consolidated statement of assets, liabilities and members'capital, including the consolidated schedule of investments, as of December 31, 2010 is fairly stated, in all material respects, in relation to the combined statement of assets, liabilities, and members' capital, including the combined schedule of investments, from which it has been derived.

DELOITTE & TOUCHE LLP

New York, New York
November 14, 2011

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto contained elsewhere in the report. See "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Forward-Looking Statements

The information contained in this section should be read in conjunction with the financial data and financial statements and notes thereto appearing elsewhere in this quarterly report. In addition, some of the statements in this report (including in the following discussion) constitute forward-looking statements, which relate to future events or the future performance or financial condition of New Mountain Finance Holdings, L.L.C. ("NMF Holdings", the "Company", "we", "us", or "our"). The forward-looking statements contained in this report involve a number of risks and uncertainties, including:

- statements concerning the impact of a protracted decline in the liquidity of credit markets;
- the general economy, including interest and inflation rates, and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our ability to make investments consistent with our investment objectives, including with respect to the size, nature and terms of our investments;
- the ability of New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") or its affiliates to attract and retain highly talented professionals;
- actual and potential conflicts of interest with the Investment Adviser and other affiliates of New Mountain Capital Group, L.L.C.; and
- other factors, including those discussed in our Registration Statement on Form N-2, filed with the Securities and Exchange Commission on May 16, 2011.

We use words such as "anticipates", "believes", "expects", "intends", "will", "should", "may" and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" section in our Registration Statement on Form N-2, filed with the Securities and Exchange Commission on May 16, 2011.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

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

NMF Holdings is externally managed by the Investment Adviser. New Mountain Finance Administration, L.L.C. (the "Administrator") provides the administrative services necessary for our 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 approximately $9.0 billion as of September 30, 2011. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity, and credit investment vehicles. NMF Holdings, 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".

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This structure was designed to generally prevent New Mountain Finance Corporation ("New Mountain Finance") from being allocated taxable income in respect of unrecognized gains in the Predecessor Entities' assets, with the result that any distributions made to New Mountain Finance's stockholders that are attributable to such gains generally will not be treated as taxable dividends.

New Mountain Finance is a Delaware corporation that was originally incorporated on June 29, 2010. New Mountain Finance is a closed-end, non-diversified management investment company that has elected to be treated as a business development company under the 1940 Act. As such, New Mountain Finance is obligated to comply with certain regulatory requirements. New Mountain Finance intends to be treated, and intends to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, (the "Code") commencing with it taxable year ending December 31, 2011.

On May 19, 2011, New Mountain Finance 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, New Mountain Finance 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 separate private placement.

New Mountain Finance is a holding company with no direct operations of its own, and its sole asset is its ownership in NMF Holdings. New Mountain Finance entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of NMF Holdings, pursuant to which New Mountain Finance was admitted as a member of NMF Holdings and acquired from NMF Holdings, with the gross proceeds of the IPO and the concurrent private placement, common membership units ("units") of NMF Holdings (the number of units are equal to the number of shares of New Mountain Finance's common stock sold in the IPO and the concurrent private placement). In connection with New Mountain Finance's IPO and through a series of transactions, NMF Holdings owns all of the operations of the Predecessor Entities, including all of the assets and liabilities related to such operations.

Guardian AIV was the parent of NMF Holdings prior to the IPO and as a result of the transactions completed in connection with the IPO obtained units in NMF Holdings. Guardian AIV contributed its units in NMF Holdings to its newly formed subsidiary, New Mountain Finance AIV Holdings Corporation ("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 NMF Holdings for shares of New Mountain Finance's common stock on a one-for-one basis. As of September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, respectively, of the units of NMF Holdings.

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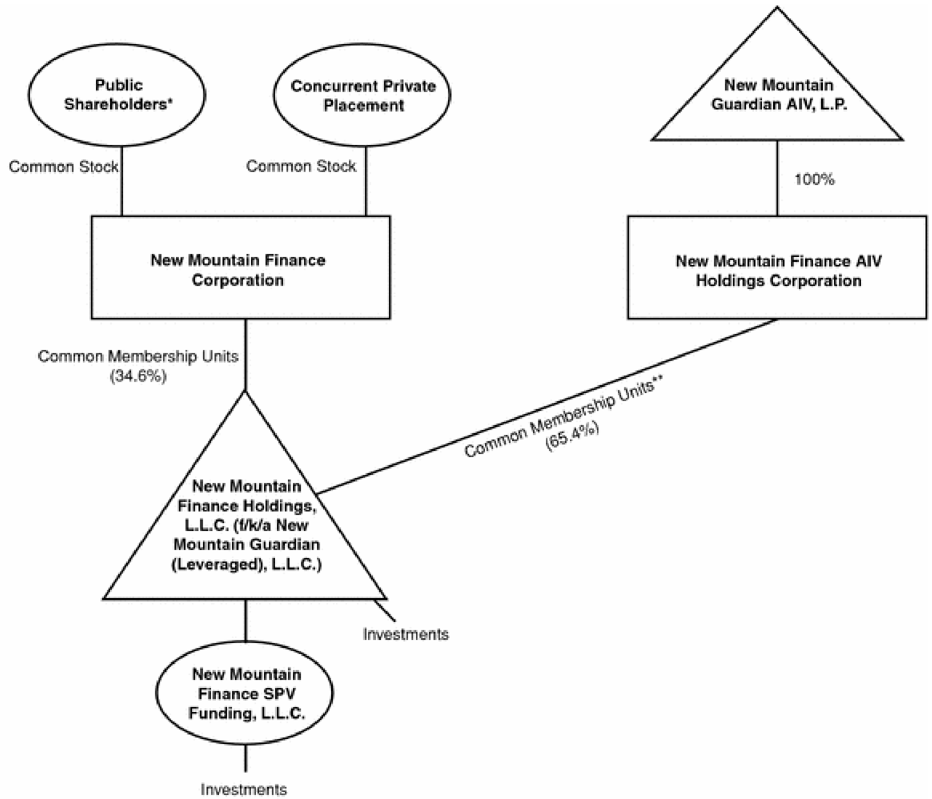
The diagram below depicts our current organizational structure.



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

** These common membership units are exchangeable into shares of New Mountain Finance common stock on a one-for-one basis.

NMF Holdings' 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, our 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) opportunities for niche market dominance.

As of September 30, 2011, our net asset value was $411.9 million and our portfolio had a fair value of approximately $604.3 million in 50 portfolio companies, with a weighted average Unadjusted and Adjusted Yield to Maturity of approximately 10.9% and 14.0%, respectively. "Adjusted Yield to Maturity" assumes that the investments in our portfolio are purchased at fair value on September 30, 2011 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 New Mountain Finance SPV Funding, L.L.C ("NMF SLF"). NMF SLF is treated as a fully levered asset of the Company, with NMF SLF's net asset value being included for yield calculation purposes. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. References to "Unadjusted Yield to Maturity" have the same assumptions as Adjusted Yield to Maturity except that NMF SLF is not treated as a fully levered asset of the Company, but rather the assets themselves are consolidated into the Company.

Recent Developments

On October 27, 2011, NMF SLF entered into a fifth amendment to the SLF Credit Facility, which removed the restriction to purchase or sell loans to an affiliate.

On October 27, 2011, NMF Holdings entered into a second amendment to the Holdings Credit Facility, which permitted NMF Holdings to borrow up to 67.0% 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.

On November 8, 2011, NMF Holdings entered into Amendment No. 1 to the Trademark License Agreement, as amended, by and among New Mountain Capital, L.L.C., NMF Holdings, New Mountain Finance, AIV Holdings, the Investment Adviser and the

Administrator, which, amended the preamble, added "New Mountain Finance" to the definition of "Licensed Mark" and Canada and the European Union to the definition of "Territory", as such terms are used in the Trademark License Agreement, as amended, added a definition of "Licensed Services", and added AIV Holdings, the Investment Adviser and the Administrator as parties to the Trademark License Agreement, as amended.

On November 8, 2011, NMF Holdings entered into an Administration Agreement, as amended and restated, by and among NMF Holdings, New Mountain Finance, AIV Holdings and the Administrator, which added AIV Holdings as a party to, and clarified certain cost and expense allocation provisions in, the Administration Agreement, as amended and restated.

On November 8, 2011, NMF Holdings entered into Amendment No. 1 to the Limited Liability Company Agreement, as amended and restated, of NMF Holdings, which clarified certain cost and expense allocation provisions in such agreement.

Dividend

On November 8, 2011, our board of directors, and subsequently New Mountain Finance's board of directors, declared a fourth quarter 2011 distribution of $0.30 per unit/share payable on December 30, 2011 to holders of record as of December 15, 2011.

Since New Mountain Finance is a holding company, all distributions on its common stock will be paid from distributions received from NMF Holdings. NMF Holdings intends to make distributions to its unit holders that will be sufficient to enable New Mountain Finance to pay quarterly distributions to its stockholders and to obtain and maintain its status as a RIC. New Mountain Finance intends to distribute approximately all of its portion of our adjusted net investment income (see Results of Operations) on a quarterly basis and substantially all of its portion of our taxable income on an annual basis, except that it may retain certain net capital gains for reinvestment.

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.

Valuation of Portfolio Investments

NMF Holdings conducts the valuation of assets, pursuant to which its net asset value, and, consequently, New Mountain Finance's net asset value is determined, at all times consistent with GAAP and the 1940 Act.

NMF Holdings' values its assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, our Board of Directors is ultimately and solely responsible for determining the fair value of our 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 our portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. Our 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 Bloomberg.
(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 Interactive Data Corporation. Analytics are performed by the investment professionals of the Company's 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 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, we look at the number of quotes readily available and perform the following:
        i. Investments for which more than two 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 or two quotes are 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

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to sufficiently validate the quote(s) internally and if the investment's par 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 our senior management;
    c. If an investment falls into (3) above for four consecutive quarters, then at least once each fiscal year, the valuation for each portfolio investment for which we do not have a readily available market quotation will be reviewed by an independent valuation firm engaged by our board of directors.
    d. Also, when deemed appropriate by our management, an independent valuation firm may be engaged to review and value investment(s) in 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.

Valuation methods may include comparisons of financial ratios of the portfolio companies that issued such private securities to peer companies that are public, the nature of and the realizable value of any collateral, the portfolio company's earnings, discounted cash flows, the ability to make payments, the markets in which the portfolio company conducts business, and other relevant factors, including available market data such as relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; comparable merger and acquisition transactions; and the principal market and enterprise values. When an external event such as a purchase transaction, public offering or subsequent sale occurs, we will consider the pricing indicated by the external event to corroborate the private valuation.

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.

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 NMF Holdings 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"), NMF Holdings, to the extent that we hold such investments, does not adjust the quoted price for these investments, even in situations where NMF Holdings 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:

A) Quoted prices for similar assets or liabilities in active markets;
B) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
C) 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
D) 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. 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 reclassification of certain investments within the fair value hierarchy from period to period.

The following table summarizes the levels in the fair value hierarchy that our portfolio investments fall into as of September 30, 2011:

(in thousands)

	Total	Level I	Level II	Level III
First lien	$ 383,083	—	$ 368,608	$ 14,475
Second lien	192,152	—	168,152	24,000
Subordinated	28,697	—	14,285	14,412
Equity and other	402	—	—	402
Total investments	$ 604,334	—	$ 551,045	$ 53,289

Monitoring of Portfolio Investments

We monitor the performance and financial trends of our portfolio companies on at least a quarterly basis. We attempt to identify any developments within the portfolio company, the industry or the macroeconomic environment that may alter any material element of our original investment strategy.

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

- Investment Rating 1 — Investment is performing above expectations;
- Investment Rating 2 — Investment is performing in-line with expectations. All new loans are rated 2 when approved;
- Investment Rating 3 — Investment is performing below expectations and risk has increased since the original investment; and
- Investment Rating 4 — Investment is performing substantially below expectations and risks have increased substantially since the original investment.

As of September 30, 2011, all investments in our portfolio had an Investment Rating of 1 or 2 with the exception of one investment. As of September 30, 2011, ATI Acquisition Company had an Investment Rating of 3 due to the underlying business encountering some regulatory headwinds which, while we believe will ultimately be resolved, have led to the company's underperformance in the current quarter. As of September 30, 2011, our investment in ATI Acquisition Company had a cost basis of $4.3 million and a fair value of $1.4 million.

Revenue Recognition

The 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. NMF Holdings 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 or when there is reasonable doubt that principal or interest will be collected. Accrued interest is generally reversed when a loan 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 and 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.

Portfolio and Investment Activity

The fair value of our investments was approximately $604.3 million in 50 portfolio companies at September 30, 2011 and $441.1 million in 43 portfolio companies at December 31, 2010. For the nine months ended September 30, 2011, NMF Holdings made approximately $354.2 million of new investments in 28 portfolio companies. For the year ended December 31, 2010, NMF Holdings made approximately $332.7 million of new investments in 34 portfolio companies.

