

New Mountain Finance Corp
Form 10-Q
August 06, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended June 30, 2014

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

Commission
File Number
814-00832

Exact name of registrant as specified in its charter, address of principal executive
offices, telephone numbers and states or other jurisdictions of incorporation or organization

New Mountain Finance Corporation

I.R.S. Employer
Identification Number
27-2978010

787 Seventh Avenue, 48th Floor
New York, New York 10019
Telephone: (212) 720-0300
State of Incorporation: Delaware

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

New Mountain Finance Corporation Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

New Mountain Finance Corporation Yes No

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

New Mountain Finance Corporation Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

New Mountain Finance Corporation Yes No

Registrant	Description	Shares as of August 6, 2014
New Mountain Finance Corporation	Common stock, \$0.01 par value	52,062,237

Table of Contents

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2014

TABLE OF CONTENTS

	PAGE
<u>PART I. FINANCIAL INFORMATION</u>	3
<u>Item 1.</u>	
<u>Financial Statements</u>	3
<u>New Mountain Finance Corporation</u>	3
<u>Consolidated Statements of Assets and Liabilities as of June 30, 2014 (unaudited) and December 31, 2013 (unaudited)</u>	3
<u>Consolidated Statements of Operations for the three months and six months ended June 30, 2014 (unaudited) and June 30, 2013 (unaudited)</u>	4
<u>Consolidated Statements of Changes in Net Assets for the six months ended June 30, 2014 (unaudited) and June 30, 2013 (unaudited)</u>	5
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2014 (unaudited) and June 30, 2013 (unaudited)</u>	6
<u>Consolidated Schedule of Investments as of June 30, 2014 (unaudited)</u>	7
<u>Consolidated Schedule of Investments as of December 31, 2013</u>	13
<u>Notes to the Consolidated Financial Statements of New Mountain Finance Corporation</u>	17
<u>Report of Independent Registered Public Accounting Firm</u>	41
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	42
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	64
<u>Item 4.</u>	
<u>Controls and Procedures</u>	65
<u>PART II. OTHER INFORMATION</u>	65
<u>Item 1.</u>	
<u>Legal Proceedings</u>	65
<u>Item 1A.</u>	
<u>Risk Factors</u>	65
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	65
<u>Item 3.</u>	
<u>Defaults Upon Senior Securities</u>	65
<u>Item 4.</u>	
<u>Mine Safety Disclosures</u>	66
<u>Item 5.</u>	
<u>Other Information</u>	66
<u>Item 6.</u>	
<u>Exhibits</u>	66
<u>Signatures</u>	70

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****New Mountain Finance Corporation****Consolidated Statements of Assets and Liabilities****(in thousands, except shares and per share data)**

(unaudited)

	June 30, 2014	December 31, 2013
Assets		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of \$1,271,021 and \$0, respectively)	\$ 1,299,372	\$
Non-controlled/affiliated investments (cost \$11,500 and \$0, respectively)	11,500	
Investment in New Mountain Finance Holdings, L.L.C. (cost of \$0 and \$633,835, respectively)		650,107
Total investments at fair value (cost \$1,282,521 and \$633,835, respectively)	1,310,872	650,107
Cash and cash equivalents	21,665	
Interest and dividend receivable	12,918	
Deferred financing costs (net of accumulated amortization of \$4,490 and \$0, respectively)	8,795	
Receivable from affiliates	6	
Other assets	3,856	
Total assets	\$ 1,358,112	\$ 650,107
Liabilities		
Holdings Credit Facility	238,101	
SLF Credit Facility	215,000	
Convertible Notes	115,000	
Capital gains incentive fee payable	9,336	
Incentive fee payable	4,630	
Management fee payable	4,621	
Payable for unsettled securities purchased	2,978	
Interest payable	1,288	
Payable to affiliates	502	
Deferred tax liability	386	
Other liabilities	3,715	
Total liabilities	595,557	
Commitments and contingencies (See Note 9)		
Net assets		
Preferred stock, par value \$0.01 per share, 2,000,000 shares authorized, none issued		
Common stock, par value \$0.01 per share 100,000,000 shares authorized, and 52,062,237 and 45,224,755 shares issued and outstanding, respectively	521	452
Paid in capital in excess of par	732,614	633,383

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Accumulated undistributed net realized gains on investments	11,942	5,056
Net unrealized appreciation of investments (net of provision for taxes of \$386 and \$0, respectively)	17,478	11,216
Total net assets	\$ 762,555	\$ 650,107
Total liabilities and net assets	\$ 1,358,112	\$ 650,107
Number of shares outstanding	52,062,237	45,224,755
Net asset value per share	\$ 14.65	\$ 14.38

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

Table of Contents

New Mountain Finance Corporation

Consolidated Statements of Operations

(in thousands, except shares and per share data)

(unaudited)

