



NEW MOUNTAIN FINANCE  
CORPORATION

## **Q3 2013 Earnings Presentation**

November 12, 2013

# Important Notice and Safe Harbor Statement

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This presentation contains forward looking statements that involve substantial risks and uncertainties. All forward-looking statements included in this presentation are made only as of the date hereof and are subject to change without notice. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of New Mountain Finance Corporation (“NMFC”) and its operating company, including those listed in the "Risk Factors" section of our filings with the U.S. Securities and Exchange Commission (“SEC”). Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and NMFC assumes no obligation to update or revise any such forward-looking statements unless required by law.

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# Management Participants

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**Steven B. Klinsky**

*Chairman of the Board of Directors*

**Robert A. Hamwee**

*Chief Executive Officer, President and Director*

**David M. Cordova**

*Chief Financial Officer and Treasurer*

# Q3 2013 Highlights

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- Q3 Pro-Forma Adjusted Net Investment Income (“NII”) of \$0.35 per weighted average share
  - Q3 special dividend of \$0.12 per share paid on August 30, 2013
  - Q3 regular dividend of \$0.34 per share paid on September 30, 2013
- September 30, 2013 book value of \$14.32 per share, flat from the June 30, 2013 book value of \$14.32 per share
- Q4 2013 regular dividend of \$0.34 per share announced
  - Payable on December 31, 2013 to holders of record as of December 17, 2013
- Credit performance remains very strong; no negative credit migration
- Approximately \$87.1 million of gross assets originated in Q3 2013
- On October 17, 2013, NMFC completed a primary offering of 3.0 million shares issued at a public offering price of \$14.34 per share for total gross proceeds of \$43 million, and a secondary offering of an additional 3.9 million shares
- Portfolio continues to be positioned in recession resistant, acyclical industries

