

NEW MOUNTAIN FINANCE CORPORATION

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. Statement of Policy

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of New Mountain Finance Corporation (the “Company”) to provide assistance to the Board in fulfilling the Board’s oversight responsibility with respect to the Company. The Committee’s primary duties and responsibilities are to:

- oversee and review the integrity of the Company’s financial statements, financial reports and other financial information provided by the Company to any governmental body or stockholders;
- oversee and review the integrity and adequacy of the Company’s auditing, accounting and financial reporting processes and systems of internal controls for financial reporting regarding finance, accounting and reporting;
- oversee and review the Company’s compliance with legal and regulatory requirements, including internal controls designed for that purpose;
- oversee and review the independence, qualifications and performance of the Company’s independent auditors (the “Auditors”);
- oversee and review the performance of the Company’s internal audit function;
- provide an avenue of free, open and clear communication among the Auditors, management, the Committee and the Board; and
- prepare the Audit Committee report that the Securities and Exchange Commission (the “SEC”) rules require to be included in the Company’s annual proxy statement.

This Audit Committee charter (the “Charter”) has been approved by the Board and may be amended by the Board from time to time in compliance with applicable laws, rules and regulations, including the applicable rules of the SEC and the New York Stock Exchange (the “NYSE”).

II. Composition and Organization of the Committee

The Audit Committee shall consist of at least three directors (each a “member”), none of whom shall be an employee of the Company or its subsidiaries or related companies. Each member shall be financially literate, as interpreted by the Board in its business judgment, or shall become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. At least one member must have accounting or related financial management expertise (as defined by the NYSE), as interpreted by the Board in its business judgment, and must be an “audit committee financial expert” (as defined by the SEC), as determined by the Board. The designation of any person as “audit committee financial expert” shall not impose any

greater responsibility or liability on that person than the responsibility and liability imposed on such person as a member of the Audit Committee, nor does it decrease the duties and obligations of other Audit Committee members or the Board.

No director may serve on the Audit Committee unless such director is not an “interested person” as defined in the Investment Company Act of 1940 and satisfies the independence criteria in Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the independence criteria of the NYSE and all other applicable laws, rules or regulations, in each case, when, as and to the extent applicable to the Company, provided that (i) for up to 90 days from the date of the effectiveness of the registration statement on Form N-2 for the initial public offering of common stock of the Company (the “Registration Date”), the Audit Committee may have only one independent director and (ii) for the period thereafter and up to one year from the Registration Date, the Audit Committee may have only a majority of independent directors.

Members shall be appointed by the Board based on nominations recommended by the Company’s Nominating and Corporate Governance Committee or a sub-committee thereof, and shall serve for such term as the Board may determine.

The Nominating and Corporate Governance Committee shall recommend, and the Board shall designate, one member of the Committee to act as Chairperson. The Secretary (or his or her designee) shall act as secretary to the Committee.

If a member serves on the audit committee of any other public company, the member must so inform the Audit Committee. If a member serves on the audit committee of more than two other public companies (in addition to this Audit Committee), the Audit Committee shall recommend to the Board, and the Board shall determine, whether such simultaneous service would impair the ability of such member to effectively serve on the Audit Committee.

III. Meetings of the Committee

The Committee shall meet regularly at least four times a year, or more frequently if circumstances so dictate and shall meet quarterly to review the Company’s annual and quarterly releases of financial results. In addition to the Committee’s regular meetings, the Committee shall meet separately with the chief executive officer of the Company at least annually. Meetings of the Committee shall be called by the Chairperson.

At each regular meeting, the Committee shall meet separately with senior management, including the chief financial officer and the Auditors to discuss any matters that the Committee or any of these parties believe should be discussed privately. The Committee may request any officer or employee of the Company or the Auditors to attend a meeting of the Committee or to meet with any members of the Committee. In addition, the members of senior management and the Auditors shall have access to the Committee to bring forward matters requiring urgent attention.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

The Committee may meet in person or telephonically. Any decision or determination of the Committee in writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.

IV. Division of Responsibilities of the Audit Committee, the Auditors and Management

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements and for the effectiveness of internal control over financial reporting. Management and the internal audit department are responsible for maintaining appropriate accounting and financial reporting principles and policies as well as internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The Auditors are responsible for planning and carrying out audits of the Company's annual financial statements in accordance with generally accepted auditing standards, reviewing the Company's quarterly financial statements prior to the filing of each quarterly report, annually auditing management's assessment of the effectiveness of internal control over financial reporting and other auditing procedures.

The Committee shall have a clear understanding with management and the Auditors that the Auditors are accountable to the Board and the Committee, as representatives of the Company's stockholders. The Committee shall appoint the Auditors and submit such appointment to the Board for ratification by the stockholders. The Auditors' audit engagement letter shall be signed by the Chairperson of the Committee on behalf of the Company, having been previously approved by the Committee.