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Investment income(1)				
From non-controlled/non-affiliated investments:				
Interest income	\$ 18,788	\$	\$ 18,788	\$
Dividend income	972		972	
Other income	705		705	
From non-controlled/affiliated investments:				
Other income	4		4	
Investment income allocated from New Mountain Finance Holdings, L.L.C.(2)				
Interest income	12,847	20,534	40,515	36,030
Dividend income	279	4,727	2,368	4,725
Other income	113	1,139	795	1,326
Total investment income	33,708	26,400	64,147	42,081
Expenses(1)				
Incentive fee	2,747		2,747	
Capital gains incentive fee	763		763	
Total incentive fees	3,510		3,510	
Management fee	2,742		2,742	
Interest and other financing expenses	2,559		2,559	
Professional fees	640		640	
Administrative expenses	360		360	
Other general and administrative expenses	239		239	
Net expenses allocated from New Mountain Finance Holdings, L.L.C.(2)	6,427	8,726	20,808	17,189
Total expenses	16,477	8,726	30,858	17,189
Less: expenses waived and reimbursed (see Note 5)	(58)		(58)	
Net expenses	16,419	8,726	30,800	17,189
Net investment income	17,289	17,674	33,347	24,892
Net realized losses on investments(1)	(1,067)		(1,067)	
Net realized gains on investment allocated from New Mountain Finance Holdings, L.L.C.(2)	5,860	2,478	8,568	3,164
Net change in unrealized appreciation (depreciation) of investments(1)	5,708		5,708	
Provision for taxes on unrealized appreciation of investments(1)	(386)		(386)	
Net change in unrealized (depreciation) appreciation of investments allocated from New Mountain Finance Holdings, L.L.C.(2)	(3,742)	(9,159)	940	(1,516)
Net change in unrealized (depreciation) appreciation of investment in New Mountain		(1)		(32)

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Finance Holdings, L.L.C.(2)

Net increase in net assets resulting from operations					
	\$	23,662	\$	10,992	\$ 47,110 \$ 26,508
Basic earnings per share	\$	0.46	\$	0.34	\$ 0.95 \$ 0.92
Weighted average shares of common stock outstanding basic (See Note 11)		51,595,684		32,289,758	49,343,462 28,797,837
Diluted earnings per share	\$	0.44	\$	0.35	\$ 0.94 \$ 0.94
Weighted average shares of common stock outstanding diluted (See Note 11)		54,292,924		42,933,124	50,699,533 41,890,217
Dividends declared and paid per share	\$	0.34	\$	0.34	\$ 0.68 \$ 0.68

(1) The allocations for the three and six months ended June 30, 2014 are related to the period from May 8, 2014 to June 30, 2014.

(2) The allocations for the three months ended June 30, 2014 are related to the period from April 1, 2014 to May 7, 2014 and the allocations for the six months ended June 30, 2014 are related to the period from January 1, 2014 to May 7, 2014.

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

Table of Contents

New Mountain Finance Corporation

Consolidated Statements of Changes in Net Assets

(in thousands)

(unaudited)

	Six months ended	
	June 30, 2014	June 30, 2013
Increase (decrease) in net assets resulting from operations:		
Net investment income(1)	\$ 10,477	\$ 24,892
Net investment income allocated from New Mountain Finance Holdings, L.L.C.(2)	22,870	(1,067)
Net realized losses on investments(1)	(1,067)	
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C.(2)	8,568	3,164
Net change in unrealized appreciation (depreciation) of investments(1)	5,708	
Provision for taxes on unrealized appreciation of investments(1)	(386)	
Net change in unrealized appreciation (depreciation) of investments allocated from New Mountain Finance Holdings, L.L.C.(2)	940	(1,516)
Net change in unrealized (depreciation) appreciation of investment in New Mountain Finance Holdings, L.L.C.(2)		(32)
Net increase in net assets resulting from operations	47,110	26,508
Capital transactions		
Net proceeds from shares sold	58,644	57,020
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.	(250)	(203)
Value of shares issued for exchanged units	38,840	137,384
Dividends declared to stockholders from net investment income	(33,347)	(18,931)
Dividends declared to stockholders from net realized gains	(615)	
Reinvestment of dividends	2,066	2,496
Total net increase in net assets resulting from capital transactions	65,338	177,766
Net increase in net assets	112,448	204,274
Net assets at the beginning of the period	650,107	341,926
Net assets at the end of the period	\$ 762,555	\$ 546,200

(1) The allocations for the six months ended June 30, 2014 are related to the period from May 8, 2014 to June 30, 2014.

(2) The allocations for the six months ended June 30, 2014 are related to the period from January 1, 2014 to May 7, 2014.

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

Table of Contents

New Mountain Finance Corporation

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Six months ended	
	June 30, 2014	June 30, 2013
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 47,110	\$ 26,508
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.(2)	(22,870)	(24,892)
Net realized losses on investments(1)	1,067	
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C.(2)	(8,568)	(3,164)
Net change in unrealized (appreciation) depreciation of investments(1)	(5,708)	
Net change in unrealized (appreciation) depreciation of investments allocated from New Mountain Finance Holdings, L.L.C.(2)	(940)	1,516
Net change in unrealized depreciation (appreciation) in New Mountain Finance Holdings, L.L.C.(2)		32
Amortization of purchase discount(1)	(405)	
Amortization of deferred financing costs(1)	336	
Non-cash investment income(1)	(261)	
(Increase) decrease in operating assets:		
Cash and cash equivalents from New Mountain Finance Holdings, L.L.C.(3)	957	
Purchase of investments(1)	(128,598)	
Proceeds from sales and paydowns of investments(1)	15,698	
Cash repayments on drawn revolvers(1)	380	
Interest and dividend receivable(1)	(1,381)	
Receivable from affiliates(1)	378	
Other assets(1)	(1,112)	
Purchase of investment in New Mountain Finance Holdings, L.L.C.(2)	(58,644)	(57,020)
Distributions from New Mountain Finance Holdings, L.L.C.(2)	15,247	19,840
Increase (decrease) in operating liabilities(1):		
Capital gains incentive fee payable	763	
Incentive fee payable	(1,695)	
Management fee payable	(1,434)	
Payable for unsettled securities purchased	(6,428)	
Interest payable	1,195	
Payable to affiliates	269	
Deferred tax liability	386	
Other liabilities	(306)	
Net cash flows used in operating activities	(154,564)	(37,180)
Cash flows from financing activities		
Net proceeds from shares sold	58,644	57,020
Dividends paid	(31,896)	(19,840)
Offering costs paid(1)	(166)	
Proceeds from Holdings Credit Facility(1)	108,469	