For the nine months ended September 30, 2011, NMF Holdings had approximately $113.6 million in debt repayments in existing portfolio companies and sales of securities in 13 portfolio companies aggregating approximately $68.7 million. In addition, during the nine months ended September 30, 2011, NMF Holdings had a change in unrealized appreciation on seven portfolio companies totaling approximately $2.3 million, which was offset by a change in unrealized depreciation on 52 portfolio companies totaling approximately $31.4 million. For the year ended December 31, 2010, NMF Holdings had approximately $40.3 million in debt repayments in existing portfolio companies and sales of securities in 16 portfolio companies aggregating approximately $217.9 million. During the year ended December 31, 2010, NMF Holdings had a change in unrealized appreciation on 36 portfolio companies totaling approximately $13.0 million, which was offset by a change in unrealized depreciation on 18 portfolio companies totaling approximately $53.0 million.

At September 30, 2011, our weighted average Unadjusted and Adjusted Yield to Maturity was approximately 10.9% and 14.0%, respectively.

Results of Operations

Under GAAP, New Mountain Finance's IPO did not step-up the cost basis of our existing investments to fair market value at the IPO date. Since the total value of our 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 investments are sold or mature in the future. We track the transferred (or fair market) value of each of our investment as of the time of the IPO and, for purposes of the incentive fee calculation, adjust 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" (as defined in Note 5, *Agreements*, of the notes to the financial statements included in this report) is used in calculating both the incentive fee and dividend payments. The below Statement of Operations for the three months ended September 30, 2011 is adjusted to reflect this step-up to fair market value.

(in thousands)

	Three months ended to September 30, 2011	Adjustments	Adjusted Three months ended to September 30, 2011
Investment income			
Interest income	$ 14,861	$ (1,190)	$ 13,671
Other income	208		208
Total investment income	15,069	(1,190)	13,879
Total expenses	5,067		5,067
Net Investment Income	10,002	(1,190)	8,812
Realized gain on investments	1,402	(1,396)	6
Net change in unrealized (depreciation) appreciation of investments	(22,657)	2,586	(20,071)
Net decrease in capital resulting from operations	$ (11,253)		$ (11,253)

For the three months ended September 30, 2011, we had a $1.2 million adjustment to interest income for amortization and a decrease of $1.4 million to realized gains to adjust for the stepped-up cost basis of the transferred investments. Adjusted Net Investment Income was $8.8 million for the three months ended September 30, 2011.

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The following table for the period May 19, 2011 (effective date of the Investment Management Agreement) to September 30, 2011 is adjusted to reflect the step-up to fair market value.

(in thousands)

	Period from May 19, 2011 to September 30, 2011	Adjustments	Adjusted Period from May 19, 2011 to September 30, 2011
Investment income			
Interest income	$ 21,865	$ (1,748)	$ 20,117
Other income	514		514
Total investment income	22,379	(1,748)	20,631
Total expenses	7,799		7,799
Net Investment Income	14,580	(1,748)	12,832
Realized gain (loss) on investments	1,001	(1,182)	(181)
Net change in unrealized (depreciation) appreciation of investments	(21,557)	2,930	(18,627)
Net decrease in capital resulting from operations	$ (5,976)		$ (5,976)

For the period May 19, 2011 (effective date of the Investment Management Agreement) to September 30, 2011, we had a $1.7 million adjustment to interest income for amortization and a decrease of $1.2 million to realized gains to adjust for the stepped-up cost basis of the transferred investments. Adjusted Net Investment Income was $12.8 million for the period May 19, 2011 (effective date of the Investment Management Agreement) to September 30, 2011.

Results of Operations for the Quarter Ended September 30, 2011 compared to the Quarter Ended September 30, 2010

Revenue

	Three months ended September 30, 2011	Three months ended September 30, 2010	% Change
	(in thousands)		
Interest income	$ 14,861	$ 13,598	9 %
Other income	208	283	(27)%
Total investment income	$ 15,069	$ 13,881	

Total investment income increased by $1.2 million for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. The increase in investment income during the three months ended September 30, 2011 was primarily attributable to larger invested balances, which were 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 as our wholly-owned subsidiary, uses cash injected by NMF Holdings and leverage from its revolving credit facility to invest primarily in first lien debt securities.

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Operating Expenses

	Three months ended September 30, 2011	Three months ended September 30, 2010	% Change
	(in thousands)		
Interest and other credit facility expenses	$ 1,686	$ 689	145 %
Management fee	1,930	18	NM *

Incentive fee	701	—	N/A
Professional fees	55	(79)	170 %
Other expenses	695	108	544 %
Total operating expenses	$ 5,067	$ 736	

* Not meaningful.

Total operating expenses increased by $4.3 million for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. Interest and other credit facility expenses increased by $1.0 million during the three months ended September 30, 2011. The credit facility of NMF SLF was originally executed in October 2010 and therefore not outstanding at anytime during the three months ended September 30, 2010. Costs associated with the closing of the credit facility of NMF SLF are capitalized and charged against income as other credit facility expenses.

Additionally, management fees and incentive fees increased $1.9 million and $0.7 million, respectively, for the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. As a result of the IPO on May 19, 2011, NMF Holdings 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. In addition, 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, our historical operating expenses are not comparable to our operating expenses after the completion of the IPO.

Realized Gains and Net Change in Unrealized (Depreciation) Appreciation

	Three Months Ended	
	September 30, 2011	September 30, 2010
	(in thousands)	
Realized gains on investments	$ 1,402	$ 18,696
Net change in unrealized (depreciation) appreciation of investments	(22,657)	(13,135)
Total net realized gains and net change in unrealized (depreciation) appreciation of investments	$ (21,255)	$ 5,561

The net realized and unrealized gains or losses resulted in a net loss of $21.3 million for the three months ended September 30, 2011 compared to a net gain of $5.6 million for the same period in 2010. The net loss for the three months ended September 30, 2011 was primarily driven by the overall decline in market prices during the period. The net gain for the three months ended September 30, 2010 was primarily driven by the sale of investments at values higher than the fair values of the investments at the beginning of the quarter.

Results of Operations for the Nine Months Ended September 30, 2011 compared to the Nine Months Ended September 30, 2010

Revenue

	Nine months ended		
	September 30, 2011	September 30, 2010	% Change
	(in thousands)		
Interest income	$ 38,839	$ 30,818	26%
Other income	558	737	(24)%
Total investment income	$ 39,397	$ 31,555	

Total investment income increased by $7.8 million for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. The increase in investment income during the nine months ended September 30, 2011 was primarily attributable to larger and additional invested balances, which were 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 NMF Holdings and leverage from its revolving credit facility to invest primarily in first lien debt securities. Additionally in 2011, interest income increased due to prepayment premiums associated with the refinancing and early repayment of the debt of multiple portfolio companies.

Operating Expenses

	Nine months ended		
	September 30, 2011	September 30, 2010	% Change
	(in thousands)		
Interest and other credit facility expenses	$ 4,767	$ 1,911	149 %
Management fee	2,738	53	NM *
Incentive fee	1,205	—	N/A
Professional fees	625	115	443 %
Other expenses	1,076	347	210 %
Total operating expenses	$ 10,411	$ 2,426	

* Not meaningful.

Total operating expenses increased by $8.0 million for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. Interest and other credit facility expenses increased by $2.9 million during the nine months ended September 30, 2011. The credit facility of NMF SLF was originally executed in October 2010 and therefore not outstanding at anytime during the nine months ended September 30, 2010. Costs associated with the closing of the credit facility of NMF SLF are capitalized and charged against income as other credit facility expense.

Additionally, management fees and incentive fees increased $2.7 million and $1.2 million, respectively, for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. As a result of the IPO on May 19, 2011, NMF Holdings 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. In addition, 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, our historical operating expenses are not comparable to our operating expenses after the completion of the IPO.

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Realized Gains and Net Change in Unrealized (Depreciation) Appreciation

	Nine months ended	
	September 30, 2011	September 30, 2010
	(in thousands)	
Realized gains on investments	$ 13,955	$ 47,889
Net change in unrealized (depreciation) appreciation of investments	(29,119)	(29,539)
Total net realized gains and net change in unrealized (depreciation) appreciation of investments	$ (15,164)	$ 18,350

The net realized and unrealized gains or losses resulted in a net loss of $15.2 million for the nine months ended September 30, 2011 compared to a net gain of $18.4 million for the same period in 2010. The net loss for the nine months ended September 30, 2011 was primarily driven by the depreciation of our portfolio as a result of the overall decline in market prices. The net gain during the nine months ended September 30, 2010 was primarily driven by the sharp rise in market prices. We look at total realized and unrealized gains or losses together as movement in unrealized appreciation or depreciation can be the result of realizations.

Liquidity and Capital Resources

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

Guardian AIV and New Mountain Guardian Partners, L.P. contributed a portfolio to NMF Holdings in connection with the IPO of New Mountain Finance, receiving 20,221,938 units of NMF Holdings and 1,252,965 shares of New Mountain Finance, respectively. On May 19, 2011, New Mountain Finance 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, the Company 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 separate private placement. New Mountain Finance used the gross proceeds from the IPO and concurrent private placement to acquire units in NMF Holdings.

NMF Holdings' 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 New Mountain Finance.

At September 30, 2011 and December 31, 2010, we had cash and cash equivalents of approximately $18.4 and $10.7 million, respectively. Cash (used in) provided by operating activities for the nine months ended September 30, 2011 and 2010 was approximately $(252.0) million and $18.5 million, respectively. We expect that all current liquidity needs 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 NMF Holdings 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 21, 2015. The maximum amount of revolving borrowings available under the Holdings Credit Facility is $160.0 million. Under the terms of the Holdings Credit Facility, we are permitted to borrow up to 45.0% or 25.0% of the purchase price of pledged first lien debt securities or non-first lien debt securities, respectively, subject to approval by Wells Fargo Bank, National Association. The credit facility is collateralized by all of the investments of NMF Holdings on an investment by investment basis. All fees associated with the origination or upsizing of the facility are capitalized on the Consolidated Statement of Assets, Liabilities, and Members' Capital and charged against income 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 us to maintain a minimum asset coverage ratio. However, 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.

The Holdings Credit Facility bears interest at a rate of LIBOR plus 3.0% per annum 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). Interest expense and non-usage fees were $1.2 million and $0.5 million, respectively, for the nine months ended September 30, 2011. Interest expense and non-usage fees were $1.6 million and $0.2 million, respectively, for the nine months ended September 30, 2010. The weighted average interest rate for the nine months ended September 30, 2011 and September 30, 2010 was 3.2% and 3.3%, respectively. The average debt outstanding for the nine months ended September 30, 2011 and September 30, 2010 was $46.7 million and $64.8 million, respectively. The outstanding balance of Holdings Credit Facility as of September 30, 2011 and December 31, 2010 was $57.9 million and $59.7

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million, respectively. As ofSeptember 30, 2011 and December 31, 2010, the Company was in compliance with all financial and operational covenants required by the existing credit facilities.

SLF Credit Facility — The Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") among NMF SLF as the Borrower, NMF Holdings 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, 2015. Amendments to the Loan and Security Agreement, dated March 9, 2011 and July 15, 2011, increased the facility size from $100.0 million to $150.0 million and $175.0 million, respectively. The loan is non-recourse to NMF Holdings 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 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.

The SLF Credit Facility permits borrowings of up to 67.0% of the purchase price of pledged debt securities subject to approval by Wells Fargo Bank, National Association and bears interest at a rate of LIBOR plus 2.25% per annum. 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). Interest expense and non-usage fees were $2.3 million and $0.1 million, respectively, for the nine months ended September 30, 2011. The weighted average interest rate for the nine months ended September 30, 2011 for the facility was 2.5%. The average debt outstanding for the nine months ended September 30, 2011 was $123.0 million. The SLF Credit Facility did not exist during the nine months ended September 30, 2010. The outstanding balance as of September 30, 2011 and December 31, 2010 was $166.6 million and $56.9 million, respectively. As of September 30, 2011 and December 31, 2010, NMF SLF was in compliance with all financial and operational covenants required by the existing credit facilities.

Off-Balance Sheet Arrangements

NMF Holdings may become a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our 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 September 30, 2011 and December 31, 2010, NMF Holdings had outstanding commitments to third parties to fund investments totaling $22.7 million and $12.2 million, respectively, under various undrawn revolving credit and other credit facilities.

NMF Holdings may from time to time enter into financing commitment letters or bridge financing commitments. As of September 30, 2011, we entered into commitment letters to purchase debt investments in an aggregate par amount of $45.0 million, which could require funding in the future.

Borrowings

Borrowings of $57.9 million and $59.7 million were outstanding as ofSeptember 30, 2011 and December 31, 2010, respectively, under the Holdings Credit Facility. Borrowings of $166.6 million and $56.9 million were outstanding as of September 30, 2011 and December 31, 2010, respectively, under the SLF Credit Facility.