# Review of NMFC and NMFC Strategy

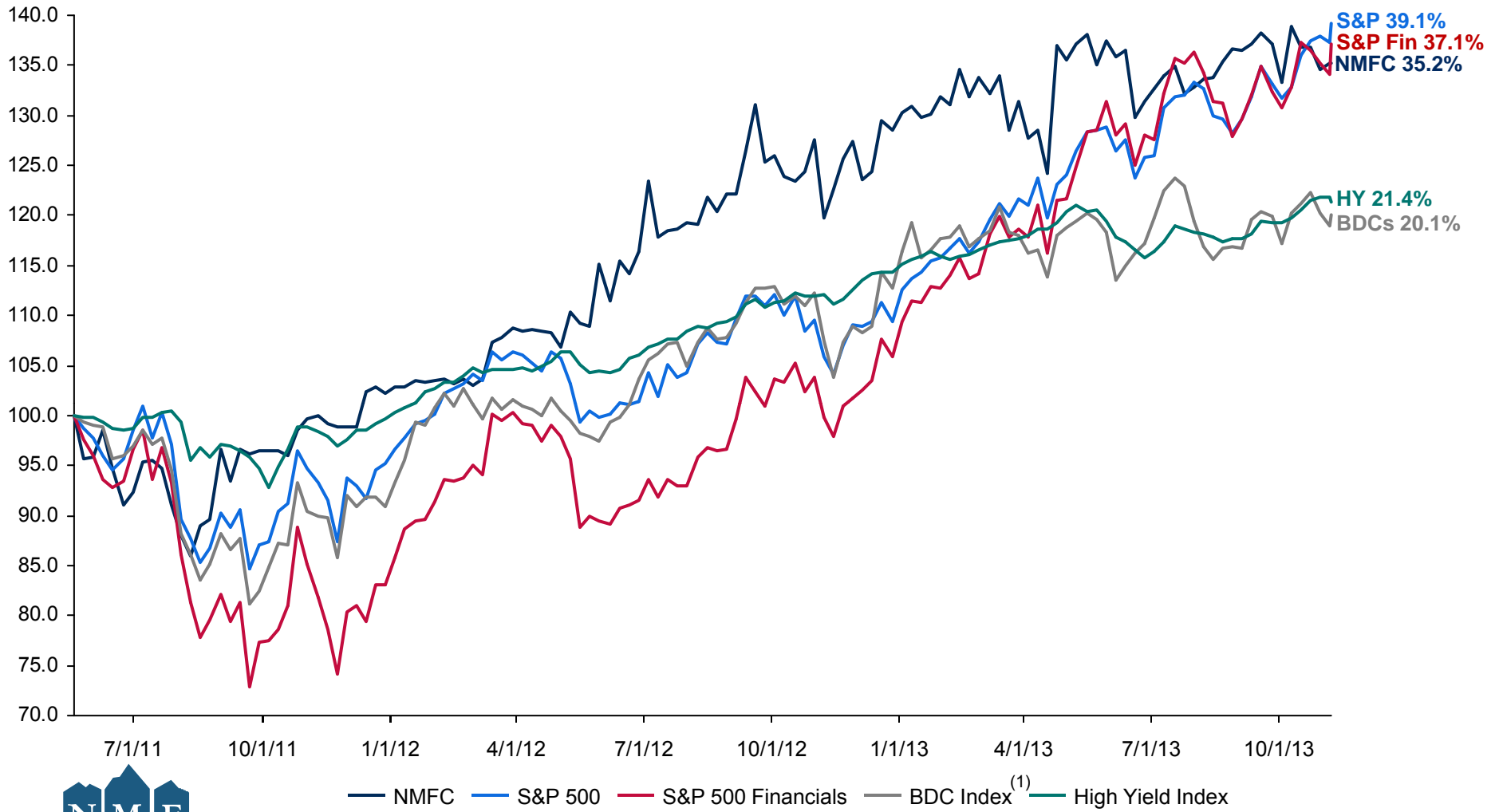
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- NMFC's portfolio is externally managed by New Mountain Finance Advisers BDC, L.L.C., which is an affiliate of New Mountain Capital, L.L.C. ("New Mountain" or "NMC"), a leading private equity firm with more than \$9 billion of assets under management<sup>(1)</sup>, approximately 100 staff members, and a consistent focus on "defensive growth" business building and deep fundamental research
- NMFC's mandate is to primarily target businesses in the middle market that, consistent with New Mountain's private equity platform, are **quality, defensive growth** companies, in industries that are **well-researched** by New Mountain
  - Sustainable, highly differentiated and competitively protected niche
- Mandate achieved by **utilizing existing New Mountain investment team** as primary underwriting resource; team combines operating executives with financial executives
- Target loan to value ratios typically average less than 50% of both sponsor purchase price and NMC valuation

# NMFC Relative Trading Performance – Indexed Total Return

May 19, 2011 (IPO) – November 8, 2013

Indexed Total Return



Source: Capital IQ, Credit Suisse Research & Analytics

<sup>1</sup>BDC Index includes median of Ares, Apollo, Prospect, Solar, Fifth Street, Blackrock Kelso, Pennant Park, MVC, Golub, THL Credit, Gladstone, Medley, Solar Senior and Horizon Technology; equal-weighted

# Credit Market Conditions

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- Last three months have generally been characterized by a tightening spread environment
  - Market has shaken off impact of Washington dysfunction
  - Long term rates have stabilized
  - Significant inflows into both loan and bond funds
  - Reduced volatility
  
- With limited exceptions, smaller deals not seeing as much spread compression
  
- NMFC works to be well positioned to capitalize on volatile markets:
  - NMC and NMFC have **always** proactively focused on defensive, acyclical business models
  - Leverage facilities **not** subject to margin calls

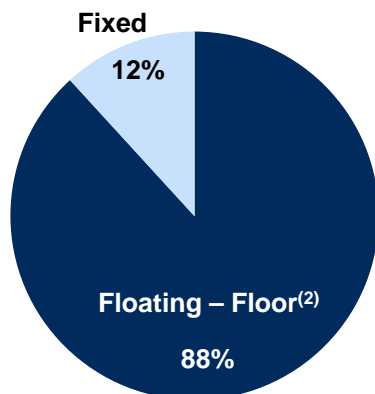
# Credit Market Conditions – Interest Rates