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Repayment of Holdings Credit Facility(1)		(69,600)	
Proceeds from Convertible Notes(1)		115,000	
Deferred financing costs paid(1)		(4,222)	
Net cash flows provided by financing activities		176,229	37,180
Net increase (decrease) in cash and cash equivalents		21,665	
Cash and cash equivalents at the beginning of the period			
Cash and cash equivalents at the end of the period	\$	21,665	\$
Supplemental disclosure of cash flow information			
Cash interest paid	\$	965	\$
Non-cash financing activities:			
New Mountain Finance AIV Holdings Corporation exchange of New Mountain Finance Holdings, L.L.C. units for shares	\$	38,840	\$ 137,384
Value of shares issued in connection with dividend reinvestment plan		2,066	2,496
Accrual for offering costs(1)		1,293	
Accrual for deferred financing costs(1)		776	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C(2)		(250)	(203)

(1) The allocations for the six months ended June 30, 2014 are related to the period from May 8, 2014 to June 30, 2014.

(2) The allocations for the six months ended June 30, 2014 are related to the period from January 1, 2014 to May 7, 2014.

(3) Refer to the New Mountain Finance Holdings, L.L.C. s Consolidated Statements of Cash Flows for the period January 1, 2014 to May 7, 2014 included in an exhibit attached hereto.

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments

June 30, 2014
(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Non-Affiliated Investments							
Funded Debt Investments - Australia							
Project Sunshine IV Pty Ltd**							
Media		8.00% (Base Rate + 7.00%)	2/28/2019	\$ 9,226	\$ 9,139	\$ 9,353	1.23%
	First lien (2)			\$ 9,226	\$ 9,139	\$ 9,353	1.23%
Total Funded Debt Investments - Australia							
Funded Debt Investments - Cayman Islands							
Pinnacle Holdco S.à r.l. / Pinnacle (US) Acquisition Co Limited**							
Software		10.50% (Base Rate + 9.25%)	7/30/2020	\$ 35,000	\$ 34,551	\$ 35,560	4.66%
	Second lien (2)			\$ 35,000	\$ 34,551	\$ 35,560	4.66%
Total Funded Debt Investments - Cayman Islands							
Funded Debt Investments - United States							
McGraw-Hill Global Education Holdings, LLC							
Education		9.75%	4/1/2021	\$ 24,500	\$ 24,354	\$ 28,236	
	First lien (2)(10)			\$ 24,500	\$ 24,354	\$ 28,236	
		5.75% (Base Rate + 4.75%)	3/22/2019	14,925	14,555	15,191	
	First lien (3)			39,425	38,909	43,427	5.69%
Deltek, Inc.							
Software		10.00% (Base Rate + 8.75%)	10/10/2019	40,000	39,989	40,883	
	Second lien (2)			40,000	39,989	40,883	
		10.00% (Base Rate + 8.75%)	10/10/2019	1,000	990	1,022	
	Second lien (4)			41,000	40,979	41,905	5.50%
Global Knowledge Training LLC							
Education		11.00% (Base Rate + 9.75%)	10/21/2018	41,450	41,104	41,592	5.45%
	Second lien (2)			41,450	41,104	41,592	5.45%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)							
Software		7.25% (Base Rate + 5.75%)	11/22/2017	6,514	6,428	6,579	
	First lien (3)			6,514	6,428	6,579	
		11.00% (Base Rate + 9.50%)	11/22/2018	33,321	32,853	33,793	
	Second lien (2)			39,835	39,281	40,372	5.29%
Ascend Learning, LLC							
Education		6.00% (Base Rate + 5.00%)	7/31/2019	14,925	14,855	15,136	
	First lien (3)			14,925	14,855	15,136	
		9.50% (Base Rate + 8.50%)	11/30/2020	25,000	24,827	25,155	
	Second lien (4)			39,925	39,682	40,291	5.28%
Tenawa Resource Holdings LLC (17)							
Tenawa Resource Management LLC							
Energy			5/12/2019	40,000	39,824	39,820	5.22%
	First lien (4)			40,000	39,824	39,820	5.22%