Contractual Obligations

A summary of our significant contractual payment obligations as of September 30, 2011 is as follows:

		Contractual Obligations Payments Due by Period (in thousands)			
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Holdings Credit Facility (1)	$ 57,903	$ —	$ —	$ 57,903	$ —
SLF Credit Facility (2)	166,606	—	—	166,606	—
Total Contractual Obligations	$ 224,509	$ —	$ —	224,509	$ —

(1) Under the terms of the $160.0 million Holdings Credit Facility, all outstanding borrowings under that facility ($57.9 million as ofSeptember 30, 2011) were required to be repaid on or before October 21, 2015. As of September 30, 2011, there was approximately $102.1 million of possible capacity remaining under the Holdings Credit Facility.

(2) Under the terms of the $175.0 million SLF Credit Facility, all outstanding borrowings under that facility ($166.6 million as of September 30, 2011) must be repaid on or before October 27, 2015. As of September 30, 2011, there was approximately $8.4 million of possible capacity remaining under the SLF Credit Facility.

NMF Holdings has certain contracts under which it has material future commitments. NMF Holdings has $22.7 million of undrawn funding commitments as of September 30, 2011 related to its participation as a lender in revolving credit facilities of our portfolio companies.

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 us 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, New Mountain Finance, and AIV Holdings have also entered into an Administration Agreement, as amended and restated, with the Administrator. Under the Administration Agreement, as amended and restated, the Administrator has agreed to arrange office facilities for us, New Mountain Finance, and AIV Holdings and provide office equipment and clerical, bookkeeping and record keeping services and other administrative services necessary to conduct their respective day-to-day operations.

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, as amended and restated.

Distributions and Dividends

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

Date Declared	Record Date	Payment Date	Amount
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			$ 0.86

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

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

New Mountain Finance maintains an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then New Mountain Finance stockholders' cash dividends will be automatically reinvested in additional shares of New Mountain Finance'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 New Mountain Finance's common stock will be automatically reinvested by New Mountain Finance in NMF Holdings in exchange for additional units of NMF Holdings.

Related Parties

NMF Holdings has entered into a number of business relationships with affiliated or related parties, including the following:

- NMF Holdings 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.
- NMF Holdings, New Mountain Finance, and AIV Holdings 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 NMF Holdings, New Mountain Finance and AIV Holdings 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. NMF Holdings reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to NMF Holdings, New Mountain Finance, and AIV Holdings 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 NMF Holdings' chief financial officer and chief compliance officer and their respective staffs. During the first year of operations, NMF Holdings has capped its direct and indirect expenses under the Administration Agreement, as amended and restated, at $3.0 million.
- Together, New Mountain Finance and AIV Holdings own all the outstanding units of NMF Holdings. As of September 30, 2011, New Mountain Finance and AIV Holdings own approximately 34.6% and 65.4%, respectively, of the units of NMF Holdings.
- NMF Holdings, New Mountain Finance, AIV Holdings, 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 NMF Holdings, New Mountain Finance, AIV Holdings, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

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 NMF Holdings'. The Investment Adviser and its affiliates may determine that an investment is appropriate for NMF Holdings 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.

In addition, New Mountain Finance and NMF Holdings 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.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

We are subject to certain financial market risks, such as interest rate fluctuations. During the three months ended September 30, 2011, certain of the loans held in our portfolio had floating interest rates. Interest rates on the loans held within our portfolio of investments are typically based on floating LIBOR, with many of these assets also having a LIBOR floor. Additionally, our senior secured revolving credit facilities are also subject to floating interest rates and are currently paid based on 1-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 our portfolio of investments held on September 30, 2011. Interest expense is calculated based on the terms of our two outstanding revolving credit facilities. For our floating rate credit facilities, we use the outstanding balance as of September 30, 2011. Interest expense on our floating rate credit facilities are calculated using the interest rate as of September 30, 2011, adjusted for the hypothetical changes in rates, as shown below. The base interest rate case assumes the rates on our portfolio investments remain unchanged from the actual effective interest rates as of September 30, 2011. These hypothetical calculations are based on a model of the investments in our portfolio, held as of September 30, 2011, 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	1.1 %
Base Interest Rate	0.0 %
+100 Basis Points	(3.8)%
+200 Basis Points	1.0 %
+300 Basis Points	9.3 %

We were not exposed to any foreign currency exchange risks as of September 30, 2011.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of September 30, 2011 (the end of the period covered by this report), we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Act of 1934, as amended). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic Securities and Exchange Commission filings is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

(b) Changes in Internal Controls Over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during the third quarter of 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

This quarterly report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly reporting companies.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We, New Mountain Finance Advisers BDC, L.L.C. and New Mountain Finance Administration, L.L.C., are not currently subject to any material pending legal proceedings threatened against us. From time to time, we may be a party to certain legal proceedings incidental to the normal course of our business including the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.

Item 1A. Risk Factors

The recent downgrade of the U.S. credit rating could negatively impact our liquidity, financial condition and earnings. Due to the current federal budget deficit concerns, Standard & Poor's ("S&P") downgraded the federal government's credit rating from AAA to AA+ for the first time in history on August 5, 2011. This downgrade could lead to subsequent downgrades by S&P, as well as to downgrades by the other two major credit rating agencies, Moody's and Fitch Ratings. These developments and the government's credit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our stock price and our financial performance.

Besides the risk mentioned above, there has been no material change in the information provided under the heading "Risk Factors" in our Registration Statement on Form N-2 dated May 16, 2011. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially affect our business, financial condition and/or operating results.

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

We did not engage in unregistered sales of securities during the quarter ended September 30, 2011.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

On October 27, 2011, NMF SLF entered into a fifth amendment to the SLF Credit Facility, which removed the restriction to purchase or sell loans to an affiliate.

On October 27, 2011, NMF Holdings entered into a second amendment to the Holdings Credit Facility, which permitted NMF Holdings to borrow up to 67.0% 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.

On November 8, 2011, NMF Holdings entered into Amendment No. 1 to the Trademark License Agreement, as amended, by and among New Mountain Capital, L.L.C., NMF Holdings, New Mountain Finance, AIV Holdings, the Investment Adviser and the Administrator, which, amended the preamble, added "New Mountain Finance" to the definition of "Licensed Mark" and Canada and the European Union to the definition of "Territory", as such terms are used in the Trademark License Agreement, as amended, added a definition of "Licensed Services", and added AIV Holdings, the Investment Adviser and the Administrator as parties to the Trademark License Agreement, as amended.

On November 8, 2011, NMF Holdings entered into an Administration Agreement, as amended and restated, by and among NMF Holdings, New Mountain Finance, AIV Holdings and the Administrator, which added AIV Holdings as a party to, and clarified certain cost and expense allocation provisions in, the Administration Agreement, as amended and restated.

On November 8, 2011, NMF Holdings entered into Amendment No. 1 to the Limited Liability Company Agreement, as amended and restated, of NMF Holdings, which clarified certain cost and expense allocation provisions in such agreement.

Item 6. Exhibits

(a) Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the Securities and Exchange Commission:

Exhibit Number	Description
2.1	Merger Agreement, dated May 19, 2011 by and between New Mountain Finance Holdings, L.L.C. and New Mountain Guardian Debt Funding, L.L.C.**

2.2	Merger Agreement, dated May 19, 2011 by and between New Mountain Guardian Partners Debt Funding, L.L.C. and New Mountain Guardian Partners (Leveraged), L.L.C.**
2.3	Merger Agreement, dated May 19, 2011 by and between New Mountain Finance Holdings, L.L.C. and New Mountain Guardian Partners (Leveraged), L.L.C.**
3.1	Certificate of Formation of New Mountain Guardian (Leveraged), L.L.C.*
3.2	Certificate of Amendment to Certificate of Formation of New Mountain Guardian (Leveraged), L.L.C. changing its name to New Mountain Finance Holdings, L.L.C.**
3.3	Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.**
3.4	First Joinder Agreement with Respect to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.**
3.5	Second Joinder Agreement with Respect to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.**
3.6	Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.***
10.1	Letter Agreement relating to entry into Amended and Restated Loan and Security Agreement by and among New Mountain Finance Holdings, L.L.C., as Borrower and Collateral Administrator, each of the lenders thereto, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, N.A., as Collateral Custodian.*
10.2	Form of Variable Funding Note of New Mountain Finance Holdings, L.L.C., as the Borrower*
10.3	Form of Amended and Restated Account Control Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Securities Intermediary*
10.4	First Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, N,A., as Lender***
10.5	Second Amendment to Amened and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, N.A., as Lender***
10.6	Third Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities LLC, As Administrative Agent and Wells Fargo Bank, N.A., as Lender***
10.7	Loan and Security Agreement by and among New Mountain Guardian (Leveraged), L.L.C., as Collateral Administrator, New Mountain Guardian SPV Funding, L.L.C., as Borrower, each of the lenders party thereto, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Collateral Custodian*
10.8	First Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender*
10.9	Second Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender*
10.10	Third Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender***
10.11	Fourth Amendment to Loan and Security Agreement between New Mountain Finance SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender***
10.12	Fifth Amendment to Loan and Security Agreement between New Mountain SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender***
10.13	Account Control Agreement by and between New Mountain Guardian SPV Funding, L.L.C., as Pledgor, Wells Fargo Securities, LLC, as Administrative Agent on behalf of the Secured Parties, and Wells Fargo Bank, N.A., as Securities Intermediary*
10.14	Variable Funding Note of New Mountain Guardian SPV Funding, L.L.C., as the Borrower*

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Exhibit Number	Description
10.15	Form of Investment Management Agreement*
10.16	Form of Safekeeping Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Safekeeping Agent*
10.17	Amended and Restated Administration Agreement***
10.18	Form of Trademark License Agreement*
10.19	Form of Registration Rights Agreement*
10.20	Form of Indemnification Agreement by and between New Mountain Finance Holdings, L.L.C. and each director*
10.21	Form of Letter Agreement relating to Lock-Up Period by and among New Mountain Finance Holdings, L.L.C. and New Mountain Finance Advisers BDC, L.L.C.*

10.22	Amendment No. 1 to Trademark License Agreement***
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

* Previously filed in connection with New Mountain Finance Holdings, L.L.C.'s registration statement on Form N-2 Pre-Effective Amendment No. 3 (File Nos. 333-168280 and 333-172503) filed on May 9, 2011.

** Previously filed in connection with New Mountain Finance Holdings, L.L.C.'s quarterly report on Form 10-Q filed on August 11, 2011.

*** Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on November 14, 2011.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 14, 2011.

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

By: /s/ Robert A. Hamwee

Robert A. Hamwee
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Adam B. Weinstein

Adam B. Weinstein
Chief Financial Officer
(Principal Financial and Accounting Officer)

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We, the Operating Company, New Mountain Finance Advisers BDC, L.L.C., and New Mountain Finance Administration, L.L.C are not currently subject to any material pending legal proceedings threatened against us. From time to time, we may be a party to certain legal proceedings incidental to the normal course of our business including the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.

Item 1A. Risk Factors

The recent downgrade of the U.S. credit rating could negatively impact our liquidity, financial condition and earnings. Due to the current federal budget deficit concerns, Standard & Poor's ("S&P") downgraded the federal government's credit rating from AAA to AA+ for the first time in history on August 5, 2011. This downgrade could lead to subsequent downgrades by S&P, as well as to downgrades by the other two major credit rating agencies, Moody's and Fitch Ratings. These developments and the government's credit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our stock price and our financial performance.

There has been no other material change in the information provided under the heading "Risk Factors" in our Registration Statement on Form N-2 dated May 16, 2011. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially affect our business, financial condition and/or operating results.

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

We did not engage in unregistered sales of securities during the quarter ended September 30, 2011.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

On October 27, 2011, NMF SLF entered into a fifth amendment to the SLF Credit Facility, which removed the restriction to purchase or sell loans to an affiliate.

On October 27, 2011, NMF Holdings entered into a second amendment to the Holdings Credit Facility, which permitted NMF Holdings to borrow up to 67.0% 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.

On November 8, 2011, New Mountain Finance entered into Amendment No. 1 to the Trademark License Agreement, as amended, by and among New Mountain Capital, L.L.C., New Mountain Finance, the Operating Company, AIV Holdings, the Investment Adviser and the Administrator, which, amended the preamble, added "New Mountain Finance" to the definition of "Licensed Mark" and Canada and the European Union to the definition of "Territory", as such terms are used in the Trademark License Agreement, as amended, added a definition of "Licensed Services", and added AIV Holdings, the Investment Adviser and the Administrator as parties to the Trademark License Agreement, as amended.

On November 8, 2011, New Mountain Finance entered into an Administration Agreement, as amended and restated, by and among New Mountain Finance, the Operating Company, AIV Holdings and the Administrator, which added AIV Holdings as a party to, and clarified certain cost and expense allocation provisions in, the Administration Agreement, as amended and restated.