(unaudited)

## Floating vs. Fixed

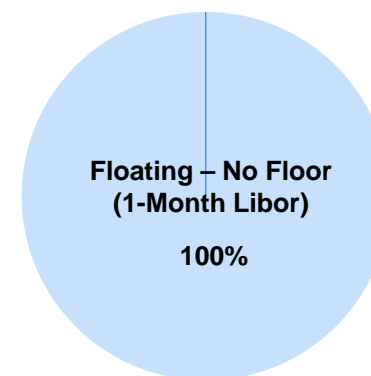
### Assets

(Aggregate par value of \$1,033.0 million as of September 30, 2013)<sup>(1)</sup>



### Liabilities

(\$374.1 million drawn as of September 30, 2013)



## Impact of Changing Rates<sup>(3)</sup>

Change in Base Interest Rates	Estimated % Change in Interest Income Net of Interest Expense	Illustrative Adj. NII / Share Impact Assuming \$1.36 Annual Adj. NII / Share
+100 bps	(3.96%)	(\$0.05)
+200 bps	1.07%	\$0.01
+300 bps	7.18%	\$0.10
+400 bps	13.28%	\$0.18



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<sup>1</sup> Based on par values (excludes assets on non-accrual, revolvers and non-interest bearing equity investments)

<sup>2</sup> Includes assets on Prime contracts

<sup>3</sup> These hypothetical calculations are based on a model of the investments in our portfolio, held as of September 30, 2013, and are only adjusted for assumed changes in the underlying base interest rates. Assumes constant share count



# Credit Performance

(\$ in millions, unaudited)

	As of 9/30/2013	Cumulative Since Inception <sup>(1)</sup> (October 2008 – September 30, 2013)	
	<u>Cost</u> / <u>FMV</u>	<u>Cost</u>	<u># Portfolio Co's</u>
<b>Investments</b>	\$1,025.3 / \$1,041.4	\$2,180.5	119
<b>On Internal Watch List (3 or 4 Rating, excl. Non-Accrual)<sup>(2)</sup></b>	\$13.5 / \$8.8	\$20.5	2
<b>Non-Accrual<sup>(3)</sup></b>	\$5.9 / \$0.4	\$5.9	1
<b>Default Loss</b>	\$0 / \$0	\$0	0

<sup>1</sup> Since inception of predecessor entity in 10/2008 through 9/30/2013

<sup>2</sup> Determined on a quarterly basis by Management. In addition to various risk management and monitoring tools, NMFC also uses a four-level numeric investment rating system to characterize and monitor the credit profile and expected level of returns on each portfolio investment. Ratings of 1 and 2 indicate the investment is performing materially above, or materially in-line, with expectations, respectively. All new loans are rated 2 when approved. A rating of 3 indicates the investment is performing materially below expectations and risk has increased materially since the original investment. A rating of 4 indicates the investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is a meaningful possibility that we will not recoup our original cost basis in the investment and may realize a substantial loss upon exit. Where it is determined that an investment is underperforming, or circumstances suggest that the risk associated with a particular investment has significantly increased, a more aggressive monitoring of the affected portfolio company will be undertaken

<sup>3</sup> The \$5.9m, at cost, refers to the investments in ATI Acquisition Company

