JOHNSON CONTROLS INC
Form 4
January 23, 2009

FORM 4

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
LACY WILLIAM H

(Last) (First) (Middle)

5757 N. GREEN BAY AVE., P.O. BOX 591

(Street)

MILWAUKEE, WI 53201-0591

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
JOHNSON CONTROLS INC [JCI]

3. Date of Earliest Transaction (Month/Day/Year)
01/21/2009

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								45,921	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Stock Units / Directors' Deferred Compensation Plan	(1)	01/21/2009		A		7,097		(2)	(2)	Common Stock	7,097
Phantom Stock Units / Directors' Retirement Stock Plan	(1)							(4)	(4)	Common Stock	21,638.0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LACY WILLIAM H 5757 N. GREEN BAY AVE. P.O. BOX 591 MILWAUKEE, WI 53201-0591	X			

Signatures

Angela M. Blair, Attorney-In-Fact for William H. Lacy	01/23/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The phantom stock units convert to the common stock's cash value on a one-for-one basis.

(2) The Phantom stock units were accrued under the Johnson Controls Directors' Deferred Compensation Plan and are to be settled 100% in cash. The reporting person has the right to transfer the value of the phantom stock account into an alternative investment account within the plan or move out of the plan.

(3) Includes 901.570 phantom stock units acquired through the reinvestment of dividends on on April 2, July 3, and October 2, 2008, and January 5, 2009 at prices ranging from $19.04 to $35.18 per phantom unit.

(4)

The Phantom stock units were accrued under the Johnson Controls Directors' Retirement Plan and are to be settled 100% in cash. The reporting person has the right to transfer the value of the phantom stock account into an alternative investment account within the plan or move out of the plan.

(5) Includes 424.144 phantom stock units acquired through reinvestment of dividends on April 2, July 3, and October 2, 2008, and January 5, 2009 at prices ranging from $19.04 to $35.18 per phantom unit.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Software Second lien(4)(10) 10.32% (L + 8.75%/M) 7/29/2022 15,000 14,891 15,000

Second lien(3)(10) 10.32% (L + 8.75%/M) 7/29/2022 14,518 14,361 14,518

Second lien(4)(10) 10.32% (L + 8.75%/M) 7/29/2022 4,154 4,123 4,154

Second lien(4)(10) 10.82% (L + 9.25%/M) 7/29/2022 3,273 3,248 3,273

Second lien(3)(10) 10.57% (L + 9.00%/M) 7/29/2022 2,361 2,341 2,361

Second lien(3)(10) 10.82% (L + 9.25%/M) 7/29/2022 1,825 1,810 1,825

Second lien(4)(10) 10.82% (L + 9.25%/M) 7/29/2022 300 298 300

41,431 41,072 41,431 4.00%

Salient CRGT Inc.

Federal Services

First lien(2) 7.32% (L + 5.75%/M) 2/28/2022 40,894 40,421 41,251 3.99%

Tenawa Resource Holdings LLC(13)

Tenawa Resource Management LLC

Energy

First lien(3)(10) 10.50% (Base + 8.00%/Q) 10/30/2024 39,900 39,835 39,900 3.86%

VetCor Professional Practices LLC

Consumer Services

First lien(4) 7.69% (L + 6.00%/Q) 4/20/2021 19,111 18,996 19,134

First lien(2)		7.69% (L + 6.00%/Q)	4/20/2021	7,714	7,603	7,724	
First lien(3)(11)	Drawn	7.69% (L + 6.00%/Q)	4/20/2021	6,005	5,891	6,013	
First lien(4)		7.69% (L + 6.00%/Q)	4/20/2021	2,650	2,632	2,654	
First lien(2)		7.69% (L + 6.00%/Q)	4/20/2021	1,632	1,606	1,634	
First lien(4)		7.69% (L + 6.00%/Q)	4/20/2021	495	487	496	
First lien(3)(11)	Drawn	7.69% (L + 6.00%/Q)	4/20/2021	1,426	1,412	1,428	
				39,033	38,627	39,083	3.78%

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Frontline Technologies Group Holdings, LLC							
Education	First lien(2)(10)	8.09% (L + 6.50%/Q)	9/18/2023	$ 16,750	$ 16,629	$ 16,625	
	First lien(4)(10)	8.09% (L + 6.50%/Q)	9/18/2023	22,613	22,450	22,444	
				39,363	39,079	39,069	3.77%
Kronos Incorporated							
Software	Second lien(2)	9.63% (L + 8.25%/Q)	11/1/2024	36,000	35,508	37,449	3.62%
Valet Waste Holdings, Inc.							
Business Services	First lien(2)(10)	8.57% (L + 7.00%/M)	9/24/2021	29,325	29,078	29,325	
	First lien(2)(10)	8.57% (L + 7.00%/M)	9/24/2021	3,731	3,697	3,731	
				33,056	32,775	33,056	3.19%
Evo Payments International, LLC							
Business Services	Second lien(2)	10.57% (L + 9.00%/M)	12/23/2024	25,000	24,824	25,250	
	Second lien(3)	10.57% (L + 9.00%/M)	12/23/2024	5,000	5,052	5,050	
				30,000	29,876	30,300	2.93%
Wirepath LLC							
Distribution & Logistics	First lien(2)	6.87% (L + 5.25%/Q)	8/5/2024	27,731	27,598	28,112	2.72%
Ansira Holdings, Inc.							
Business Services	First lien(2)	8.19% (L + 6.50%/Q)	12/20/2022	25,920	25,809	25,855	
	First lien(3)(11)	8.19% (L + 6.50%/Q)	12/20/2022	2,107	2,097	2,102	

	Drawn						
				28,027	27,906	27,957	2.70%
TW-NHME Holdings Corp.(20)							
National HME, Inc.							
Healthcare Services	Second lien(4)(10)	10.95% (L + 9.25%/Q)	7/14/2022	21,500	21,301	21,646	
	Second lien(3)(10)	10.95% (L + 9.25%/Q)	7/14/2022	5,800	5,737	5,839	
				27,300	27,038	27,485	2.66%
Navicure, Inc.							
Healthcare Services	Second lien(3)	8.86% (L + 7.50%/M)	10/31/2025	26,952	26,819	27,154	2.62%
Trader Interactive, LLC							
Business Services	First lien(2)(10)	7.50% (L + 6.00%/M)	6/17/2024	27,190	26,999	26,986	2.61%
Marketo, Inc.							
Software	First lien(3)(10)	11.19% (L + 9.50%/Q)	8/16/2021	26,820	26,509	26,820	2.59%
Keystone Acquisition Corp.							
Healthcare Services	First lien(2)	6.94% (L + 5.25%/Q)	5/1/2024	19,950	19,764	20,087	
	Second lien(3)	10.94% (L + 9.25%/Q)	5/1/2025	4,500	4,457	4,511	
				24,450	24,221	24,598	2.38%
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien(4)(10)	8.82% (L + 7.25%/M)	8/4/2022	17,589	17,464	17,589	
	First lien(4)(10)	7.74% (L + 6.25%/M)	8/4/2022	4,577	4,556	4,554	
	First lien(2)(10)	7.74% (L + 6.25%/M)	8/4/2022	1,161	1,155	1,155	
	First lien(4)(10)	7.74% (L + 6.25%/M)	8/4/2022	511	508	508	
				23,838	23,683	23,806	2.30%
AAC Holding Corp.							
Education	First lien(2)(10)	9.62% (L + 8.25%/M)	9/30/2020	23,161	22,953	23,161	2.24%
BackOffice Associates Holdings, LLC							
Business Services	First lien(2)(10)	8.06% (L + 6.50%/M)	8/25/2023	22,869	22,679	22,669	2.19%
TWDiamondback Holdings Corp.(15)							
Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)							

Distribution & Logistics	First lien(4)(10)	10.49% (L + 8.75%/Q)	11/19/2019	19,895	19,895	19,895	
	First lien(3)(10)	10.44% (L + 8.75%/Q)	11/19/2019	2,158	2,158	2,158	
	First lien(4)(10)	10.44% (L + 8.75%/Q)	11/19/2019	605	605	605	
				22,658	22,658	22,658	2.19%
EN Engineering, LLC							
Business Services	First lien(2)(10)	7.69% (L + 6.00%/Q)	6/30/2021	20,893	20,760	20,893	
	First lien(2)(10)	7.69% (L + 6.00%/Q)	6/30/2021	1,208	1,200	1,208	
				22,101	21,960	22,101	2.14%

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Avatar Topco, Inc(23)							
EAB Global, Inc.							
Education	Second lien(3)	8.99% (L + 7.50%/M)	11/17/2025	$ 21,450	$ 21,132	$ 21,236	2.05%
DigiCert Holdings, Inc.							
Business Services	Second lien(3)	9.38% (L + 8.00%/Q)	10/31/2025	20,176	20,077	20,347	1.97%
DiversiTech Holdings, Inc.							
Distribution & Logistics	Second lien(3)	9.20% (L + 7.50%/Q)	6/2/2025	19,500	19,315	19,744	1.91%
ABILITY Network Inc.							
Healthcare Information Technology	Second lien(3)	9.21% (L + 7.75%/M)	12/12/2025	18,851	18,839	18,945	1.83%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien(2)(10)	7.35% (L + 6.00%/Q)	4/18/2024	18,413	18,243	18,597	1.80%
AgKnowledge Holdings Company, Inc.							
Business Services	Second lien(2)(10)	9.82% (L + 8.25%/M)	7/23/2020	18,500	18,409	18,500	1.79%
VF Holding Corp.							
Software	Second lien(3)(10)	10.57% (L + 9.00%/M)	6/28/2024	17,086	17,396	17,598	1.70%
DCA Investment Holding, LLC							
Healthcare Services	First lien(2)(10)	6.94% (L + 5.25%/Q)	7/2/2021	17,453	17,344	17,453	1.69%
OEConnection LLC							
Business Services	Second lien(3)	9.69% (L + 8.00%/Q)	11/22/2025	16,841	16,548	16,841	1.63%
TIBCO Software Inc.							
Software	Subordinated(3)	11.38%/S	12/1/2021	15,000	14,714	16,378	1.58%
American Tire Distributors, Inc.							
Distribution & Logistics	Subordinated(3)	10.25%/S	3/1/2022	15,520	15,267	16,063	1.55%
Hill International, Inc.**							

Business Services	First lien(2)(10)	7.32% (L + 5.75%/M)	6/21/2023	15,721	15,648	15,642	1.51%
Netsmart Inc. / Netsmart Technologies, Inc.							
Healthcare Information Technology	Second lien(2)	10.98% (L + 9.50%/Q)	10/19/2023	15,000	14,686	15,075	1.46%
Transcendia Holdings, Inc.							
Packaging	Second lien(3)	9.57% (L + 8.00%/M)	5/30/2025	14,500	14,309	14,391	1.39%
SW Holdings, LLC							
Business Services	Second lien(4)(10)	10.44% (L + 8.75%/Q)	12/30/2021	14,265	14,167	14,331	1.38%
Peraton Holding Corp. (fka MHVC Acquisition Corp.)							
Federal Services	First lien(2)	6.95% (L + 5.25%/Q)	4/29/2024	14,030	13,987	14,135	1.37%
Ministry Brands, LLC							
Software	First lien(3)	6.38% (L + 5.00%/Q)	12/2/2022	2,993	2,980	2,993	
	First lien(3)(10)(11) Drawn	6.57% (L + 5.00%/M)	12/2/2022	1,000	995	1,000	
	Second lien(3)(10)	10.63% (L + 9.25%/Q)	6/2/2023	7,840	7,788	7,840	
	Second lien(3)(10)	10.63% (L + 9.25%/Q)	6/2/2023	2,160	2,146	2,160	
				13,993	13,909	13,993	1.35%
nThrive, Inc. (fka Precyse Acquisition Corp.)							
Healthcare Services	Second lien(2)(10)	11.32% (L + 9.75%/M)	4/20/2023	13,000	12,813	12,702	1.23%
FR Arsenal Holdings II Corp.							
Business Services	First lien(2)(10)	8.81% (L + 7.25%/Q)	9/8/2022	12,356	12,252	12,373	1.19%
Amerijet Holdings, Inc.							
Distribution & Logistics	First lien(4)(10)	9.57% (L + 8.00%/M)	7/15/2021	10,403	10,344	10,458	
	First lien(4)(10)	9.57% (L + 8.00%/M)	7/15/2021	1,734	1,724	1,743	
				12,137	12,068	12,201	1.18%
SSH Group Holdings, Inc. Education	First lien(2)(10)	6.69% (L + 5.00%/Q)	10/2/2024	8,407	8,366	8,365	
	Second lien(3)(10)	10.69% (L + 9.00%/Q)	10/2/2025	3,363	3,330	3,329	
				11,770	11,696	11,694	1.13%

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Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
ProQuest LLC							
Business Services	Second lien(3)	10.55% (L + 9.00%/M)	12/15/2022	$ 11,620	$ 11,440	$ 11,620	1.12%
Xactly Corporation							
Software	First lien(4)(10)	8.82% (L + 7.25%/M)	7/29/2022	11,600	11,492	11,484	1.11%
Zywave, Inc.							
Software	Second lien(4)(10)	10.42% (L + 9.00%/Q)	11/17/2023	11,000	10,927	11,011	
	First lien(3)(10)(11) Drawn	8.50% (P + 4.00%/Q)	11/17/2022	200	199	200	
	First lien(3)(10)(11) Drawn	6.57% (L + 5.00%/Q)	11/17/2022	250	248	250	
				11,450	11,374	11,461	1.11%
QC McKissock Investment, LLC(14)							
McKissock, LLC							
Education	First lien(2)(10)	7.94% (L + 6.25%/Q)	8/5/2021	6,415	6,386	6,415	
	First lien(2)(10)	7.94% (L + 6.25%/Q)	8/5/2021	3,058	3,046	3,058	
	First lien(2)(10)	7.94% (L + 6.25%/Q)	8/5/2021	987	983	987	
				10,460	10,415	10,460	1.01%
Masergy Holdings, Inc.							
Business Services	Second lien(2)	10.19% (L + 8.50%/Q)	12/16/2024	10,000	9,943	10,144	0.98%
Idera, Inc.							
Software	Second lien(4)	10.57% (L + 9.00%/M)	6/27/2025	10,000	9,856	10,100	0.97%

Quest Software US Holdings Inc.							
Software	First lien(2)	6.92% (L + 5.50%/Q)	10/31/2022	9,899	9,775	10,071	0.97%
PowerPlan Holdings, Inc.							
Software	Second lien(2)(10)	10.57% (L + 9.00%/M)	2/23/2023	10,000	9,927	10,000	0.97%
WD Wolverine Holdings, LLC							
Healthcare Services	First lien(2)	7.07% (L + 5.50%/M)	8/16/2022	9,813	9,534	9,512	0.92%
Pelican Products, Inc.							
Business Products	Second lien(2)	9.94% (L + 8.25%/Q)	4/9/2021	9,500	9,533	9,500	0.92%
J.D. Power (fka J.D. Power and Associates)							
Business Services	Second lien(3)	10.19% (L + 8.50%/Q)	9/7/2024	9,333	9,230	9,473	0.91%
Harley Marine Services, Inc.							
Distribution & Logistics	Second lien(2)	10.63% (L + 9.25%/Q)	12/20/2019	9,000	8,929	8,955	0.86%
JAMF Holdings, Inc.							
Software	First lien(3)(10)	9.41% (L + 8.00%/Q)	11/11/2022	8,757	8,672	8,670	0.84%
Autodata, Inc. (Autodata Solutions, Inc.)							
Business Services	Second lien(3)	8.82% (L + 7.25%/Q)	12/12/2025	7,406	7,387	7,387	0.71%
MH Sub I, LLC (Micro Holding Corp.)							
Software	Second lien(3)	9.09% (L + 7.50%/Q)	9/15/2025	7,000	6,932	7,048	0.68%
First American Payment Systems, L.P.							
Business Services	First lien(2)	7.14% (L + 5.75%/M)	1/5/2024	6,844	6,783	6,880	0.66%
Solera LLC / Solera Finance, Inc.							
Software	Subordinated(3)	10.50%/S	3/1/2024	5,000	4,791	5,650	0.55%
Pathway Partners Vet Management Company LLC							
Consumer Services	Second lien(4)	9.57% (L + 8.00%/M)	10/10/2025	5,556	5,527	5,527	0.53%
Applied Systems, Inc.							
Software	Second lien(3)	8.69% (L + 7.00%/Q)	9/19/2025	4,923	4,923	5,106	0.49%
ADG, LLC							
Healthcare Services	Second lien(3)(10)	10.57% (L + 9.00%/M)	3/28/2024	5,000	4,934	5,038	0.49%
Vencore, Inc. (fka The SI Organization Inc.)							
Federal Services	Second lien(3)	10.44% (L + 8.75%/Q)	5/23/2020	4,400	4,350	4,450	0.43%
Affinity Dental Management, Inc.							
Healthcare Services	First lien(2)(10)	7.59% (L + 6.00%/Q)	9/15/2023	4,344	4,302	4,301	0.41%
York Risk Services Holding Corp.							
Business Services	Subordinated(3)	8.50%/S	10/1/2022	3,000	3,000	2,940	0.28%
Ensemble S Merger Sub, Inc.							

Software	Subordinated(3)	9.00%/S	9/30/2023	2,000	1,946	2,125	0.20%

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Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

io Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Per of As
on Management Corporation(12)							
on Management II LLC							
on	First lien(2)	5.85% (L + 4.50%/Q)	7/2/2020	$ 211	$ 205	$ 82	
	First lien(3)	5.85% (L + 4.50%/Q)	7/2/2020	119	116	46	
	First lien(2)	8.85% (L + 7.50%/Q)	7/2/2020	475	437	10	
	First lien(3)	8.85% (L + 7.50%/Q)	7/2/2020	268	247	6	
				1,073	1,005	144	
unded Debt Investments United States				**$ 1,319,560**	**$ 1,309,577**	**$ 1,325,328**	**12**
unded Debt Investments				**$ 1,399,913**	**$ 1,388,666**	**$ 1,404,984**	**13**
Hong Kong							
pecial Limited (Bach Preference)**							
on	Preferred shares(3)(10)(22)			58,868	$ 5,807	$ 5,806	
hares Hong Kong					**$ 5,807**	**$ 5,806**	
United States							
Topco, Inc.(23)							
on	Preferred shares(3)(10)(23)			35,750	$ 35,220	$ 35,204	
Resource Holdings LLC(13)							
GL LLC							
	Ordinary shares(7)(10)			5,290,997	5,291	8,154	
	Preferred shares(7)(10)			620,706	621	1,007	
					5,912	9,161	

mondback Holdings Corp.(15)					
ution & Logistics	Preferred shares(4)(10)		200	2,000	4,508
HME Holdings Corp.(20)					
care Services	Preferred shares(4)(10)		100	1,000	944
	Preferred shares(4)(10)		16	158	149
	Preferred shares(4)(10)		6	68	58
				1,226	1,151
Acquisition LLC					
on	Preferred shares(6)(10)		372	83	393
on Management Corporation(12)					
on	Preferred shares(2)		3,331	200	
	Preferred shares(3)		1,879	113	
	Ordinary shares(2)		2,994,065	100	10
	Ordinary shares(3)		1,688,976	56	6
				469	16
hares United States				**$ 44,910**	**$ 50,433**
hares				**$ 50,717**	**$ 56,239**
nts United States					
CG Holdings, Inc.					
on	Warrants(3)(10)	5/5/2026	622	$ 37	$ 1,089
Acquisition LLC					
on	Warrants(6)(10)	8/12/2020	20		
ity Investors, LLC					
	Warrants(5)(10)	5/8/2022	5		
Varrants United States				**$ 37**	**$ 1,089**
unded Investments				**$ 1,439,420**	**$ 1,462,312** 14

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	**Type of Investment**	**Interest Rate(9)**	**Maturity/ Expiration Date**	**Principal Amount, Par Value or Shares**	**Cost**	**Fair Value**	**Percent of Net Assets**
Unfunded Debt Investments United States							
PetVet Care Centers LLC							
Consumer Services	First lien(3)(10)(11) Undrawn		6/8/2019	$ 4,439	$ (16)	$ 44	0.00%
VetCor Professional Practices LLC							
Consumer Services	First lien(3)(11) Undrawn		4/20/2021	1,274	(13)	2	
	First lien(3)(11) Undrawn		12/29/2019	8,552	(75)	11	
				9,826	(88)	13	0.00%
DCA Investment Holding, LLC							
Healthcare Services	First lien(3)(10)(11) Undrawn		7/2/2021	2,100	(21)		
	First lien(3)(10)(11) Undrawn		12/20/2019	13,465	(118)		
				15,565	(139)		%
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien(3)(10)(11) Undrawn		8/4/2021	1,000	(10)		%
Valet Waste Holdings, Inc.							
Business Services	First lien(3)(10)(11) Undrawn		9/24/2021	3,750	(47)		%
Zywave, Inc.							
Software	First lien(3)(10)(11) Undrawn		11/17/2022	1,550	(12)		%

Marketo, Inc.						
Software	First lien(3)(10)(11) Undrawn	8/16/2021	1,788	(27)		%
Ansira Holdings, Inc.						
Business Services	First lien(3)(11) Undrawn	12/20/2018	1,700	(9)	(4)	(0.00)%
JAMF Holdings, Inc.						
Software	First lien(3)(10)(11) Undrawn	11/11/2022	750	(8)	(8)	(0.00)%
Xactly Corporation						
Software	First lien(3)(10)(11) Undrawn	7/29/2022	992	(10)	(10)	(0.00)%
Pathway Partners Vet Management Company LLC						
Consumer Services	Second lien(4)(11) Undrawn	10/10/2019	2,444	(12)	(12)	(0.00)%
Trader Interactive, LLC						
Business Services	First lien(3)(10)(11) Undrawn	6/15/2023	1,673	(13)	(13)	(0.00)%
BackOffice Associates Holdings, LLC						
Business Services	First lien(3)(10)(11) Undrawn	8/24/2018	3,448	(13)	(13)	
	First lien(3)(10)(11) Undrawn	8/25/2023	2,586	(23)	(23)	
			6,034	(36)	(36)	(0.00)%

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

lio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Perc of N Ass
y Dental Management, Inc.							
care Services	First lien(3)(10)(11) Undrawn		3/15/2019	$ 11,584	$ (29)	$ (29)	
	First lien(3)(10)(11) Undrawn		3/15/2023	1,738	(17)	(17)	
				13,322	(46)	(46)	(0
ne Technologies Group Holdings, LLC							
ion	First lien(3)(10)(11) Undrawn		9/18/2019	7,738	(58)	(58)	(0
Unfunded Debt Investments United				**$ 72,571**	**$ (531)**	**$ (130)**	**(0**
Non-Controlled/Non-Affiliated ments					**$ 1,438,889**	**$ 1,462,182**	**141**
ontrolled/Affiliated Investments(24)							
d Debt Investments United States							
tum Ultimate Holdings, LLC(16)							
tum, Inc. (fka Plato, Inc.) (Archipelago ng, Inc.)							
ion	Second lien(3)(10)(11) Drawn	5.00%/M	6/9/2020	$ 3,172	$ 3,172	$ 3,172	
	Subordinated(3)(10)	8.50% PIK/Q*	6/9/2020	4,491	4,486	4,491	
	Subordinated(2)(10)	10.00% PIK/Q*	6/9/2020	16,760	16,760	13,408	
	Subordinated(3)(10)	10.00% PIK/Q*	6/9/2020	4,123	4,123	3,298	
				28,546	28,541	24,369	2
n Holdco 1, Inc.							
n Holdco 2, Inc.							