Edgar Filing: New Mountain Finance Corp - Form 10-Q

		10.50% (Base Rate + 8.00%)					
Kronos Incorporated Software							
	Second lien (2)	9.75% (Base Rate + 8.50%)	4/30/2020	32,641	32,389	33,838	
	Second lien (4)	9.75% (Base Rate + 8.50%)	4/30/2020	5,000	4,952	5,183	
				37,641	37,341	39,021	5.12%
UniTek Global Services, Inc. Business Services							
	First lien (2)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	19,451	18,900	19,241	
	First lien (4)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	7,340	7,097	7,262	
	First lien (2)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	5,923	5,749	5,859	
	First lien (4)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	564	545	558	
	First lien (2)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	4,923	4,779	4,870	
	First lien (4)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	469	453	464	
				38,670	37,523	38,254	5.02%
Tolt Solutions, Inc. (16) Business Services							
	First lien (2)	7.00% (Base Rate + 6.00%)	3/7/2019	18,725	18,725	18,725	
	First lien (2)	12.00% (Base Rate + 11.00%)	3/7/2019	18,800	18,800	18,800	
				37,525	37,525	37,525	4.92%
SRA International, Inc. Federal Services							
	First lien (2)	6.50% (Base Rate + 5.25%)	7/20/2018	25,725	25,081	25,854	
	First lien (3)	6.50% (Base Rate + 5.25%)	7/20/2018	7,080	6,905	7,116	
				32,805	31,986	32,970	4.32%

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

Table of Contents**New Mountain Finance Corporation****Consolidated Schedule of Investments (Continued)**

June 30, 2014
(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
YP Holdings LLC (11)							
YP LLC							
Media	First lien (2)	8.00% (Base Rate + 6.75%)	6/4/2018	\$ 32,315	\$ 31,938	\$ 32,577	4.27%
Edmentum, Inc.(fka Plato, Inc.)							
Education	Second lien (2)	11.25% (Base Rate + 9.75%)	5/17/2019	25,000	24,686	25,250	
	Second lien (4)	11.25% (Base Rate + 9.75%)	5/17/2019	6,150	6,033	6,212	
				31,150	30,719	31,462	4.13%
Rocket Software, Inc.							
Software	Second lien (2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,745	31,338	4.11%
CompassLearning, Inc. (15)							
Education	First lien (2)	8.00% (Base Rate + 6.75%)	11/26/2018	30,000	29,325	29,406	3.86%
JHCI Acquisition, Inc.							
Distribution & Logistics	First lien (3)	7.00% (Base Rate + 5.75%)	7/11/2019	18,709	18,466	18,943	
	Second lien (2)	11.00% (Base Rate + 9.75%)	7/11/2020	10,000	9,729	10,125	
				28,709	28,195	29,068	3.81%
Transtar Holding Company							
Distribution & Logistics	Second lien (2)	10.00% (Base Rate + 8.75%)	10/9/2019	28,300	27,874	28,158	3.69%
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc.							
Energy	First lien (2)	12.25%	12/15/2018	25,000	25,000	26,281	3.45%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien (3)	7.25% (Base Rate + 6.00%)	11/13/2017	19,637	19,287	19,649	
	First lien (2)	7.25% (Base Rate + 6.00%)	11/13/2017	6,513	6,425	6,517	
				26,150	25,712	26,166	3.43%
Meritas Schools Holdings, LLC							
Education	First lien (3)	7.00% (Base Rate + 5.75%)	6/25/2019	19,850	19,679	19,998	
	First lien (2)	7.00% (Base Rate + 5.75%)	6/25/2019	5,890	5,840	5,935	
				25,740	25,519	25,933	3.40%
Permian Tank & Manufacturing, Inc.							
Energy	First lien (2)	10.50%	1/15/2018	24,500	24,728	25,297	3.32%
TASC, Inc.							
Federal Services	First lien (2)		5/22/2020	25,000	24,629	24,640	3.23%

Edgar Filing: New Mountain Finance Corp - Form 10-Q

		6.50% (Base Rate + 5.50%)					
Aderant North America, Inc.							
Software	Second lien (2)	10.00% (Base Rate + 8.75%)	6/20/2019	24,000	23,752	24,510	3.21%
McGraw-Hill School Education Holdings, LLC							
Education	First lien (3)	6.25% (Base Rate + 5.00%)	12/18/2019	19,900	19,714	20,149	
	First lien (2)	6.25% (Base Rate + 5.00%)	12/18/2019	1,990	1,973	2,015	
				21,890	21,687	22,164	2.91%
Aspen Dental Management, Inc.							
Healthcare Services	First lien (3)	7.00% (Base Rate + 5.50%)	10/6/2016	20,969	20,760	21,048	2.76%
First American Payment Systems, L.P.							
Business Services	Second lien (3)	10.75% (Base Rate + 9.50%)	4/12/2019	20,000	19,680	20,300	2.66%
Envision Acquisition Company, LLC							
Healthcare Services	Second lien (2)	9.75% (Base Rate + 8.75%)	11/4/2021	20,000	19,622	20,251	2.66%
American Pacific Corporation**							
Specialty Chemicals and Materials	First lien (3)	7.00% (Base Rate + 6.00%)	2/27/2019	19,950	19,808	20,249	2.66%
LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.)							
Business Services	Second lien (3)	9.50% (Base Rate + 8.25%)	10/26/2020	20,000	19,745	20,200	2.65%
ARSloane Acquisition, LLC							
Business Services	First lien (3)	7.50% (Base Rate + 6.25%)	10/1/2019	19,850	19,672	20,011	2.62%
Distribution International, Inc.							
Distribution & Logistics	First lien (2)	7.50% (Base Rate + 6.50%)	7/16/2019	19,800	19,456	19,850	2.60%
Insight Pharmaceuticals LLC							
Healthcare Products	Second lien (3)	13.25% (Base Rate + 11.75%)	8/25/2017	19,310	18,830	19,503	2.56%
eResearchTechnology, Inc.							
Healthcare Services	First lien (3)	6.00% (Base Rate + 4.75%)	5/2/2018	19,059	18,449	19,137	2.51%
Acrisure, LLC							
Business Services	Second lien (2)	11.50% (Base Rate + 10.50%)	3/9/2020	17,675	17,505	17,895	2.35%