V. Duties and Powers of the Committee

To fulfill its responsibilities and duties, the Audit Committee shall perform the following:

1. In respect of the Auditors:

- (i) Recommend to the Board and, as appropriate, to the stockholders, the appointment, compensation, retention, termination and other terms of engagement of the Auditors, having evaluated their performance;
- (ii) Oversee the work of the Auditors (including the resolution of any disagreement between management and the Auditors regarding financial reporting) who shall report to the Committee;
- (iii) Approve all audit engagement fees and terms and other compensation to be paid to the Auditors, which fees shall be paid by the Company;

- (iv) Obtain and review at least annually a formal written report from the Auditor describing: (1) the auditing firm's internal quality-control procedures, (2) the Auditors' independence, (3) any material issues raised within the preceding five years by the Auditors' internal quality-control reviews, by peer reviews of the firm, or by any governmental or other inquiry or investigation relating to any audit conducted by the firm, and all steps taken to deal with such issues, and (4) all relationships between the Auditor and the Company;
- (v) Consider any reports or communications (and management's responses thereto) submitted to the Committee by the Auditors as required by or referred to in applicable auditing standards;
- (vi) Require the Auditors to submit a report relating to the Company's annual audited financial statements describing all critical accounting policies and practices as required by relevant regulations;
- (vii) Review with the Auditors at least annually, any relationships or services that may impact the quality of audit services or the objectivity and independence of the Auditors;
- (viii) Discuss any significant matters arising from any audit and any errors, difficulties or serious differences of opinion encountered in the course of the audit and management's response thereto;
- (ix) Review and pre-approve, or to adopt appropriate procedures to pre-approve, the Auditors' provision of audit and any non-audit services to the Company;
- (x) Discuss and review the scope and plan of the annual audit;
- (xi) Review and evaluate the independence, qualifications and performance of the relevant personnel of the Auditors;
- (xii) Review the process for the rotation of the lead audit partner, the concurring partner and any other audit engagement team partner;
- (xiii) Review and approve any procedures on the hiring of employees or former employees of the Auditors, with a view to preserving Auditor independence;
- (xiv) Obtain from the Auditors assurance that the audit was conducted in a manner consistent with applicable laws and regulations;

- (xv) Discuss with the Auditors the quality, not just acceptability, of the Company's accounting principles and financial statement presentation, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the implications of their use, as well as any other material communications with management;
- (xvi) Remind the Auditors that they are accountable to the Board and the Committee, as representatives of the stockholders and that the Committee expects to be advised on any areas that require its attention;
- (xvii) Discuss with management and the Auditor any analyses or other written communications prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the financial statements;
- (xviii) Consult, at least annually, with the Auditor out of the presence of management about the adequacy, quality and integrity of the internal controls for financial reporting and the fair presentation and accuracy of the Company's financial statements; and
- (xix) Discuss with the Auditor any significant accounting adjustments that were noted or proposed by the independent auditor but were rejected by management; and
- (xx) Discuss with the Auditor the responsibilities, budget and staffing of the internal audit function.

2. In respect to the Internal Audit Function:

- (i) Determine whether the internal audit function should be performed by employees at the Company (or its affiliates) or third parties.
- (ii) Determine if needed, and then review and approve the appointment of the internal auditor, which may be a third party;
- (iii) Advise the internal auditor that he or she is expected to provide to the Committee summaries of the significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting prepared by the internal audit department for management and management's responses thereto;
- (iv) Receive a report on the activities of the internal audit function;

- (v) Review the Company's internal audit plan;
- (vi) Review the degree of independence of the internal audit function and the adequacy of staffing and resources; and
- (vii) Review senior employee expenses and perquisites on an annual basis, if any.

3. In respect of Disclosure and Internal Controls:

- (i) Advise management, the internal audit function and the Auditors that they are expected to provide the Committee with a timely disclosure and analysis of transactions and other events that could materially impact the Company's financial statements;
- (ii) Discuss guidelines and policies governing the process by which management assesses and manages the Company's exposure to risk (including insurance coverage), and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- (iii) Review, on a regular basis, risk management and related policies and practices of the Company, including those related to funding and investments, hedging activities, if any, insurance and foreign exchange, if material, and to receive updates as to current status;
- (iv) Review all financial statements requiring Board approval and report thereon to the Board;
- (v) Review the Company's annual report and annual and quarterly regulatory filings and disclosures before they are filed with securities authorities, including the Auditor's report on the Company's assessment of internal control over financial reporting;
- (vi) Review the quarterly earnings press releases with unaudited consolidated financial statements prepared by management before their release to the public; including a discussion of compliance with generally accepted accounting principles and other disclosure requirements;
- (vii) Review and discuss with management and the Auditors, the Company's annual audited financial statements and quarterly financial statements, including (1) the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," (2) any items required to be communicated to the Audit Committee by the Auditor in accordance with standards established and amended from time to time by the Public Company Accounting Oversight

Board, and (3) any other matters required to be reviewed under applicable legal, regulatory or NYSE requirements;