y	Subordinated(3)(10)	14.00% PIK/Q*	10/15/2021	2,007	2,007	2,007	
	Subordinated(3)(10)(11) Drawn	14.00% PIK/Q*	10/15/2021	696	696	696	
				2,703	2,703	2,703	0
Funded Debt Investments United States				**$ 31,249**	**$ 31,244**	**$ 27,072**	**2**
y **United States**							
hnology Corp.							
ss Services	Preferred shares(3)(10)(21)			2,768,000	$ 105,155	$ 105,155	10
Senior Loan Program I LLC**							
ment Fund	Membership interest(3)(10)				23,000	23,000	2
Hamilton Holdings Corporation							
y	Ordinary shares(2)(10)			25,000,000	11,501	11,094	
	Ordinary shares(3)(10)			2,786,000	1,281	1,236	
					12,782	12,330	1
n Holdco 1, Inc.							
y	Preferred shares(3)(10)(17)			1,569,226	6,829	8,631	
	Ordinary shares(3)(10)			1,366,452	1,350	1,399	
					8,179	10,030	0
tum Ultimate Holdings, LLC(16)							
ion	Ordinary shares(3)(10)			123,968	$ 11	$ 262	
	Ordinary shares(2)(10)			107,143	9	227	
					20	489	0
Shares United States					**$ 149,136**	**$ 151,004**	**14**
Funded Investments					**$ 180,380**	**$ 178,076**	**17**

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value
d Debt Investments United States						
m Ultimate Holdings, LLC(16)						
m, Inc. (fka Plato, Inc.) (Archipelago Inc.)						
n	Second lien(3)(10)(11) Undrawn		6/9/2020	$ 1,709	$	$
Holdco 1, Inc.						
Holdco 2, Inc.						
	Subordinated(3)(10)(11) Undrawn		10/15/2021	342		
funded Debt Investments United				**$ 2,051**	**$**	**$**
n-Controlled/Affiliated Investments					**$ 180,380**	**$ 178,076**
ed Investments(25)						
Debt Investments United States						
Global Services, Inc.						
Services	First lien(2)(10)	10.20% (L + 8.50%/Q)	1/13/2019	$ 10,846	$ 10,846	$ 10,846
	First lien(2)(10)	9.84% (L + 7.50% + 1.00% PIK/Q)*	1/13/2019	797	797	797
	Subordinated(2)(10)	15.00% PIK/Q*	7/13/2019	2,003	2,003	2,003
	Subordinated(3)(10)	15.00% PIK/Q*	7/13/2019	1,198	1,198	1,198
				14,844	14,844	14,844
nded Debt Investments United States				**$ 14,844**	**$ 14,844**	**$ 14,844**
Canada						
Canada Corp.**						
e	Membership interest(8)(10)				$ 7,345	$ 7,962

Explanation of Responses:

ares	**Canada**			**$ 7,345**	**$ 7,962**
United States					
enior Loan Program II LLC**					
nt Fund		Membership interest(3)(10)		$ 79,400	$ 79,400
Global Services, Inc.					
Services		Preferred shares(2)(10)(18)	21,753,102	19,373	19,288
		Preferred shares(3)(10)(18)	6,011,522	5,353	5,330
		Preferred shares(3)(10)(19)	10,863,583	10,864	10,864
		Ordinary shares(2)(10)	2,096,477	1,925	7,313
		Ordinary shares(3)(10)	1,993,749	531	6,954
				38,046	49,749
X LP					
e		Membership interest(8)(10)		12,538	12,538
N LLC					
e		Membership interest(8)(10)		7,510	8,195
T LLC					
e		Membership interest(8)(10)		5,152	5,385
US LLC					
e		Membership interest(8)(10)		5,080	5,138
LLC					
e		Membership interest(8)(10)		2,043	2,191
ares	**United States**			**$ 149,769**	**$ 162,596**
ares				**$ 157,114**	**$ 170,558**

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

ortfolio Company, Location and Industry(1)	**Type of Investment**	**Interest Rate(9)**	**Maturity/ Expiration Date**	**Principal Amount, Par Value or Shares**	**Cost**	**Fair Value**	**Percent of Net Assets**
Varrants United States							
niTek Global Services, Inc.							
usiness Services	Warrants(3)(10)		12/31/2018	526,925	$	$	
otal Warrants United States					**$**	**$**	
otal Funded Investments					**$ 171,958**	**$ 185,402**	**17.91%**
nfunded Debt Investments United States							
niTek Global Services, Inc.							
usiness Services	First lien(3)(10)(11) Undrawn		1/13/2019	$ 2,048	$	$	
	First lien(3)(10)(11) Undrawn		1/13/2019	758			
				2,806			
otal Unfunded Debt Investments United tates				**$ 2,806**	**$**	**$**	
otal Controlled Investments					**$ 171,958**	**$ 185,402**	**17.91%**
otal Investments					**$ 1,791,227**	**$ 1,825,660**	**176.4%**

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

(2)

Investment is pledged as collateral for the Holdings Credit Facility, a revolving credit facility among the Company, as the Collateral Manager, New Mountain Finance Holdings, L.L.C. ("NMF Holdings") as the Borrower and Wells Fargo Bank, National Association as the Administrative Agent and Collateral Custodian. See Note 7. *Borrowings*, for details.

(3)

Investment is pledged as collateral for the NMFC Credit Facility, a revolving credit facility among the Company as the Borrower and Goldman Sachs Bank USA as the Administrative Agent and the Collateral Agent and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust as Lenders. See Note 7. *Borrowings*, for details.

(4)

Investment is held in New Mountain Finance SBIC, L.P.

(5)

Investment is held in NMF YP Holdings, Inc.

(6)

Investment is held in NMF Ancora Holdings, Inc.

(7)

Investment is held in NMF QID NGL Holdings, Inc.

(8)

Investment is held in New Mountain Net Lease Corporation.

(9)

All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (L), the Prime Rate (P) and the alternative base rate (Base) and which resets monthly (M), quarterly (Q), semi-annually (S) or annually (A). For each investment the current interest rate provided reflects the rate in effect as of December 31, 2017.

(10)

The fair value of the Company's investment is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 4. *Fair Value,* for details.

(11)

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

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

(12)
The Company holds investments in Education Management Corporation and one related entity of Education Management Corporation. The Company holds series A-1 convertible preferred stock and common stock in Education Management Corporation and holds a tranche A first lien term loan and a tranche B first lien term loan in Education Management II LLC, which is an indirect subsidiary of Education Management Corporation.

(13)
The Company holds investments in three related entities of Tenawa Resource Holdings LLC. The Company holds 4.77% of the common units in QID NGL LLC (which at closing represented 98.1% of the ownership in the common units in Tenawa Resource Holdings LLC), class A preferred units in QID NGL LLC and a first lien investment in Tenawa Resource Management LLC, a wholly-owned subsidiary of Tenawa Resource Holdings LLC.

(14)
The Company holds investments in QC McKissock Investment, LLC and one related entity of QC McKissock Investment, LLC. The Company holds a first lien term loan in QC McKissock Investment, LLC (which at closing represented 71.1% of the ownership in the Series A common units of McKissock Investment Holdings, LLC) and holds a first lien term loan and a delayed draw term loan in McKissock, LLC, a wholly-owned subsidiary of McKissock Investment Holdings, LLC.

(15)
The Company holds investments in TWDiamondback Holdings Corp. and one related entity of TWDiamondback Holdings Corp. The Company holds preferred equity in TWDiamondback Holdings Corp. and holds a first lien last out term loan and a delayed draw term loan in Diamondback Drugs of Delaware LLC, a wholly-owned subsidiary of TWDiamondback Holdings Corp.

(16)
The Company holds investments in Edmentum Ultimate Holdings, LLC and its related entities. The Company holds subordinated notes and ordinary equity in Edmentum Ultimate Holdings, LLC and holds a second lien revolver in Edmentum, Inc. and Archipelago Learning, Inc., which are wholly-owned subsidiaries of Edmentum Ultimate Holdings, LLC.

(17)
The Company holds preferred equity in Permian Holdco 1, Inc. that is entitled to receive cumulative preferential dividends at a rate of 12.0% per annum payable in additional shares.

(18)
The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 13.5% per annum payable in additional shares.

(19)

The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 19.0% per annum payable in additional shares.

(20)

The Company holds equity investments in TW-NHME Holdings Corp., and holds a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.

(21)

The Company holds convertible preferred equity in HI Technology Corp that is accruing dividends at a rate of 15.0% per annum.

(22)

The Company holds preferred equity in Bach Special Limited (Bach Preference Limited) that is entitled to receive cumulative preferential dividends at a rate of 12.25% per annum payable in additional shares

(23)

The Company holds preferred equity in Avatar Topco, Inc., and holds a second lien term loan investment in EAB Global, Inc., a wholly-owned subsidiary of Avatar Topco, Inc. The preferred equity is entitled to receive cumulative preferential dividends at a rate of L + 11.00% per annum.

(24)

Denotes investments in which the Company is an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), due to owning or holding the power to vote 5.0% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of December 31, 2017 and

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

December 31, 2016 along with transactions during the year ended December 31, 2017 in which the issuer was a non-controlled/affiliated investment is as follows:

	Fair Value at December 31, 2016	Gross Additions(A)	Gross Redemptions(B)	Net Realized Gains (Losses)	Net Change In Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2017	Interest Income	I
ntum Inc.	$ 23,247	$ 10,912	$ (5,381)	$	$ (3,920)	$ 24,858	$ 2,538	$
		105,155				105,155		
rogram	23,000					23,000		
c. / c.	11,193	1,916			(376)	12,733	270	
ings		12,782			(452)	12,330		
liated	**$ 57,440**	**$ 130,765**	**$ (5,381)**	**$**	**$ (4,748)**	**$ 178,076**	**$ 2,808**	**$**

(A) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, payment-in-kind ("PIK") interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement at fair value of an existing portfolio company into this category from a different category.

(B) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

(25) Denotes investments in which the Company is in "Control", as defined in the 1940 Act, due to owning or holding the power to vote 25.0% or more of the outstanding voting securities of the investment. Fair value as of December 31, 2017 and December 31, 2016 along with transactions during the year ended December 31,

2017 in which the issuer was a controlled investment, is as follows:

pany	Fair Value at December 31, 2016	Gross Additions(A)	Gross Redemptions(B)	Net Realized Gains (Losses)	Net Change In Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2017	Interest Income	Divide Incon
Net on	$ 27,000	$	$ (27,000)	$	$	$	$	$
ADA		7,345			617	7,962		9
LC		5,080			58	5,138		
		12,538				12,538		
C		5,152			233	5,385		
		2,043			148	2,191		
C		7,510			685	8,195		
Loan	71,460	7,940				79,400		12,4
	56,361	14,777	(4,006)		(2,539)	64,593	1,709	4,4
ed	**$ 154,821**	**$ 62,385**	**$ (31,006)**	**$**	**$ (798)**	**$ 185,402**	**$ 1,709**	**$ 20,**

(A) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement of an existing portfolio company into this category from a different category.

(B) Gross redemptions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

* All or a portion of interest contains PIK interest.

** Indicates assets that the Company deems to be "non-qualifying assets" under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70.0% of the Company's total assets at the time of acquisition of any additional non-qualifying assets. As of December 31, 2017, 11.0% of the Company's total investments were non-qualifying assets.

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

Investment Type	December 31, 2017 Percent of Total Investments at Fair Value
First lien	37.99%
Second lien	37.41%
Subordinated	3.85%
Equity and other	20.75%
Total investments	100.00%

Industry Type	December 31, 2017 Percent of Total Investments at Fair Value
Business Services	31.85%
Software	16.33%
Healthcare Services	9.60%
Education	9.48%
Consumer Services	7.18%
Distribution & Logistics	6.15%
Investment Fund	5.61%
Federal Services	4.30%
Energy	4.06%
Net Lease	2.27%
Healthcare Information Technology	1.86%
Packaging	0.79%
Business Products	0.52%
Total investments	100.00%

Interest Rate Type	December 31, 2017 Percent of Total Investments at Fair Value
Floating rates	87.48%
Fixed rates	12.52%
Total investments	100.00%

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December 31, 2016

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	**Type of Investment**	**Interest Rate(9)**	**Maturity/ Expiration Date**		**Principal Amount, Par Value or Shares**		**Cost**		**Fair Value**	**Percent of Net Assets**
Non-Controlled/Non-Affiliated Investments										
Funded Debt Investments Australia										
Project Sunshine IV Pty Ltd**										
Media	First lien(2)	8.00% (L + 7.00%/M)	9/23/2019	$	6,012	$	5,992	$	6,005	0.64%
Total Funded Debt Investments Australia				**$**	**6,012**	**$**	**5,992**	**$**	**6,005**	**0.64%**
Funded Debt Investments Luxembourg										
Pinnacle Holdco S.à.r.l. / Pinnacle (US) Acquisition Co Limited**										
Software	Second lien(2)	10.50% (L + 9.25%/Q)	7/30/2020	$	24,630	$	24,362	$	18,103	
	Second lien(3)	10.50% (L + 9.25%/Q)	7/30/2020		8,204		8,332		6,030	
					32,834		32,694		24,133	2.57%
Total Funded Debt Investments Luxembourg				**$**	**32,834**	**$**	**32,694**	**$**	**24,133**	**2.57%**
Funded Debt Investments Netherlands										
Eiger Acquisition B.V. (Eiger Co-Borrower, LLC)**										
Software	Second lien(3)	10.13% (L + 9.13%/Q)	2/17/2023	$	10,000	$	9,371	$	9,799	1.04%
				$	**10,000**	**$**	**9,371**	**$**	**9,799**	**1.04%**

Total Funded Debt Investments Netherlands								
Funded Debt Investments United Kingdom								
Air Newco LLC**								
Software	Second lien(3)	10.50% (L + 9.50%/Q)	1/31/2023	$	32,500	$ 31,814	$ 29,514	3.14%
Total Funded Debt Investments United Kingdom				**$**	**32,500**	**$ 31,814**	**$ 29,514**	**3.14%**
Funded Debt Investments United States								
TIBCO Software Inc.								
Software	First lien(2)	6.50% (L + 5.50%/M)	12/4/2020	$	29,475	$ 28,444	$ 29,634	
	Subordinated(3)	11.38%/S	12/1/2021		15,000	14,659	15,038	
					44,475	43,103	44,672	4.76%
Navex Global, Inc.								
Software	First lien(4)	5.99% (L + 4.75%/Q)	11/19/2021		4,563	4,530	4,540	
	First lien(2)	5.99% (L + 4.75%/Q)	11/19/2021		2,583	2,563	2,570	
	Second lien(4)	10.31% (L + 8.75%/Q)	11/18/2022		18,187	17,984	17,823	
	Second lien(3)	10.31% (L + 8.75%/Q)	11/18/2022		19,813	19,282	19,417	
					45,146	44,359	44,350	4.73%
Hill International, Inc.								
Business Services	First lien(2)(10)	7.75% (L + 6.75%/Q)	9/28/2020		41,544	41,150	41,543	4.43%
AssuredPartners, Inc.								
Business Services	Second lien(3)	10.00% (L + 9.00%/M)	10/20/2023		20,200	19,480	20,394	
	Second lien(2)	10.00% (L + 9.00%/M)	10/20/2023		20,000	19,282	20,192	
					40,200	38,762	40,586	4.32%
Tenawa Resource Holdings LLC(13)								
Tenawa Resource Management LLC								
Energy	First lien(3)(10)	10.50% (Base + 8.00%/Q)	5/12/2019		40,000	39,903	39,825	4.24%
Kronos Incorporated								

Software		9.25%					
	Second lien(2)	(L + 8.25%/Q)	11/1/2024	36,000	35,458	37,159	3.96%

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

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Consolidated Schedule of Investments (Continued)

December 31, 2016

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
PetVet Care Centers LLC							
Consumer Services	Second lien(3)(10)	10.25% (L + 9.25%/Q)	6/17/2021	$ 24,000	$ 23,820	$ 24,240	
	Second lien(3)(10)	10.50% (L + 9.50%/Q)	6/17/2021	6,500	6,444	6,565	
	Second lien(3)(10)	9.50% (L + 8.50%/Q)	6/17/2021	6,000	5,910	5,910	
				36,500	36,174	36,715	3.91%
Ascend Learning, LLC							
Education	Second lien(3)	9.50% (L + 8.50%/Q)	11/30/2020	35,227	34,895	34,963	3.73%
Weston Solutions, Inc.							
Business Services	First lien(2)(10)	10.50% (L + 9.50%/M)	12/31/2020	34,821	34,821	34,821	3.71%
Redbox Automated Retail, LLC							
Consumer Services	First lien(2)	8.50% (L + 7.50%/Q)	9/27/2021	33,469	32,987	32,601	3.47%
Valet Waste Holdings, Inc.							
Business Services	First lien(2)(10)	8.00% (L + 7.00%/Q)	9/24/2021	29,625	29,320	29,625	
	First lien(3)(10)(11) Drawn	8.00% (L + 7.00%/Q)	9/24/2021	2,250	2,222	2,250	
				31,875	31,542	31,875	3.40%
VetCor Professional Practices LLC							
Consumer Services	First lien(4)(10)	7.25% (L + 6.25%/Q)	4/20/2021	19,306	19,159	19,306	

	First lien(2)(10)	7.25% (L + 6.25%/Q)	4/20/2021	7,793	7,652	7,793	
	First lien(4)(10)	7.25% (L + 6.25%/Q)	4/20/2021	2,677	2,655	2,677	
	First lien(4)(10)(11)	7.25% (L + 6.25%/Q)	4/20/2021	373	365	373	
	Drawn						
				30,149	29,831	30,149	3.21%
Integro Parent Inc.							
Business Services	First lien(2)	6.75% (L + 5.75%/Q)	10/31/2022	19,806	19,463	19,607	
	Second lien(3)	10.25% (L + 9.25%/Q)	10/30/2023	10,000	9,910	9,750	
				29,806	29,373	29,357	3.13%
ProQuest LLC							
Business Services	Second lien(3)	10.00% (L + 9.00%/M)	12/15/2022	28,700	28,188	28,700	3.06%
CRGT Inc.							
Federal Services	First lien(2)	7.50% (L + 6.50%/M)	12/19/2020	27,409	27,252	27,478	2.93%
Evo Payments International, LLC							
Business Services	First lien(2)	6.00% (L + 5.00%/M)	12/22/2023	2,500	2,487	2,515	
	Second lien(2)	10.00% (L + 9.00%/M)	12/23/2024	25,000	24,813	24,813	
				27,500	27,300	27,328	2.91%
Severin Acquisition, LLC							
Software	Second lien(4)(10)	9.75% (L + 8.75%/Q)	7/29/2022	15,000	14,873	15,000	
	Second lien(4)(10)	9.75% (L + 8.75%/Q)	7/29/2022	4,154	4,118	4,154	
	Second lien(4)(10)	10.25% (L + 9.25%/Q)	7/29/2022	3,273	3,243	3,305	
	Second lien(3)(10)	10.00% (L + 9.00%/Q)	7/29/2022	2,361	2,338	2,384	
	Second lien(3)(10)	10.25% (L + 9.25%/Q)	7/29/2022	1,825	1,807	1,843	
	Second lien(4)(10)	10.25% (L + 9.25%/Q)	7/29/2022	300	297	303	
				26,913	26,676	26,989	2.88%
Marketo, Inc.							

Software		10.50%					
	First lien(3)(10)	(L + 9.50%/Q)	8/16/2021	26,820	26,442	26,418	2.81%
Ansira Holdings, Inc.							
Business Services		7.50%					
	First lien(2)	(L + 6.50%/Q)	12/20/2022	26,182	26,051	26,051	2.78%
Pelican Products, Inc.							
Business Products		9.25%					
	Second lien(3)	(L + 8.25%/Q)	4/9/2021	15,500	15,506	15,170	
		9.25%					
	Second lien(2)	(L + 8.25%/Q)	4/9/2021	10,000	10,107	9,788	
				25,500	25,613	24,958	2.66%

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

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New Mountain Finance Corporation

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(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
DigiCert Holdings, Inc.							
Software	First lien(2)	6.00% (L + 5.00%/Q)	10/21/2021	$ 24,750	$ 24,134	$ 24,719	2.63%
nThrive, Inc. (fka Precyse Acquisition Corp.)							
Healthcare Services	Second lien(2)(10)	10.75% (L + 9.75%/M)	4/20/2023	25,000	24,593	24,711	2.63%
AAC Holding Corp.							
Education	First lien(2)(10)	8.25% (L + 7.25%/M)	9/30/2020	23,918	23,637	23,918	2.55%
Ryan, LLC							
Business Services	First lien(2)	6.75% (L + 5.75%/M)	8/7/2020	23,927	23,656	23,785	2.53%
EN Engineering, LLC							
Business Services	First lien(2)(10)	7.00% (L + 6.00%/Q)	6/30/2021	21,107	20,940	21,107	
	First lien(2)(10)	7.78% (Base + 5.55%/Q)	6/30/2021	2,189	2,170	2,189	
				23,296	23,110	23,296	2.48%
TWDiamondback Holdings Corp.(15)							
Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)							
Distribution & Logistics	First lien(4)(10)	9.75% (L + 8.75%/Q)	11/19/2019	19,895	19,895	19,895	
	First lien(3)(10)	9.75% (L + 8.75%/Q)	11/19/2019	2,158	2,158	2,158	
	First lien(4)(10)	9.75% (L + 8.75%/Q)	11/19/2019	605	605	605	
				22,658	22,658	22,658	2.41%

Vision Solutions, Inc.							
Software	First lien(2)	7.50% (Base + 6.50%/Q)	6/16/2022	22,359	22,153	22,317	2.38%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien(2)	7.75% (L + 6.50%/Q)	11/13/2017	22,411	22,312	22,299	2.38%
TW-NHME Holdings Corp.(20)							
National HME, Inc.							
Healthcare Services	Second lien(4)(10)	10.25% (L + 9.25%/Q)	7/14/2022	21,500	21,268	21,500	
	Second lien(3)(10)	10.25% (L + 9.25%/Q)	7/14/2022	500	494	500	
				22,000	21,762	22,000	2.34%
IT'SUGAR LLC							
Retail	First lien(4)(10)	10.50% (L + 9.50%/Q)	10/23/2019	20,790	20,189	20,467	2.18%
First American Payment Systems, L.P.							
Business Services	Second lien(2)	10.75% (L + 9.50%/M)	4/12/2019	18,643	18,483	18,643	1.99%
DCA Investment Holding, LLC							
Healthcare Services	First lien(2)(10)	6.25% (L + 5.25%/Q)	7/2/2021	17,632	17,493	17,632	
	First lien(3)(10)(11) Drawn	8.00% (P + 4.25%/Q)	7/2/2021	752	744	752	
				18,384	18,237	18,384	1.96%
AgKnowledge Holdings Company, Inc.							
Business Services	Second lien(2)(10)	9.25% (L + 8.25%/M)	7/23/2020	18,500	18,379	18,046	1.92%
Project Alpha Intermediate Holding, Inc.							
Software	First lien(2)(10)	9.25% (L + 8.25%/M)	8/22/2022	17,955	17,784	17,775	1.89%
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien(4)(10)	8.25% (L + 7.25%/Q)	8/4/2022	17,775	17,626	17,775	1.89%
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc.							
Energy		12.25%/S(8)	12/15/2018	25,000	25,000	16,012	