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

Table of Contents**New Mountain Finance Corporation****Consolidated Schedule of Investments (Continued)**

June 30, 2014
(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
MailSouth, Inc. (d/b/a Mspark) Media	First lien (3)	6.76% (Base Rate + 4.96%)	12/14/2016	\$ 17,723	\$ 16,955	\$ 16,395	2.15%
St. George's University Scholastic Services LLC Education	First lien (3)	8.50% (Base Rate + 7.00%)	12/20/2017	14,979	14,758	15,082	1.98%
Confie Seguros Holding II Co. Consumer Services	Second lien (3)	10.25% (Base Rate + 9.00%)	5/8/2019	14,886	14,771	15,016	1.97%
Aricent Technologies Business Services	Second lien (2)	9.50% (Base Rate + 8.50%)	4/14/2022	15,000	14,852	15,000	1.97%
GSDM Holdings Corp. Healthcare Services	Subordinated (5)	10.00%	6/23/2020	15,000	14,850	14,850	1.95%
Brock Holdings III, Inc. Industrial Services	Second lien (2)	10.00% (Base Rate + 8.25%)	3/16/2018	14,000	13,852	14,143	1.85%
Vision Solutions, Inc. Software	Second lien (2)	9.50% (Base Rate + 8.00%)	7/23/2017	14,000	13,960	14,070	1.85%
Smile Brands Group Inc. Healthcare Services	First lien (3)	7.50% (Base Rate + 6.25%)	8/16/2019	14,391	14,211	14,031	1.84%
Packaging Coordinators, Inc. (13) Healthcare Products	Second lien (2)	9.50% (Base Rate + 8.25%)	11/10/2020	14,000	13,875	13,971	1.83%
Asurion, LLC (fka Asurion Corporation) Business Services	Second lien (2)	8.50% (Base Rate + 7.50%)	3/3/2021	5,000	4,928	5,197	
	Second lien (4)	8.50% (Base Rate + 7.50%)	3/3/2021	5,000	4,928	5,197	
				10,000	9,856	10,394	1.36%
Vertafore, Inc. Software	Second lien (2)	9.75% (Base Rate + 8.25%)	10/27/2017	10,000	9,944	10,203	1.34%
Learning Care Group (US) Inc. (18) Learning Care Group (US) No. 2 Inc. Education	First lien (2)	6.05% (Base Rate + 4.06%)	5/5/2021	9,500	9,406	9,618	1.26%
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.) Federal Services	First lien (3)	10.00% (Base Rate + 8.50%)	4/21/2017	10,258	10,164	9,541	1.25%
Vitera Healthcare Solutions, LLC Software	First lien (3)		11/4/2020	1,990	1,972	1,992	

Edgar Filing: New Mountain Finance Corp - Form 10-Q

		6.00% (Base Rate + 5.00%)					
	Second lien (3)	9.25% (Base Rate + 8.25%)	11/4/2021	7,000	6,900	7,088	
				8,990	8,872	9,080	1.19%
Harley Marine Services, Inc. Distribution & Logistics	Second lien (3)	10.50% (Base Rate + 9.25%)	12/20/2019	9,000	8,831	8,910	1.17%
Virtual Radiologic Corporation Healthcare Information Technology	First lien (3)	7.25% (Base Rate + 5.50%)	12/22/2016	10,500	10,430	7,665	1.01%
Physio-Control International, Inc. Healthcare Products	First lien (3)	9.88%	1/15/2019	6,651	6,651	7,383	0.97%
ImmuCor, Inc. Healthcare Services	Subordinated (3)(10)	11.13%	8/15/2019	3,000	2,963	3,360	
	Subordinated (2)(10)	11.13%	8/15/2019	2,000	1,989	2,240	
				5,000	4,952	5,600	0.73%
Pelican Products, Inc. Business Products	Second lien (4)	9.25% (Base Rate + 8.25%)	4/9/2021	5,500	5,460	5,583	0.73%
GCA Services Group, Inc. Business Services	Second lien (4)	9.25% (Base Rate + 8.00%)	11/1/2020	4,000	3,966	4,057	0.53%
CRC Health Corporation Healthcare Services	Second lien (4)	9.00% (Base Rate + 8.00%)	9/28/2021	4,000	3,922	4,042	0.53%
Sophia Holding Finance LP / Sophia Holding Finance Inc. Software	Subordinated (4)	9.63%	12/1/2018	3,500	3,503	3,658	0.48%
Education Management LLC** Education	First lien (3)	8.25% (Base Rate + 7.00%)	3/30/2018	3,903	3,830	2,865	
	First lien (4)	8.25% (Base Rate + 7.00%)	3/30/2018	1,073	1,043	788	
				4,976	4,873	3,653	0.48%
Winebow Holdings, Inc. (Vinter Group, Inc., The) Distribution & Logistics	Second lien (4)	8.50% (Base Rate + 7.50%)	1/2/2022	3,000	2,978	2,978	0.39%
Synarc-Biocore Holdings, LLC Healthcare Services	Second lien (4)	9.25% (Base Rate + 8.25%)	3/10/2022	2,500	2,476	2,500	0.33%
ATI Acquisition Company (fka Ability Acquisition, Inc.) (14) Education	First lien (2)	17.25% (Base Rate + 10.00% + 4.00% PIK) (8)*	6/30/2012 - Past Due	1,665	1,434	216	
	First lien (2)	17.25% (Base Rate + 10.00% + 4.00% PIK) (8)*	6/30/2012 - Past Due	103	94	103	
				1,768	1,528	319	0.04%