On November 8, 2011, New Mountain Finance entered into Amendment No. 1 to the Limited Liability Company Agreement, as amended and restated, of the Operating Company, which clarified certain cost and expense allocation provisions in such agreement.

Item 6. Exhibits

(a) Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the Securities and Exchange Commission:

Exhibit Number	Description
2.1	Merger Agreement dated May 19, 2011 by and between New Mountain Finance Holdings, L.L.C. and new Mountain Guardian Debt Funding, L.L.C.***
2.2	Merger Agreement dated May 19, 2011 by and between New Mountain Guardian Partners Debt Funding, L.L.C. and New Mountain Guardian Partners (Leveraged), L.L.C.***
2.3	Merger Agreement dated May 19, 2011 by and between New Mountain Finance Holdings, L.L.C. and New Mountain Guardian Partners (Leveraged), L.L.C.***
3.1	Certificate of Incorporation of New Mountain Finance Corporation*
3.2	Certificate of Amendment to Certificate of Incorporation of New Mountain Guardian Corporation changing its name to New Mountain Finance Corporation**
3.3	Amended and Restated Certificate of Incorporation of New Mountain Finance Corporation***
3.4	Certificate of Change of Registered Agent and/or Registered office of New Mountain Finance Corporation****
3.5	Bylaws of New Mountain Finance Corporation*
3.6	Amended and Restated Bylaws of New Mountain Finance Corporation***
4.1	Form of Common Stock Certificate**
10.1	Letter Agreement relating to entry into Amended and Restated Loan and Security Agreement by and among New Mountain Finance Holdings, L.L.C., as Borrower and Collateral Administrator, each of the lenders thereto, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, N.A., as Collateral Custodian*
10.2	Form of Variable Funding Note of New Mountain Finance Holdings, L.L.C., as the Borrower*
10.3	Form of Amended and Restated Account Control Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Securities Intermediary*
10.4	First Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, N.A., as Lender
10.5	Second Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, N.A., as Lender
10.6	Third Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities LLC, As Administrative Agent and Wells Fargo Bank, N.A., as Lender
10.7	Loan and Security Agreement by and among New Mountain Guardian (Leveraged), L.L.C., as Collateral Administrator, New Mountain Guardian SPV Funding, L.L.C., as Borrower, each of the lenders party thereto, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Collateral Custodian*
10.8	First Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender*
10.9	Second Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender*
10.10	Third Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender

10.11	Fourth Amendment to Loan and Security Agreement between New Mountain Finance SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender
10.12	Fifth Amendment to Loan and Security Agreement between New Mountain SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender
10.13	Account Control Agreement by and between New Mountain Guardian SPV Funding, L.L.C., as Pledgor, Wells Fargo Securities, LLC, as Administrative Agent on behalf of the Secured Parties, and Wells Fargo Bank, N.A., as Securities Intermediary*

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Exhibit Number	Description
10.14	Variable Funding Note of New Mountain Guardian SPV Funding, L.L.C., as the Borrower*
10.15	Form of Investment Management Agreement*
10.16	Form of Safekeeping Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Safekeeping Agent*
10.17	Amended and Restated Administration Agreement
10.18	Form of Trademark License Agreement*
10.19	Form of Registration Rights Agreement*
10.20	Form of Indemnification Agreement by and between New Mountain Finance Holdings, L.L.C. and each executive officer and director*
10.21	Form of Letter Agreement relating to Lock-Up Period by and among New Mountain Finance Holdings, L.L.C. and New Mountain Finance Advisers BDC, L.L.C.*
10.22	Dividend Reinvestment Plan***
10.23	Second Joinder Agreement with Respect to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.***
10.24	Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.
10.25	Amendment No. 1 to Trademark License Agreement
11	Computation of Per Share Earnings (included in the notes to the financial statements contained in this report)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

* Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 (File No. 333-168280) filed on July 22, 2010.

** Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Pre-Effective Amendment No. 3 (File Nos. 333-168280 and 333-172503) filed on May 9, 2011.

*** Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on August 11, 2011.

**** Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on August 25, 2011.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 14, 2011.

NEW MOUNTAIN FINANCE CORPORATION

By: /s/ Robert A. Hamwee

Robert A. Hamwee
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Adam B. Weinstein

Adam B. Weinstein
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.4

EXECUTION VERSION

FIRST AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of September 23, 2011 (this "First Amendment"), between NEW MOUNTAIN FINANCE HOLDINGS, L.L.C., a Delaware limited liability company (the "Borrower"), WELLS FARGO SECURITIES, LLC, a Delaware limited liability company (the "Administrative Agent") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as a lender (the "Lender").

WHEREAS, the Borrower, the Administrative Agent, the Lender, the other lenders party from time to time thereto and Wells Fargo Bank, National Association, as collateral custodian, are party to the Amended and Restated Loan and Security Agreement, dated as of May 19, 2011 (the "Loan and Security Agreement"), providing, among other things, for the making and the administration of the Advances by the lenders to the Borrower; and

WHEREAS, the Borrower, the Administrative Agent and the Lender desire to amend the Loan and Security Agreement, in accordance with Section 12.1 of the Loan and Security Agreement and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Loan and Security Agreement.

ARTICLE II

Amendments to Loan and Security Agreement

SECTION 2.1. Amendments.

(a) Section 1.1 of the Loan and Security Agreement shall be amended by deleting "BDC" and replacing it with "Borrower" each time such term appears in the definition of "Asset Coverage Ratio."

(b) Section 1.1 of the Loan and Security Agreement shall be amended by adding "as of the end of the most recent fiscal quarter" at the end of clause (iii)(A)(x) of the definition of "Distribution Conditions."

(c) Section 1.1 of the Loan and Security Agreement shall be amended by deleting the defined term "Net Asset Value" and inserting the following in lieu thereof:

"Net Asset Value" means, with respect to the Borrower on any BDC Reporting Date, the difference, determined on a consolidated basis, without duplication and in accordance with GAAP, between (a) the fair market value of the total assets of the Borrower and its consolidated Subsidiaries as required by, and in accordance with, the 1940 Act and any orders of the Securities and Exchange Commission issued to the Borrower, to be determined by the Board of Directors of the Borrower and reviewed by its auditors and (b) all liabilities (including contingent liabilities) of the Borrower and its consolidated Subsidiaries."

(d) Section 5.1(u) of the Loan and Security Agreement shall be deleted and the following shall be inserted in lieu thereof:

"BDC Assets. The Borrower will submit to the Administrative Agent and each Lender, on each BDC Reporting Date, a certification by a Responsible Officer of the Borrower of the aggregate assets and commitments of the Borrower and its consolidated Subsidiaries (determined in accordance with GAAP and Applicable Law) as of the end of the previous fiscal quarter. A "Curable BDC Asset Coverage Event" shall be deemed to occur if (i) the Asset Coverage Ratio of the Borrower and its consolidated Subsidiaries on any BDC Reporting Date is less than 2:1, and (ii) no Permanent BDC Asset Coverage Event is continuing. A Curable BDC Asset Coverage Event shall be deemed to be continuing until the earlier of (x) the occurrence of a Permanent BDC Asset Coverage Event, and (y) any BDC Reporting Date on which the Asset Coverage Ratio of the Borrower and its consolidated Subsidiaries on a BDC Reporting Date is equal to or greater than 2:1.

A "Permanent BDC Asset Coverage Event" shall be deemed to occur and be continuing if the Asset Coverage Ratio of the Borrower and its consolidated Subsidiaries (determined in accordance with GAAP and Applicable Law) on three (3) consecutive BDC Reporting Dates is less than 2:1. Notwithstanding the foregoing, if (1) a Permanent BDC Asset Coverage Event occurs, and (2) the Asset Coverage Ratio of the Borrower and its consolidated Subsidiaries on two (2) consecutive BDC Reporting Dates following such occurrence is equal to or greater than 2.25:1, then (A) such Permanent BDC Asset Coverage Event shall be deemed to be cured and no longer continuing for all purposes of this Agreement, and (B) the corresponding Event of Default under Section 9.1(n) shall be deemed to be waived by the Administrative Agent and the Required Lenders for all purposes of this Agreement, in each case as of the second (2^{nd}) of such BDC Reporting Dates."

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower hereby represents and warrants to the Administrative Agent and the Lender that, as of the date first written above, (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan and Security Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This First Amendment shall become effective as of the date first written above upon the execution and delivery of this First Amendment by the Borrower, the Administrative Agent and the Required Lenders.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS FIRST AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this First Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Loan and Security Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This First Amendment shall form a part of the Loan and Security Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this First Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this First Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this First Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed as of the date first written above.

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.,
as the Borrower

By: /s/ Adam Weinstein
Name: Adam Weinstein
Title: Chief Financial Officer and Treasurer

[Signature Page to First Amendment to A&R Loan and Security Agreement]

WELLS FARGO SECURITIES, LLC,
as Administrative Agent

By: /s/ Allan Schmitt
Name: Allan Schmitt
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
representing 100% of the aggregate Commitments of the Lenders in effect as of the date hereof

By: /s/ Jason Powers
Name: Jason Powers
Title: Director

[Signature Page to First Amendment to A&R Loan and Security Agreement]

EXHIBIT 10.5

EXECUTION VERSION

SECOND AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of October 27, 2011 (this "Amendment"), between NEW MOUNTAIN FINANCE HOLDINGS, L.L.C., a Delaware limited liability company (the "Borrower"), WELLS FARGO SECURITIES, LLC, a Delaware limited liability company (the "Administrative Agent") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as a lender (the "Lender").

WHEREAS, the Borrower, the Administrative Agent, the Lender, the other lenders party from time to time thereto and Wells Fargo Bank, National Association, as collateral custodian, are party to the Amended and Restated Loan and Security Agreement, dated as of May 19, 2011 (as amended by the Amendment to Amended and Restated Loan and Security Agreement, dated as of September 23, 2011, and as may be further amended, supplemented and otherwise modified from time to time, the "Loan and Security Agreement"), providing, among other things, for the making and the administration of the Advances by the lenders to the Borrower; and

WHEREAS, the Borrower, the Administrative Agent and the Lender desire to amend the Loan and Security Agreement, in accordance with Section 12.1 of the Loan and Security Agreement and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Loan and Security Agreement.

ARTICLE II

Amendments to Loan and Security Agreement

SECTION 2.1. Amendments.

(a) Section 1.1 of the Loan and Security Agreement shall be amended by deleting the definition of "Advance Rate" and inserting in lieu thereof the following:

""Advance Rate": With respect to (a) any First Lien Loan, the First Lien Loan Advance Rate for such Loan, (b) any Specified First Lien Loan, the Specified First Lien Loan Advance Rate for such Loan, (c) any Non-First Lien Loan (other than a Specified Non-First Lien Loan), the Non-First Lien Loan Advance Rate for such Loan and (d) any Specified Non-First Lien Loan, the Specified Non-First Lien Loan Advance Rate for such Loan."

(b) Section 1.1 of the Loan and Security Agreement shall be amended by inserting "(other than a Specified First Lien Loan)" immediately following "a Loan" in the first line of the definition of "First Lien Loan."

(c) Section 1.1 of the Loan and Security Agreement shall be amended by inserting "or a Specified First Lien Loan" immediately following "a First Lien Loan" in the definition of "Non-First Lien Loan."

(d) Section 1.1 of the Loan and Security Agreement shall be amended by (i) deleting "or" at the end of clause (b), (ii) deleting "." at the end of clause (c) and inserting ";" in lieu thereof and (iii) inserting the following new clauses (d) and (e) in the definition of "Material Modification" in the appropriate alphabetical order:

"(d) reduces or waives any or all of the principal amount of such Loan; or

(e) with respect to any Specified First Lien Loan, amends, waives, forbears, supplements or otherwise modifies in any way the definition of "Net Senior Leverage Ratio" or "Cash Interest Coverage Ratio" (or any respective comparable definition in its Underlying Instruments) or the definition of any component thereof in a manner that, in the sole discretion of the Administrative Agent, is materially adverse to the Administrative Agent or any Lender;"

(e) Section 1.1 of the Loan and Security Agreement shall be amended by inserting the following new defined terms in the appropriate alphabetical order:

""Cash Interest Coverage Ratio": With respect to any Specified First Lien Loan for any Relevant Test Period, either (a) the meaning of "Cash Interest Coverage Ratio" or comparable definition set forth in the Underlying Instruments for such Specified First Lien Loan, or (b) in the case of any Specified First Lien Loan with respect to which the related Underlying Instruments do not include a definition of "Cash Interest Coverage Ratio" or comparable definition, the ratio of (i) EBITDA to (ii) Cash Interest Expense of such Obligor with respect to the applicable Relevant Test Period, as calculated by the Borrower and Collateral Administrator in good faith.