	First lien(2)(10)						
	First lien(3)(10)	12.25%/S(8)	12/15/2018	2,660	2,231	1,704	
				27,660	27,231	17,716	1.89%
Greenway Health, LLC (fka Vitera Healthcare Solutions, LLC)							
Software	First lien(2)	6.00% (L + 5.00%/Q)	11/4/2020	1,891	1,880	1,865	
	Second lien(2)	9.25% (L + 8.25%/Q)	11/4/2021	14,000	13,448	13,650	
				15,891	15,328	15,515	1.65%

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Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
YP Holdings LLC / Print Media Holdings LLC(12)							
YP LLC / Print Media LLC							
Media	First lien(2)	12.25% (L + 11.00%/M)	6/4/2018	$ 15,267	$ 15,197	$ 15,191	1.62%
Netsmart Inc. / Netsmart Technologies, Inc.							
Healthcare Information Technology	Second lien(2)	10.50% (L + 9.50%/Q)	10/19/2023	15,000	14,648	14,944	1.59%
Cvent, Inc.							
Software	First lien(3)	6.00% (L + 5.00%/Q)	11/29/2023	5,000	4,963	5,064	
	Second lien(3)(10)	11.00% (L + 10.00%/Q)	5/29/2024	10,000	9,851	9,850	
				15,000	14,814	14,914	1.59%
Amerijet Holdings, Inc.							
Distribution & Logistics	First lien(4)(10)	9.00% (L + 8.00%/M)	7/15/2021	12,536	12,449	12,442	
	First lien(4)(10)	9.00% (L + 8.00%/M)	7/15/2021	2,089	2,075	2,074	
				14,625	14,524	14,516	1.55%
SW Holdings, LLC							
Business Services	Second lien(4)(10)	9.75% (L + 8.75%/Q)	12/30/2021	14,265	14,147	14,265	1.52%
Poseidon Intermediate, LLC							
Software	Second lien(2)(10)	9.50% (L + 8.50%/Q)	8/15/2023	13,000	12,829	13,000	1.39%
Zywave, Inc.							
Software	Second lien(4)		11/17/2023	11,000	10,918	10,918	1.16%

		10.00% (L + 9.00%/Q)					
Aricent Technologies							
Business Services	Second lien(2)	9.50% (L + 8.50%/Q)	4/14/2022	12,500	12,316	10,719	1.14%
QC McKissock Investment, LLC(14)							
McKissock, LLC							
Education	First lien(2)(10)	7.50% (L + 6.50%/Q)	8/5/2019	6,463	6,421	6,463	
	First lien(2)(10)	7.50% (L + 6.50%/Q)	8/5/2019	3,081	3,064	3,081	
	First lien(2)(10)	7.50% (L + 6.50%/Q)	8/5/2019	994	988	994	
				10,538	10,473	10,538	1.12%
Quest Software US Holdings Inc.							
Software	First lien(2)	7.00% (L + 6.00%/Q)	10/31/2022	10,000	9,854	10,152	1.08%
Masergy Holdings, Inc.							
Business Services	Second lien(2)	9.50% (L + 8.50%/Q)	12/16/2024	10,000	9,938	10,000	1.07%
PowerPlan Holdings, Inc.							
Software	Second lien(2)(10)	10.00% (L + 9.00%/M)	2/23/2023	10,000	9,916	10,000	1.07%
FR Arsenal Holdings II Corp.							
Business Services	First lien(2)(10)	8.25% (L + 7.25%/Q)	9/8/2022	9,975	9,879	9,875	1.05%
American Tire Distributors, Inc.							
Distribution & Logistics	Subordinated(3)	10.25%/S	3/1/2022	9,700	9,523	9,353	1.00%
Harley Marine Services, Inc.							
Distribution & Logistics	Second lien(2)	10.50% (L + 9.25%/Q)	12/20/2019	9,000	8,897	8,640	0.92%
Ministry Brands, LLC							
Software	First lien(3)(11) Drawn	6.00% (L + 5.00%/Q)	12/2/2022	350	348	348	
	Second lien(3)	10.25% (L + 9.25%/Q)	6/2/2023	7,840	7,782	7,781	
				8,190	8,130	8,129	0.87%
Lonestar Intermediate Super Holdings, LLC							
Business Services	Subordinated(3)		8/31/2021	7,000	6,934	7,210	0.77%

		10.00% (L + 9.00%/M)					
J.D. Power and Associates							
Business Services	Second lien(3)	9.50% (L + 8.50%/Q)	9/7/2024	7,000	6,898	7,035	0.75%
Confie Seguros Holding II Co.							
Consumer Services	Second lien(2)	10.25% (L + 9.00%/M)	5/8/2019	6,957	6,952	6,919	0.74%
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.)							
Federal Services	First lien(2)	9.00% (L + 7.50%/Q)	4/21/2017	6,396	6,389	6,300	0.67%
Solera LLC / Solera Finance, Inc.							
Software	Subordinated(3)	10.50%/S	3/1/2024	5,000	4,768	5,650	0.60%
VF Holding Corp.							

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Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Software	Second lien(3)	10.00% (L + 9.00%/Q)	6/28/2024	$ 5,000	$ 4,952	$ 4,950	0.53%
ADG, LLC							
Healthcare Services	Second lien(3)(10)	10.00% (L + 9.00%/Q)	3/28/2024	5,000	4,926	4,925	0.53%
Vencore, Inc. (fka The SI Organization Inc.)							
Federal Services	Second lien(3)	9.75% (L + 8.75%/Q)	5/23/2020	4,000	3,928	4,039	0.43%
Transtar Holding Company							
Distribution & Logistics	Second lien(3)	13.50% (P + 9.75%/Q)(8)	10/9/2019	36,112	3,155	2,167	
	Second lien(2)	13.50% (P + 9.75%/Q)(8)	10/9/2019	28,300	28,011	1,698	
				64,412	31,166	3,865	0.41%
York Risk Services Holding Corp.							
Business Services	Subordinated(3)	8.50%/S	10/1/2022	3,000	3,000	2,520	0.27%
Ensemble S Merger Sub, Inc.							
Software	Subordinated(3)	9.00%/S	9/30/2023	2,000	1,939	2,135	0.23%
Education Management Corporation(19)							
Education Management II LLC							
Education	First lien |(2)	5.50% (L + 4.50%/Q)	7/2/2020	250	239	61	
	First lien(3)	5.50% (L + 4.50%/Q)	7/2/2020	141	136	35	
	First lien(2)	8.50% (L + 1.00% + 6.50%	7/2/2020	467	416	22	

		PIK/Q)*					
	First lien(3)	8.50% (L + 1.00% + 6.50% PIK/Q)*	7/2/2020	263	235	12	
				1,121	1,026	130	0.01%
Total Funded Debt Investments United States				**$ 1,339,099**	**$ 1,290,033**	**$ 1,261,394**	**134.41%**
Total Funded Debt Investments				**$ 1,420,445**	**$ 1,369,904**	**$ 1,330,845**	**141.80%**
Equity United States							
Tenawa Resource Holdings LLC(13)							
QID NGL LLC							
Energy	Ordinary shares(7)(10)			5,290,997	$ 5,291	$ 6,434	0.69%
TWDiamondback Holdings Corp.(15)							
Distribution & Logistics	Preferred shares(4)(10)			200	2,000	2,664	0.28%
TW-NHME Holdings Corp.(20)							
Healthcare Services	Preferred shares(4)(10)			100	$ 1,000	$ 1,497	
	Preferred shares(4)(10)			16	158	236	
	Preferred shares(4)(10)			6	68	91	
					1,226	1,824	0.19%
Ancora Acquisition LLC							
Education	Preferred shares(6)(10)			372	83	393	0.04%
Education Management Corporation(19)							
Education	Preferred shares(2)			3,331	200	1	
	Preferred shares(3)			1,879	113	1	
	Ordinary shares(2)			2,994,065	100	18	
	Ordinary shares(3)			1,688,976	56	10	

				469	30	%
Total Shares United States				**$ 9,069**	**$ 11,345**	**1.20%**
Warrants United States						
YP Holdings LLC / Print Media Holdings LLC(12)						
YP Equity Investors LLC						
Media	Warrants(5)(10)	5/8/2022	5	$	$ 2,966	0.32%
IT'SUGAR LLC						
Retail	Warrants(3)(10)	10/23/2025	94,672	817	549	0.06%

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Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
ASP LCG Holdings, Inc.							
Education	Warrants(3)(10)		5/5/2026	622	37	949	0.10%
Ancora Acquisition LLC							
Education	Warrants(6)(10)		8/12/2020	20			%
Total Warrants United States					**$ 854**	**$ 4,464**	**0.48%**
Total Funded Investments					**$ 1,379,827**	**$ 1,346,654**	**143.48%**
Unfunded Debt Investments United States							
Mister Car Wash Holdings, Inc.							
Consumer Services	First lien(3)(11) Undrawn		12/14/2017	$ 1,667	$ (13)	$ 8	%
DCA Investment Holding, LLC							
Healthcare Services	First lien(3)(10)(11) Undrawn		7/2/2021	1,348	(13)		%
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien(3)(10)(11) Undrawn		8/4/2021	1,000	(10)		%
Valet Waste Holdings, Inc.							
Business Services	First lien(3)(10)(11) Undrawn		9/24/2021	1,500	(19)		%
VetCor Professional Practices LLC							
Consumer Services	First lien(3)(10)(11)		4/20/2021	2,700	(27)		
	Undrawn						
	First lien(4)(10)(11)		3/30/2018	127	(3)		
	Undrawn						
	First lien(2)(10)(11)		6/22/2018	1,644	(33)		

	Undrawn					
			4,471	(63)		%
Weston Solutions, Inc.						
Business Services	First lien(3)(10)(11)	12/31/2020	10,000			%
	Undrawn					
Zywave, Inc.						
Software	First lien(3)(11) Undrawn	11/17/2022	2,000	(15)	(15)	%
Ansira Holdings, Inc.						
Business Services	First lien(3)(11) Undrawn	12/20/2018	3,818	(19)	(19)	%
Marketo, Inc.						
Software	First lien(3)(10)(11) Undrawn	8/16/2021	1,788	(27)	(27)	%
Ministry Brands, LLC						
Software	First lien(3)(11) Undrawn	12/2/2022	650	(3)	(3)	
	First lien(3)(11)	12/2/2017	5,169	(26)	(26)	
	Undrawn					
	Second lien(3)(11)	12/2/2017	2,160	(16)	(16)	
	Undrawn					
			7,979	(45)	(45)	(0.01)%
Total Unfunded Debt Investments United States			**$ 35,571**	**(224)**	**$ (98)**	**(0.01)%**
Total Non-Controlled/Non-Affiliated Investments				**$ 1,379,603**	**$ 1,346,556**	**143.47%**

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

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Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Affiliated Investments(22)							
Funded Debt Investments United States							
Edmentum Ultimate Holdings, LLC(16)							
Education	Subordinated(3)(10)	8.50% PIK/Q*	6/9/2020	$ 4,124	$ 4,118	$ 4,124	
	Subordinated(2)(10)	10.00% PIK/Q*	6/9/2020	15,163	15,163	12,814	
	Subordinated(3)(10)	10.00% PIK/Q*	6/9/2020	3,730	3,730	3,152	
				23,017	23,011	20,090	2.14%
Permian Holdco 1, Inc.(21)							
Permian Holdco 2, Inc.							
Energy	Subordinated(3)(10)	14.00% PIK/Q*	10/15/2021	1,749	1,749	1,749	0.19%
Total Funded Debt Investments United States				**$ 24,766**	**$ 24,760**	**$ 21,839**	**2.33%**
Equity United States							
NMFC Senior Loan Program I LLC**							
Investment Fund	Membership interest(3)(10)				$ 23,000	$ 23,000	2.45%
Permian Holdco 1, Inc.(21)							
Energy	Preferred shares(3)(10)(17)			1,394,237	5,866	7,668	
	Ordinary shares(3)(10)			1,366,452	1,350	1,776	
					7,216	9,444	1.00%
Edmentum Ultimate Holdings, LLC(16)							
Education	Ordinary shares(3)(10)			123,968	11	1,693	
				107,143	9	1,464	

	Ordinary shares(2)(10)							
					20		3,157	0.34%
Total Shares United States						**$ 30,236**	**$ 35,601**	**3.79%**
Unfunded Debt Investments United States								
Edmentum Ultimate Holdings, LLC(16)								
Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)								
Education	Second lien(3)(10)(11) Undrawn		6/9/2020	$	4,881	$	$	%
Permian Holdco 1, Inc.(21)								
Permian Holdco 2, Inc.								
Energy	Subordinated(3)(10)(11) Undrawn		10/15/2021		1,025			%
Total Unfunded Debt Investments United States				**$**	**5,906**	**$**	**$**	**%**
Total Non-Controlled/Affiliated Investments						**$ 54,996**	**$ 57,440**	**6.12%**
Controlled Investments(23)								
Funded Debt Investments United States								
UniTek Global Services, Inc.								
Business Services	First lien(2)(10)	8.50% (L + 7.50%/Q)	1/13/2019	$	10,846	$ 10,846	$ 11,063	
	First lien(2)(10)	9.50% (L + 7.50% + 1.00% PIK/Q)*	1/13/2019		4,784	4,784	4,879	
	Subordinated(2)(10)	15.00% PIK/Q*	7/13/2019		1,726	1,726	1,760	
	Subordinated(3)(10)	15.00% PIK/Q*	7/13/2019		1,032	1,032	1,054	
					18,388	18,388	18,756	2.00%
Total Funded Debt Investments United States				**$**	**18,388**	**$ 18,388**	**$ 18,756**	**2.00%**

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Portfolio Company, Location and Industry(1)	**Type of Investment**	**Interest Rate(9)**	**Maturity/ Expiration Date**	**Principal Amount, Par Value or Shares**	**Cost**	**Fair Value**	**Percent of Net Assets**
Equity United States							
NMFC Senior Loan Program II LLC**							
Investment Fund	Membership interest(3)(10)				$ 71,460	$ 71,460	7.61%
UniTek Global Services, Inc.							
Business Services	Preferred shares(2)(10)(18)			19,048,426	16,668	17,207	
	Preferred shares(3)(10)(18)			5,264,079	4,606	4,755	
	Ordinary shares(2)(10)			2,096,477	1,925	12,256	
	Ordinary shares(3)(10)			579,366	532	3,387	
					23,731	37,605	4.01%
New Mountain Net Lease Corporation							
Net Lease	Ordinary shares(3)(10)			270,000	27,000	27,000	2.88%
Total Shares United States					**$ 122,191**	**$ 136,065**	**14.50%**
Total Funded Investments					**$ 140,579**	**$ 154,821**	**16.50%**
Unfunded Debt Investments United States							
UniTek Global Services, Inc.							
Business Services	First lien(3)(10)(11)		1/13/2019	$ 2,048	$	$	

	Undrawn					
	First lien(3)(10)(11) Undrawn	1/13/2019	758			
			2,806			%
Total Unfunded Debt Investments United States			**$ 2,806**	**$**	**$**	**%**
Total Controlled Investments				**$ 140,579**	**$ 154,821**	**16.50%**
Total Investments				**$ 1,575,178**	**$ 1,558,817**	**166.09%**

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

(2) Investment is pledged as collateral for the Holdings Credit Facility, a revolving credit facility among the Company as Collateral Manager, New Mountain Finance Holdings, L.L.C. ("NMF Holdings") as the Borrower, Wells Fargo Securities, LLC as the Administrative Agent, and Wells Fargo Bank, National Association, as the Lender and Collateral Custodian. See Note 7. *Borrowings*, for details.

(3) Investment is pledged as collateral for the NMFC Credit Facility, a revolving credit facility among the Company as the Borrower and Goldman Sachs Bank USA as the Administrative Agent and the Collateral Agent and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust as Lenders. See Note 7. *Borrowings*, for details.

(4) Investment is held in New Mountain Finance SBIC, L.P.

(5) Investment is held in NMF YP Holdings, Inc.

(6) Investment is held in NMF Ancora Holdings, Inc.

(7) Investment is held in NMF QID NGL Holdings, Inc.

(8) Investment or a portion of the investment is on non-accrual status. See Note 3. *Investments*, for details.

(9)

All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (L), the Prime Rate (P) and the alternative base rate (Base) and which resets monthly (M), quarterly (Q), semi-annually (S) or annually (A). For each investment the current interest rate provided reflects the rate in effect as of December 31, 2016.

(10)

The fair value of the the Company's investment is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 4. *Fair Value,* for details.

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2016

(in thousands, except shares)

(11)

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

(12)

The Company holds investments in three related entities of YP Holdings LLC/Print Media Holdings LLC. The Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP LLC and Print Media LLC, wholly-owned subsidiaries of YP Holdings LLC and Print Media Holdings LLC, respectively.

(13)

The Company holds investments in two related entities of Tenawa Resource Holdings LLC. The Company holds 4.77% of the common units in QID NGL LLC (which at closing represented 98.1% of the ownership in the common units in Tenawa Resource Holdings LLC) and holds a first lien investment in Tenawa Resource Management LLC, a wholly-owned subsidiary of Tenawa Resource Holdings LLC.

(14)

The Company holds investments in QC McKissock Investment, LLC and one related entity of QC McKissock Investment, LLC. The Company holds a first lien term loan in QC McKissock Investment, LLC (which at closing represented 71.1% of the ownership in the Series A common units of McKissock Investment Holdings, LLC) and holds a first lien term loan and a delayed draw term loan in McKissock, LLC, a wholly-owned subsidiary of McKissock Investment Holdings, LLC.

(15)

The Company holds investments in TWDiamondback Holdings Corp. and one related entity of TWDiamondback Holdings Corp. The Company holds preferred equity in TWDiamondback Holdings Corp. and holds a first lien last out term loan and a delayed draw term loan in Diamondback Drugs of Delaware LLC, a wholly-owned subsidiary of TWDiamondback Holdings Corp.

(16)

The Company holds investments in Edmentum Ultimate Holdings, LLC and its related entities. The Company holds subordinated notes and ordinary equity in Edmentum Ultimate Holdings, LLC and holds a second lien revolver in Edmentum, Inc. and Archipelago Learning, Inc., which are wholly-owned subsidiaries of Edmentum Ultimate Holdings, LLC.

(17)

The Company holds preferred equity in Permian Holdco 1, Inc. that is entitled to receive cumulative preferential dividends at a rate of 12.0% per annum payable in additional shares.

(18)

The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 13.5% per annum payable in additional shares.

(19)

The Company holds investments in Education Management Corporation and one related entity of Education Management Corporation. The Company holds series A-1 convertible preferred stock and common stock in Education Management Corporation and holds a tranche A first lien term loan and a tranche B first lien term loan in Education Management II LLC, which is an indirect subsidiary of Education Management Corporation.

(20)

The Company holds an equity investment in TW-NHME Holdings Corp., and holds a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.

(21)

The Company holds preferred and common equity in Permian Holdco 1, Inc., as well as subordinated notes in Permian Holdco 2, Inc., a wholly-owned subsidiary of Permian Holdco 1, Inc.

(22)

Denotes investments in which the Comapany an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), due to owning or holding the power to vote 5.0% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of December 31, 2015 and December 31, 2016, along with transactions during the year ended December 31, 2016 in which the issuer was a non-controlled/affiliated investment, is as follows:

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2016

(in thousands, except shares)

Portfolio Company	Fair Value at December 31, 2015	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change In Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2016	Interest Income	Dividend Income	Other Income
Edmentum Ultimate Holdings, LLC/Edmentum Inc.	$ 22,782	$ 6,147	$ (4,002)	$	$ (1,680)	$ 23,247	$ 2,254	$	$
NMFC Senior Loan Program I LLC	21,914				1,086	23,000		3,728	1,163
Permian Holdco 1, Inc. / Permian Holdco 2, Inc.		8,965			2,228	11,193	41	156	5
Tenawa Resource Holdings LLC	42,591	16	(42,288)		(319)		2,243		25
Total Non-Controlled/Affiliated Investments	**$ 87,287**	**$ 15,128**	**$ (46,290)**	**$**	**$ 1,315**	**$ 57,440**	**$ 4,538**	**$ 3,884**	**$ 1,193**

(A) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, payment-in-kind ("PIK") interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement at fair value of an existing portfolio company into this category from a different category.

(B) Gross redemptions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

(23) Denotes investments in which the Company is in "Control", as defined in the 1940 Act, due to owning or holding the power to vote 25.0% or more of the outstanding voting securities of the investment. Fair value as of December 31, 2015 and December 31, 2016, along with transactions during the year ended December 31, 2016 in which the issuer was a controlled investment, is as follows:

Portfolio Company	Fair Value at December 31,	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains	Net Change In Unrealized	Fair Value at December 31,	Interest Income	Dividend Income	Other Income

	2015			(Losses)	Appreciation (Depreciation)	2016			
New Mountain Net Lease Corporation	$	$ 27,000	$	$	$	$ 27,000	$	$ 540	$
NMFC Senior Loan Program II LLC		71,460				71,460		3,533	
UniTek Global Services, Inc.	47,422	3,464	(2,599)		8,074	56,361	1,904	3,023	558
Total Controlled Investments	**$ 47,422**	**$ 101,924**	**$ (2,599)**	**$**	**$ 8,074**	**$ 154,821**	**$ 1,904**	**$ 7,096**	**$ 558**

(A)
Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement at fair value of an existing portfolio company into this category from a different category.

(B)
Gross redemptions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

*
All or a portion of interest contains PIK interest.

**
Indicates assets that the Company deems to be "non-qualifying assets" under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70.0% of the Comapany's total assets at the time of acquisition of any additional non-qualifying assets. As of December 31, 2016, 9.9% of the the Company's total investments were non-qualifying assets.

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2016

Investment Type	December 31, 2016 Percent of Total Investments at Fair Value
First lien	44.94%
Second lien	38.76%
Subordinated	4.27%
Equity and other	12.03%
Total investments	100.00%

Industry Type	December 31, 2016 Percent of Total Investments at Fair Value
Business Services	29.64%
Software	27.00%
Consumer Services	6.82%
Investment Fund	6.06%
Education	6.04%
Energy	4.82%
Healthcare Services	4.61%
Distribution & Logistics	3.96%
Federal Services	3.86%
Net Lease	1.73%
Business Products	1.60%
Media	1.55%
Retail	1.35%
Healthcare Information Technology	0.96%
Total investments	100.00%

Interest Rate Type	December 31, 2016 Percent of Total Investments at Fair Value
Floating rates	93.16%
Fixed rates	6.84%

Total investments	100.00%

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

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation

December 31, 2017

(in thousands, except share data)

Note 1. Formation and Business Purpose

New Mountain Finance Corporation ("NMFC" or the "Company") is a Delaware corporation that was originally incorporated on June 29, 2010 and completed its initial public offering ("IPO") on May 19, 2011. NMFC is a closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, NMFC is obligated to comply with certain regulatory requirements. NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). NMFC is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since NMFC's IPO, and through December 31, 2017, NMFC raised approximately $614,581 in net proceeds from additional offerings of its common stock.

New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") is a wholly-owned subsidiary of New Mountain Capital, L.L.C. ("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. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity and credit investment vehicles. The Investment Adviser manages the Company's day-to-day operations and provides it with investment advisory and management services. New Mountain Finance Administration, L.L.C. (the "Administrator"), a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct the Company's day-to-day operations.