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

June 30, 2014
(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Total Funded Debt Investments - United States				\$ 1,181,640	\$ 1,167,400	\$ 1,188,363	155.84%
Total Funded Debt Investments				\$ 1,225,866	\$ 1,211,090	\$ 1,233,276	161.73%
Equity - Bermuda							
Stratus Technologies Bermuda Holdings Ltd.**							
Information Technology							
	Ordinary shares			156,247	\$ 65		
	(2)						
	Preferred shares			35,558	15		
	(2)						
					80		%
Total Shares - Bermuda					\$ 80	\$	%
Equity - United States							
Crowley Holdings Preferred, LLC							
Distribution & Logistics							
	Preferred shares	12.00%		35,367	\$ 35,366	\$ 35,366	4.64%
	(4)	(10.00% + 2.00% PIK)*					
Black Elk Energy Offshore Operations, LLC							
Energy							
	Preferred shares	17.00%		20,000,000	20,000	20,000	2.62%
	(4)						
Global Knowledge Training LLC							
Education							
	Ordinary shares			2		4	
	(2)						
	Preferred shares			2,423		4,407	
	(2)					4,411	0.58%
Tenawa Resource Holdings LLC (17)							
QID NGL LLC							
Energy							
	Ordinary shares			2,400,000	2,400	2,400	0.32%
	(4)						
Packaging Coordinators, Inc. (13)							
Packaging Coordinators Holdings, LLC							
Healthcare Products							
	Ordinary shares			19,427	636	854	0.11%
	(2)						
Ancora Acquisition LLC (14)							
Education							
	Preferred shares			372	83	83	0.01%
	(7)						
Total Shares - United States					\$ 58,485	\$ 63,114	8.28%
Total Shares					\$ 58,565	\$ 63,114	8.28%
Warrants - United States							
YP Holdings LLC (11)							
YP Equity Investors LLC							
Media							
	Warrants (6)			5	\$	1,900	0.25%
Storapod Holding Company, Inc.							
Consumer Services							
	Warrants (4)			360,129	156	751	0.10%

Edgar Filing: New Mountain Finance Corp - Form 10-Q

UniTek Global Services, Inc.						
Business Services	Warrants (4)		1,014,451(9)	1,449	416	0.05%
Learning Care Group (US) Inc. (18)						
ASP LCG Holdings, Inc.						
Education	Warrants (4)		622	37	384	0.05%
Alion Science and Technology Corporation						
Federal Services	Warrants (4)		6,000	293	94	0.01%
Ancora Acquisition LLC (14)						
Education	Warrants (7)		20			%
Total Warrants - United States			\$ 1,935	\$ 3,545		0.46%
Total Funded Investments			\$ 1,271,590	\$ 1,299,935		170.47%
Unfunded Debt Investments - United States						
MailSouth, Inc. (d/b/a Mspark)						
Media	First lien (4)(12) - Undrawn	12/14/2015	\$ 1,900	(181)	(219)	(0.03)%
Aspen Dental Management, Inc.						
Healthcare Services	First lien (4)(12) - Undrawn	4/6/2016	5,000	(388)	(344)	(0.04)%
Total Unfunded Debt Investments			\$ 6,900	\$ (569)	\$ (563)	(0.07)%
Total Non-Controlled/Non-Affiliated Investments			\$ 1,271,021	\$ 1,299,372		170.40%
Non-Controlled/Affiliated Investments (19)						
Equity - United States						
NMFC Senior Loan Program I LLC**						
Investment in Fund	Membership interest (4)		\$ 11,500	\$ 11,500		1.51%
Total Non-Controlled/Affiliated Investments			\$ 11,500	\$ 11,500		1.51%
Total Investments			\$ 1,282,521	\$ 1,310,872		171.91%

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

June 30, 2014

(in thousands, except shares)

(unaudited)

(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 New Mountain Finance Holdings, L.L.C. (NMF Holdings) as the Borrower and Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, NA, as the Collateral Custodian. See Note 7, *Borrowings*, for details.

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

(4) 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. See Note 7, *Borrowings*, for details.

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

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

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

(8) Investment is on non-accrual status.