# Credit Performance – Operating Company (“OpCo”) Assets Portfolio

Portfolio Company <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance
	At Purchase	Current	Positive / (Negative)
Company A	4.5x	4.2x	0.3x
Company B	4.8x	5.0x	(0.2x)
Company C	4.1x	4.1x	-
Company D	5.3x	5.3x	0.0x
Company E	5.7x	5.8x	(0.2x)
Company F	5.9x	5.9x	0.1x
Company G	4.8x	4.8x	-
Company H	3.7x	4.2x	(0.5x)
Company I	6.0x	6.0x	-
Company J	6.0x	5.8x	0.2x
Company K	4.6x	5.4x	(0.7x)
Company L	5.6x	5.7x	(0.1x)
Company M	6.8x	5.9x	0.9x
Company N	5.1x	5.1x	(0.0x)
Company O	6.3x	5.7x	0.5x
Company P	5.8x	6.2x	(0.4x)
Company Q	5.9x	5.4x	0.6x
Company R	1.2x	1.3x	(0.1x)
Company S	5.3x	4.5x	0.8x
Company T	3.3x	3.5x	(0.2x)
Company U	4.9x	3.7x	1.2x
Company V	5.9x	5.7x	0.2x
Company W	2.9x	3.6x	(0.6x)
Company X	5.1x	5.1x	0.0x
Company Y	3.4x	3.5x	(0.1x)
Company Z	6.7x	5.7x	0.9x
Company AA	5.6x	5.6x	-
Company AB	3.1x	2.8x	0.3x
<b>Weighted Average (9/30/2013)<sup>(3)</sup></b>	<b>4.9x</b>	<b>4.8x</b>	<b>0.1x</b>
<b>Memo: Weighted Average (6/30/2013)</b>	<b>4.8x</b>	<b>4.8x</b>	<b>0.1x</b>
<b>Memo: Weighted Average (3/31/2013)</b>	<b>4.9x</b>	<b>4.6x</b>	<b>0.2x</b>
<b>Memo: Weighted Average (12/31/2012)</b>	<b>4.9x</b>	<b>4.8x</b>	<b>0.2x</b>



<sup>1</sup> Current positions with an initial cost greater than \$7.5mm as of 9/30/2013 (represents 88% of OpCo cost and 88% of OpCo fair value)

<sup>2</sup> Defined as total debt (assuming par for debt senior to our security, purchase price for our security, and no value for debt subordinated to our security) less total cash for the period, divided by the trailing twelve month EBITDA; as of the second calendar quarter of 2013, if available, or otherwise, the most recently reported fiscal quarter

<sup>3</sup> Includes all non-70% advance rate assets not on non-accrual except equity, and revolvers; weighted by cost

# Credit Performance – Senior Loan Funding (“SLF”) Eligible First Lien Portfolio

Portfolio Company <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance Positive / (Negative)
	At Purchase	Current	
Company AC	3.2x	3.9x	(0.7x)
Company AD	3.1x	3.1x	0.1x
Company AE	4.3x	3.5x	0.8x
Company AF	3.4x	2.7x	0.7x
Company AG	3.3x	3.4x	(0.2x)
Company AH	2.1x	2.1x	-
Company AI	3.8x	3.8x	0.0x
Company AJ	2.7x	3.2x	(0.5x)
Company AK	3.8x	3.8x	-
Company AL	4.0x	5.7x	(1.7x)
Company AM	3.2x	12.3x	(9.1x)
Company AN	4.1x	3.7x	0.4x
Company AO	2.0x	1.8x	0.2x
Company AP	3.7x	3.4x	0.3x
Company AQ	3.2x	2.4x	0.7x
Company AR	3.3x	3.4x	(0.1x)
Company AS	4.2x	4.0x	0.2x
Company AT	4.1x	3.5x	0.5x
Company AU	3.8x	3.8x	(0.0x)
Company AV	3.2x	2.9x	0.2x
<b>Weighted Average (9/30/2013)<sup>(3)</sup></b>	<b>3.4x</b>	<b>3.7x</b>	<b>(0.2x)</b>
<b>Memo: Weighted Average (6/30/2013)</b>	<b>3.5x</b>	<b>3.6x</b>	<b>(0.1x)</b>
<b>Memo: Weighted Average (3/31/2013)</b>	<b>3.5x</b>	<b>3.5x</b>	<b>0.0x</b>
<b>Memo: Weighted Average (12/31/2012)</b>	<b>3.4x</b>	<b>3.3x</b>	<b>0.1x</b>