The Company's wholly-owned subsidiary, New Mountain Finance Holdings, L.L.C. ("NMF Holdings" or the "Predecessor Operating Company"), is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID NGL Holdings, Inc. ("NMF QID") and NMF YP Holdings Inc. ("NMF YP"), the Company's wholly-owned subsidiaries, are structured as Delaware entities that serve as tax blocker corporations which hold equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities). The Company consolidates its tax blocker corporations for accounting purposes. The tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies. Additionally, the Company has a wholly-owned subsidiary, New Mountain Finance Servicing, L.L.C. ("NMF Servicing") serves as the administrative agent on certain investment transactions. New Mountain Finance SBIC L.P. ("SBIC I") and its general partner, New Mountain Finance SBIC G.P., L.L.C. ("SBIC I GP"), are organized in Delaware as a limited partnership and limited liability company, respectively. During the year ended December 31, 2017, New Mountain Finance SBIC II, L.P. ("SBIC II") and its general partner, New Mountain Finance SBIC II G.P., L.L.C. ("SBIC II GP"), were organized in Delaware as a limited partnership and limited liability company, respectively. SBIC I, SBIC I GP, SBIC II and SBIC II GP are consolidated wholly-owned direct and indirect subsidiaries of the Company. SBIC I and SBIC II received licenses from the United States ("U.S.") Small Business Administration (the "SBA") to operate as small business investment companies ("SBICs") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act"). The Company's wholly-owned subsidiary, New Mountain Net Lease Corporation ("NMNLC"), a Maryland corporation, was formed to acquire commercial real

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 1. Formation and Business Purpose (Continued)

properties that are subject to "triple net" leases and has qualified, and intends to continue to qualify, as a real estate investment trust, or REIT, within the meaning of Section 856(a) of the Code.

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. The first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose the Company to the risks associated with second lien and subordinated loans to the extent the Company invests in the "last out" tranche. In some cases, the Company's investments may also include equity interests. The primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to the Company, SBIC I's and SBIC II's investment objective is to generate current income and capital appreciation under the investment criteria used by the Company. However, SBIC I's and SBIC II's investments must be in SBA eligible small businesses. The Company's portfolio may be concentrated in a limited number of industries. As of December 31, 2017, the Company's top five industry concentrations were business services, software, healthcare services, education and consumer services.

Historical Structure

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

Until May 8, 2014, NMF Holdings was externally managed by the Investment Adviser and was regulated as a BDC under the 1940 Act. As such, NMF Holdings was obligated to comply with certain regulatory requirements. NMF Holdings was treated as a partnership for U.S. federal income

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 1. Formation and Business Purpose (Continued)

tax purposes for so long as it had at least two members. With the completion of the underwritten secondary offering on February 3, 2014, NMF Holdings' existence as a partnership for U.S. federal income tax purposes terminated and NMF Holdings became an entity that is disregarded as a separate entity from its owner for U.S. federal tax purposes.

Until April 25, 2014, New Mountain Finance AIV Holdings Corporation ("AIV Holdings") was a Delaware corporation that was originally incorporated on March 11, 2011. Guardian AIV, a Delaware limited partnership, was AIV Holdings' sole stockholder. AIV Holdings was a closed-end, non-diversified management investment company that was regulated as a BDC under the 1940 Act. As such, AIV Holdings was obligated to comply with certain regulatory requirements. AIV Holdings was treated, and complied with the requirements to qualify annually, as a RIC under the Code. AIV Holdings was dissolved on April 25, 2014.

Prior to May 8, 2014, NMFC and AIV Holdings were holding companies with no direct operations of their own, and their sole asset was their ownership in NMF Holdings. In connection with the IPO, NMFC and AIV Holdings each entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated (the "Operating Agreement"), of NMF Holdings, pursuant to which NMFC and AIV Holdings were admitted as members of NMF Holdings. NMFC 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 were equal to the number of shares of NMFC's common stock sold in the IPO and the Concurrent Private Placement). Additionally, NMFC received units of NMF Holdings equal to the number of shares of common stock of NMFC issued to the partners of New Mountain Guardian Partners, L.P. Guardian AIV was the parent of 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, AIV Holdings, in exchange for common stock of AIV Holdings. AIV Holdings had the right to exchange all or any portion of its units in NMF Holdings for shares of NMFC's common stock on a one-for-one basis at any time.

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

NMFC acquired from NMF Holdings units of NMF Holdings equal to the number of shares of NMFC's common stock sold in the additional offerings. With the completion of the final secondary offering on February 3, 2014, NMFC owned 100.0% of the units of NMF Holdings, which became a wholly-owned subsidiary of NMFC.

Restructuring

As a BDC, AIV Holdings had been subject to the 1940 Act, including certain provisions applicable only to BDCs. Accordingly, and after careful consideration of the 1940 Act requirements applicable to BDCs, the cost of 1940 Act compliance and a thorough assessment of AIV Holdings' business model, AIV Holdings' board of directors determined that continuation as a BDC was not in

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**Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)**

December 31, 2017

(in thousands, except share data)

Note 1. Formation and Business Purpose (Continued)

the best interest of AIV Holdings and Guardian AIV. Specifically, given that AIV Holdings was formed for the sole purpose of holding units of NMF Holdings and AIV Holdings had disposed of all of the units of NMF Holdings that it was holding as of February 3, 2014, the board of directors of AIV Holdings approved and declared advisable at an in-person meeting held on March 25, 2014 the withdrawal of AIV Holdings' election to be regulated as a BDC under the 1940 Act. In addition, the board of directors of AIV Holdings approved and declared advisable for AIV Holdings to terminate its registration under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and to dissolve AIV Holdings under the laws of the State of Delaware.

Upon receipt of the necessary stockholder consent to authorize the board of directors of AIV Holdings to withdraw AIV Holdings' election to be regulated as a BDC, the withdrawal was filed and became effective upon receipt by the U.S. Securities and Exchange Commission ("SEC") of AIV Holdings' notification of withdrawal on Form N-54C on April 15, 2014. The board of directors of AIV Holdings believed that AIV Holdings met the requirements for filing the notification to withdraw its election to be regulated as a BDC, upon the receipt of the necessary stockholder consent. After the notification of withdrawal of AIV Holdings' BDC election was filed with the SEC, AIV Holdings was no longer subject to the regulatory provisions of the 1940 Act applicable to BDCs generally, including regulations related to insurance, custody, composition of its board of directors, affiliated transactions and any compensation arrangements.

In addition, on April 15, 2014, AIV Holdings filed a Form 15 with the SEC to terminate AIV Holdings' registration under Section 12(g) of the Exchange Act. After these SEC filings and any other federal or state regulatory or tax filings were made, AIV Holdings proceeded to dissolve under Delaware law by filing a certificate of dissolution in Delaware on April 25, 2014.

Until May 8, 2014, as a BDC, NMF Holdings had been subject to the 1940 Act, including certain provisions applicable only to BDCs. Accordingly, and after careful consideration of the 1940 Act requirements applicable to BDCs, the cost of 1940 Act compliance and a thorough assessment of NMF Holdings' current business model, NMF Holdings' board of directors determined at an in-person meeting held on March 25, 2014 that continuation as a BDC was not in the best interests of NMF Holdings.

At the joint annual meeting of the stockholders of NMFC and the sole unit holder of NMF Holdings held on May 6, 2014, the stockholders of NMFC and the sole unit holder of NMF Holdings approved a proposal which authorized the board of directors of NMF Holdings to withdraw NMF Holdings' election to be regulated as a BDC. Additionally, the stockholders of NMFC approved a new investment advisory and management agreement between NMFC and the Investment Adviser. Upon receipt of the necessary stockholder/unit holder approval to authorize the board of directors of NMF Holdings to withdraw NMF Holdings' election to be regulated as a BDC, the withdrawal was filed and became effective upon receipt by the SEC of NMF Holdings' notification of withdrawal on Form N-54C on May 8, 2014.

Effective May 8, 2014, NMF Holdings amended and restated its Operating Agreement such that the board of directors of NMF Holdings was dissolved and NMF Holdings remained a wholly-owned subsidiary of NMFC with the sole purpose of serving as a special purpose vehicle for NMF Holdings' credit facility, and NMFC assumed all other operating activities previously undertaken by

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

Note 1. Formation and Business Purpose (Continued)

NMF Holdings under the management of the Investment Adviser (collectively, the "Restructuring"). After the Restructuring, all wholly-owned direct and indirect subsidiaries of NMFC are consolidated with NMFC for both 1940 Act and financial statement reporting purposes, subject to any financial statement adjustments required in accordance with accounting principles generally accepted in the United States of America ("GAAP"). NMFC continues to remain a BDC under the 1940 Act.

Also, on May 8, 2014, NMF Holdings filed Form 15 with the SEC to terminate NMF Holdings' registration under Section 12(g) of the Exchange Act. As a special purpose entity, NMF Holdings is bankruptcy-remote and non-recourse to NMFC. In addition, the assets held at NMF Holdings will continue to be used to secure NMF Holdings' credit facility.

Prior to December 18, 2014, New Mountain Finance SPV Funding, L.L.C. ("NMF SLF") was a Delaware limited liability company. NMF SLF was a wholly-owned subsidiary of NMF Holdings and thus a wholly-owned indirect subsidiary of the Company. NMF SLF was bankruptcy-remote and non-recourse to NMFC. As part of an amendment to the Company's existing credit facilities with Wells Fargo Bank, National Association, NMF SLF merged with and into NMF Holdings on December 18, 2014.

Note 2. Summary of Significant Accounting Policies

Basis of accounting The Company's consolidated financial statements have been prepared in conformity with GAAP. The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification Topic 946, *Financial Services Investment Companies*, ("ASC 946"). NMFC consolidates its wholly-owned direct and indirect subsidiaries: NMF Holdings, NMF Servicing, NMNLC, SBIC I, SBIC I GP, SBIC II, SBIC II GP, NMF Ancora, NMF QID and NMF YP. Previously, the Company consolidated its wholly-owned indirect subsidiary NMF SLF until it merged with and into NMF Holdings on December 18, 2014. See Note 5. *Agreements*, for details. Prior to the Restructuring, the Predecessor Operating Company consolidated its wholly-owned subsidiary, NMF SLF. NMFC and AIV Holdings did not consolidate the Predecessor Operating Company. Prior to the Restructuring, NMFC and AIV Holdings applied investment company master-feeder financial statement presentation, as described in ASC 946 to their interest in the Predecessor Operating Company. NMFC and AIV Holdings observed that it was also industry practice to follow the presentation prescribed for a master fund-feeder fund structure in ASC 946 in instances in which a master fund was owned by more than one feeder fund and that such presentation provided stockholders of NMFC and AIV Holdings with a clearer depiction of their investment in the master fund.

The Company's 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. The financial results of the Company's portfolio investments are not consolidated in the financial statements.

The Company's consolidated financial statements are prepared in accordance with GAAP and pursuant to the requirements for reporting on Form 10-K and Article 6 of Regulation S-X. In the

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 2. Summary of Significant Accounting Policies (Continued)

opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements have been included.

Investments The Company applies fair value accounting in accordance with GAAP. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are reflected on the Company's Consolidated Statements of Assets and Liabilities at fair value, with changes in unrealized gains and losses resulting from changes in fair value reflected in the Company's Consolidated Statements of Operations as "Net change in unrealized appreciation (depreciation) of investments" and realizations on portfolio investments reflected in the Company's Consolidated Statements of Operations as "Net realized gains (losses) on investments".

The Company 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 portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available and any other situation where its portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. The Company's quarterly valuation procedures are set forth in more detail below:

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

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

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

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

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

ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the market quotes obtained using an array of valuation methods

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

Note 2. Summary of Significant Accounting Policies (Continued)

(further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

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

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

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

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

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

For investments in revolving credit facilities and delayed draw commitments, the cost basis of the funded investments purchased is offset by any costs/netbacks received for any unfunded portion on the total balance committed. The fair value is also adjusted for the price appreciation or depreciation on the unfunded portion. As a result, the purchase of a commitment not completely funded may result in a negative fair value until it is called and funded.

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

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Note 2. Summary of Significant Accounting Policies (Continued)

Prior to the Restructuring, NMFC was a holding company with no direct operations of its own, and its sole asset was its ownership in the Predecessor Operating Company. Prior to the completion of the underwritten secondary public offering on February 3, 2014, AIV Holdings was a holding company with no direct operations of its own, and its sole asset was its ownership in the Predecessor Operating Company. NMFC's and AIV Holdings' investments in the Predecessor Operating Company were carried at fair value and represented the respective pro-rata interest in the net assets of the Predecessor Operating Company as of the applicable reporting date. NMFC and AIV Holdings valued their ownership interest on a quarterly basis, or more frequently if required under the 1940 Act.

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

New Mountain Net Lease Corporation

NMNLC was formed to acquire commercial real properties that are subject to "triple net" leases. NMNLC's investments are disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2017.

Below is certain summarized property information for NMNLC as of December 31, 2017:

Portfolio Company	Tenant	Lease Expiration Date	Location	Total Square Feet		Fair Value as of December 31, 2017
NM APP Canada Corp.	A.P. Plasman, Inc.	9/30/2031	Ontario, Canada	436	$	7,962
NM APP US LLC	Plasman Corp, LLC / A-Brite LP	9/30/2033	Fort Payne, AL	261		5,138
NM CLFX LP	Victor Equipment Company	8/31/2033	Denton, TX	423		12,538
NM DRVT LLC	FMH Conveyors, LLC	10/31/2031	Jonesboro, AR	195		5,385
NM JRA LLC	J.R. Automation Technologies, LLC	1/31/2031	Holland, MI	88		2,191
NM KRLN LLC	Kirlin Group, LLC	6/30/2029	Rockville, MD	95		8,195
					$	41,409

Collateralized agreements or repurchase financings The Company follows the guidance in Accounting Standards Codification Topic 860, *Transfers and Servicing Secured Borrowing and Collateral*, ("ASC 860") when accounting for transactions involving the purchases of securities under collateralized agreements to resell (resale agreements). These transactions are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts, as specified in the respective agreements. Interest on collateralized agreements is accrued and recognized over the life of the transaction and included in interest income. As of

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Notes to the Consolidated Financial Statements of
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Note 2. Summary of Significant Accounting Policies (Continued)

December 31, 2017 and December 31, 2016, the Company held one collateralized agreement to resell with a cost basis of $30,000 and $30,000, respectively, and a carrying value of $25,212 and $29,218, respectively. The collateralized agreement to resell is guaranteed by a private hedge fund. The private hedge fund is currently in liquidation under the laws of the Cayman Islands. Pursuant to the terms of the collateralized agreement, the private hedge fund was obligated to repurchase the collateral from the Company at the par value of the collateralized agreement. The private hedge fund has breached its agreement to repurchase the collateral under the collateralized agreement. A claim has been filed with the Cayman Islands joint official liquidators to resolve this matter.

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. These securities have original maturities of three months or less. The Company did not hold any cash equivalents as of December 31, 2017 and December 31, 2016.

Revenue recognition

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

Interest and dividend 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 and certain preferred equity investments in the portfolio that contain a payment-in-kind ("PIK") interest or dividend provision. PIK interest and dividends are accrued and recorded as income at the contractual rates, if deemed collectible. The PIK interest and dividends are added to the principal or share balances on the capitalization dates and are generally due at maturity or when redeemed by the issuer.

Dividend income on common equity is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. Dividend income on preferred securities is recorded as dividend income on an accrual basis to the extent that such amounts are deemed collectible.

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

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Notes to the Consolidated Financial Statements of
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Note 2. Summary of Significant Accounting Policies (Continued)

Other income: Other income represents delayed compensation, consent or amendment fees, revolver fees, structuring fees, upfront fees, management fees from a non-controlled/affiliated investment and other miscellaneous fees received and are typically non-recurring in nature. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date. Other income may also include fees from bridge loans. The Company may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. A fee is received by the Company for providing such commitments. Structuring fees and upfront fees are recognized as income when earned, usually when paid at the closing of the investment and are non-refundable.

Interest and other financing expenses Interest and other financing fees are recorded on an accrual basis by the Company. See Note 7. *Borrowings*, for details.

Deferred financing costs The deferred financing costs of the Company consists of capitalized expenses related to the origination and amending of the Company's borrowings. The Company amortizes these costs into expense over the stated life of the related borrowing. See Note 7. *Borrowings*, for details.

Deferred offering costs The Company's deferred offering costs consist of fees and expenses incurred in connection with equity offerings and the filing of shelf registration statements. Upon the issuance of shares, offering costs are charged as a direct reduction to net assets. Deferred offering costs are included in other assets on the Company's Consolidated Statements of Assets and Liabilities.

Income taxes The Company has elected to be treated, and intends to comply with the requirements to qualify annually, as a RIC under subchapter M of the Code. As a RIC, the Company is not subject to U.S. federal income tax on the portion of taxable income and gains timely distributed to its stockholders.

To continue to qualify and be subject to tax 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, as defined by the Code. Since U.S. federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes.

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

For U.S. federal income tax purposes, distributions paid to stockholders of the Company are reported as ordinary income, return of capital, long term capital gains or a combination thereof.

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 respective net ordinary income earned for

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

Note 2. Summary of Significant Accounting Policies (Continued)

the calendar year and (2) 98.2% of its respective capital gain net income for the one-year period ending October 31 in the calendar year.

Certain consolidated subsidiaries of the Company are subject to U.S. federal and state income taxes. These taxable entities are not consolidated for income tax purposes and may generate income tax liabilities or assets from permanent and temporary differences in the recognition of items for financial reporting and income tax purposes.

For the year ended December 31, 2017, the Company recognized a total provision for income taxes of approximately $416 for the Company's consolidated subsidiaries. For the year ended December 31, 2017, the Company recorded current income tax expense of approximately $556 and deferred income tax benefit of approximately $140. For the year ended December 31, 2016, the Company recognized a total income tax benefit of $490 for the Company's consolidated subsidiaries. For the year ended December 31, 2016, the Company recorded current income tax expense of approximately $152 and deferred income tax benefit of approximately $642. For the year ended December 31, 2015, the Company recognized a total provision for income taxes of $1,343 for the Company's consolidated subsidiaries. For the year ended December 31, 2015, the Company recorded current income tax expense of approximately $160 and deferred income tax expense of approximately $1,183.

As of December 31, 2017 and December 31, 2016, the Company had $894 and $1,034, respectively, of deferred tax liabilities primarily relating to deferred taxes attributable to certain differences between the computation of income for U.S. federal income tax purposes as compared to GAAP.

The Company has adopted the Income Taxes topic of the Accounting Standards Codification Topic 740 ("ASC 740"). ASC 740 provides guidance for income taxes, including how uncertain income tax positions should be recognized, measured, and disclosed in the financial statements. Based on its analysis, the Company has determined that there were no uncertain income tax positions that do not meet the more likely than not threshold through December 31, 2017. The 2014 through 2017 tax years remain subject to examination by the U.S. federal, state, and local tax authorities.

Distributions Distributions to common stockholders of the Company are recorded on the record date as set by the board of directors. The Company intends to make distributions to its stockholders that will be sufficient to enable the Company to maintain its status as a RIC. The Company intends to distribute approximately all of its net investment income (see Note 5. *Agreements*) on a quarterly basis and substantially all of its taxable income on an annual basis, except that the Company may retain certain net capital gains for reinvestment.

The Company 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.

The Company 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 equal to or

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

Note 2. Summary of Significant Accounting Policies (Continued)

greater than 110.0% of the last determined net asset value of the shares, the Company 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 the Company'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 ask prices.

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, the Company 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 the Company'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 the Company's stockholders have been tabulated.

Share repurchase program On February 4, 2016, the Company's board of directors authorized a program for the purpose of repurchasing up to $50,000 worth of the Company's common stock. Under the repurchase program, the Company was permitted, but was not obligated to, repurchase its outstanding common stock in the open market from time to time provided that it complied with the Company's code of ethics and the guidelines specified in Rule 10b-18 of the Exchange Act, including certain price, market volume and timing constraints. In addition, any repurchases were conducted in accordance with the 1940 Act. On December 29, 2017 the Company's board of directors extended the Company's repurchase program and the Company expects the repurchase program to be in place until the earlier of December 31, 2018 or until $50,000 of its outstanding shares of common stock have been repurchased. During the year ended December 31, 2017 and December 31, 2016, the Company repurchased a total of 0 and 248,499 shares, respectively, of the Company's common stock in the open market for $0 and $2,948, respectively, including commissions paid.

Earnings per share The Company's earnings per share ("EPS") amounts have been computed based on the weighted-average number of shares of common stock outstanding for the period. Basic EPS is computed by dividing net increase (decrease) in net assets resulting from operations by the weighted average number of shares of common stock outstanding during the period of computation. Diluted EPS is computed by dividing net increase (decrease) in net assets resulting from operations by the weighted average number of shares of common stock assuming all potential shares had been issued, and its related net impact to net assets accounted for, and the additional shares of common stock were dilutive. Diluted EPS reflects the potential dilution, using the as-if-converted method for convertible debt, which could occur if all potentially dilutive securities were exercised.

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

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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Note 2. Summary of Significant Accounting Policies (Continued)

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 appreciation (depreciation) of investments" and "Net realized gains (losses) on investments" in the Company's Consolidated Statements of Operations.

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

Use of estimates The preparation of the Company's 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 Company's 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.

Dividend income recorded related to distributions received from flow-through investments is an accounting estimate based on the most recent estimate of the tax treatment of the distribution. During the year ended December 31, 2015, the Company adjusted accounting estimates related to the classification of dividend income for distributions received from three of the Company's equity investments. Based on updated tax projections received during the year ended December 31, 2015, the Company decreased dividend income by $533, which decreased the equity investments cost basis by $3 and increased the realized gain by $530 to agree to the tax treatment on the equity investments.

Note 3. Investments

At December 31, 2017, the Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 688,696	$ 693,563
Second lien	674,536	682,950
Subordinated	70,991	70,257
Equity and other	357,004	378,890
Total investments	$ 1,791,227	$ 1,825,660

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	$ 566,344	$ 581,434
Software	291,445	298,172
Healthcare Services	174,046	175,348
Education	176,399	173,072
Consumer Services	129,311	131,116
Distribution & Logistics	107,835	112,241
Investment Fund	102,400	102,400
Federal Services	77,001	78,433
Energy	69,411	74,124
Net Lease	39,668	41,409
Healthcare Information Technology	33,525	34,020
Packaging	14,309	14,391
Business Products	9,533	9,500
Total investments	$ 1,791,227	$ 1,825,660

At December 31, 2016, the Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 706,140	$ 700,580
Second lien	638,347	604,203
Subordinated	68,341	66,559
Equity and other	162,350	187,475
Total investments	$ 1,575,178	$ 1,558,817

Notes to the Consolidated Financial Statements of
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(in thousands, except share data)

Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	$ 446,008	$ 461,997
Software	424,965	420,896
Consumer Services	105,868	106,392
Investment Fund	94,460	94,460
Education	93,651	94,168
Energy	81,390	75,168
Healthcare Services	70,731	71,844
Distribution & Logistics	88,768	61,696
Federal Services	59,881	60,116
Net Lease	27,000	27,000
Business Products	25,613	24,958
Media	21,189	24,162
Retail	21,006	21,016
Healthcare Information Technology	14,648	14,944
Total investments	$ 1,575,178	$ 1,558,817

During the first quarter of 2017, the Company placed its entire first lien notes position in Sierra Hamilton LLC / Sierra Hamilton Finance, Inc. ("Sierra") on non-accrual status due to its ongoing restructuring. As of June 30, 2017, the Company's investment in Sierra placed on non-accrual status represented an aggregate cost basis of $27,231, an aggregate fair value of $12,725 and total unearned interest income of $1,388 for the six months then ended. In July 2017, Sierra completed a restructuring which resulted in a material modification of the original terms and an extinguishment of the Company's original investment in Sierra. Prior to the extinguishment in July 2017, the Company's original investment in Sierra had an aggregate cost of $27,307, an aggregate fair value of $12,858 and total unearned interest income of $1,687. The extinguishment resulted in a realized loss of $14,449. As a result of the restructuring, the Company received common shares in Sierra Hamilton Holding Corporation. As of December 31, 2017, the Company's investment has an aggregate cost basis of $12,782 and an aggregate fair value of $12,330.