Edgar Filing: New Mountain Finance Corp - Form 10-Q

- (9) The Company holds 1,014,451 warrants in UniTek Global Services, Inc., which represents a 4.41% equity ownership on a fully diluted basis.
- (10) Securities are registered under the Securities Act.
- (11) The Company holds investments in two related entities of YP 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, a subsidiary of YP Holdings LLC.
- (12) Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities. Cost amounts represent the cash received at settlement date net the impact of paydowns and cash paid for drawn revolvers.
- (13) The Company holds investments in Packaging Coordinators, Inc. and one related entity of Packaging Coordinators, Inc. The Company has a debt investment in Packaging Coordinators, Inc. and holds ordinary equity in Packaging Coordinators Holdings, LLC, a wholly-owned subsidiary of Packaging Coordinators, Inc.
- (14) The Company holds investments in ATI Acquisition Company and Ancora Acquisition LLC. The Company has debt investments in ATI Acquisition Company and preferred equity and warrants to purchase units of common membership interests of Ancora Acquisition LLC. The Company received its investments in Ancora Acquisition LLC as a result of its investments in ATI Acquisition Company.
- (15) The Company holds an investment in CompassLearning, Inc. that is structured as a first lien last out term loan.
- (16) The Company holds two first lien investments in Tolt Solutions, Inc. The debt investment with an interest rate at base rate + 6.00% is structured as a first lien first out debt investment. The debt investment with an interest rate at base rate + 11.00% is structured as a first lien last out debt investment.
- (17) The Company holds investments in two related entities of Tenawa Resource Holdings LLC. The Company holds 4.6% 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 an investment in the Term Loan of Tenawa Resource Management LLC, a wholly-owned subsidiary of Tenawa Resource Holdings LLC.
- (18) The Company holds investments in two wholly-owned subsidiaries of Learning Care Group (US) Inc. The Company has a debt investment in Learning Care Group (US) No. 2 Inc. and holds warrants to purchase common stock of ASP LCG Holdings, Inc.

Edgar Filing: New Mountain Finance Corp - Form 10-Q

(19) Denotes investments in which the Company is an Affiliated Person, as defined in the Investment Company Act of 1940, as amended, 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.

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

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

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

June 30, 2014

(unaudited)

	June 30, 2014 Percent of Total Investments at Fair Value
Investment Type	
First lien	48.81%
Second lien	43.39%
Subordinated	1.84%
Equity and other	5.96%
Total investments	100.00%

	June 30, 2014 Percent of Total Investments at Fair Value
Industry Type	
Education	20.43%
Software	19.05%
Business Services	14.04%
Distribution & Logistics	9.48%
Energy	8.68%
Healthcare Services	7.71%
Federal Services	7.13%
Media	4.58%
Healthcare Products	3.18%
Specialty Chemicals and Materials	1.54%
Consumer Services	1.20%
Industrial Services	1.08%
Investment in Fund	0.88%
Healthcare Information Technology	0.59%
Business Products	0.43%
Information Technology	%
Total investments	100.00%

	June 30, 2014 Percent of Total Investments at Fair Value
Interest Rate Type	
Floating rates	87.06%
Fixed rates	12.94%
Total investments(1)	100.00%

(1) Excludes non-interest bearing investments.

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

Table of Contents**New Mountain Finance Corporation****Consolidated Schedule of Investments**

December 31, 2013
(in thousands, except shares)

	Cost	Fair Value	Percent of Net Assets
Investments			
Investment in New Mountain Finance Holdings, L.L.C.(1)	\$ 633,835	\$ 650,107	100.00%
Total Investments	\$ 633,835	\$ 650,107	100.00%

(1) At December 31, 2013, New Mountain Finance Corporation's only investment was its investment in New Mountain Finance Holdings, L.L.C. Refer below for New Mountain Finance Holdings, L.L.C.'s Consolidated Schedule of Investments as of December 31, 2013.

New Mountain Finance Holdings, L.L.C.**Consolidated Schedule of Investments**

December 31, 2013

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
Funded Debt Investments Bermuda							
Stratus Technologies Bermuda Holdings Ltd.(4)**							
Stratus Technologies Bermuda Ltd. / Stratus Technologies, Inc.							
Information Technology	First lien(2)(7)	12.00%	3/29/2015	\$ 6,497	\$ 6,335	\$ 6,529	0.95%
Total Funded Debt Investments Bermuda				\$ 6,497	\$ 6,335	\$ 6,529	0.95%
Funded Debt Investments Cayman Islands							
Pinnacle Holdco S.à r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	Second lien(2)	10.50% (Base Rate + 9.25)%	7/30/2020	\$ 30,000	\$ 29,472	\$ 30,362	4.41%
Total Funded Debt Investments Cayman Islands				\$ 30,000	\$ 29,472	\$ 30,362	4.41%
Funded Debt Investments United States							