<sup>1</sup> Current positions with an initial cost greater than \$7.5mm as of 9/30/2013 (represents 91% of SLF cost and 91% of SLF fair value)

<sup>2</sup> Defined as total debt (assuming par for debt senior to our security, purchase price for our security, and no value for debt subordinated to our security) less total cash for the period, divided by the trailing twelve month EBITDA; as of the second calendar quarter of 2013, if available, or otherwise, the most recently reported fiscal quarter

<sup>3</sup> Includes all assets with a 70% advance rate; weighted by cost

# Share Ownership Migration

(shares in millions)<sup>(1)</sup>

	IPO - May-11	2012 Offerings		2013 Offerings <sup>(4)</sup>	
	Issuances	Issuances	Cumulative	Issuances	Cumulative
Public Shares ("PubCo")	10.7	13.6 <sup>(2)(3)</sup>	24.3	20.8 <sup>(2)(3)</sup>	45.2
<i>% of Total</i>	34.6%		60.0%		94.4%
NMC Fund Shares ("AIV Holdings")	20.2	(4.0)	16.2	(13.6)	2.7
<i>% of Total</i>	65.4%		40.0%		5.6%
<b>Total Shares</b>	<b>30.9</b>	<b>9.6</b>	<b>40.5</b>	<b>7.3</b>	<b>47.8</b>

Since IPO, NMFC's public float has more than quadrupled, from 10.7 million to 45.2 million shares, which represents approximately 94% of the total shares



<sup>1</sup> Numbers may not add due to rounding

<sup>2</sup> Includes shares issued in connection with over-allotment option

<sup>3</sup> Includes shares issued in connection with dividend reinvestment program

<sup>4</sup> Includes primary and secondary equity offering completed on October 17, 2013

# Performance Since IPO

(\$ in millions, unaudited)<sup>(1)</sup>

	IPO - 12/31/2011 <sup>(2)</sup>	2012	3/31/2013	6/30/2013	9/30/2013
Regular Dividend	\$26.6	\$46.6	\$13.8	\$14.5	\$15.2
Cumulative Regular Dividend	26.6	73.2	87.0	101.5	116.7
Adj. NII	26.5	46.1	13.8	16.5 <sup>(3)</sup>	15.6 <sup>(3)</sup>
Cumulative Adj. NII	26.5	72.7	86.5	102.9	118.5
<b>Dividend Coverage (Cumulative Adj. NII / Dividend)</b>	<b>100%</b>	<b>99%</b>	<b>99%</b>	<b>101%</b>	<b>102%</b>
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Adj. Realized Gains	\$1.6	\$13.9	\$1.4	\$6.7 <sup>(4)</sup>	\$3.3 <sup>(5)</sup>
Adj. Realized Credit & Other Losses	(\$0.8)	(2.0)	(0.8)	(0.9)	(0.0)
Total Adj. Realized Gains / (Losses)	0.9	11.9	0.6	5.8	3.3
Cumulative Adj. Realized Gains / (Losses)	0.9	12.8	13.4	19.1	22.5
Adj. Change in Unrealized Appreciation	17.0	46.5	16.1	8.0	8.6 <sup>(5)</sup>
Adj. Change in Unrealized Depreciation	(28.1)	(26.1)	(3.3)	(17.1)	(5.8)
Total Adj. Change in Unrealized Appreciation / (Depreciation)	(11.1)	20.4	12.8	(9.1)	2.8
Cumulative Adj. Change in Unrealized Appreciation / (Depreciation)	(11.1)	9.3	22.1	13.0	15.8
<b>Cumulative Net Realized and Unrealized Gains and Appreciation</b>	<b>(\$10.2)</b>	<b>\$22.0</b>	<b>\$35.4</b>	<b>\$32.1</b>	<b>\$38.2</b>

<sup>1</sup> Numbers may not add due to rounding; see footnote 1 on pg. 21 for "Adjustments"