During the third quarter of 2016, the Company placed its entire second lien position in Transtar Holding Company ("Transtar") on non-accrual status due to its ongoing restructuring. As of March 31, 2017, the Company's investment in Transtar had an aggregate cost basis of $31,166, an aggregate fair value of $3,621 and total unearned interest income of approximately $1,809 for the three months then ended. In April 2017, Transtar completed a restructuring which resulted in a $3,606 repayment of the Company's second lien position. The Company recognized a realized loss of $27,560 during the year ended December 31, 2017 related to Transtar.

During the second quarter of 2016, the Company placed a portion of its first lien position in Permian Tank & Manufacturing, Inc. ("Permian") on non-accrual status due to its ongoing restructuring. As of September 30, 2016, the Company's investment in Permian had an aggregate

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

Note 3. Investments (Continued)

cost basis of $24,444, an aggregate fair value of $7,064 and total unearned interest income of $1,273 for the nine months then ended. In October 2016, Permian completed a restructuring which resulted in a material modification of the original terms and an extinguishment of the Company's original investment in Permian. Prior to the extinguishment in October 2016, the Company's original investment in Permian had an aggregate cost of $25,047, an aggregate fair value of $7,064 and total unearned interest income of $1,422 for the year ended December 31, 2016. The extinguishment resulted in a realized loss of $17,983. Post restructuring, the Company's investments in Permian have been restored to full accrual status. As of December 31, 2017, the Company's investments in Permian have an aggregate cost basis of $10,882 and an aggregate fair value of $12,733.

During the third quarter of 2016, the Company received notice that there would be no recovery of the outstanding principal and interest owed on its two super priority first lien positions in ATI Acquisition Company ("ATI"). As of June 30, 2016, the Company's first lien positions in ATI had an aggregate cost of $1,528 and an aggregate fair value of $0 and no unearned interest income for the period then ended. The Company wrote off its first lien positions in ATI and recognized an aggregate realized loss of $1,528 during the year ended December 31, 2016. As of December 31, 2017, the Company's preferred shares and warrants in Ancora Acquisition LLC, which were received as a result of the Company's first lien positions in ATI, had an aggregate cost basis of $83 and an aggregate fair value of $393.

As of December 31, 2017, the Company had unfunded commitments on revolving credit facilities and bridge facilities of $23,716 and $0, respectively. As of December 31, 2017, the Company had unfunded commitments in the form of delayed draws or other future funding commitments of $53,712. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2017.

As of December 31, 2016, the Company had unfunded commitments on revolving credit facilities and bridge facilities of $27,915 and $0, respectively. As of December 31, 2016, the Company had unfunded commitments in the form of delayed draws or other future funding commitments of $16,368. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2016.

NMFC Senior Loan Program I LLC

NMFC Senior Loan Program I LLC ("SLP I") was formed as a Delaware limited liability company on May 27, 2014 and commenced operations on June 10, 2014. SLP I is a portfolio company held by the Company. SLP I is structured as a private investment fund, in which all of the investors are qualified purchasers, as such term is defined under the 1940 Act. Transfer of interests in SLP I is subject to restrictions, and as a result, such interests are not readily marketable. SLP I operates under a limited liability company agreement (the "SLP I Agreement") and will continue in existence until June 10, 2019, subject to earlier termination pursuant to certain terms of the SLP I Agreement. The term may be extended for up to one year pursuant to certain terms of the SLP I

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Notes to the Consolidated Financial Statements of
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Note 3. Investments (Continued)

Agreement. SLP I had a three year re-investment period. In June 2017, the re-investment period was extended for one additional year. SLP I invests in senior secured loans issued by companies within the Company's core industry verticals. These investments are typically broadly syndicated first lien loans.

SLP I is capitalized with $93,000 of capital commitments and $265,000 of debt from a revolving credit facility and is managed by the Company. The Company's capital commitment is $23,000, representing less than 25.0% ownership, with third party investors representing the remaining capital commitment. As of December 31, 2017, SLP I had total investments with an aggregate fair value of approximately $348,652, debt outstanding of $223,667 and capital that had been called and funded of $93,000. As of December 31, 2016, SLP I had total investments with an aggregate fair value of approximately $348,672, debt outstanding of $256,517 and capital that had been called and funded of $93,000. The Company's investment in SLP I is disclosed on the Company's Consolidated Schedules of Investments as of December 31, 2017 and December 31, 2016.

The Company, as an investment adviser registered under the Advisers Act, acts as the collateral manager to SLP I and is entitled to receive a management fee for its investment management services provided to SLP I. As a result, SLP I is classified as an affiliate of the Company. No management fee is charged on the Company's investment in SLP I in connection with the administrative services provided to SLP I. For the years ended December 31, 2017, December 31, 2016 and December 31, 2015, the Company earned approximately $1,156, $1,163 and $1,215, respectively, in management fees related to SLP I which is included in other income. As of December 31, 2017 and December 31, 2016, approximately $291 and $286, respectively, of management fees related to SLP I was included in receivable from affiliates. For the years ended December 31, 2017, December 31, 2016 and December 31, 2015, the Company earned approximately $3,498, $3,728 and $3,619, respectively, of dividend income related to SLP I, which is included in dividend income. As of December 31, 2017 and December 31, 2016, approximately $836 and $861, respectively, of dividend income related to SLP I was included in interest and dividend receivable.

Unconsolidated Significant Subsidiaries

In accordance with Regulation S-X Rules 3-09 and 4-08(g), the Company evaluates its unconsolidated controlled portfolio companies as significant subsidiaries under the respective rules. As of December 31, 2017, the following portfolio companies were considered significant unconsolidated subsidiaries under Regulation S-X Rule 4-08(g). Based on the requirements under Regulation S-X Rule 4-08(g), the summarized consolidated financial information of these portfolio companies is shown below:

NMFC Senior Loan Program II LLC

NMFC Senior Loan Program II LLC ("SLP II") was formed as a Delaware limited liability company on March 9, 2016 and commenced operations on April 12, 2016. SLP II is structured as a private joint venture investment fund between the Company and SkyKnight Income, LLC

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Note 3. Investments (Continued)

("SkyKnight") and operates under a limited liability company agreement (the "SLP II Agreement"). The purpose of the joint venture is to invest primarily in senior secured loans issued by portfolio companies within the Company's core industry verticals. These investments are typically broadly syndicated first lien loans. All investment decisions must be unanimously approved by the board of managers of SLP II, which has equal representation from the Company and SkyKnight. SLP II has a three year investment period and will continue in existence until April 12, 2021. The term may be extended for up to one year pursuant to certain terms of the SLP II Agreement.

SLP II is capitalized with equity contributions which are called from its members, on a pro-rata basis based on their equity commitments, as transactions were completed. Any decision by SLP II to call down on capital commitments requires approval by the board of managers of SLP II. As of December 31, 2017, the Company and SkyKnight have committed and contributed $79,400 and $20,600 of equity to SLP II, respectively. The Company's investment in SLP II is disclosed on the Company's Consolidated Schedules of Investments as of December 31, 2017 and December 31, 2016.

On April 12, 2016, SLP II closed its $275,000 revolving credit facility with Wells Fargo Bank, National Association which matures on April 12, 2021 and bears interest at a rate of the London Interbank Offered Rate ("LIBOR") plus 1.75% per annum. As of December 31, 2017 and December 31, 2016, SLP II had total investments with an aggregate fair value of approximately $382,534 and $361,719, respectively, and debt outstanding under its credit facility of $266,270 and $249,960, respectively.

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Note 3. Investments (Continued)

The following table is a listing of the individual loans in SLP II's portfolio as of December 31, 2017:

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value(2)
Funded Investments First lien						
ADG, LLC	Healthcare Services	6.32% (L + 4.75%)	9/28/2023	$ 17,034	$ 16,890	$ 16,779
ASG Technologies Group, Inc.	Software	6.32% (L + 4.75%)	7/31/2024	7,481	7,446	7,547
Beaver-Visitec International Holdings, Inc.	Healthcare Products	6.69% (L + 5.00%)	8/21/2023	14,812	14,688	14,813
DigiCert, Inc.	Business Services	6.13% (L + 4.75%)	10/31/2024	10,000	9,951	10,141
Emerald 2 Limited	Business Services	5.69% (L + 4.00%)	5/14/2021	1,266	1,211	1,267
Evo Payments International, LLC	Business Services	5.57% (L + 4.00%)	12/22/2023	17,369	17,292	17,492
Explorer Holdings, Inc.	Healthcare Services	5.13% (L + 3.75%)	5/2/2023	2,940	2,917	2,973
Globallogic Holdings Inc.	Business Services	6.19% (L + 4.50%)	6/20/2022	9,677	9,611	9,755
Greenway Health, LLC	Software	5.94% (L + 4.25%)	2/16/2024	14,925	14,858	15,074
Idera, Inc.	Software	6.57% (L + 5.00%)	6/28/2024	12,619	12,499	12,556
J.D. Power (fka J.D. Power and Associates)	Business Services	5.94% (L + 4.25%)	9/7/2023	13,357	13,308	13,407
Keystone Acquisition Corp.	Healthcare Services	6.94% (L + 5.25%)	5/1/2024	5,386	5,336	5,424
Market Track, LLC	Business Services	5.94% (L + 4.25%)	6/5/2024	11,940	11,884	11,940
McGraw-Hill Global Education Holdings, LLC	Education	5.57% (L + 4.00%)	5/4/2022	9,850	9,813	9,844
Medical Solutions Holdings, Inc.	Healthcare Services	5.82% (L + 4.25%)	6/14/2024	6,965	6,932	7,043
Ministry Brands, LLC	Software		12/2/2022	2,138	2,128	2,138

		6.38% (L + 5.00%)				
Ministry Brands, LLC	Software	6.38% (L + 5.00%)	12/2/2022	7,768	7,735	7,768
Navex Global, Inc.	Software	5.82% (L + 4.25%)	11/19/2021	14,897	14,724	14,971
Navicure, Inc.	Healthcare Services	5.11% (L + 3.75%)	11/1/2024	15,000	14,926	15,000
OEConnection LLC	Business Services	5.69% (L + 4.00%)	11/22/2024	15,000	14,925	14,981
Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)	10/10/2024	6,963	6,929	6,980
Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)	10/10/2024	291	290	292
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	6.95% (L + 5.25%)	4/29/2024	10,448	10,399	10,526
Poseidon Intermediate, LLC	Software	5.82% (L + 4.25%)	8/15/2022	14,881	14,877	14,955
Project Accelerate Parent, LLC	Business Services	5.94% (L + 4.25%)	1/2/2025	15,000	14,925	15,038
PSC Industrial Holdings Corp.	Industrial Services	5.71% (L + 4.25%)	10/11/2024	10,500	10,398	10,500
Quest Software US Holdings Inc.	Software	6.92% (L + 5.50%)	10/31/2022	9,899	9,775	10,071
Salient CRGT Inc.	Federal Services	7.32% (L + 5.75%)	2/28/2022	14,433	14,310	14,559
Severin Acquisition, LLC	Software	6.32% (L + 4.75%)	7/30/2021	14,888	14,827	14,813
Shine Acquisition Co. S.à.r.l / Boing US Holdco Inc.	Consumer Services	4.88% (L + 3.50%)	10/3/2024	15,000	14,964	15,108
Sierra Acquisition, Inc.	Food & Beverage	5.68% (L + 4.25%)	11/11/2024	3,750	3,731	3,789
TMK Hawk Parent, Corp.	Distribution & Logistics	4.88% (L + 3.50%)	8/28/2024	1,671	1,667	1,686
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	5.82% (L + 4.25%)	7/6/2022	1,875	1,875	1,900
Vencore, Inc. (fka SI Organization, Inc., The)	Federal Services	6.44% (L + 4.75%)	11/23/2019	10,686	10,673	10,835
WP CityMD Bidco LLC	Healthcare Services	5.69% (L + 4.00%)	6/7/2024	14,963	14,928	15,009
YI, LLC	Healthcare Services	5.69% (L + 4.00%)	11/7/2024	8,240	8,204	8,230
Zywave, Inc.	Software	6.61% (L + 5.00%)	11/17/2022	17,325	17,252	17,325
Total Funded Investments				$ **381,237**	$ **379,098**	$ **382,529**
Unfunded Investments First lien						
			10/10/2019	$ 2,728	$ (14)	$ 7

Pathway Partners Vet Management Company LLC	Consumer Services							
TMK Hawk Parent, Corp.	Distribution & Logistics	3/28/2018		75				1
YI, LLC	Healthcare Services	11/7/2018		2,060		(9)		(3)
Total Unfunded Investments			**$**	**4,863**	**$**	**(23)**	**$**	**5**
Total Investments			**$**	**386,100**	**$**	**379,075**	**$**	**382,534**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2017.

(2) Represents the fair value in accordance with Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). The Company's board of directors does not determine the fair value of the investments held by SLP II.

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Notes to the Consolidated Financial Statements of
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Note 3. Investments (Continued)

The following table is a listing of the individual loans in SLP II's portfolio as of December 31, 2016:

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value(2)
Funded Investments First lien:						
ADG, LLC	Healthcare Services	5.75% (L + 4.75%)	9/28/2023	$ 17,207	$ 17,040	$ 17,121
AssuredPartners, Inc.	Business Services	5.25% (L + 4.25%)	10/21/2022	11,862	11,847	12,058
Beaver-Visitec International Holdings, Inc.	Healthcare Products	6.00% (L + 5.00%)	8/21/2023	14,962	14,819	14,963
Coinstar, LLC	Consumer Services	5.25% (L + 4.25%)	9/27/2023	4,987	4,963	5,054
Cvent, Inc.	Software	6.00% (L + 5.00%)	11/29/2023	10,000	9,901	10,125
DigiCert Holdings, Inc.	Software	6.00% (L + 5.00%)	10/21/2021	14,900	14,814	14,881
Eiger Acquisition B.V. (Eiger Co-Borrower, LLC)	Software	6.25% (L + 5.25%)	2/18/2022	10,507	10,350	10,402
Emerald 2 Limited	Business Services	5.00% (L + 4.00%)	5/14/2021	1,277	1,206	1,174
Engility Corporation (fka TASC, Inc.)	Federal Services	5.81% (Base + 4.72%)	8/14/2023	13,860	13,793	14,080
Evo Payments International, LLC	Business Services	6.00% (L + 5.00%)	12/22/2023	17,500	17,413	17,602
Explorer Holdings, Inc.	Healthcare Services	6.00% (L + 5.00%)	5/2/2023	4,975	4,929	5,028
Globallogic Holdings Inc.	Business Services	5.50% (L + 4.50%)	6/20/2022	10,000	9,900	10,013
GOBP Holdings Inc.	Retail	5.00% (L + 4.00%)	10/21/2021	14,955	14,816	14,985
Hyperion Insurance Group Limited	Business Services	5.50% (L + 4.50%)	4/29/2022	14,401	14,179	14,476
J.D. Power and Associates	Business Services	5.25% (L + 4.25%)	9/7/2023	9,975	9,927	10,075

Kronos Incorporated	Software	5.00% (L + 4.00%)	11/1/2023	10,000	9,951	10,105
Masergy Holdings, Inc.	Business Services	5.50% (L + 4.50%)	12/15/2023	7,500	7,463	7,563
McGraw-Hill Global Education Holdings, LLC	Education	5.00% (L + 4.00%)	5/4/2022	9,950	9,905	9,971
Ministry Brands, LLC	Software	6.00% (L + 5.00%)	12/2/2022	7,846	7,807	7,807
Mister Car Wash Holdings, Inc.	Consumer Services	5.25% (L + 4.25%)	8/20/2021	8,312	8,250	8,354
Navex Global, Inc.	Software	5.99% (L + 4.75%)	11/19/2021	14,933	14,718	14,858
nThrive, Inc. (fka Precyse Acquisition Corp.)	Healthcare Services	6.50% (L + 5.50%)	10/20/2022	9,950	9,813	10,083
Poseidon Intermediate, LLC	Software	5.25% (L + 4.25%)	8/15/2022	14,962	14,962	15,055
Quest Software US Holdings Inc.	Software	7.00% (L + 6.00%)	10/31/2022	10,000	9,853	10,153
Rocket Software, Inc.	Software	5.25% (L + 4.25%)	10/14/2023	14,962	14,817	15,129
SolarWinds Holdings, Inc.	Software	5.50% (L + 4.50%)	2/3/2023	14,688	14,697	14,852
TTM Technologies, Inc.	Business Products	5.25% (L + 4.25%)	5/31/2021	13,548	13,444	13,599
Vencore, Inc. (fka SI Organization, Inc., The)	Federal Services	5.75% (L + 4.75%)	11/23/2019	10,801	10,780	10,942
Vision Solutions, Inc.	Software	7.50% (Base + 6.50%)	6/16/2022	9,938	9,845	9,919
Vivid Seats LLC	Business Services	6.75% (L + 5.75%)	10/12/2022	4,000	3,922	3,985
WD Wolverine Holdings, LLC	Healthcare Services	6.50% (L + 5.50%)	10/17/2023	10,200	9,900	9,894
Zywave, Inc.	Software	6.00% (L + 5.00%)	11/17/2022	17,500	17,414	17,413
Total Investments				**$ 360,458**	**$ 357,438**	**$ 361,719**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2016.

(2) Represents the fair value in accordance with ASC 820. The Company's board of directors does not determine the fair value of the investments held by SLP II.

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 3. Investments (Continued)

Below is certain summarized financial information for SLP II as of December 31, 2017 and December 31, 2016 and for the years ended December 31, 2017 and December 31, 2016:

Selected Balance Sheet Information:		December 31, 2017		December 31, 2016
Investments at fair value (cost of $379,075 and $357,438, respectively)	$	382,534	$	361,719
Receivable from unsettled securities sold				1,007
Cash and other assets		8,065		10,138
Total assets	$	390,599	$	372,864
Credit facility	$	266,270	$	249,960
Deferred financing costs		(1,966)		(2,565)
Payable for unsettled securities purchased		15,964		24,862
Distribution payable		3,500		3,000
Other liabilities		2,891		3,350
Total liabilities		286,659		278,607
Members' capital	$	103,940	$	94,257
Total liabilities and members' capital	$	390,599	$	372,864

	Year Ended December 31,			
Selected Statement of Operations Information:		**2017**		**2016[(1)]**
Interest income	$	22,551	$	7,463
Other income		351		572
Total investment income		22,902		8,035
Interest and other financing expenses		8,356		3,558
Other expenses		697		650
Total expenses		9,053		4,208
Net investment income		13,849		3,827

Net realized gains on investments		2,281		599
Net change in unrealized (depreciation) appreciation of investments		(822)		4,281
Net increase in members' capital	$	15,308	$	8,707

(1) For the year ended December 31, 2016, amounts reported relate to the period from April 12, 2016 (commencement of operations) to December 31, 2016.

For the years ended December 31, 2017 and December 31, 2016, the Company earned approximately $12,406 and $3,533, respectively, of dividend income related to SLP II, which is included in dividend income. As of December 31, 2017 and December 31, 2016, approximately

Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

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Note 3. Investments (Continued)

$2,779 and $2,382, respectively, of dividend income related to SLP II was included in interest and dividend receivable.

The Company has determined that SLP II is an investment company under ASC 946, however, in accordance with such guidance the Company will generally not consolidate its investment in a company other than a wholly-owned investment company subsidiary. Furthermore, Accounting Standards Codification Topic 810, *Consolidation*, concludes that in a joint venture where both members have equal decision making authority, it is not appropriate for one member to consolidate the joint venture since neither has control. Accordingly, the Company does not consolidate SLP II.

Investment risk factors First and second lien debt that the Company invests in is entirely, or almost entirely, rated below investment grade or may be unrated. Debt investments rated below investment grade are often referred to as "leveraged loans", "high yield" or "junk" debt investments, and may be considered "high risk" compared to debt investments that are rated investment grade. These debt investments are considered speculative because of the credit risk of the issuers. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal and such risk of default could reduce the net asset value and income distributions of the Company. In addition, some of the Company's debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity. First and second lien debt may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these first and second lien debt investments. This illiquidity may make it more difficult to value the debt.

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

The Company may directly invest in the equity of private companies or, in some cases, equity investments could be made in connection with a debt investment. Equity investments may or may not fluctuate in value resulting in recognized realized gains or losses upon disposition.

Note 4. Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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

Notes to the Consolidated Financial Statements of
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December 31, 2017

(in thousands, except share data)

Note 4. Fair Value (Continued)

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:

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

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

The inputs used to measure fair value may fall into different levels. In all instances when the inputs fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level of input that is significant to the fair value measurement in its entirety. As such, a Level III fair value measurement may include inputs that are both observable and unobservable. 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 and unobservable inputs.

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

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 4. Fair Value (Continued)

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of December 31, 2017:

	Total	Level I	Level II	Level III
First lien	$ 693,563	$	$ 136,866	$ 556,697
Second lien	682,950		239,868	443,082
Subordinated	70,257		43,156	27,101
Equity and other	378,890	16		378,874
Total investments	$ 1,825,660	$ 16	$ 419,890	$ 1,405,754

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of December 31, 2016:

	Total	Level I	Level II	Level III
First lien	$ 700,580	$	$ 169,979	$ 530,601
Second lien	604,203		280,026	324,177
Subordinated	66,559		41,906	24,653
Equity and other	187,475	28		187,447
Total investments	$ 1,558,817	$ 28	$ 491,911	$ 1,066,878

The following table summarizes the changes in fair value of Level III portfolio investments for the year ended December 31, 2017, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at December 31, 2017:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2016	$ 1,066,878	$ 530,601	$ 324,177	$ 24,653	$ 187,447
Total gains or losses included in earnings:					
Net realized (losses) gains on investments	(41,086)	(13,848)	(27,195)		(43)
Net change in unrealized appreciation (depreciation) of investments	39,690	12,326	31,897	(1,305)	(3,228)
Purchases, including capitalized PIK and revolver fundings[(1)]	740,395	284,239	256,932	3,753	195,471
Proceeds from sales and paydowns of investments[(1)]	(380,700)	(229,144)	(150,783)		(773)
Transfers into Level III[(2)]	39,902		39,902		

Transfers out of Level III[2]		(59,325)		(27,477)		(31,848)				
Fair value, December 31, 2017	$	1,405,754	$	556,697	$	443,082	$	27,101	$	378,874
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:	$	1,478	$	2,115	$	4,163	$	(1,305)	$	(3,495)

(1) Includes reorganizations and restructurings.

(2) As of December 31, 2017, the portfolio investments were transferred into Level III from Level II and out of Level III into Level II at fair value as of the beginning of the period in which the reclassifications occurred.

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Notes to the Consolidated Financial Statements of
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Note 4. Fair Value (Continued)

The following table summarizes the changes in fair value of Level III portfolio investments for the year ended December 31, 2016, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at December 31, 2016:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2015	$ 699,987	$ 340,890	$ 182,758	$ 53,459	$ 122,880
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	2,259	(482)	113	119	2,509
Net change in unrealized appreciation (depreciation) of investments	9,491	16,016	(16,049)	1,802	7,722
Purchases, including capitalized PIK and revolver fundings[(1)]	411,500	157,164	140,089	4,273	109,974
Proceeds from sales and paydowns of investments[(1)]	(203,431)	(102,308)	(10,469)	(35,000)	(55,654)
Transfers into Level III[(2)]	156,122	119,321	36,785		16
Transfers out of Level III[(2)]	(9,050)		(9,050)		
Fair value, December 31, 2016	$ 1,066,878	$ 530,601	$ 324,177	$ 24,653	$ 187,447
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:	$ 7,657	$ 13,205	$ (16,049)	$ 1,351	$ 9,150

(1) Includes reorganizations and restructurings.