"Cash Interest Expense": With respect to any Obligor for any period, the amount which, in conformity with GAAP, would be set forth opposite the caption "interest expense" or any like caption reflected on the most recent financial statements delivered by such Obligor to the Borrower for such period.

"Net Senior Leverage Ratio": With respect to any Specified First Lien Loan for any Relevant Test Period, either (a) the meaning of "Net Senior Leverage Ratio" or comparable definition set forth in the Underlying Instruments for such Specified First Lien Loan, or (b) in the case of any Specified First Lien Loan with respect to which the related Underlying Instruments do not include a definition of "Net Senior Leverage Ratio" or comparable definition, the ratio of (i) the senior Indebtedness (including, without limitation, such Specified First Lien Loan) of the applicable Obligor as of the date of determination *minus* the Unrestricted Cash of such Obligor as of such date to (ii) EBITDA of such Obligor with

respect to the applicable Relevant Test Period, as calculated by the Borrower and Collateral Administrator in good faith.

"Original Cash Interest Coverage Ratio": With respect to any Specified First Lien Loan, the Cash Interest Coverage Ratio for such Loan on the date such Specified First Lien Loan was approved as an Eligible Loan by the Administrative Agent.

"Original Net Senior Leverage Ratio": With respect to any Specified First Lien Loan, the Net Senior Leverage Ratio for such Loan on the date such Specified First Lien Loan was approved as an Eligible Loan by the Administrative Agent.

"Specified First Lien Loan": A Loan (i) that is not (and cannot by its terms become) subordinate in right of payment to any obligation of the Obligor in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, (ii) that is secured by a pledge of collateral, which security interest is validly perfected and first priority under Applicable Law (subject to liens permitted under the Underlying Instruments), (iii) the Collateral Administrator determines in good faith that the value of the collateral securing the loan on or about the time of origination equals or exceeds the outstanding principal balance of the Loan plus the aggregate outstanding balances of all other loans of equal or higher seniority secured by the same collateral and (iv) that is designated by the Administrative Agent as a "Specified First Lien Loan" on the related Approval Notice.

"Specified First Lien Loan Advance Rate": 67%.

"Specified Non-First Lien Loan": A Non-First Lien Loan that is designated by the Administrative Agent as a "Specified Non-First Lien Loan" on the related Approval Notice.

"Specified Non-First Lien Loan Advance Rate": With respect to (a) any Specified Non-First Lien Loan (other than a Specified Non-First Lien Loan in respect of which a Prepayment Cure Event has occurred), the lesser of (i) 45% and (ii) the minimum percentage necessary such that the amount of the initial Advance with respect to such Specified Non-First Lien Loan results in the Adjusted Net Non-First Lien Leverage Ratio of the related Obligor being less than the threshold determined by the Administrative Agent in its sole discretion for such Obligor at the time of the approval of such Specified Non-First Lien Loan; and (b) any Specified Non-First Lien Loan in respect of which a Prepayment Cure Event has occurred, the percentage necessary such that the amount of the Advance made with respect to such Specified Non-First Lien Loan results in the Adjusted Net Non-First Lien Leverage Ratio of the related Obligor being no greater than 0.75x (or such lesser number that is acceptable to the Administrative Agent) less than the threshold determined by the Administrative Agent in its sole discretion at the time of the approval of such Specified Non-First Lien Loan."

(f) Section 1.1 of the Loan and Security Agreement shall be amended by deleting the defined term "Value Adjustment Event" and inserting the following in lieu thereof:

""Value Adjustment Event": With respect to any Loan, the occurrence of any one or more of the following events after the related Funding Date:

(a) solely with respect to any First Lien Loan, the Adjusted Net Senior Leverage Ratio for any Relevant Test Date of the related Obligor with respect to such First Lien Loan is greater than 2.50 to 1.00 and the Borrower either (i) did not deliver a Proposed Cure Notice to the Administrative Agent in accordance with Section 5.1(x)(i), or (ii) delivers a Proposed Cure Notice to the Administrative Agent in accordance withSection 5.1(x)(i) but fails to comply with the terms of the Proposed Cure Notice within fifteen (15) Business Days following the delivery of such Proposed Cure Notice;

(b) a payment default under such Loan (after giving effect to any applicable grace or cure periods, but in any case not to exceed five (5) Business Days, in accordance with the Underlying Instruments);

(c) the occurrence of a Material Modification with respect to such Loan;

(d) an Insolvency Event with respect to the related Obligor;

(e) the failure to deliver (i) with respect to quarterly reports, any financial statements (including unaudited financial statements) to the Administrative Agent sufficient to calculate any applicable Adjusted Net Leverage Ratio of the related Obligor by the date that is no later than seventy (70) days after the end of the first, second or third quarter of any fiscal year and (ii) with respect to annual reports, any audited financial statements to the Administrative Agent sufficient to calculate any applicable Adjusted Net Leverage Ratio of the related Obligor by the date that is no later than one hundred and thirty (130) days after the end of any fiscal year;

(f) solely with respect to any Non-First Lien Loan, the Adjusted Net Non-First Lien Leverage Ratio of the related Obligor being greater than the threshold determined by the Administrative Agent in its sole discretion for such Obligor at the time of the approval of such Non-First Lien Loan and the Borrower either (i) did not deliver a Proposed Cure Notice to the Administrative Agent in accordance with Section 5.1(x)(ii), or (ii) delivers a Proposed Cure Notice to the Administrative Agent in accordance with Section 5.1(x)(ii) but fails to comply with the terms of the Proposed Cure Notice within fifteen (15) Business Days following the delivery of such Proposed Cure Notice;

(g) solely with respect to any Specified First Lien Loan, the Net Senior Leverage Ratio for any Relevant Test Period of the related Obligor with respect to such Loan is (i) greater than 3.50 to 1.00 and (ii) greater than 0.50 higher than the Original Net Senior Leverage Ratio;

(h) solely with respect to any Specified First Lien Loan, the Cash Interest Coverage Ratio for any Relevant Test Period of the related Obligor with respect to such Loan is (i) less than 1.50 to 1.00 and (ii) less than 85% of the Original Cash Interest Coverage Ratio; or

(i) a default under such Loan, together with the election by any Person or group of Persons authorized to exercise any rights or remedies by the applicable Underlying Instruments (including, without limitation, the Borrower) to enforce any of their respective

rights or remedies (including, without limitation, acceleration of the Loan) pursuant to the applicable Underlying Instruments."

(g) Section 5.1(x)(i) of the Loan and Security Agreement shall be amended by inserting "(but not, for the avoidance of doubt, any Specified First Lien Loan)" immediately following "with respect to a First Lien Loan" in the second line thereof.

(h) Exhibit A-5 to the Loan and Security Agreement shall be deleted and the exhibits attached as Exhibit A hereto shall be inserted in lieu thereof.

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower hereby represents and warrants to the Administrative Agent and the Lender that, as of the date first written above, (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan and Security Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This Amendment shall become effective as of the date first written above upon the execution and delivery of this Amendment by the Borrower, the Administrative Agent and the Required Lenders.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Loan and Security Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Amendment shall form a part of the Loan and Security Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C., as the Borrower

By: /s/ Adam Weinstein
Name: Adam Weinstein
Title: Chief Financial Officer and Treasurer

[Signature Page to Second Amendment to A&R Loan and Security Agreement]

WELLS FARGO SECURITIES, LLC,
as Administrative Agent

By: /s/ Allan Schmitt
Name: Allan Schmitt
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
representing 100% of the aggregate Commitments of the Lenders in effect as of the date hereof

By: /s/ Jason Powers
Name: Jason Powers
Title: Director

[Signature Page to Second Amendment to A&R Loan and Security Agreement]

Exhibit A to
Second Amendment

EXHIBIT A-5-1
To Amended and Restated
Loan and Security Agreement

FORM OF APPROVAL NOTICE (FIRST LIEN LOANS)

DATE __________

ELIGIBLE LOAN INFORMATION

Obligor Name	
Par Amount of Purchase	
Adjusted Net Senior Leverage Ratio	
Pricing	
Remaining Term to Maturity	

ASSIGNED VALUE

Assigned Value	
Advance Rate	
Purchase Price	

WELLS FARGO SECURITIES, LLC APPROVAL

Specified First Lien Loan	Y ☐ N ☐
Commitment Termination	
Approval Good Until	
Approval Conditioned Upon	

Reviewed by: __________
Name:

Telephone No.

[Exhibit A to Second Amendment to A&R Loan and Security Agreement]

EXHIBIT A-5-2
To Loan and
Security Agreement

FORM OF APPROVAL NOTICE (NON-FIRST LIEN LOANS)

DATE __________

ELIGIBLE LOAN INFORMATION

Obligor Name	
Par Amount of Purchase	
Adjusted Net Non-First Lien Leverage Ratio	
Pricing	
Remaining Term to Maturity	

ASSIGNED VALUE

Assigned Value	
Advance Rate	
Adjusted Net Non-First Lien Leverage Ratio Threshold	
Purchase Price	

WELLS FARGO SECURITIES, LLC APPROVAL

Specified Non-First Lien Loan	Y ☐ N ☐
Commitment Termination	
Approval Good Until	
Approval Conditioned Upon	

Reviewed by: __________
Name:
Telephone No.

[Exhibit A to Second Amendment to A&R Loan and Security Agreement]

EXHIBIT 10.6

EXECUTION VERSION

THIRD AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of November 11, 2011 (this "Amendment"), between NEW MOUNTAIN FINANCE HOLDINGS, L.L.C., a Delaware limited liability company (the "Borrower"), WELLS FARGO SECURITIES, LLC, a Delaware limited liability company (the "Administrative Agent") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as a lender (the "Lender").

WHEREAS, the Borrower, the Administrative Agent, the Lender, the other lenders party from time to time thereto and Wells Fargo Bank, National Association, as collateral custodian, are party to the Amended and Restated Loan and Security Agreement, dated as of May 19, 2011 (as amended from time to time prior to the date hereof, the "Loan and Security Agreement"), providing, among other things, for the making and the administration of the Advances by the lenders to the Borrower; and

WHEREAS, the Borrower, the Administrative Agent and the Lender desire to amend the Loan and Security Agreement, in accordance with Section 12.1 of the Loan and Security Agreement and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Loan and Security Agreement.

ARTICLE II

Amendments to Loan and Security Agreement

SECTION 2.1. Amendment. Section 1.1 of the Loan and Security Agreement shall be amended by deleting the definition of "Payment Date" and inserting in lieu thereof the following:

""Payment Date": Quarterly on the 3rd Business Day of each January, April, July and October."

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower hereby represents and warrants to the Administrative Agent and the Lender that, as of the date first written above, (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan and Security Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This Amendment shall become effective as of the date first written above upon the execution and delivery of this Amendment by the Borrower, the Administrative Agent and the Required Lenders.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Loan and Security Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Amendment shall form a part of the Loan and Security Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C., as the Borrower

By: /s/ Adam Weinstein

Name: Adam Weinstein
Title: Chief Financial Officer and Treasurer

[Signature Page to Third Amendment to A&R Loan and Security Agreement]

WELLS FARGO SECURITIES, LLC,
as Administrative Agent

By: /s/ Allan Schmitt
Name: Allan Schmitt
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
representing 100% of the aggregate Commitments of the Lenders in effect as of the date hereof

By: /s/ Jason Powers
Name: Jason Powers
Title: Director

[Signature Page to Third Amendment to A&R Loan and Security Agreement]

EXECUTION VERSION

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Third Amendment"), dated as of May 19, 2011 (the "Third Amendment Date"), between NEW MOUNTAIN FINANCE SPV FUNDING, L.L.C. (formerly known as NEW MOUNTAIN GUARDIAN SPV FUNDING, L.L.C.), a Delaware limited liability company (the "Borrower"), WELLS FARGO SECURITIES, LLC, a Delaware limited liability company (the "Administrative Agent") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as a lender (the "Lender").

WHEREAS, the Borrower, New Mountain Finance Holdings, L.L.C. (formerly known as New Mountain Guardian (Leveraged), L.L.C.), as collateral administrator, the Administrative Agent, the Lender, the other lenders party from time to time thereto and Wells Fargo Bank, National Association, as collateral custodian, are party to the Loan and Security Agreement, dated as of October 27, 2010 (as amended by the First Amendment to Loan and Security Agreement, dated as of December 13, 2010, and as further amended by the Second Amendment to Loan and Security Agreement, dated as of March 9, 2011, the "Loan and Security Agreement"), providing, among other things, for the making and the administration of the Advances by the lenders to the Borrower;

WHEREAS, the Borrower is the successor-by-merger to New Mountain Guardian Partners SPV Funding, L.L.C.;

WHEREAS, the Borrower has changed its name from "New Mountain Guardian SPV Funding, L.L.C." to "New Mountain Finance SPV Funding, L.L.C."; and

WHEREAS, the Borrower, the Administrative Agent and the Lender desire to amend the Loan and Security Agreement, in accordance with Section 12.1 of the Loan and Security Agreement and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Loan and Security Agreement.