Edgar Filing: New Mountain Finance Corp - Form 10-Q

McGraw-Hill Global Education Holdings, LLC							
Education	First lien(2)	9.75%	4/1/2021	\$ 24,500	\$ 24,348	\$ 27,195	
	First lien(3)	9.00% (Base Rate + 7.75)%	3/22/2019	17,850	17,367	18,225	
				42,350	41,715	45,420	6.60%
Deltek, Inc.							
Software	Second lien(2)	10.00% (Base Rate + 8.75)%	10/10/2019	41,000	40,977	41,820	6.07%
Global Knowledge Training LLC							
Education	Second lien(2)	11.00% (Base Rate + 9.75)%	10/21/2018	41,450	41,070	41,450	6.02%
UniTek Global Services, Inc.							
Business Services	First lien(2)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	26,382	25,508	26,382	
	First lien(2)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	6,387	6,176	6,387	
	First lien(2)	15.00% (Base Rate + 9.50% + 4.00% PIK)*	4/15/2018	5,309	5,133	5,309	
				38,078	36,817	38,078	5.53%
Edmentum, Inc.(fka Plato, Inc.)							
Education	First lien(3)	5.50% (Base Rate + 4.50)%	5/17/2018	6,433	6,240	6,465	
	Second lien(2)	11.25% (Base Rate + 9.75)%	5/17/2019	31,150	30,685	31,578	
				37,583	36,925	38,043	5.52%
SRA International, Inc.							
Federal Services	First lien(2)	6.50% (Base Rate + 5.25)%	7/20/2018	34,750	33,784	34,475	5.01%
Kronos Incorporated							
Software	Second lien(2)	9.75% (Base Rate + 8.50)%	4/30/2020	31,341	31,055	32,542	4.73%
Rocket Software, Inc.							
Software	Second lien(2)	10.25% (Base Rate + 8.75)%	2/8/2019	30,875	30,731	31,029	4.51%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)							
Software	First lien(3)	7.25% (Base Rate + 5.75)%	11/22/2017	6,951	6,847	7,080	
	Second lien(2)	11.00% (Base Rate + 9.50)%	11/22/2018	23,353	22,780	22,876	
				30,304	29,627	29,956	4.35%
JHCI Acquisition, Inc.							
Distribution & Logistics	First lien(3)	7.00% (Base Rate + 5.75)%	7/11/2019	19,536	19,262	19,548	
	Second lien(3)	11.00% (Base Rate + 9.75)%	7/11/2020	10,000	9,705	9,898	
				29,536	28,967	29,446	4.28%

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

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Table of Contents

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
CompassLearning, Inc.(12) Education	First lien(2)	8.00% (Base Rate + 6.75)%	11/26/2018	\$ 30,000	\$ 29,261	\$ 29,250	4.25%
Transtar Holding Company Distribution & Logistics	Second lien(2)	9.75% (Base Rate + 8.50)%	10/9/2019	28,300	27,842	27,168	3.95%
KeyPoint Government Solutions, Inc. Federal Services	First lien(3)	7.25% (Base Rate + 6.00)%	11/13/2017	16,784	16,448	16,616	
	First lien(2)	7.25% (Base Rate + 6.00)%	11/13/2017	10,116	9,953	10,015	
				26,900	26,401	26,631	3.87%
Meritas Schools Holdings, LLC Education	First lien(3)	7.00% (Base Rate + 5.75)%	6/25/2019	19,950	19,763	20,087	
	First lien(2)	7.00% (Base Rate + 5.75)%	6/25/2019	5,920	5,865	5,961	
				25,870	25,628	26,048	3.78%
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc. Energy	First lien(2)	12.25%	12/15/2018	25,000	25,000	25,000	3.63%
Permian Tank & Manufacturing, Inc. Energy	First lien(2)	10.50%	1/15/2018	24,500	24,757	24,255	3.52%
Aderant North America, Inc. Software	Second lien(2)	10.00% (Base Rate + 8.75)%	6/20/2019	22,500	22,201	23,203	3.37%
YP Holdings LLC(8) YP LLC Media	First lien(2)	8.04% (Base Rate + 6.71)%	6/4/2018	22,400	21,892	22,722	3.30%
McGraw-Hill School Education Holdings, LLC Education	First lien(3)	6.25% (Base Rate + 5.00)%	12/18/2019	13,000	12,870	12,870	
	First lien(2)	6.25% (Base Rate + 5.00)%	12/18/2019	9,000	8,910	8,910	
				22,000	21,780	21,780	3.16%
Aspen Dental Management, Inc. Healthcare Services	First lien(3)	7.00% (Base Rate + 5.50)%	10/6/2016	21,077	20,820	20,813	3.02%
LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.) Business Services	Second lien(3)	9.50% (Base Rate + 8.25)%	10/26/2020	20,000	19,731	20,308	2.95%
Envision Acquisition Company, LLC Healthcare Services	Second lien(2)	9.75% (Base Rate + 8.75)%	11/4/2021	20,000	19,605	20,075	2.91%
ARSloane Acquisition, LLC Business Services	First lien(3)	7.50% (Base Rate + 6.25)%	10/1/2019	19,950	19,754	19,992	2.90%
eResearchTechnology, Inc. Healthcare Services	First lien(3)	6.00% (Base Rate + 4.75)%	5/2/2018	19,750	19,047	19,874	2.89%
Distribution International, Inc. Distribution & Logistics	First lien(2)	7.50% (Base Rate + 6.50)%	7/16/2019	19,900	19,527	19,813	2.88%
First American Payment Systems, L.P. Business Services	Second lien(3)	10.75% (Base Rate + 9.50)%	4/12/2019	20,000	19,654	19,800	2.88%

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Merrill Communications LLC

Business Services	First lien(3)	7.25% (Base Rate + 6.25)%	3/8/2018	19,425	19,246	19,759	2.87%
-------------------	---------------	---------------------------	----------	--------	--------	--------	-------

Insight Pharmaceuticals LLC

Healthcare Products	Second lien(3)	13.25% (Base Rate + 11.75)%	8/25/2017	19,310	18,766	19,021	2.76%
---------------------	----------------	-----------------------------	-----------	--------	--------	--------	-------

St. George's University Scholastic

Services LLC

Education	First lien(3)	8.50% (Base Rate + 7.00)%	12/20/2017	17,379	17,082	17,530	2.55%
-----------	---------------	---------------------------	------------	--------	--------	--------	-------

Sotera Defense Solutions, Inc. (Global

Defense Technology & Systems, Inc.)