(2) As of December 31, 2016, the portfolio investments were transferred into Level III from Level II or Level I and out of Level III into Level II at fair value as of the beginning of the period in which the reclassifications occurred.

Except as noted in the tables above, there were no other transfers in or out of Level I, II, or III during the years ended December 31, 2017 and December 31, 2016. Transfers into Level III occur as quotations obtained through pricing services are not deemed representative of fair value as of the balance sheet date and such assets are internally valued. As quotations obtained through pricing services are substantiated through additional market sources, investments are transferred out of Level III. In addition, transfers out of Level III and transfers into Level III occur based on the increase or decrease in the availability of certain observable inputs.

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.

The Company generally uses the following framework when determining the fair value of investments where there are little, if any, market activity or observable pricing inputs. The Company typically determines the fair value of its performing debt investments utilizing an income approach. Additional consideration is given using a market based approach, as well as reviewing the overall underlying portfolio company's performance and associated financial risks. The following outlines additional details on the approaches considered:

Company Performance, Financial Review, and Analysis: Prior to investment, as part of its due diligence process, the Company evaluates the overall performance and financial stability of the

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 4. Fair Value (Continued)

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

For debt investments, the Company may employ the Market Based Approach (as described below) to assess the total enterprise value of the portfolio company, in order to evaluate the enterprise value coverage of the Company's debt investment. For equity investments or in cases where the Market Based Approach implies a lack of enterprise value coverage for the debt investment, the Company may additionally employ a discounted cash flow analysis based on the free cash flows of the portfolio company to assess the total enterprise value.

After enterprise value coverage is demonstrated for the Company's debt investments through the method(s) above, the Income Based Approach (as described below) may be employed to estimate the fair value of the investment.

Market Based Approach: The Company may estimate the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies and comparable transactions. The Company considers numerous factors when selecting the appropriate companies whose trading multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, and relevant risk factors, as well as size, profitability and growth expectations. The Company may apply an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate the enterprise value of the portfolio company. Significant increases or decreases in the EBITDA multiple will result in an increase or decrease in enterprise value, which may result in an increase or decrease in the fair value estimate of the investment. In applying the market based approach as of December 31, 2017 and December 31, 2016, the Company used the relevant EBITDA multiple ranges set forth in the table below to determine the enterprise value of its portfolio companies. The Company believes these were reasonable ranges in light of current comparable company trading levels and the specific portfolio companies involved.

Income Based Approach: The Company also may use a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the

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Note 4. Fair Value (Continued)

investment's expected maturity date. These cash flows are discounted at a rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. Significant increases or decreases in the discount rate would result in a decrease or increase in the fair value measurement. In applying the income based approach as of December 31, 2017 and December 31, 2016, the Company used the discount ranges set forth in the table below to value investments in its portfolio companies.

The unobservable inputs used in the fair value measurement of the Company's Level III investments as of December 31, 2017 were as follows:

					Range		
Type		**Fair Value as of December 31, 2017**	**Approach**	**Unobservable Input**	**Low**	**High**	**Weighted Average**
First lien	$	458,543	Market & income approach	EBITDA multiple	2.0x	20.0x	11.8x
				Revenue multiple	3.5x	8.0x	6.1x
				Discount rate	6.5%	11.2%	9.2%
		98,154	Market quote	Broker quote	N/A	N/A	N/A
Second lien		220,597	Market & income approach	EBITDA multiple	8.0x	16.0x	11.4x
				Discount rate	7.9%	12.5%	10.8%
		215,098	Market quote	Broker quote	N/A	N/A	N/A
		7,387	Other	N/A(1)	N/A	N/A	N/A
Subordinated		27,101	Market & income approach	EBITDA multiple	4.5x	11.8x	9.0x
				Revenue multiple	0.5x	1.0x	0.8x
				Discount rate	7.9%	14.9%	12.8%
Equity and other		377,785	Market & income approach	EBITDA multiple	2.5x	18.0x	9.9x
				Revenue multiple	0.5x	1.0x	0.8x

			Discount rate	7.0%	23.6%	14.5%
	1,089	Black Scholes analysis	Expected life in years	8.3	8.3	8.3
			Volatility	39.4%	39.4%	39.4%
			Discount rate	2.4%	2.4%	2.4%
$	1,405,754					

(1) Fair value was determined based on transaction pricing or recent acquisition or sale as the best measure of fair value with no material changes in operations of the related portfolio company since the transaction date.

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 4. Fair Value (Continued)

The unobservable inputs used in the fair value measurement of the Company's Level III investments as of December 31, 2016 were as follows:

				Range		
Type	**Fair Value as of December 31, 2016**	**Approach**	**Unobservable Input**	**Low**	**High**	**Weighted Average**
First lien	$ 417,464	Market & income approach	EBITDA multiple	2.0x	15.0x	10.2x
			Revenue multiple	0.5x	8.0x	3.0x
			Discount rate	7.2%	12.3%	9.7%
	86,801	Market quote	Broker quote	N/A	N/A	N/A
	26,336	Other	N/A(1)	N/A	N/A	N/A
Second lien	191,419	Market & income approach	EBITDA multiple	5.3x	16.0x	11.7x
			Discount rate	8.7%	13.0%	11.3%
	96,315	Market quote	Broker quote	N/A	N/A	N/A
	36,443	Other	N/A(1)	N/A	N/A	N/A
Subordinated	24,653	Market & income approach	EBITDA multiple	4.5x	8.5x	7.1x
			Revenue multiple	0.5x	1.0x	0.8x
			Discount rate	8.7%	15.8%	13.6%
Equity and other	158,947	Market & income approach	EBITDA multiple	2.5x	13.0x	5.9x
			Revenue multiple	0.5x	1.0x	0.8x
			Discount rate	8.0%	18.9%	14.5%
	1,498	Black Scholes analysis	Expected life in years	8.8	9.3	9.1
			Volatility	32.2%	43.8%	36.4%
			Discount rate	2.5%	2.5%	2.5%

	2	Market quote	Broker quote	N/A	N/A	N/A
	27,000	Other	N/A(1)	N/A	N/A	N/A
$	1,066,878					

(1) Fair value was determined based on transaction pricing or recent acquisition or sale as the best measure of fair value with no material changes in operations of the related portfolio company since the transaction date.

Based on a comparison to similar BDC credit facilities, the terms and conditions of the Holdings Credit Facility and the NMFC Credit Facility (as defined in Note 7. *Borrowings*) are representative of market. The carrying values of the Holdings Credit Facility and NMFC Credit Facility approximate fair value as of December 31, 2017, as the facilities are continually monitored and examined by both the borrower and the lender. The carrying value of the SBA-guaranteed debentures and Unsecured Notes (as defined in Note 7. *Borrowings*) approximate fair value as of December 31, 2017 based on a comparison of market interest rates for the Company's borrowings and similar entities. The fair value of the Holdings Credit Facility, NMFC Credit Facility, SBA-guaranteed debentures and Unsecured Notes are considered Level III. The fair value of the Convertible Notes (as defined in Note 7. *Borrowings*) as of December 31, 2017 was $159,810, which was based on quoted prices and considered Level II. See Note 7. *Borrowings*, for details. The carrying value of the collateralized agreement approximates fair value as of December 31, 2017 and is considered Level III. The fair value of other financial assets and liabilities approximates their carrying value based on the short-term nature of these items.

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 4. Fair Value (Continued)

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. The Company's investments are subject to the risk of non-payment of scheduled interest or principal, resulting in a reduction in income to the Company and their corresponding fair valuations. Also, there may be risk associated with the concentration of investments in one geographic region or in certain industries. These events are beyond the control of the Company and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

Note 5. Agreements

The Company entered into an investment advisory and management agreement (the "Investment Management Agreement") with the Investment Adviser which was most recently re-approved by the Company's board of directors on February 7, 2018. Under the Investment Management Agreement, the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Company. For providing these services, the Investment Adviser receives a fee from the Company, consisting of two components a base management fee and an incentive fee.

Pursuant to the Investment Management Agreement, the base management fee is calculated at an annual rate of 1.75% of the Company's gross assets, which equals the Company's total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the New Mountain Finance SPV Funding, L.L.C. Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") 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, which equals the Company's total assets, as determined in accordance with GAAP, less the 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 Company has not invested, and currently is not invested, in derivatives. To the extent the Company invests in derivatives in the future, the Company will use the actual value of the derivatives, as reported on the Consolidated Statements of Assets and Liabilities, for purposes of calculating its base management fee.

Since the IPO, the base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to the Company's existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the NMF Holdings Loan and Security Agreement, as amended and restated, dated May 19, 2011, and into the Holdings Credit Facility on December 18, 2014 (as defined in Note 7. *Borrowings*). The amendment merged the credit facilities and combined the amount of borrowings previously available. Post credit facility merger and to be consistent with the methodology since the IPO, the Investment Adviser will

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 5. Agreements (Continued)

continue to waive management fees on the leverage associated with those assets that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility, which as of December 31, 2017, December 31, 2016 and December 31, 2015 was approximately $281,174, $297,323 and $304,899, respectively. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. For the years ended December 31, 2017, December 31, 2016 and December 31, 2015, management fees waived were approximately $5,642, $4,824 and $5,219, respectively.

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, upfront, 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 an administration agreement, as amended and restated (the "Administration Agreement"), with the Administrator, and any interest expense and distributions paid on any issued and outstanding preferred stock (of which there are none as of December 31, 2017), 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, NMFC's IPO did not step-up the cost basis of the Predecessor Operating Company's existing investments to fair market value at the IPO date. Since the total value of the Predecessor Operating Company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or original issue discount, as well as different amounts in realized gain and unrealized appreciation, may be recognized under GAAP in each period than if the step-up had occurred. This will remain until such predecessor investments are sold, repaid 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 the Company's investments as if each investment was purchased at the date of the IPO, or stepped up to fair market value. This is defined as "Pre-Incentive Fee Adjusted Net Investment Income". The Company also uses the transferred (or fair market) value of each of its investments as of the time of the IPO to adjust capital gains ("Adjusted Realized Capital Gains") or losses ("Adjusted Realized Capital Losses") and unrealized capital appreciation ("Adjusted Unrealized Capital Appreciation") and unrealized capital depreciation ("Adjusted Unrealized Capital Depreciation"). As of December 31, 2017, all predecessor investments have been sold or matured.

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

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Note 5. Agreements (Continued)

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.

For the years ended December 31, 2017, December 31, 2016 and December 31, 2015, incentive fees waived were approximately $1,800, $0 and $0, respectively.

The second part of the incentive fee 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 each calendar year, computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee.

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

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 5. Agreements (Continued)

The following table summarizes the management fees and incentive fees incurred by the Company for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

	Year Ended December 31,		
	2017	**2016**	**2015**
Management fee	$ 32,694	$ 27,551	$ 25,858
Less: management fee waiver	(5,642)	(4,824)	(5,219)
Total management fee	27,052	22,727	20,639
Incentive fee, excluding accrued capital gains incentive fees	$ 25,101	$ 22,011	$ 20,591
Less: incentive fee waiver	(1,800)		
Total incentive fee	23,301	22,011	20,591
Accrued capital gains incentive fees[1]	$	$	$

(1) As of December 31, 2017, December 31, 2016 and December 31, 2015, no actual capital gains incentive fee was owed under the Investment Management Agreement by the Company, as cumulative net Adjusted Realized Capital Gains did not exceed cumulative Adjusted Unrealized Capital Depreciation.

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

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 5. Agreements (Continued)

The following Consolidated Statement of Operations for the year ended December 31, 2017 is adjusted to reflect this step-up to fair market value.

	Year Ended December 31, 2017	Stepped-up Cost Basis Adjustments	Adjusted Year Ended December 31, 2017
Investment income			
Interest income[1]	$ 149,800	$ [7]	$ 149,800
Total dividend income[2]	37,250		37,250
Other income	10,756		10,756
Total investment income[3]	197,806		197,806
Total expenses pre-incentive fee[4]	72,301		72,301
Pre-Incentive Fee Net Investment Income	125,505		125,505
Incentive fee[5]	23,301		23,301
Post-Incentive Fee Net Investment Income	102,204		102,204
Net realized losses on investments[6]	(39,734)		(39,734)
Net change in unrealized appreciation (depreciation) of investments[6]	50,794	[7]	50,794
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(4,006)		(4,006)
Benefit for taxes	140		140
Net increase in net assets resulting from operations	$ 109,398		$ 109,398

(1) Includes $6,394 in PIK and non-cash interest from investments.

(2) Includes $17,853 in PIK and non-cash dividends from investments.

(3) Includes income from non-controlled/non-affiliated investments, non-controlled/affiliated investments and controlled investments.

(4)
Includes expense waivers and reimbursements of $474 and management fee waivers of $5,642.

(5)
For the year ended December 31, 2017, the Compnay incurred total incentive fees of $23,301, net of the incentive fee waiver of $1,800, of which none was related to the capital gains incentive fee accrual on a hypothetical liquidation basis.

(6)
Includes net realized gains (losses) on investments and net change in unrealized appreciation (deprecation) of investments from non-controlled/non-affiliated investments, non-controlled/affiliated investments and controlled investments.

(7)
For the year ended December 31, 2017, the adjustment was less than $1.

Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 5. Agreements (Continued)

The following Consolidated Statement of Operations for the year ended December 31, 2016 is adjusted to reflect this step-up to fair market value.

	Year Ended December 31, 2016	Stepped-up Cost Basis Adjustments	Adjusted Year Ended December 31, 2016
Investment income			
Interest income[(1)]	$ 147,425	$ (65)	$ 147,360
Total dividend income[(2)]	11,200		11,200
Other income	9,459		9,459
Total investment income[(3)]	168,084	(65)	168,019
Total expenses pre-incentive fee[(4)]	57,965		57,965
Pre-Incentive Fee Net Investment Income	110,119	(65)	110,054
Incentive fee[(5)]	22,011		22,011
Post-Incentive Fee Net Investment Income	88,108	(65)	88,043
Net realized losses on investments[(6)]	(16,717)	(151)	(16,868)
Net change in unrealized appreciation (depreciation) of investments[(6)]	40,131	216	40,347
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(486)		(486)
Benefit for taxes	642		642
Net increase in net assets resulting from operations	$ 111,678		$ 111,678

(1) Includes $4,270 in PIK interest from investments.

(2) Includes $3,178 in PIK dividends from investments

(3) Includes income from non-controlled/non-affiliated investments, non-controlled/affiliated investments and controlled investments.

(4)
Includes expense waivers and reimbursements of $725 and management fee waivers of $4,824.

(5)
For the year ended December 31, 2016, the Company incurred total incentive fees of $22,011, of which none was related to the capital gains incentive fee accrual on a hypothetical liquidation basis.

(6)
Includes net realized gains (losses) on investments and net change in unrealized appreciation (depreciation) of investments from non-controlled/non-affiliated investments, non-controlled/affiliated investments and controlled investments.

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

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Note 5. Agreements (Continued)

The following Consolidated Statement of Operations for the year ended December 31, 2015 is adjusted to reflect this step-up to fair market value.

	Year Ended December 31, 2015	Stepped-up Cost Basis Adjustments	Adjusted Year Ended December 31, 2015
Investment income			
Interest income[(1)]	$ 140,074	$ (131)	$ 139,943
Total dividend income[(2)]	5,771		5,771
Other income	8,010		8,010
Total investment income[(3)]	153,855	(131)	153,724
Total expenses pre-incentive fee[(4)]	50,769		50,769
Pre-Incentive Fee Net Investment Income	103,086	(131)	102,955
Incentive fee[(5)]	20,591		20,591
Post-Incentive Fee Net Investment Income	82,495	(131)	82,364
Net realized losses on investments[(6)]	(12,789)	(78)	(12,867)
Net change in unrealized (depreciation) appreciation of investments[(6)]	(35,272)	209	(35,063)
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(296)		(296)
Provision for taxes	(1,183)		(1,183)
Net increase in net assets resulting from operations	$ 32,955		$ 32,955

(1) Includes $3,942 in PIK interest from investments.

(2) Includes $2,559 in PIK dividends for investments.

(3) Includes income from non-controlled/non-affiliated investments, non-controlled/affiliated investments and controlled investments.

(4)
Includes expense waivers and reimbursements of $733 and management fee waivers of $5,219.

(5)
For the year ended December 31, 2015, the Company incurred total incentive fees of $20,591, of which none was related to the capital gains incentive fee accrual on a hypothetical liquidation basis.

(6)
Includes net realized gains (losses) on investments and net change in unrealized (depreciation) appreciation of investments from non-controlled/non-affiliated investments, non-controlled/affiliated investments and controlled investments.

The Company has entered into the Administration Agreement with the Administrator under which the Administrator provides administrative services. The Administrator maintains, or oversees the performance of, the Company's consolidated financial records, prepares reports filed with the

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**Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)**

December 31, 2017

(in thousands, except share data)

Note 5. Agreements (Continued)

SEC, generally monitors the payment of the Company's expenses and watches the performance of administrative and professional services rendered by others. The Company will reimburse the Administrator for the Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the Company under the Administration Agreement. Pursuant to the Administration Agreement and further restricted by the Company, the Administrator may, in its own discretion, submit to the Company for reimbursement some or all of the expenses that the Administrator has incurred on behalf of the Company during any quarterly period. As a result, the amount of expenses for which the Company will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to the Company for reimbursement in the future. However, it is expected that the Administrator will continue to support part of the expense burden of the Company in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. For the years ended December 31, 2017, December 31, 2016 and December 31, 2015, approximately $1,558, $1,641 and $1,431, respectively, of indirect administrative expenses were included in administrative expenses of which $415, $725 and $733, respectively, of indirect administrative expenses were waived by the Administrator. As of December 31, 2017 and December 31, 2016, $444 and $0, respectively, of indirect administrative expenses were included in payable to affiliates as the expenses were payable to the Administrator.

As of December 31, 2017, December 31, 2016 and December 31, 2015, no expense waivers or reimbursements were receivable from an affiliate.

The Company, the Investment Adviser and the Administrator have also entered into a Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant the Company, 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, 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, the Investment Adviser and the Administrator will have no legal right to the "New Mountain" or the "New Mountain Finance" names.

Note 6. Related Parties

The Company has entered into a number of business relationships with affiliated or related parties.

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

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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Note 6. Related Parties (Continued)

incurred by the Investment Adviser in performing its services under the Investment Management Agreement.

The Company has entered into the Administration Agreement with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges office space for the Company and provides office equipment and administrative services necessary to conduct their respective day-to-day operations pursuant to the Administration Agreement. The Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Company under the Administration Agreement which includes 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.

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

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

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole or in part, to the Company's investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for the Company or for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that the Company should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff and consistent with the Investment Adviser's allocation procedures. On December 18, 2017, the SEC issued an exemptive order (the "Exemptive Order"), which superseded a prior order issued on June 5, 2017, which permits the Company to co-invest in portfolio companies with certain funds or entities managed by the Investment Adviser or its affiliates in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act, subject to the conditions of the Exemptive Order. Pursuant to the Exemptive Order, the Company is permitted to co-invest with its affiliates if a "required majority" (as defined in Section 57(o) of the 1940 Act) of the Company's independent directors make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching in respect of the Company or its stockholders on the part of any person concerned, and (2) the potential co-investment transaction is consistent with the interests of the Company's stockholders and is consistent with its then-current investment objective and strategies.

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

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Note 7. Borrowings

Holdings Credit Facility On December 18, 2014 the Company entered into the Second Amended and Restated Loan and Security Agreement, among the Company, as the Collateral Manager, NMF Holdings as the Borrower, Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as the Lender and Collateral Custodian, which is structured as a revolving credit facility and matures on December 18, 2019. On October 24, 2017 the Company entered into the Third Amended and Restated Loan and Security Agreement (the "Holdings Credit Facility"), among the Company, as the Collateral Manager, NMF Holdings as the Borrower and Wells Fargo Bank, National Association as the Administrative Agent and Collateral Custodian, which which extended the maturity date to October 24, 2022.

The maximum amount of revolving borrowings available under the Holdings Credit Facility is $495.0 million. Under the Holdings Credit Facility, NMF Holdings is permitted to borrow up to 25.0%, 45.0% or 70.0% of the purchase price of pledged assets, subject to approval by Wells Fargo Bank, National Association as Administrative Agent. The Holdings Credit Facility is non-recourse to the Company and 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 Company's Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default. In addition, the Holdings Credit Facility requires the Company to maintain a minimum asset coverage ratio. The covenants are generally not tied to mark to market fluctuations in the prices of NMF Holdings investments, but rather to the performance of the underlying portfolio companies.

Effective January 1, 2016, the Holdings Credit Facility bears interest at a rate of LIBOR plus 1.75% per annum for Broadly Syndicated Loans (as defined in the Loan and Security Agreement) and LIBOR plus 2.50% per annum for all other investments. Previously, the Holdings Credit Facility bore interest at a rate of LIBOR plus 2.00% per annum for Broadly Syndicated Loans (as defined in the Loan and Security Agreement) and LIBOR plus 2.75% per annum for all other investments. The Holdings Credit Facility also charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the Loan and Security Agreement).

The following table summarizes the interest expense, non-usage fees and amortization of financing costs incurred on the Holdings Credit Facility for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

	Year Ended December 31,		
	2017	**2016**	**2015**
Interest expense	$ 11,612	$ 9,546	$ 10,512
Non-usage fee	$ 749	$ 772	$ 500
Amortization of financing costs	$ 1,780	$ 1,615	$ 1,612
Weighted average interest rate	3.3%	2.8%	2.6%
Effective interest rate	4.1%	3.5%	3.2%
Average debt outstanding	$ 345,174	$ 341,055	$ 394,945

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 7. Borrowings (Continued)

As of December 31, 2017, December 31, 2016 and December 31, 2015, the outstanding balance on the Holdings Credit Facility was $312,363, $333,513 and $419,313, respectively, and NMF Holdings was in compliance with the applicable covenants in the Holdings Credit Facility on such dates.

NMFC Credit Facility The Senior Secured Revolving Credit Agreement, as amended, dated June 4, 2014 (together with the related guarantee and security agreement, the "NMFC Credit Facility"), among the Company as the Borrower, Goldman Sachs Bank USA as the Administrative Agent and Collateral Agent, and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust as Lenders, is structured as a senior secured revolving credit facility and matures on June 4, 2019. The NMFC Credit Facility is guaranteed by certain domestic subsidiaries of the Company and proceeds from the NMFC Credit Facility may be used for general corporate purposes, including the funding of portfolio investments.

As of December 31, 2017, the maximum amount of revolving borrowings available under the NMFC Credit Facility was $122,500. The Company is permitted to borrow at various advance rates depending on the type of portfolio investment, as outlined in the Senior Secured Revolving Credit Agreement. All fees associated with the origination of the NMFC Credit Facility are capitalized on the Company's Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the NMFC Credit Facility. The NMFC Credit Facility contains certain customary affirmative and negative covenants and events of default, including certain financial covenants related to asset coverage and liquidity and other maintenance covenants.

The NMFC Credit Facility generally bears interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charges a commitment fee, based on the unused facility amount multiplied by 0.375% per annum (as defined in the Senior Secured Revolving Credit Agreement).