ARTICLE II

Amendment to Loan and Security Agreement

SECTION 2.1. Amendment. The Loan and Security Agreement shall be amended by deleting the name "New Mountain Guardian SPV Funding, L.L.C." each place it appears therein and inserting in lieu thereof, "New Mountain Finance SPV Funding, L.L.C."

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower hereby represents and warrants to the Administrative Agent and the Lender that, as of the Third Amendment Date, (i) no Default, Event of Default or Collateral Administrator Termination Event has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan and Security Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This Third Amendment shall become effective as of the Third Amendment Date upon the satisfaction of the following conditions (or until such conditions are waived in writing by the Administrative Agent in its sole discretion):

(a) this Third Amendment shall have been duly executed by, and delivered to, the parties hereto;

(b) the SPV Merger Date shall occur simultaneously with execution of this Third Amendment.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS THIRD AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this Third Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Loan and Security Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Third Amendment shall form a part of the Loan and Security Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this Third Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Third Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this Third Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed as of the Third Amendment Date.

NEW MOUNTAIN FINANCE SPV FUNDING, L.L.C., as the Borrower

By:New Mountain Finance Holdings, L.L.C., its managing member

By: /s/ Adam Weinstein
Name: Adam Weinstein
Title: Chief Financial Officer and Treasurer

[Signature Page to Third Amendment to Loan and Security Agreement (Large)]

WELLS FARGO SECURITIES, LLC,
as Administrative Agent

By: /s/ Allan Schmitt
Name: Allan Schmitt
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
representing 100% of the aggregate Commitments of the Lenders in effect as of the date hereof

By: /s/ Jason Powers
Name: Jason Powers
Title: Director

[Signature Page to Third Amendment to Loan and Security Agreement (Large)]

EXHIBIT 10.11

EXECUTION VERSION

FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Fourth Amendment"), dated as of July 15, 2011 (the "Fourth Amendment Date"), between NEW MOUNTAIN FINANCE SPV FUNDING, L.L.C., a Delaware limited liability company (the "Borrower"), WELLS FARGO SECURITIES, LLC, a Delaware limited liability company (the "Administrative Agent") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as a lender (the "Lender").

WHEREAS, the Borrower, New Mountain Finance Holdings, L.L.C., as collateral administrator, the Administrative Agent, the Lender, the other lenders party from time to time thereto and Wells Fargo Bank, National Association, as collateral custodian, are party to the Loan and Security Agreement, dated as of October 27, 2010 (as amended by the First Amendment to Loan and Security Agreement, dated as of December 13, 2010, the Second Amendment to Loan and Security Agreement, dated as of March 9, 2011, and the Third Amendment to Loan and Security Agreement, dated as of May 19, 2011, the "Loan and Security Agreement"), providing, among other things, for the making and the administration of the Advances by the lenders to the Borrower;

WHEREAS, the Borrower, the Administrative Agent and the Lender desire to amend the Loan and Security Agreement, in accordance with Section 12.1 of the Loan and Security Agreement and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Loan and Security Agreement.

ARTICLE II

Amendments to Loan and Security Agreement

SECTION 2.1. Amendments.

(a) Section 1.1 of the Loan and Security Agreement shall be amended by deleting clause (f) in the definition of "Eligible Obligor" and inserting the following in lieu thereof:

"(f) where the sum of the OLB of all Eligible Loans made to such Obligor (including any Affiliate thereof) does not exceed $15,000,000; provided that, for up to four (4) Obligors on any Measurement Date, the sum of the OLB of all Eligible Loans made each such Obligor may equal an amount not to exceed $18,750,000."

(b) Section 1.1 of the Loan and Security Agreement shall be amended by deleting the definitions of "Facility Amount", "Non-Usage Fee Rate" and "Unused Facility Amount" and inserting the following in lieu thereof:

""Facility Amount": $175,000,000, as such amount may vary from time to time pursuant to Section 2.3 hereof; *provided* that on or after the earlier to occur of the Revolving Period End Date or the Termination Date, the Facility Amount shall mean the Advances Outstanding."

""Non-Usage Fee Rate": (a) During the first six (6) months following the Closing Date, 0.50%, (b) from six (6) to eight (8) months following the Closing Date, (i) 0.50% on the first $81,666,666) of the Unused Facility Amount and (ii) a rate per annum equal to the then- current Applicable Spread on the portion of the Unused Facility Amount in excess of $81,666,666) and (c) thereafter, (i) 0.50% of the first $35,000,000 of the Unused Facility Amount and (ii) a rate per annum equal to the then-current Applicable Spread on the portion of the Unused Facility Amount in excess of $35,000,000."

""Unused Facility Amount": At any time, (a) $175,000,000 minus (b) the Advances Outstanding at such time."

(c) Annex B of the Loan and Security Agreement shall be amended by deleting "150,000,000" and inserting "175,000,000" in lieu thereof.

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower hereby represents and warrants to the Administrative Agent and the Lender that, as of the Fourth Amendment Date, (i) no Default, Event of Default, Change of Control or Collateral Administrator Termination Event has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan and Security Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This Fourth Amendment shall become effective as of the Fourth Amendment Date upon the satisfaction of the following conditions (or until such conditions are waived in writing by the Administrative Agent in its sole discretion):

(a) this Fourth Amendment shall have been duly executed by, and delivered to, the parties hereto;

(b) the Collateral Administrator on behalf of the Borrower shall have paid, or caused to be paid, to the Administrative Agent a structuring fee in an amount equal to $375,000;

(c) the Administrative Agent shall have received satisfactory evidence that the Borrower and the Collateral Administrator have obtained all required consents and approvals of all Persons to the execution, delivery and performance of this Fourth Amendment and the consummation of the transactions contemplated hereby;

(d) the Administrative Agent shall have received the executed legal opinion or opinions of Simpson, Thacher & Bartlett LLP counsel to the Borrower, covering authorization and enforceability of this Fourth Amendment in form and substance acceptable to the Administrative Agent in its reasonable discretion.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS FOURTH AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this Fourth Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Loan and Security Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Fourth Amendment shall form a part of the Loan and Security Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this Fourth Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Fourth Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this Fourth Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to be duly executed as of the Fourth Amendment Date.

NEW MOUNTAIN FINANCE SPV FUNDING, L.L.C., as the Borrower

By: New Mountain Finance Holdings, L.L.C., its managing member

By: /s/ Adam Weinstein
Name: Adam Weinstein
Title: Chief Financial Officer and Treasurer

WELLS FARGO SECURITIES, LLC,
as Administrative Agent

By: /s/ Louis Allan Schmitt
Name: Louis Allan Schmitt
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
representing 100% of the aggregate Commitments of the Lenders in effect as of the date hereof

By: /s/ Kevin Sunday
Name: Kevin Sunday
Title: Director

EXHIBIT 10.12

EXECUTION VERSION

FIFTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Fifth Amendment"), dated as of October 27, 2011 (the "Fifth Amendment Date"), between NEW MOUNTAIN FINANCE SPV FUNDING, L.L.C., a Delaware limited liability company (the "Borrower"), WELLS FARGO SECURITIES, LLC, a Delaware limited liability company (the "Administrative Agent") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as a lender (the "Lender").

WHEREAS, the Borrower, New Mountain Finance Holdings, L.L.C., as collateral administrator, the Administrative Agent, the Lender, the other lenders party from time to time thereto and Wells Fargo Bank, National Association, as collateral custodian, are party to the Loan and Security Agreement, dated as of October 27, 2010 (as amended from time to time prior to the date hereof, the "Loan and Security Agreement"), providing, among other things, for the making and the administration of the Advances by the lenders to the Borrower;

WHEREAS, the Borrower, the Administrative Agent and the Lender desire to amend the Loan and Security Agreement, in accordance with Section 12.1 of the Loan and Security Agreement and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Loan and Security Agreement.

ARTICLE II

Amendments to Loan and Security Agreement

SECTION 2.1. Amendment. Section 5.2(e) of the Loan and Security Agreement shall be deleted in its entirety and "[RESERVED]" shall be inserted in lieu thereof.

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower hereby represents and warrants to the Administrative Agent and the Lender that, as of the Fifth Amendment Date, (i) no Default, Event of Default, Change of Control or Collateral Administrator Termination Event has occurred and is continuing and (ii) the representations and warranties of the Borrower contained in the Loan and

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Security Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Condition Precedent

This Fifth Amendment shall become effective as of the Fifth Amendment Date upon receipt by the Administrative Agent of this Fifth Amendment, duly executed by each of the Borrower, the Administrative Agent and the Required Lenders.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS FIFTH AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this Fifth Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Loan and Security Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Fifth Amendment shall form a part of the Loan and Security Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this Fifth Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Fifth Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this Fifth Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Amendment to be duly executed as of the Fifth Amendment Date.

NEW MOUNTAIN FINANCE SPV FUNDING, L.L.C., as the Borrower

By:New Mountain Finance Holdings, L.L.C., its managing member

By: /s/ Adam Weinstein
Name: Adam Weinstein
Title: Chief Financial Officer and Treasurer

[Signature Page to Fifth Amendment to Loan and Security Agreement]

WELLS FARGO SECURITIES, LLC,
as Administrative Agent

By: /s/ Allan Schmitt
Name: Allan Schmitt
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
representing 100% of the aggregate Commitments of the Lenders in effect as of the date hereof

By: /s/ Kevin Sunday
Name: Kevin Sunday
Title: Director

[Signature Page to Fifth Amendment to Loan and Security Agreement]

EXHIBIT 10.17

AMENDED AND RESTATED ADMINISTRATION AGREEMENT

This AMENDED AND RESTATED ADMINISTRATION AGREEMENT ("Agreement") is made as of November 8, 2011 by and among New Mountain Finance Corporation, a Delaware corporation ("New Mountain Finance"), New Mountain Finance Holdings, L.L.C., a Delaware limited liability company (the "Operating Company"), New Mountain Finance AIV Holdings Corporation, a Delaware corporation ("AIV Holdings") and New Mountain Finance Administration, L.L.C., a Delaware limited liability company (the "Administrator"). References herein to a "New Mountain Fund" and the "New Mountain Funds" include New Mountain Finance, the Operating Company and AIV Holdings. New Mountain Finance, the Operating Company, AIV Holdings and the Administrator are sometimes referred to herein separately as a "party" and collectively as the "parties".

RECITALS

WHEREAS, the New Mountain Funds are closed-end management investment companies that intend to elect to be treated as business development companies ("BDCs") under the Investment Company Act of 1940, as amended (the "Investment Company Act");

WHEREAS, the New Mountain Funds desire to retain the Administrator to provide administrative services to each of the New Mountain Funds in the manner and on the terms hereinafter set forth; and

WHEREAS, the Administrator is willing to provide administrative services to each of the New Mountain Funds on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Duties of the Administrator

(a) Employment of Administrator. Each of the New Mountain Funds hereby employs the Administrator to act as administrator, and to furnish, or arrange for others to furnish, the administrative services, personnel and facilities described below, subject to review by and the overall control of the Board of Directors of New Mountain Finance, with respect to services provided to New Mountain Finance (the "New Mountain Finance Services"), the Board of Directors of the Operating Company, with respect to services provided to the Operating Company (the "Operating Company Services"), and the Board of Directors of AIV Holdings, with respect to services provided to AIV Holdings (the "AIV Holdings Services"), in each case for the period and on the terms and conditions set forth in this Agreement. References herein to the "Services" include the New Mountain Finance Services, the Operating Company Services and the AIV Holdings Services. The Administrator hereby accepts such employment and agrees during such period to render, or arrange for the rendering of, such Services to the New Mountain Funds and to assume the obligations herein set forth subject to the reimbursement of costs and expenses provided for below. The Administrator and such others shall for all purposes herein be deemed to be independent contractors and shall, unless otherwise expressly provided or authorized herein, have no authority to act for or represent the New Mountain Funds in any way or otherwise be deemed agents of the New Mountain Funds; provided, however, that the Administrator may enter into agreements as an agent of the Operating Company in furtherance of its responsibilities under this Agreement.