- (viii) Review and discuss with management and the Auditor other matters related to the conduct of the audit which are to be communicated to the Audit Committee under generally accepted auditing standards, including under Statement on Auditing Standards No. 141, as amended, Communications with Audit Committees; based on this review and discussion, the Audit Committee will determine whether the Company's annual and quarterly financial statements should be filed with the SEC;
- (ix) Review any related party transactions and off-balance sheet transactions;
- (x) Discuss the kinds of financial information and earnings guidance to be provided, and the types of presentations made, to analysts, rating agencies and the public generally;
- (xi) Review a report of legal matters prepared by management with a view to ensuring that all potential material claims against the Company have been properly evaluated, accounted for and disclosed;
- (xii) Discuss with the Company's Chief Compliance Officer and the Auditor, any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Company's business (including any SEC investigations or proceedings) and any report or opinion proposed to be rendered in connection therewith;
- (xiii) Review the Company's processes for monitoring compliance with applicable laws and regulations and the Company's *Code of Business Conduct and Ethics* and *Code of Ethics*;
- (xiv) Review the adequacy of the Company's disaster recovery plan to ensure the ability to resume operations as rapidly and efficiently as possible in the event of a disaster;
- (xv) Review significant tax exposures and tax planning initiatives with a view to ensuring full compliance while minimizing tax costs and reviewing appropriate reserves;
- (xvi) Review the results of the Company's investments;
- (xvii) Receive reports on major accounting issues that have arisen and expected changes in accounting standards and processes that might have an impact on the Company;

- (xviii) Review management's determination of goodwill impairment, if any, or other material impairment charges as required by accounting standards;
- (xix) Review any use of pro forma or non-generally accepted accounting principles information by the Company in any documents other than the financial statements;
- (xx) Discuss with management and the Auditor the quality and adequacy of the Company's disclosure controls and procedures, internal control over financial reporting and internal auditing procedures, including any significant deficiencies and material weaknesses in the design or operation of those controls which could adversely affect the Company's ability to record, process, summarize and report financial data and the resolution of, or any special audit steps adopted in light of, significant deficiencies or material weaknesses, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting; and
- (xxi) Review with management significant risks and exposures identified by management and management's steps to minimize them.

4. In respect of Financial Matters and Securities:

- (i) Review the impact of the Company's financing plans on capital structure and credit rating; and
- (ii) Review management's recommendations regarding the Company's dividend policy and make recommendations thereon to the Board.

5. In respect of Corporate Governance:

- (i) Prepare the Audit Committee report that the SEC rules require to be included in the Company's annual proxy statement and any report or other disclosures, including any recommendation of the Committee, required by applicable laws and regulations with respect to the Audit Committee to be included in the Company's reports to stockholders;
- (ii) Review periodically the content and application of the *Codes of Conduct and Ethics* of the Company;
- (iii) Review and establish procedures for (1) the receipt, retention, treatment and resolution of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

- (iv) Deal with internal Company complaints referred to it by the Chief Compliance Officer or otherwise in respect of the *Codes of Conduct and Ethics* violations, accounting or auditing matters or alleged breaches of securities laws and financial reporting requirements;
- (v) Review any reports of material violations of securities laws or breaches of fiduciary duties or other matters brought to its attention by the Chief Compliance Officer and others and to present any findings to the Board;
- (vi) Review the activities of the Disclosure Committee of management assigned to review the functioning of the Company's disclosure controls and procedures;
- (vii) Consider the effect of financial and accounting regulatory initiatives on the Company;
- (viii) Review with the full Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements and internal procedures, the performance and independence of the Auditors or the performance of the internal audit function and to make such recommendations with respect to the foregoing and other matters as the Committee may deem necessary or appropriate;
- (ix) Review the scope and status of systems designed to promote Company compliance with laws, regulations and internal procedures through review of reports from management, legal counsel and third parties as determined by the Committee;
- (x) Prepare and review with the Board an annual performance evaluation of the Committee and its members, which evaluation must compare the performance of the Committee with the requirements of this Charter; the performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate;
- (xi) Review and recommend to the Board the appointment of the principal financial officer and principal accounting officer or the Controller;
- (xii) Regularly review the independence, financial literacy and financial expertise of the Committee members; and
- (xiii) to review this Charter at least annually and to recommend any changes to the full Board.

VI. Delegation to Subcommittee

The Committee may, in its discretion and as appropriate, delegate duties and responsibilities to a member or to a subcommittee of the Committee.

VII. Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel, accountants or other experts, as it deems appropriate, without seeking approval of the Board or management. The Committee shall have sole authority to approve related fees and retention terms associated with the retention of any such firm or individual, which fees shall be paid by the Company.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. These are the responsibilities of management and the Auditors. The Committee, its Chairperson and its financial expert members are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Company's financial information, but only for providing expertise in the Committee's oversight thereof.

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each Member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the Auditors as to any non-audit services provided by the Auditors to the Company and its subsidiaries.