The following table summarizes the interest expense, non-usage fees and amortization of financing costs incurred on the NMFC Credit Facility for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

	Year Ended December 31,		
	2017	**2016**	**2015**
Interest expense	$ 2,010	$ 2,011	$ 1,653
Non-usage fee	$ 257	$ 183	$ 104
Amortization of financing costs	$ 391	$ 378	$ 360
Weighted average interest rate	3.6%	3.0%	2.7%
Effective interest rate	4.8%	3.8%	3.5%
Average debt outstanding	$ 54,853	$ 66,876	$ 60,477

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Notes to the Consolidated Financial Statements of
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December 31, 2017

(in thousands, except share data)

Note 7. Borrowings (Continued)

As of December 31, 2017, December 31, 2016 and December 31, 2015, the outstanding balance on the NMFC Credit Facility was $122,500, $10,000 and $90,000, respectively, and NMFC was in compliance with the applicable covenants in the NMFC Credit Facility on such dates.

Convertible Notes On June 3, 2014, the Company closed a private offering of $115,000 aggregate principal amount of unsecured convertible notes (the "Convertible Notes"), pursuant to an indenture, dated June 3, 2014 (the "Indenture"). The Convertible Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). As of the first anniversary, June 3, 2015, of the Convertible Notes, the restrictions under Rule 144A under the Securities Act were removed, allowing the Convertible Notes to be eligible and freely tradable without restrictions for resale pursuant to Rule 144(b)(1) under the Securities Act. On September 30, 2016, the Company closed a public offering of an additional $40,250 aggregate principal amount of the Convertible Notes. These additional Convertible Notes constitute a further issuance of, rank equally in right of payment with, and form a single series with the $115,000 aggregate principal amount of Convertible Notes that the Company issued on June 3, 2014.

The Convertible Notes bear interest at an annual rate of 5.0%, payable semi-annually in arrears on June 15 and December 15 of each year, which commenced on December 15, 2014. The Convertible Notes will mature on June 15, 2019 unless earlier converted or repurchased at the holder's option.

The following table summarizes certain key terms related to the convertible features of the Company's Convertible Notes as of December 31, 2017.

	December 31, 2017
Initial conversion premium	12.5%
Initial conversion rate(1)	62.7746
Initial conversion price	$ 15.93
Conversion premium at December 31, 2017	11.7%
Conversion rate at December 31, 2017(1)(2)	63.2794
Conversion price at December 31, 2017(2)(3)	$ 15.80
Last conversion price calculation date	June 3, 2017

(1) Conversion rates denominated in shares of common stock per $1 principal amount of the Convertible Notes converted.

(2) Represents conversion rate and conversion price, as applicable, taking into account certain de minimis adjustments that will be made on the conversion date.

(3) The conversion price in effect at December 31, 2017 was calculated on the last anniversary of the issuance and will be calculated again on the next anniversary, unless the exercise price shall have changed by more than 1.0% before the anniversary.

The conversion rate will be subject to adjustment upon certain events, such as stock splits and combinations, mergers, spin-offs, increases in dividends in excess of $0.34 per share per

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Notes to the Consolidated Financial Statements of
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Note 7. Borrowings (Continued)

quarter and certain changes in control. Certain of these adjustments, including adjustments for increases in dividends, are subject to a conversion price floor of $14.05 per share. In no event will the total number of shares of common stock issuable upon conversion exceed 71.1893 per $1 principal amount of the Convertible Notes. The Company has determined that the embedded conversion option in the Convertible Notes is not required to be separately accounted for as a derivative under GAAP.

The Convertible Notes are unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries and financing vehicles. As reflected in Note 12. *Earnings Per Share*, the issuance is considered part of the if-converted method for calculation of diluted earnings per share.

The Company may not redeem the Convertible Notes prior to maturity. No sinking fund is provided for the Convertible Notes. In addition, if certain corporate events occur, holders of the Convertible Notes may require the Company to repurchase for cash all or part of their Convertible Notes at a repurchase price equal to 100.0% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the repurchase date.

The Indenture contains certain covenants, including covenants requiring the Company to provide financial information to the holders of the Convertible Note and the Trustee if the Company ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the Indenture.

The following table summarizes the interest expense and amortization of financing costs incurred on the Convertible Notes for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

	Year Ended December 31,		
	2017	**2016**	**2015**
Interest expense	$ 7,763	$ 6,259	$ 5,750
Amortization of financing costs	$ 1,190	$ 859	$ 743
Amortization of premium	$ (111)	$ (28)	$
Effective interest rate	5.7%	5.7%	5.6%
Average debt outstanding	$ 155,250	$ 125,227	$ 115,000

As of December 31, 2017, December 31, 2016 and December 31, 2015, the outstanding balance on the Convertible Notes was $155,250, $155,250 and $115,000, respectively, and NMFC was in compliance with the terms of the Indenture on such dates.

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New Mountain Finance Corporation (Continued)

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Note 7. Borrowings (Continued)

Unsecured Notes On May 6, 2016, the Company issued $50,000 in aggregate principal amount of five-year unsecured notes that mature on May 15, 2021 (the "2016 Unsecured Notes"), pursuant to a note purchase agreement, dated May 4, 2016, to an institutional investor in a private placement. On September 30, 2016, the Company entered into an amended and restated note purchase agreement (the "NPA") and issued an additional $40,000 in aggregate principal amount of 2016 Unsecured Notes to institutional investors in a private placement. On June 30, 2017, the Company issued $55,000 in aggregate principal amount of five-year unsecured notes that mature on July 15, 2022 (the "2017A Unsecured Notes" and together with the 2016 Unsecured Notes, the "Unsecured Notes"), pursuant to the NPA and a supplement to the NPA. The NPA provides for future issuances of Unsecured Notes in separate series or tranches. The Unsecured Notes are equal in priority with the Company other unsecured indebtedness, including the Company's Convertible Notes.

The 2016 Unsecured Notes bear interest at an annual rate of 5.313%, payable semi-annually on May 15 and November 15 of each year, which commenced on November 15, 2016. The 2017A Unsecured Notes bear interest at an annual rate of 4.760%, payable semi-annually on January 15 and July 15 of each year, which commences on January 15, 2018. These interest rates are subject to increase in the event that: (i) subject to certain exceptions, the Unsecured Notes or the Company ceases to have an investment grade rating or (ii) the aggregate amount of the Company's unsecured debt falls below $150,000. In each such event, the Company has the option to offer to prepay the Unsecured Notes at par, in which case holders of the Unsecured Notes who accept the offer would not receive the increased interest rate. In addition, the Company is obligated to offer to prepay the Unsecured Notes at par if the Investment Adviser, or an affiliate thereof, ceases to the Company's investment adviser or if certain change in control events occur with respect to the Investment Adviser.

The NPA contains customary terms and conditions for unsecured notes issued in a private placement, including, without limitation, an option to offer to prepay all or a portion of the Unsecured Notes at par (plus a make-whole amount, if applicable), affirmative and negative covenants such as information reporting, maintenance of the Company's status as a BDC under the 1940 Act and a RIC under the Code, minimum stockholders' equity, minimum asset coverage ratio, and prohibitions on certain fundamental changes or any subsidiary guarantor, as well as customary events of default with customary cure and notice, including, without limitation, nonpayment, misrepresentation in a material respect, breach of covenant, cross-default under other indebtedness of the Company or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy.

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 7. Borrowings (Continued)

The following table summarizes the interest expense and amortization of financing costs incurred on the Unsecured Notes for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

	Years Ended December 31,		
	2017(1)	**2016(2)**	**2015(3)**
Interest expense	$ 6,098	$ 2,271	$
Amortization of financing costs	$ 493	$ 202	$
Weighted average interest rate	5.2%	5.3%	%
Effective interest rate	5.6%	5.8%	%
Average debt outstanding	$ 117,877	$ 65,500	$

(1) For the year ended December 31, 2017, amounts reported include the 2017A Unsecured Notes for the period from June 30, 2017 (issuance of the 2017A Unsecured Notes) to December 31, 2017.

(2) For the year ended December 31, 2016, amounts reported relate to the period from May 6, 2016 (issuance of the 2016 Unsecured Notes) to December 31, 2016.

(3) Not applicable, as the Unsecured Notes were issued on May 6, 2016.

As of December 31, 2017 and December 31, 2016, the outstanding balance on the Unsecured Notes was $145,000 and $90,000, respectively, and the Company was in compliance with the terms of the NPA.

SBA-guaranteed debentures On August 1, 2014 and August 25, 2017, SBIC I and SBIC II received licenses from the SBA to operate as SBICs.

A SBIC license allows SBICs to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse to the Company, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with ten year maturities. The SBA, as a creditor, will have a superior claim to the assets of SBIC I and SBIC II over the Company's stockholders in the event SBIC I and SBIC II are liquidated or the SBA exercises remedies upon an event of default.

The maximum amount of borrowings available under current SBA regulations for a single licensee is $150,000 as long as the licensee has at least $75,000 in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing.

As of December 31, 2017 and December 31, 2016, SBIC I had regulatory capital of $75,000 and $75,000, respectively, and SBA-guaranteed debentures outstanding of $150,000 and $121,745, respectively. As of December 31, 2017, SBIC II had regulatory capital of $2,500 and no SBA-guaranteed debentures outstanding. The SBA-guaranteed debentures incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance discount, which are amortized over the life of the SBA-guaranteed debentures.

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**Notes to the Consolidated Financial Statements of
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Note 7. Borrowings (Continued)

The following table summarizes the Company's SBA-guaranteed debentures as of December 31, 2017.

Issuance Date	Maturity Date	Debenture Amount	Interest Rate	SBA Annual Charge
Fixed SBA-guaranteed debentures:				
March 25, 2015	March 1, 2025	$ 37,500	2.517%	0.355%
September 23, 2015	September 1, 2025	37,500	2.829%	0.355%
September 23, 2015	September 1, 2025	28,795	2.829%	0.742%
March 23, 2016	March 1, 2026	13,950	2.507%	0.742%
September 21, 2016	September 1, 2026	4,000	2.051%	0.742%
September 20, 2017	September 1, 2027	13,000	2.518%	0.742%
Interim SBA-guaranteed debentures:				
	March 1, 2028(1)	9,255	1.769%	0.742%
	March 1, 2028(1)	6,000	1.781%	0.742%
Total SBA-guaranteed debentures		$ 150,000		

(1) Estimated maturity date as interim SBA-guaranteed debentures are expected to pool in March 2018.

Prior to pooling, the SBA-guaranteed debentures bear interest at an interim floating rate of LIBOR plus 0.30%. Once pooled, which occurs in March and September each year, the SBA-guaranteed debentures bear interest at a fixed rate that is set to the current 10-year treasury rate plus a spread at each pooling date.

The following table summarizes the interest expense and amortization of financing costs incurred on the SBA-guaranteed debentures for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

	Year Ended December 31,		
	2017	2016	2015
Interest expense	$ 4,160	$ 3,758	$ 1,701
Amortization of financing costs	$ 444	$ 403	$ 240
Weighted average interest rate	3.1%	3.1%	2.4%
Effective interest rate	3.5%	3.5%	2.7%
Average debt outstanding	$ 132,572	$ 119,819	$ 71,921

The SBIC program is designed to stimulate the flow of private investor capital into eligible small businesses, as defined by the SBA. Under SBA regulations, SBICs are subject to regulatory requirements, including making investments in SBA-eligible businesses, investing at least 25.0% of its investment capital in eligible smaller businesses, as defined under the 1958 Act, placing certain limitations on the financing terms of investments, regulating the types of financing, prohibiting investments in small businesses with certain characteristics or in certain industries and requiring capitalization thresholds that limit distributions to the Company. SBICs are subject to an annual periodic examination by an SBA examiner to determine the SBIC's compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 7. Borrowings (Continued)

basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of December 31, 2017, December 31, 2016 and December 31, 2015, SBIC I was in compliance with SBA regulatory requirements and as of December 31, 2017, SBIC II was in compliance with SBA regulatory requirements.

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

Note 8. Regulation

The Company has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. In order to continue to qualify and be subject to tax 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 will continue to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal, state, and local income taxes (excluding excise taxes which may be imposed under the Code).

Additionally, as a BDC, the 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). In addition, the Company must offer to make available to all eligible portfolio companies managerial assistance.

Note 9. 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 provide general indemnifications. The Company may also enter into future funding commitments such as revolving credit facilities, bridge financing commitments or delayed draw commitments. As of December 31, 2017, the Company had unfunded commitments on revolving credit facilities of $23,716, no outstanding bridge financing commitments and other future funding commitments of $53,712. As of December 31, 2016, the Company had unfunded commitments on revolving credit facilities of $27,915, no outstanding

Notes to the Consolidated Financial Statements of
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December 31, 2017

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Note 9. Commitments and Contingencies (Continued)

bridge financing commitments and other future funding commitments of $16,368. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's respective Consolidated Schedules of Investments.

The Company also has revolving borrowings available under the Holdings Credit Facility and the NMFC Credit Facility as of December 31, 2017 and December 31, 2016. See Note 7. *Borrowings*, for details.

The Company may from time to time enter into financing commitment letters. As of December 31, 2017 and December 31, 2016, the Company had commitment letters to purchase investments in the aggregate par amount of $13,907 and $14,818, respectively, which could require funding in the future.

As of December 31, 2017 and December 31, 2016, the Company had unfunded commitments related to an equity investment in SLP II of $0 and $7,940, respectively, which was funded at the Company's discretion.

As of December 31, 2017, the Company owed $12,000 related to a settlement agreement with a trustee of Black Elk Energy Offshore Operations, LLC. The Company will make semi-annual payments of $3,000 beginning in June 2018 with the final payment due in December 2019.

Note 10. Distributions

Differences between taxable income and the results of operations for financial reporting purposes may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. During the years ended December 31, 2017, December 31, 2016 and December 31, 2015, the Company's reclassifications of amounts for book purposes arising from permanent book/tax differences related to return of capital distributions were as follows:

	Year Ended December 31,		
	2017	**2016**	**2015**
Undistributed net investment income	$ 35,793	$ (1,435)	$ 141
Distributions in excess of net realized gains		(21,572)	
Additional paid-in-capital	(35,793)	23,007	(141)

For U.S. federal income tax purposes, distributions paid to stockholders of the Company are reported as ordinary income, return of capital, long term capital gains or a combination thereof. The

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

Note 10. Distributions (Continued)

tax character of distributions paid by the Company for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 were estimated to be as follows:

	Year Ended December 31,		
	2017	**2016**	**2015**
Ordinary income (non-qualified)	$ 72,150	$ 79,415	$ 80,967
Ordinary income (qualified)			
Capital gains			
Return of capital	28,755	9,349	35
Total	$ 100,905	$ 88,764	$ 81,002

As of December 31, 2017, December 31, 2016 and December 31, 2015, the costs of investments for the Company for tax purposes were $1,799,563, $1,602,607 and $1,587,189, respectively.

	December 31, 2017(1)	**December 31, 2016(1)**
Tax cost	$ 1,799,563	$ 1,602,607
Gross unrealized appreciation on investments	63,167	42,335
Gross unrealized depreciation on investments	(11,858)	(56,907)
Total investments at fair value	$ 1,850,872	$ 1,588,035

(1) Includes securities purchased under collateralized agreement to resell.

At December 31, 2017, December 31, 2016 and December 31, 2015, the components of distributable earnings on a tax basis differ from the amounts reflected per the Company's Consolidated Statements of Assets and Liabilities by temporary book/tax differences primarily arising from differences between the tax and book basis of the Company's investment in securities held directly as well as through the Predecessor Operating Company and undistributed income.

As of December 31, 2017, December 31, 2016 and December 31, 2015, the Company's components of accumulated earnings (deficit) on a tax basis were as follows:

	Year Ended December 31,		
	2017	**2016**	**2015**
Accumulated capital gains (capital loss carryforwards)	$ (70,701)	$ (39,517)	$ (19,081)
Other temporary differences	11,521	2,072	2,991
Undistributed ordinary income			
Unrealized (appreciation) depreciation	39,928	(26,093)	(57,424)

Total	$ (19,252)	$ (63,538)	$ (73,514)

The Company is 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

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Notes to the Consolidated Financial Statements of
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Note 10. Distributions (Continued)

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. For the year ended December 31, 2017, the Company does not expect to incur any excise taxes. For the years ended December 31, 2016 and December 31, 2015, the Company did not incur any excise taxes.

The following information is hereby provided with respect to distributions declared during the calendar years ended December 31, 2017, December 31, 2016 and December 31, 2015:

	Year Ended December 31,		
(unaudited)	**2017**	**2016**	**2015**
Distributions per share	$ 1.36	$ 1.36	$ 1.36
Ordinary dividends	71.50%	89.46%	99.96%
Long-term capital gains	%	%	%
Qualified dividend income	%	%	%
Dividends received deduction	%	%	%
Interest-related dividends[1]	92.59%	89.78%	90.71%
Qualified short-term capital gains[1]	%	%	%
Return of capital	28.50%	10.54%	0.04%

(1) Represents the portion of the taxable ordinary dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

Dividends and distributions that were reinvested through the Company's dividend reinvestment plan are treated, for tax purposes, as if they had been paid in cash. Therefore, stockholders who participated in the dividend reinvestment plan should also refer to the information as provided in the table above.

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Notes to the Consolidated Financial Statements of
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Note 11. Net Assets

The table below illustrates the effect of certain transactions on the net asset accounts of the Company:

	Common Stock		Treasury Stock at	Paid in Capital in	Accumulated Undistributed Net Investment	Accumulated Undistributed Net Realized	Net Unrealized Appreciation	Total
	Shares	Par Amount	Cost	Excess of Par	Income	Gains (Losses)	(Depreciation)	Net Assets
lance at ecember 31, 14	57,997,890	$ 580		$ 817,129	$ 2,530	$ 14,131	$ (32,200)	$ 802,17
uances of mmon stock	6,007,497	60		83,010				83,07
eferred fering costs				(285)				(28
stributions clared					(81,002)			(81,00
t increase ecrease) in net sets resulting om operations					82,495	(12,789)	(36,751)	32,95
x classifications ated to return capital tributions ee Note 10)				(141)	141			
lance at ecember 31, 15	64,005,387	$ 640		$ 899,713	$ 4,164	$ 1,342	$ (68,951)	$ 836,90
uances of mmon stock	5,750,000	58		79,005				79,06
purchases of mmon stock	(248,499)		(2,948)					(2,94
issuance of mmon stock	210,926		2,488	465				2,95
				(328)				(32

eferred fering costs								
stributions clared					(88,764)			(88,76
et increase ecrease) in net sets resulting om operations					88,108	(16,717)	40,287	111,67
x classifications ated to return capital stributions ee Note 10)				23,007	(1,435)	(21,572)		
lance at ecember 31, 16	69,717,814	$ 698	$ (460)	$ 1,001,862	$ 2,073	$ (36,947)	$ (28,664)	$ 938,56
uances of mmon stock	6,179,706	61		87,552				87,61
issuance of mmon stock	37,573		460	100				56
her				(81)				(8
eferred fering costs				(172)				(17
stributions clared					(100,905)			(100,90
et increase ecrease) in net sets resulting om operations					102,204	(39,734)	46,928	109,39
x classifications ated to return capital stributions ee Note 10)				(35,793)	35,793			
lance at ecember 31, 17	75,935,093	$ 759	$	$ 1,053,468	$ 39,165	$ (76,681)	$ 18,264	$ 1,034,97

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Note 12. Earnings Per Share

The following information sets forth the computation of basic and diluted net increase in the Company's net assets per share resulting from operations for the years ended December 31, 2017, December 31, 2016 and December 31, 2015:

	Year Ended December 31,		
	2017	**2016**	**2015**
Earnings per share basic			
Numerator for basic earnings per share:	$ 109,398	$ 111,678	$ 32,955
Denominator for basic weighted average share:	74,171,268	64,918,191	59,715,290
Basic earnings per share:	$ 1.47	$ 1.72	$ 0.55
Earnings per share diluted[1]			
Numerator for increase in net assets per share	$ 109,398	$ 111,678	$ 32,955
Adjustment for interest on Convertible Notes and incentive fees, net	6,210	5,007	4,600
Numerator for diluted earnings per share:	$ 115,608	$ 116,685	$ 37,555
Denominator for basic weighted average share	74,171,268	64,918,191	59,715,290
Adjustment for dilutive effect of Convertible Notes	9,824,127	7,945,196	7,252,799
Denominator for diluted weighted average share	83,995,395	72,863,387	66,968,089
Diluted earnings per share	$ 1.38	$ 1.60	$ 0.55

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the year ended December 31, 2015, there was anti-dilution. For the years ended December 31, 2017 and December 31, 2016, there was no anti-dilution.

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Notes to the Consolidated Financial Statements of
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Note 13. Financial Highlights

The following information sets forth the financial highlights for the Company for the years ended December 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013.

	Year Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Per share data[1]:					
Net asset value at the beginning of the period	$ 13.46	$ 13.08	$ 13.83	$ 14.38	$ 14.06
Net investment income	1.38	1.36	1.38	1.10	
Net realized and unrealized gains (losses)[2]	0.15	0.38	(0.77)	(0.80)	
Net increase (decrease) in net assets resulting from operations allocated from NMF Holdings:					
Net investment income[3]				0.44	1.45
Net realized and unrealized gains (losses)[2][3]				0.19	0.35
Total net increase	1.53	1.74	0.61	0.93	1.80
Distributions declared to stockholders from net investment income	(1.36)	(1.36)	(1.36)	(1.36)	(1.45)
Distributions declared to stockholders from net realized gains				(0.12)	(0.03)
Net asset value at the end of the period	$ 13.63	$ 13.46	$ 13.08	$ 13.83	$ 14.38
Per share market value at the end of the period	$ 13.55	$ 14.10	$ 13.02	$ 14.94	$ 15.04
Total return based on market value[4]	5.54%	19.68%	(4.00)%	9.66%	11.62%
Total return based on net asset value[5]	11.77%	13.98%	4.32%	6.56%	13.27%
Shares outstanding at end of period	75,935,093	69,717,814	64,005,387	57,997,890	45,224,755
Average weighted shares outstanding for the period	74,171,268	64,918,191	59,715,290	51,846,164	35,092,722
Average net assets for the period	$ 1,011,562	$ 863,193	$ 832,805	$ 749,732	$ 502,822
Ratio to average net assets[6]:					
Net investment income	10.10%	10.21%	9.91%	10.68%	10.10%
Total expenses, before waivers/reimbursements	10.23%	9.91%	9.28%	7.65%	8.53%
Total expenses, net of waivers/reimbursements	9.45%	9.27%	8.57%	7.41%	8.13%

(1) Per share data is based on weighted average shares outstanding for the respective period (except for distributions declared to stockholders which is based on actual rate per share).

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 13. Financial Highlights (Continued)

(2)
Includes the accretive effect of common stock issuances per share, which for the years ended December 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013 were $0.05, $0.02, $0.06, $0.05 and $0.04, respectively.

(3)
For the years ended December 31, 2014 and December 31, 2013, per share data is based on the summation of the per share results of operations items over the outstanding shares for the period in which the respective line items were realized or earned.

(4)
Total return is calculated assuming a purchase of common stock at the opening of the first day of the period and a sale on the closing of the last business day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Company's dividend reinvestment plan.

(5)
Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(6)
Ratio to average net assets for the years ended December 31, 2014 and December 31, 2013 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned. For the year ended December 31, 2014, the Company is reflecting its net investment income and expenses as well as its proportionate share of the Predecessor Operating Company's net investment income and expenses. For the year ended December 31, 2013, the Company is reflecting its proportionate share of the Predecessor Operating Company's net investment income and expenses.