(b) Services. The Administrator shall perform (or oversee, or arrange for, the performance of) the administrative services necessary for the operation of each of the New Mountain Funds. Without limiting the generality of the foregoing, the Administrator shall provide each of the New Mountain Funds with office facilities, equipment, clerical, bookkeeping and record keeping services at such facilities and such other services as the Administrator, subject to review by the Board of Directors of New Mountain Finance, with respect to any New Mountain Finance Services, the Board of Directors of the Operating Company, with respect to any Operating Company Services, or the Board of Directors of AIV Holdings, with respect to any AIV Holdings Services, shall from time to time determine to be necessary or useful to perform its respective obligations to New Mountain Finance, the Operating Company and AIV Holdings under this Agreement. The Administrator shall also, on behalf of each of the New Mountain Funds, conduct relations with custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable. The Administrator shall make reports to the Board of Directors of New Mountain Finance of its performance of its obligations to New Mountain Finance hereunder, to the Board of Directors of the Operating Company of its performance of its obligations to the Operating Company hereunder and to the Board of Directors of AIV Holdings of its performance of its obligations to AIV Holdings hereunder and furnish advice and recommendations with respect to such other aspects of the business and affairs of New Mountain Finance, the Operating Company and AIV Holdings, respectively, as it shall determine to be desirable; provided that nothing herein shall be construed to require the Administrator to, and the Administrator shall not, provide any advice or recommendation relating to the securities and other assets that the New Mountain Funds should purchase, retain or sell or any other investment advisory services to the New Mountain Funds. The Administrator shall be responsible for the financial and other records that the New Mountain Funds are required to maintain and shall prepare, print and disseminate reports to stockholders or members, as applicable, and reports and other materials filed with the Securities and Exchange Commission (the "SEC") or any other regulatory authority. The Administrator will provide on the Operating Company's behalf significant managerial assistance to those portfolio companies to which the Operating Company is required to provide such assistance. In addition, the Administrator will assist New Mountain Finance, the Operating Company and AIV Holdings in determining and publishing their respective net asset values, overseeing the preparation and filing of their respective tax returns, and generally overseeing the payment of their respective expenses and the performance of administrative and professional services rendered to them by others.

(c) Retention of Third Party Service Providers. The Administrator is hereby authorized to enter into one or more agreements with third party service providers as an agent of the Operating Company (including any sub-administrator) (each, a "Service Provider") pursuant to which the Administrator may obtain the services of the Service Provider(s) to assist the Administrator in fulfilling its responsibilities to the New Mountain Funds hereunder. The Operating Company shall be responsible for any expenses incurred by the Administrator on behalf of the New Mountain Funds payable to any Service Provider. Any sub-administration agreement entered into by the Administrator shall be in accordance with the requirements of the Investment Company Act and other applicable federal and state law.

2. Records

The Administrator agrees to maintain and keep all books, accounts and other records of each of the New Mountain Funds that relate to activities performed by the Administrator for each of the New Mountain Funds hereunder and will maintain and keep such books, accounts and records in accordance with the Investment Company Act. In compliance with the requirements of Rule 31a-3 under the Investment Company Act, the Administrator agrees that all records which it maintains for each of the New Mountain Funds shall at all times remain the property of New Mountain Finance, the Operating Company or AIV Holdings, as applicable, shall be readily accessible during normal business hours, and shall be promptly surrendered upon the termination of the Agreement or otherwise on written request. The Administrator further agrees that all records which it maintains for each of the New Mountain Funds pursuant to Rule 31a-1 under the Investment Company Act will be preserved for the periods prescribed by Rule 31a-2 under the Investment Company Act unless any such records are earlier surrendered as provided above. Records shall be surrendered in usable machine-readable form. The Administrator shall have the right to retain copies of such records subject to observance of its confidentiality obligations under this Agreement.

3. Confidentiality

The parties hereto agree that each shall treat confidentially all information provided by a party to any other party regarding its business and operations. All confidential information provided by a party hereto, including nonpublic personal information (regulated pursuant to Regulation S-P of the SEC), shall be used by any other party hereto solely for the purpose of rendering services pursuant to this Agreement and, except as may be required in carrying out this Agreement or any other agreement between New Mountain Finance, the Operating Company, AIV Holdings, the Administrator or any of their respective affiliates, shall not be disclosed to any third party, without the prior consent of such providing party. The foregoing shall not be applicable to any information that is publicly available when provided or thereafter becomes publicly available other than through a breach of this Agreement, or that is required to be disclosed by any regulatory authority, any authority or legal counsel of the parties hereto, by judicial or administrative process or otherwise by applicable law or regulation.

4. Compensation; Allocation of Costs and Expenses

In full consideration of the provision of the Services of the Administrator, the Operating Company shall reimburse the Administrator for the costs and expenses incurred by the Administrator in performing its obligations and providing personnel and facilities to each of the New Mountain Funds hereunder. In addition, the Operating Company shall reimburse any affiliate of the Administrator for any costs and expenses incurred by such affiliate on behalf of the Administrator in connection with the Administrator's provision of services to the New Mountain Funds under this Agreement. The Operating Company will bear all costs and expenses that are incurred in each of the New Mountain Fund's operation, administration and transactions and not specifically assumed by the Operating Company's investment adviser (the "Adviser"), pursuant to that certain Investment Management Agreement, dated as of May 19, 2011 by and between the Operating Company and the Adviser. Costs and expenses to be borne by the Operating Company include, but are not limited to, those relating to: organization and the initial public offering; calculating New

Mountain Finance's, the Operating Company's and AIV Holdings' respective net asset values (including the cost and expenses of any independent valuation firm); expenses incurred or paid by the Adviser or any affiliate of the Adviser and paid or payable to third parties, including agents, consultants or other advisers, in monitoring financial and legal affairs for each of the New Mountain Funds and in providing administrative services, monitoring the Operating Company's investments and performing due diligence on its prospective portfolio companies; interest payable on debt, if any, incurred to finance the Operating Company's investments; with respect to New Mountain Finance and the Operating Company, sales and purchases of New Mountain Finance's common stock and other securities; investment advisory and management fees; administration fees, if any, payable under this Agreement; fees payable to third parties, including agents, consultants or other advisers, relating to, or associated with, evaluating and making investments; transfer agent and custodial fees; federal and state registration fees; with respect to New Mountain Finance and the Operating Company, all costs of registration and listing New Mountain Finance's shares on any securities exchange; federal, state and local taxes; independent directors' fees and expenses; costs of preparing and filing reports or other documents required by the Securities and Exchange Commission; costs of any reports, proxy statements or other notices to stockholders or members, as applicable, including printing costs; the New Mountain Funds' allocable portion of the fidelity bond, directors and officers, errors and omissions liability insurance, and any other insurance premiums; direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and all other expenses incurred by the New Mountain Funds or the Administrator in connection with administering the New Mountain Funds' business, including payments under this Agreement based upon the New Mountain Funds' allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of New Mountain Finance's, the Operating Company's and AIV Holdings' chief compliance officer and chief financial officer and their respective staffs. Notwithstanding the foregoing, amounts payable to the Administrator from the Operating Company shall not exceed $3,000,000 for the time period from April 1, 2011 to March 31, 2012, and any expenses incurred in connection with the Registration Rights Agreement, dated May 19, 2011, by and among New Mountain Finance, AIV Holdings, New Mountain Finance Advisers BDC, L.L.C., Steven B. Klinsky, and the Steven B. Klinsky Trust shall be paid as specified in such agreement.

5. Limitation of Liability of the Administrator; Indemnification

The Administrator, its affiliates and their respective officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Administrator, including without limitation its sole member and any person affiliated with New Mountain Capital, L.L.C. to the extent they are providing services for or otherwise acting on behalf of the Administrator, Adviser or the New Mountain Funds, shall not be liable to the New Mountain Funds for any action taken or omitted to be taken by the Administrator in connection with the performance of any of its duties or obligations under this Agreement or otherwise as administrator for the New Mountain Funds, and New Mountain Finance and the Operating Company shall, jointly and severally, indemnify, defend and protect the Administrator, its affiliates and their respective officers, managers, partners, agents, employees, controlling persons, members, and any other person or entity affiliated with the Administrator, including without limitation its sole member and any person affiliated with New Mountain Capital, L.L.C., the Adviser, each of whom shall be deemed a third party beneficiary hereof) (collectively, the "Indemnified Parties") and hold them harmless from and against all damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by the Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of New Mountain Finance or the Operating Company or their respective securityholders or members) arising out of or otherwise based upon the performance of any of the Administrator's duties or obligations under this Agreement or otherwise as administrator for the New Mountain Funds. AIV Holdings shall indemnify, defend and protect the Administrator, its affiliates and their respective officers, managers, partners, agents, employees, controlling persons, members, and any other person or entity affiliated with the Administrator, including without limitation its sole member and any person affiliated with New Mountain Capital, L.L.C., the Adviser, each of whom shall be deemed a third party beneficiary hereof) (collectively, the "AIV Holdings Indemnified Parties") and hold them harmless from and against all damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by the AIV Holdings Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of AIV Holdings or its securityholders) arising out of or otherwise based upon the performance of any of the Administrator's duties or obligations under this Agreement or otherwise as administrator for the New Mountain Funds. Notwithstanding the preceding sentence of this Section 5 to the contrary, nothing contained herein shall protect or be deemed to protect the Indemnified Parties or AIV Holdings Indemnified Parties against or entitle or be deemed to entitle the Indemnified Parties or AIV Holdings Indemnified Parties to indemnification in respect of, any liability to New Mountain Finance or its securityholders, the Operating Company or its members or AIV Holdings or its securityholders to which the Indemnified Parties or AIV Holdings Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of the Administrator's duties or by reason of the reckless disregard of the Administrator's duties and obligations under this Agreement (to the extent applicable), as the same shall be determined in accordance with the Investment Company Act and any interpretations or guidance by the SEC or its staff thereunder.

6. Activities of the Administrator

The services of the Administrator to the New Mountain Funds are not to be deemed to be exclusive, and the Administrator and each affiliate of the Administrator and any other person providing services to the New Mountain Funds as arranged by the Administrator, is free to render services to others. It is understood that directors, officers, employees and stockholders or members of New Mountain Finance, the Operating Company and AIV Holdings, as applicable, are or may become interested in the Administrator and its affiliates, as directors, officers, members, managers, employees, partners, stockholders or otherwise, and that the Administrator and directors, officers, members, managers, employees, partners and stockholders of the Administrator and its affiliates are or may become similarly interested in New Mountain Finance, the Operating Company and AIV Holdings, as applicable, as stockholders, members or otherwise.

7. Duration and Termination of this Agreement

(a) This Agreement shall become effective as of the date hereof. This Agreement shall continue in effect until May 19, 2013, or to the extent consistent with the requirements of the Investment Company Act, from the date of the Company's election to be regulated as a BDC under the Investment Company Act, and thereafter shall continue automatically for successive annual periods, provided that such continuance is specifically approved at least annually (i) with respect to New Mountain Finance, by (A) the vote of New Mountain Finance's Board of Directors, or by the vote of a majority of the outstanding voting securities of New Mountain Finance and (B) the vote of a majority of New Mountain Finance's Board of Directors who are not parties to this Agreement or "interested persons" (as such term is defined in Section 2(a)(19) of the

Investment Company Act) of any such party, in accordance with the requirements of the Investment Company Act, (ii) with respect to the Operating Company, by (A) the vote of the Operating Company's Board of Directors, or by the vote of a majority of the outstanding voting securities of the Operating Company and (B) the vote of a majority of the Operating Company's Board of Directors who are not parties to this Agreement or "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act) of any such party, in accordance with the requirements of the Investment Company Act and (iii) with respect to AIV Holdings, by (A) the vote of AIV Holdings' Board of Directors, or by the vote of a majority of the outstanding voting securities of AIV Holdings and (B) the vote of a majority of AIV Holdings' Board of Directors who are not parties to this Agreement or "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act) of any such party, in accordance with the requirements of the Investment Company Act.

(b) The Agreement may be terminated at any time, without the payment of any penalty, upon 60 days' written notice, (i) with respect to New Mountain Finance only, by the vote of a majority of the outstanding voting securities of New Mountain Finance or by the vote of New Mountain Finance's Board of Directors, (ii) with respect to the Operating Company only, by the vote of a majority of the outstanding voting securities of the Operating Company or by the vote of the Operating Company's Board of Directors, (iii) with respect to AIV Holdings only, by the vote of a majority of the outstanding voting securities of AIV Holdings or by the vote of AIV Holdings' Board of Directors or (iv) by the Administrator. For the avoidance of doubt, any termination by New Mountain Finance, the Operating Company or AIV Holdings pursuant to clause (i), (ii) or (iii), respectively, of this Section 7(b) shall not otherwise operate to terminate this Agreement with respect to the other parties hereto and the obligations of the Administrator hereunder to the non-terminating party shall continue in full force and effect.

8. Amendments of this Agreement

This Agreement may not be amended or modified except by a written instrument signed by each party hereto.

9. Assignment

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by a party without the consent of the other parties. The provisions of Section 5 of this Agreement shall remain in full force and effect, and the Administrator shall remain entitled to the benefits thereof, notwithstanding any termination of this Agreement.

10. Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York and the applicable provisions of the Investment Company Act. To the extent the applicable laws of the State of New York, or any of the provisions herein, conflict with the provisions of the Investment Company Act, the latter shall control.

11. No Waiver

The failure of any party to enforce at any time for any period the provisions of or any rights deriving from this Agreement shall not be construed to be a waiver of such provisions or rights or the right of such party thereafter to enforce such provisions, and no waiver shall be binding unless executed in writing by all parties hereto.

12. Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

13. Notices

Any notice under this Agreement shall be given in writing, addressed and delivered or mailed, postage prepaid, to the other parties at their principal office.

14. Counterparts

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original instrument and all of which taken together shall constitute one and the same agreement.

15. Entire Agreement

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supercedes all prior agreements, understandings and arrangements with respect to such subject matter.

Remainder of Page Intentionally Left Blank

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

NEW MOUNTAIN FINANCE CORPORATION

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

NEW MOUNTAIN FINANCE AIV HOLDINGS CORPORATION

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

NEW MOUNTAIN FINANCE ADMINISTRATION, L.L.C.

By: By: /s/ Paula Bosco
Name: Paula Bosco
Title: Authorized Person

EXHIBIT 10.24

AMENDMENT No. 1 TO THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

The Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C., dated May 19, 2011 (the "Amended and Restated LLC Agreement"), is hereby amended with this Amendment No. 1 (this "Amendment"), which is entered into as of November 8, 2011, by and among New Mountain Finance Corporation, a Delaware corporation ("New Mountain Finance") and New Mountain Finance AIV Holdings Corporation, a Delaware corporation ("AIV Holdings").

RECITALS

WHEREAS, Section 10.2 of the Amended and Restated LLC Agreement provides in relevant part that the Amended and Restated LLC Agreement may be amended by the written consent of the holders of common membership units of New Mountain Finance Holdings, L.L.C. (the "Common Membership Units") representing a majority of all the Common Membership Units then outstanding; provided, however, that no amendment may adversely affect the rights of any holder of Common Membership Units without the consent of such holder if such amendment adversely affects the rights of such holder other than on a pro rata basis with other holders of Common Membership Units; provided, further, that any amendment to Schedule B pursuant to Section 4.12(c) of the Amended and Restated LLC Agreement will not be deemed to adversely affect the rights of any holder of Common Membership Units; and

WHEREAS, New Mountain Finance and AIV Holdings have each agreed to amend the Amended and Restated LLC Agreement as provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the agreements and conditions contained herein, for good and valuable consideration, and intending to be legally bound hereby, New Mountain Finance and AIV Holdings agree as follows:

Section 1. Definitions. Capitalized terms used but not defined herein shall have the meanings given to them in the Amended and Restated LLC Agreement.

Section 2. Amendment to the Amended and Restated LLC Agreement.

(a) The text of Section 4.5 of the Amended and Restated LLC Agreement shall be deleted and replaced with the following:

The Company shall pay, or cause to be paid, costs, fees, operating expenses and other expenses of the Company, New Mountain Finance and AIV Holdings (including, but not limited to, the costs, fees and expenses of attorneys, accountants or other professionals and the compensation of personnel providing services to the Company, New Mountain Finance or AIV Holdings, and, with respect to New Mountain Finance only, any underwriter's discount or other expenses paid or incurred in connection with the issuance of New Mountain Finance Securities and any claims for indemnification or advancement) incurred in pursuing and conducting, or otherwise related to, the business and activities, including intended business and activities, of the Company, New Mountain Finance and AIV Holdings, including (i) for any acquisitions, financing transactions or any other transactions, whether or not consummated, (ii) pursuant to the Administration Agreement and the Investment Management Agreement and (iii) pursuant to any indemnification agreements that the Company or New Mountain Finance may enter into from time to time; provided, however, that the Company shall not pay any costs, fees or expenses for any claims of indemnification or advancement to AIV Holdings. For the avoidance of doubt, any costs, fees, operating expenses and other expenses incurred in connection with the Registration Rights Agreement shall be paid as specified therein.

(b) The text of Section 6.6 of the Amended and Restated LLC Agreement shall be deleted and replaced with the following:

If and to the extent that payments of certain expenses by the Company constitute gross income of New Mountain Finance or AIV Holdings by reason of being treated as payments of expenses of New Mountain Finance or AIV Holdings, respectively, such amounts will constitute guaranteed payments within the meaning of Section 707(c) of the Code to New Mountain Finance or AIV Holdings, respectively, will be treated consistently therewith by the

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Company and all Members, and will not be treated as distributions to New Mountain Finance or AIV Holdings, respectively, for purposes of computing the Members' Capital Accounts.

Section 3. Miscellaneous.

(a) No Implied Amendments. Except as specifically set forth in this Amendment, the Amended and Restated LLC Agreement shall remain in full force and effect and shall not be deemed to have been amended by this Amendment.

Counterparts and Signature. This Amendment may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. This Amendment may be executed by electronic transmission, including by facsimile or electronic mail, by each party hereto of a signed signature page hereof to the other party.

(b) Governing Law. This Amendment is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the Parties.

[Remainder of Page Left Intentionally Blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

NEW MOUNTAIN FINANCE CORPORATION

By: /s/ Robert A. Hamwee
Name: Robert A. Hamwee
Title: Chief Executive Officer

NEW MOUNTAIN FINANCE AIV HOLDINGS CORPORATION

By: /s/ Robert A. Hamwee

Name: Robert A. Hamwee
Title: Chief Executive Officer

New Mountain Finance Holdings, L.L.C., a Delaware limited liability company, hereby agrees to be bound by, and abide by, all of the provisions set forth in this Agreement.

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

EXHIBIT 10.25

AMENDMENT NO. 1

TO

TRADEMARK LICENSE AGREEMENT

This AMENDMENT NO. 1 (this "Amendment No. 1") dated as of November 8, 2011 to the Agreement referred to below is effective as of April 8, 2011 (the "Effective Date"), and this Amendment No. 1 is made by and among New Mountain Capital, L.L.C., a Delaware limited liability company (the "Licensor"), New Mountain Finance Corporation, a Delaware corporation ("New Mountain Finance"), New Mountain Finance Holdings, L.L.C., a Delaware limited liability company (the "Operating Company"), New Mountain Finance Advisers BDC, L.L.C., a Delaware limited liability company (the "Investment Adviser"), New Mountain Finance AIV Holdings Corporation ("AIV"), and New Mountain Finance Administration, L.L.C. (the "Administrator").

RECITALS

WHEREAS, Licensor, New Mountain Finance, and the Operating Company (the "Original Parties") entered into a certain Trademark License Agreement, which included an effective date as of 4:30 p.m. (New York City time) on May 19, 2011 (as amended, restated, amended and restated, supplemented or otherwise modified, the "Agreement"); and

WHEREAS, the Original Parties desire to add the Investment Adviser, AIV, and the Administrator as parties to the Agreement, and all parties desire to amend the preamble, recitals and certain terms of the Agreement, including the definitions of "Licensed Mark" and "Territory" contained in the Agreement and to add a definition of "Licensed Services" to the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Amendment to the Agreement.

(a) The preamble of the Agreement is hereby deleted in its entirety and replaced with the following:

This TRADEMARK LICENSE AGREEMENT (this "Agreement") is made and effective as of April 8, 2011 (the "Effective Date"), by and among New Mountain Capital, L.L.C., a Delaware limited liability company (the "Licensor"), New Mountain Finance Corporation, a Delaware corporation ("New Mountain Finance"), and New Mountain Finance Holdings, L.L.C., a Delaware limited liability company (the "Operating Company"), New Mountain Finance Advisers BDC, L.L.C., a Delaware limited liability company (the "Investment Adviser"), New Mountain Finance AIV Holdings Corporation ("AIV"), and New Mountain Finance Administration, L.L.C. (the "Administrator"). New Mountain Finance, the Operating Company, the Investment Adviser, AIV, and the Administrator are each referred to herein as a "Licensee", and collectively as the "Licensees". The Licensor and the Licensees are sometimes referred to herein separately as a "party" and collectively as the "parties."

(b) The third recital to the Agreement is hereby deleted in its entirety and replaced with the following:

WHEREAS, the Licensor is the owner of all right, title, and interest in and to the marks "New Mountain", "New Mountain Finance" and the NMF logo, NMF (individually and collectively, the "Licensed Mark") in connection with "financial services, namely, investment advisory and investment management services for pooled investment vehicles, private investment funds, and investment accounts; investment management services for others; private equity services, namely, providing expansion and growth capital in the form of private equity investments; financial services, namely, private equity and public equity capital investment; private and public equity investment management services; providing private equity fund investments; investment services, namely, asset acquisition, consultation, development, research and management services; capital investment services; equity capital investment; financial services, namely, debt and equity investment services in private companies, namely, investment to support business expansions, acquisitions, management buyouts and recapitalizations" (the "Licensed Services"), and Licensor has been and is currently using, either on its own or through its related companies or licensees (such as, but not limited to, the Investment Adviser) the Licensed Mark.

(c) The fifth recital to the Agreement (regarding the Investment Adviser being a third party beneficiary) is hereby deleted in its entirety and replaced with the following:

WHEREAS, Licensor and each Licensee wish to memorialize the terms of the license under which one or more of the Licensees has been using, and under which the Licensees will use, the Licensed Mark;

(d) Article 1.1 is hereby deleted in its entirety and replaced with the following:

1.1 License. Subject to the terms and conditions of this Agreement, the Licensor hereby grants to each Licensee, and the Licensees hereby accept, jointly and severally, from the Licensor, a personal, non-exclusive, royalty-free right and license to use the Licensed Mark in the Territory solely and exclusively as a component of each Licensee's own company name and in connection with the Licensed Services and any business provided in conjunction therewith by such Licensee. During the term of this Agreement, the Licensees shall use the Licensed Mark only to the extent permitted under this Agreement, and except as provided above, neither the Licensees nor any of their respective affiliates, owners, directors, officers, employees or agents shall otherwise use the Licensed Mark or any derivatives without the prior express written consent of the Licensor in its sole and absolute discretion. All rights not expressly granted to the Licensees hereunder shall remain the exclusive property of the Licensor. Upon written notification by the Licensor to a Licensee of noncompliance with the Licensor's quality standards in any material respect, such Licensee shall take appropriate steps, in a commercially reasonable time frame, not to exceed sixty (60) days, to cure such noncompliance. This license is expressly limited to the United States, Canada, and the European Union ("Territory").

(e) The following sentence is added at the end of Section 1.3 (and Section 1.3 is otherwise preserved in its entirety):

Each Licensee hereby assigns and agrees to assign any rights it may have as a result of its licensed use, including common law rights, in the Licensed Mark, to Licensor.

2. Effect of this Amendment No. 1. Except as modified by this Amendment No. 1, the terms and conditions of the Agreement shall remain unmodified and in full force and effect.

3. Governing Law. This Amendment No. 1 shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the

principles of conflicts of law rules. The parties unconditionally and irrevocably consent to the exclusive jurisdiction of the courts located in the State of New York and waive any objection with respect thereto, for the purpose of any action, suit or proceeding arising out of or relating to this Amendment No. 1 or the transactions contemplated hereby.

4. No Waiver. The failure of any party to enforce at any time for any period the provisions of or any rights deriving from this Amendment No. 1 shall not be construed to be a waiver of such provisions or rights or the right of such party thereafter to enforce such provisions, and no waiver shall be binding unless executed in writing by all parties hereto.

5. Severability. If any term or other provision of this Amendment No. 1 is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Amendment No. 1 shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Amendment No. 1 so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

6. Headings. The descriptive headings contained in this Amendment No. 1 are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Amendment No. 1.

7. Counterparts. This Amendment No. 1 may be executed in one or more counterparts, each of which when executed shall be deemed to be an original instrument and all of which taken together shall constitute one and the same agreement.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 1 as of the day and year first above written.

LICENSOR:

NEW MOUNTAIN CAPITAL, L.L.C.

By: /s/ Steven B. Klinsky
Name: Steven B. Klinsky
Title: Managing Member

LICENSEES:

NEW MOUNTAIN FINANCE CORPORATION

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

NEW MOUNTAIN FINANCE ADVISERS BDC, L.L.C.

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

NEW MOUNTAIN FINANCE AIV HOLDINGS CORPORATION

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

NEW MOUNTAIN FINANCE ADMINISTRATION, L.L.C.

By: /s/ Paula Bosco
Name: Paula Bosco
Title: Secretary

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Robert A. Hamwee, Chief Executive Officer of New Mountain Finance Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New Mountain Finance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this day of November 14, 2011

/s/ Robert A. Hamwee

Robert A. Hamwee

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Adam B. Weinstein, Chief Financial Officer of New Mountain Finance Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New Mountain Finance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this day of November 14, 2011

/s/ Adam B. Weinstein

Adam B. Weinstein

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2011 (the "Report") of New Mountain Finance Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Robert A. Hamwee, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

	/s/ Robert A. Hamwee
Name:	**Robert A. Hamwee**
Date:	**November 14, 2011**

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2011 (the “Report”) of New Mountain Finance Corporation (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Adam B. Weinstein, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

	/s/ Adam B. Weinstein
Name:	**Adam B. Weinstein**
Date:	**November 14, 2011**