The following information sets forth the financial highlights for the Company for the years ended December 31, 2017, December 31, 2016, December 31, 2015 and December 31, 2014, and NMF Holdings for the year ended December 31, 2013.

	NMFC Year Ended December 31,				NMF Holdings Year Ended December 31,
	2017	**2016**	**2015**	**2014**	**2013**
Average debt outstanding Holdings Credit Facility[1]	$ 345,174	$ 341,055	$ 394,945	$ 243,693	$ 184,124
Average debt outstanding SLF Credit Facility[2]				208,377	214,317

Average debt outstanding Convertible Notes[3]	155,250	125,227	115,000	115,000	
Average debt outstanding SBA-guaranteed debentures[4]	132,572	119,819	71,921	29,167	
Average debt outstanding Unsecured Notes[5]	117,877	65,500			
Average debt outstanding NMFC Credit Facility[6]	54,853	66,876	60,477	11,227	
Asset coverage ratio[7]	240.76%	259.34%	234.05%	226.70%	257.73%
Portfolio turnover[8]	41.98%	36.07%	33.93%	29.51%	40.52%

(1)

For the year ended December 31, 2014, average debt outstanding represents the Company's average debt outstanding as well as the Company's proportionate share of the Predecessor Operating Company's average debt outstanding. The average debt outstanding for the year ended December 31, 2014 at the Holdings Credit Facility was $244,598.

**Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)**

December 31, 2017

(in thousands, except share data)

Note 13. Financial Highlights (Continued)

(2)
For the year ended December 31, 2014, average debt outstanding represents the Company's average debt outstanding as well as the Company's proportionate share of the Predecessor Operating Company's average debt outstanding for the period January 1, 2014 to December 17, 2014 (date of SLF Credit Facility merger with and into the Holdings Credit Facility). The average debt outstanding for the period January 1, 2014 to December 17, 2014 at the SLF Credit Facility was $209,333.

(3)
For the year ended December 31, 2014, average debt outstanding represents the period from June 3, 2014 (issuance of the Convertible Notes) to December 31, 2014.

(4)
For the year ended December 31, 2014, average debt outstanding represents the period from November 17, 2014 (date of initial SBA-guaranteed debenture borrowing) to December 31, 2014.

(5)
For the year ended December 31, 2016, average debt outstanding represents the period from May 6, 2016 (issuance of the Unsecured Notes) to December 31, 2016.

(6)
For the year ended December 31, 2014, average debt outstanding represents the period from June 4, 2014 (commencement of the NMFC Credit Facility) to December 31, 2014.

(7)
On November 5, 2014, the Company received exemptive relief from the SEC allowing the Company to modify the asset coverage requirement to exclude the SBA-guaranteed debentures from this calculation.

(8)
For the year ended December 31, 2014, portfolio turnover represents the investment activity of the Predecessor Operating Company and the Company.

Note 14. Selected Quarterly Financial Data (unaudited)

The below selected quarterly financial data is for the Company.

(in thousands except for per share data)

	Total Investment Income	Net Investment Income	Total Net Realized Gains (Losses) and	Net Increase (Decrease) in Net Assets Resulting

					Net Changes in Unrealized Appreciation (Depreciation) of Investments(1)		from Operations	
Quarter Ended	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**
December 31, 2017	$ 53,244	$ 0.70	$ 26,683	$ 0.35	$ 194	$	$ 26,877	$ 0.35
September 30, 2017	51,236	0.68	26,292	0.35	(1,516)	(0.02)	24,776	0.33
June 30, 2017	50,019	0.66	25,798	0.34	1,530	0.02	27,328	0.36
March 31, 2017	43,307	0.62	23,431	0.34	6,986	0.10	30,417	0.44
December 31, 2016	$ 43,784	$ 0.64	$ 22,980	$ 0.34	$ 10,875	$ 0.16	$ 33,855	$ 0.50
September 30, 2016	41,834	0.66	21,729	0.34	3,350	0.05	25,079	0.39
June 30, 2016	41,490	0.65	21,832	0.34	22,861	0.36	44,693	0.70
March 31, 2016	40,976	0.64	21,567	0.34	(13,516)	(0.21)	8,051	0.13
December 31, 2015	$ 41,967	$ 0.66	$ 22,521	$ 0.35	$ (42,548)	$ (0.66)	$ (20,027)	$ (0.31)
September 30, 2015	37,447	0.64	20,659	0.35	(10,855)	(0.18)	9,804	0.17
June 30, 2015	37,905	0.65	20,253	0.35	11		20,264	0.35
March 31, 2015	36,536	0.63	19,062	0.33	3,852	0.07	22,914	0.40

(1) Includes securities purchased under collateralized agreements to resell, benefit (provision) for taxes and the accretive effect of common stock issuances per share, if applicable.

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

December 31, 2017

(in thousands, except share data)

Note 15. Recent Accounting Standards Updates

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, *Financial Instruments Overall Subtopic 825-10 Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial assets and liabilities. ASU 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The new guidance must be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption of ASU 2016-01. The adoption of ASU 2016-01 is not expected to have a material impact on the Company's consolidated financial statements and disclosures.

Note 16. Subsequent Events

On January 25, 2018, the Company entered into a Commitment Increase Agreement (the "Commitment Agreement") related to the NMFC Credit Facility. The Commitment Agreement increases the total commitments under the NMFC Credit Facility from $122,500 to $150,000 from existing lenders in accordance with the accordion feature of the NMFC Credit Facility.

On January 30, 2018, the Company entered into a second supplement (the "Supplement") to its Amended and Restated Note Purchase Agreement, dated September 30, 2016 (the "NPA"). Pursuant to the Supplement, on January 30, 2018, the Company issued to certain institutional investors identified therein, in a private placement, $90,000 in aggregate principal amount of 4.87% Series 2018A Notes due January 30, 2023 (the "2018A Unsecured Notes") as an additional series of notes under the NPA. Except as set forth in the Supplement, the 2018A Unsecured Notes have the same terms as the $90,000 in aggregate principal amount of the 2016 Unsecured Notes and the $55,000 in aggregate principal amount of the 2017A Unsecured Notes (collectively, the "Prior Notes") that the Company previously issued pursuant to the NPA and the first supplement thereto, respectively. The 2018A Unsecured Notes will rank equal in priority with the Company's other unsecured indebtedness, including the Prior Notes. Interest on the 2018A Unsecured Notes will be payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2018.

On February 21, 2018, the Company's board of directors declared a first quarter 2018 distribution of $0.34 per share payable on March 29, 2018 to holders of record as of March 15, 2018.

On February 27, 2018, the Company entered into Amendment No. 3 (the "Amendment") to the NMFC Credit Facility. The Amendment extends the term of the NMFC Credit Facility from the existing maturity date of June 4, 2019 to June 4, 2022. After June 4, 2019, the capacity under the NMFC Credit Facility will be reduced from the existing amount of $150,000 to $135,000.

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$500,000,000

New Mountain Finance Corporation

Common Stock

Preferred Stock
Subscription Rights
Warrants
Debt Securities

PRELIMINARY PROSPECTUS

, 2018

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PART C
Other Information

Item 25. Financial Statements And Exhibits

(1)
Financial Statements

The following financial statements of New Mountain Finance Corporation ("NMFC", the "Registrant", "we", "us" and "our") are included in Part C of this Registration Statement.

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(2) Exhibits

(a)(1)	Amended and Restated Certificate of Incorporation of New Mountain Finance Corporation[2]
(a)(2)	Certificate of Change of Registered Agent and/or Registered Office of New Mountain Finance Corporation[3]
(b)	Amended and Restated Bylaws of New Mountain Finance Corporation[2]
(d)(1)	Form of Stock Certificate of New Mountain Finance Corporation[1]
(d)(2)	Form of Indenture[6]
(d)(3)	Indenture by and between New Mountain Finance Corporation, as Issuer, and U.S. National Bank Association, as Trustee, dated June 3, 2014[9]
(d)(4)	Form of Global Note 5.00% Convertible Note Due 2019 (included as part of Exhibit (d)(3))[9]
(d)(5)	Statement of Eligibility of Trustee on Form T-1[23]
(e)	Dividend Reinvestment Plan[2]
(f)(1)	Third Amended and Restated Loan and Security Agreement, dated as of October 24, 2017, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower and Wells Fargo Bank, National Association, as administrative agent, lender and custodian[20]
(f)(2)	First Amendment to Loan and Security Agreement, dated as of March 30, 2018, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian.[24]
(f)(3)	Form of Variable Funding Note of New Mountain Finance Holdings, L.L.C., as the Borrower[1]
(f)(4)	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[1]
(f)(5)	Form of Senior Secured Revolving Credit Agreement, by and between New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent, dated June 4, 2014[10]
(f)(6)	Form of Guarantee and Security Agreement dated June 4, 2014, among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent[10]
(f)(7)	Amendment No. 1, dated December 29, 2014, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent[11]
(f)(8)	Amendment No. 2, dated June 26, 2015, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent[13]

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(f)(9)	Amendment No. 3, dated February 27, 2018, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent[22]
(f)(10)	Amendment No. 4, dated July 5, 2018, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent[26]
(f)(11)	Commitment Increase Agreement, dated March 23, 2016, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Bank USA, as Administrative Agent and Syndication Agent[14]
(f)(12)	Commitment Increase Agreement, dated May 4, 2016, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Bank USA, as Administrative Agent and Syndication Agent[15]
(f)(13)	Commitment Increase Agreement, dated January 25, 2018, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Bank USA, as Administrative Agent and Syndication Agent[22]
(f)(14)	Form of Amended and Restated Note Purchase Agreement relating to 5.313% Notes due 2021, dated September 30, 2016, by and between New Mountain Finance Corporation and the purchasers party thereto[16]
(f)(15)	Form of Amended and Restated Note Purchase Agreement relating to 4.760% Notes due 2022, dated June 30, 2017, by and between New Mountain Finance Corporation and the purchasers party thereto[19]
(f)(16)	Form of Amended and Restated Note Purchase Agreement relating to 4.870% Notes due 2023, dated January 30, 2018, by and between New Mountain Finance Corporation and the purchasers party thereto[21]
(f)(17)	Form of Amended and Restated Note Purchase Agreement relating to 5.36% Notes due 2023, dated July 5, 2018, by and between New Mountain Finance Corporation and the purchasers party thereto[26]
(g)	Investment Advisory and Management Agreement by and between New Mountain Finance Corporation and New Mountain Finance Advisers BDC, LLC[8]
(h)	Form of Underwriting Agreement[5]
(j)(1)	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[1]
(j)(2)	Custody Agreement by and between New Mountain Finance Corporation and U.S. Bank National Association[7]
(k)(1)	Second Amended and Restated Administration Agreement[12]
(k)(2)	Form of Trademark License Agreement[1]
(k)(3)	Amendment No. 1 to Trademark License Agreement[4]
(k)(5)	Form of Indemnification Agreement by and between New Mountain Finance Corporation and each director[1]

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(k)(6)	Limited Liability Company Agreement of NMFC Senior Loan Program II LLC, dated March 9, 2016[15]
(k)(7)	Limited Liability Company Agreement for Senior Loan Program III LLC, dated April 25, 2018[25]
(l)	Opinion and Consent of Eversheds Sutherland (US) LLP[18]
(n)(1)	Consent of Deloitte & Touche LLP
(n)(2)	Report of Deloitte & Touche LLP[23]
(n)(3)	Awareness Letter of Deloitte & Touche LLP
(r)	Code of Ethics[1]
99.1	Form of Prospectus Supplement for Common Stock Offerings[18]
99.2	Form of Prospectus Supplement for Preferred Stock Offerings[18]
99.3	Form of Prospectus Supplement for Rights Offerings[18]
99.4	Form of Prospectus Supplement for Warrants Offerings[18]
99.5	Form of Prospectus Supplement Retail Notes Offerings[18]
99.6	Form of Prospectus Supplement for Institutional Notes Offerings[18]
99.7	Form of Prospectus Supplement for Convertible Notes Offerings[18]

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(1)
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.

(2)
Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on August 11, 2011.

(3)
Previously filed in connection with New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation report on Form 8-K filed on August 25, 2011.

(4)
Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on November 14, 2011.

(5)
Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Pre-Effective Amendment No. 1 (File Nos. 333-180689 and 333-180690) filed on July 10, 2012.

(6)
Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2

Pre-Effective Amendment No. 1 (File Nos. 333-189706 and 333-189707) filed on November 20, 2013.

(7)
Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Post-Effective Amendment No. 2 (File Nos. 333-189706 and 333-189707) filed on April 11, 2014.

(8)
Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on May 8, 2014.

(9)
Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on June 4, 2014.

(10)
Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on June 10, 2014.

(11)
Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on January 5, 2015.

(12)
Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on May 5, 2015.

(13)
Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on June 30, 2015.

(14)
Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on March 29, 2016.

(15)
Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on May 4, 2016.

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(16) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on October 3, 2016.

(17) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 (File No. 333-218040) filed on May 16, 2017.

(18) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Pre-Effective Amendment No. 1 (File No. 333-218040) filed on June 22, 2017.

(19) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on July 3, 2017.

(20) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on October 31, 2017.

(21) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on February 5, 2018.

(22) Previously filed in connection with New Mountain Finance Corporation's annual report on Form 10-K filed on February 28, 2018.

(23) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Post-Effective Amendment No. 1 (File No. 333-218040) filed on March 28, 2018.

(24) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on April 5, 2018.

(25) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on May 7, 2018.

(26) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on July 11, 2018.

Item 26. Marketing Arrangements

The information contained under the heading "Plan of Distribution" in this Registration Statement is incorporated herein by reference.

Item 27. Other Expenses Of Issuance And Distribution

SEC registration fee	$	57,950*
FINRA filing fee	$	75,500**
New York Stock Exchange listing fee	$	130,000
Accounting fees and expenses	$	250,000
Legal fees and expenses	$	400,000
Printing and engraving	$	250,000
Miscellaneous fees and expenses	$	5,000
Total	$	1,168,450

Note: All listed amounts, except the SEC registration fee and the FINRA filing fee, are estimates.

*
$16,655 of this amount has been offset against filing fees associated with unsold securities registered under a previous registration statement.

**
$18,819.47 of this amount has been offset against filing fees associated with unsold securities registered under a previous registration statement.

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Item 28. Persons Controlled By Or Under Common Control

The following list sets forth each of our subsidiaries, the state under whose laws the subsidiary is organized and the voting securities owned by us, directly or indirectly, in such subsidiary:

New Mountain Finance Holdings, L.L.C. (Delaware)	100.0%
NMF Ancora Holdings, Inc. (Delaware)	100.0%
NMF QID NGL Holdings, Inc. (Delaware)	100.0%
NMF YP Holdings, Inc. (Delaware)	100.0%
New Mountain Net Lease Corporation (Maryland)	100.0%
New Mountain Finance Servicing, L.L.C. (Delaware)	100.0%
New Mountain Finance SBIC G.P., L.L.C. (Delaware)	100.0%
New Mountain Finance SBIC, L.P. (Delaware)	100.0%
New Mountain Finance SBIC II G.P., L.L.C. (Delaware)	100.0%
New Mountain Finance SBIC II, L.P. (Delaware)	100.0%

Each of our subsidiaries is consolidated for financial reporting purposes.

In addition, we may be deemed to control certain portfolio companies. See "Portfolio Companies" in the prospectus.

Item 29. Number Of Holders Of Securities

The following table sets forth the number of record holders of our common stock as of July 10, 2018.

Title of Class	Number of Record Holders
Common stock, $0.01 par value	16

Item 30. Indemnification

Section 145 of the Delaware General Corporation Law empowers a Delaware corporation to indemnify its officers and directors and specific other persons to the extent and under the circumstances set forth therein.

Section 102(b)(7) of the Delaware General Corporation Law allows a Delaware corporation to eliminate the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liabilities arising (a) from any breach of the director's duty of loyalty to the corporation or its stockholders; (b) from acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the Delaware General Corporation Law; or (d) from any transaction from which the director derived an improper personal benefit.

Subject to the 1940 Act or any valid rule, regulation or order of the SEC thereunder, NMFC's amended and restated bylaws provide that it will indemnify any person who was or is a party or is threatened to be made a party to any threatened action, suit or proceeding whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of NMFC, or is or was serving at the request of NMFC as a director or officer of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, in accordance with provisions corresponding to Section 145 of the Delaware General Corporation Law. The 1940 Act provides that a company may not indemnify any director or officer against liability to it or its security holders to which he or she might otherwise be subject by reason of his or her willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct

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of his or her office unless a determination is made by final decision of a court, by vote of a majority of a quorum of directors who are disinterested, non-party directors or by independent legal counsel that the liability for which indemnification is sought did not arise out of the foregoing conduct. In addition, NMFC's amended and restated bylaws provide that the indemnification described therein is not exclusive and shall not exclude any other rights to which the person seeking to be indemnified may be entitled under statute, any bylaw, agreement, vote of stockholders or directors who are not interested persons, or otherwise, both as to action in his or her official capacity and to his or her action in another capacity while holding such office.

The above discussion of Section 145 of the Delaware General Corporation Law and NMFC's amended and restated bylaws is not intended to be exhaustive and is respectively qualified in its entirety by such statute and NMFC's amended and restated bylaws.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is again public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The Registrant has obtained primary and excess insurance policies insuring our directors and officers against some liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on the Registrant's behalf, may also pay amounts for which the Registrant has granted indemnification to the directors or officers.

The Investment Management Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, New Mountain Finance Advisers BDC, L.L.C., or the Investment Adviser, and its officers, managers, agents, employees, controlling persons, members (or their owners) and any other person or entity affiliated with it are entitled to indemnification from NMFC for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of the Investment Adviser's services under the Investment Management Agreement or otherwise as investment adviser of NMFC.

The Administration Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of their respective duties or by reason of the reckless disregard of their respective duties and obligations, New Mountain Finance Administration, L.L.C. and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Registrant for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of services under the Administration Agreement or otherwise as administrator for the Registrant.

Item 31. Business And Other Connections Of Investment Adviser

A description of any other business, profession, vocation, or employment of a substantial nature in which the Investment Adviser, and each director or executive officer of the Investment Adviser, is or has been during the past two fiscal years, engaged in for his or her own account or in

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the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled "Management Biographical Information Directors", "Portfolio Management Investment Personnel", "Management Biographical Information Executive Officers Who Are Not Directors" and "Investment Management Agreement". Additional information regarding the Investment Adviser and its officers and directors is set forth in its Form ADV, as filed with the United States Securities and Exchange Commission (SEC File No. 801-71948), and is incorporated herein by reference.

Item 32. Location Of Accounts And Records

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940, and the rules thereunder are maintained at the offices of:

(1) the Registrant, New Mountain Finance Corporation, 787 Seventh Avenue, 48th Floor, New York, New York 10019;

(2) the Transfer Agent, American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219;

(3) the Safekeeping Agent, Wells Fargo Bank, National Association, 9062 Old Annapolis Road, Columbia, Maryland 21045;

(4) the Custodian, U.S. Bank National Association, One Federal Street, 3rd Floor, Boston, Massachusetts 02110;

(5) the Investment Adviser, New Mountain Finance Advisers BDC, L.L.C., 787 Seventh Avenue, 48th Floor, New York, New York 10019; and

(6) the Administrator, New Mountain Finance Administration, L.L.C., 787 Seventh Avenue, 48th Floor, New York, New York 10019.

Item 33. Management Services

Not Applicable.

Item 34. Undertakings

(1) Registrant undertakes to suspend the offering of the shares of common stock covered hereby until it amends its prospectus contained herein if (a) subsequent to the effective date of this Registration Statement, its net asset value per share of common stock declines more than 10.0% from its net asset value per share of common stock as of the effective date of this Registration Statement, or (b) its net asset value per share of common stock increases to an amount greater than its net proceeds as stated in the prospectus contained herein.

(2) Not applicable.

(3) Registrant undertakes in the event that the securities being registered are to be offered to existing stockholders pursuant to warrants or rights, and any securities not taken by shareholders are to be reoffered to the public, to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by underwriters, and the terms of any subsequent underwriting thereof. Registrant further undertakes that if any public offering by the underwriters of the securities being registered is to be made on terms differing

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from those set forth on the cover page of the prospectus, the Registrant shall file a post-effective amendment to set forth the terms of such offering.

(4) The Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to the registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the 1933 Act;

(ii) to reflect in the prospectus any facts or events after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b) That, for the purpose of determining any liability under the 1933 Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of those securities at that time shall be deemed to be the initial bona fide offering thereof; and

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering; and

(d) That, for the purpose of determining liability under the 1933 Act to any purchaser, if the Registrant is subject to Rule 430C: Each prospectus filed pursuant to Rule 497(b), (c), (d) or (e) under the 1933 Act as part of a registration statement relating to an offering, other than prospectuses filed in reliance on Rule 430A under the 1933 Act, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(e) That, for the purpose of determining liability of the Registrant under the 1933 Act to any purchaser in the initial distribution of securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:

(i) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 497 under the 1933 Act;

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(ii) the portion of any advertisement pursuant to Rule 482 under the 1933 Act relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iii) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(f) To file a post-effective amendment to the registration statement, and to suspend any offers or sales pursuant the registration statement until such post-effective amendment has been declared effective under the 1933 Act, in the event the shares of the Registrant is trading below its net asset value and either (i) Registrant receives, or has been advised by its independent registered accounting firm that it will receive, an audit report reflecting substantial doubt regarding the Registrant's ability to continue as a going concern or (ii) Registrant has concluded that a material adverse change has occurred in its financial position or results of operations that has caused the financial statements and other disclosures on the basis of which the offering would be made to be materially misleading.

(g) To not seek to sell shares under a prospectus supplement to the registration statement, or a post-effective amendment to the registration statement, of which the prospectus forms a part (the "current registration statement") if the cumulative dilution to the Registrant's net asset value ("NAV") per share arising from offerings from the effective date of the current registration statement through and including any follow-on offering would exceed 15% based on the anticipated pricing of such follow-on offering. This limit would be measured separately for each offering pursuant to the current registration statement by calculating the percentage dilution or accretion to aggregate NAV from that offering and then summing the anticipated percentage dilution from each subsequent offering. If the Registrant files a new post-effective amendment, the threshold would reset.

(5) (a) For the purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant under Rule 497 (h) under the Securities Act of 1933 shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) The Registrant undertakes to send by first class mail or other means designed to ensure equally prompt delivery within two business days of receipt of a written or oral request, any Statement of Additional Information.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of New York, in the State of New York, on the 12th day of July, 2018.

NEW MOUNTAIN FINANCE CORPORATION

By: /s/ ROBERT A. HAMWEE

Robert A. Hamwee
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 has been signed by the following persons on behalf of the Registrant, and in the capacities indicated, on the 12th day of July, 2018.

Signature	Title
/s/ ROBERT A. HAMWEE Robert A. Hamwee	Chief Executive Officer (Principal Executive Officer), and Director
/s/ SHIRAZ Y. KAJEE Shiraz Y. Kajee	Chief Financial Officer (Principal Financial Officer) and Treasurer
* Steven B. Klinsky	Chairman of the Board of Directors
* Adam B. Weinstein	Executive Vice President, Chief Administrative Officer and Director
* Rome G. Arnold III	Director
* Alfred F. Hurley Jr.	Director
* David Ogens	Director
* Kurt J. Wolfgruber	Director

* Signed by Robert A. Hamwee pursuant to a power of attorney signed by each individual and filed with this Registration Statement on May 16, 2017.