<sup>2</sup> NMFC priced its initial public offering on 5/19/2011

<sup>3</sup> Reflects Pro-Forma Adjusted Net Investment Income (see pg. 22)





<sup>4</sup> Includes net YP distribution of \$5.1 million from Q2 2013

<sup>5</sup> Includes net YP distribution reclassification of \$0.4 million from realized to unrealized gain related to change in tax estimate, refer to pg. 21 for current quarter and year-to-date impact to NII

# Q3 Originations and Repayments

(\$ in millions, unaudited)

## Portfolio Originations<sup>(1)</sup>

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate	YTM at Purchase <sup>(3)</sup>	
							Unlevered	Levered
7/9/13	 JACOBSON COMPANIES	Distribution & Logistics	\$19.7 / \$9.7	\$275 / \$110	1 <sup>st</sup> Lien / 2 <sup>nd</sup> Lien	70% / 25%	8.4% / 13.2%	20.2% / 16.2%
8/15/13	 Smile Brands Group	Healthcare Services	\$14.3	\$260	1 <sup>st</sup> Lien	70%	9.0%	21.5%
9/23/13	 ENVISION R <sub>x</sub> OPTIONS	Healthcare Services	\$19.6	\$175	2 <sup>nd</sup> Lien	25%	11.9%	14.3%
9/25/13	 PitneyBowes Management Services	Business Services	\$19.8	\$215	1 <sup>st</sup> Lien	70%	8.8%	21.7%
Other			\$4.0	<b>Q2 2013</b>	<b>Q1 2013</b>	<b>Q4 2012</b>	<b>Non-SLF: 12.2%</b>	<b>Non-SLF: 14.7%</b>
<b>Total Originations</b>			<b>\$87.1</b>	<b>\$150.3</b>	<b>\$112.0</b>	<b>\$266.7</b>	<b>SLF: 8.7%<sup>(4)</sup></b>	<b>SLF: 21.1%<sup>(4)</sup></b>
Repayments			(\$111.9)	(\$114.9)	(\$61.6)	(\$108.7)		
<b>Net Originations</b>			<b>(\$24.8)</b>	<b>\$35.4</b>	<b>\$50.4</b>	<b>\$158.0</b>		
Sales			—	(\$1.4)	(\$23.5)	(\$46.8)		
<b>Net Originations less Sales</b>			<b>(\$24.8)</b>	<b>\$34.0</b>	<b>\$26.9</b>	<b>\$111.2</b>		



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<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; excludes PIK, revolvers, and bridges

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed



<sup>3</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>4</sup> Weighted average YTM; SLF includes all assets with 70% advance rate and assumes LIBOR + 2.00% interest rate on that debt

# Investment Activity Since Quarter End (Through 11/8/13)

(\$ in millions, unaudited)

## Portfolio Originations<sup>(1)</sup>

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate	YTM at Purchase <sup>(3)</sup>		
							Unlevered	Levered	
10/15/13	 CROWLEY	Distribution & Logistics	\$35.0	\$200	Preferred Equity	N/A	12.6%	12.6%	
11/1/13	 Vitera HEALTHCARE SOLUTIONS	Software	\$2.0 / \$6.9	\$360 / \$180	1 <sup>st</sup> Lien / 2 <sup>nd</sup> Lien	70% <sup>(5)</sup> / 25% <sup>(5)</sup>	7.5% / 11.2%	16.4% / 13.4%	
11/8/13	Company X*	Education	\$29.3	\$60	Unitranche	45% <sup>(5)</sup>	9.9%	14.3%	
Other							—	Non-SLF: 11.4%	Non-SLF: 13.1%
<b>Total Originations</b>			<b>\$73.2</b>				<b>SLF: 7.5%<sup>(4)</sup></b>	<b>SLF: 16.4%<sup>(4)</sup></b>	
Repayments			(\$19.8)						
<b>Net Originations</b>			<b>\$53.4</b>						
Sales			—						
<b>Net Originations less Sales</b>			<b>\$53.4</b>						

\* Indicates investment has not closed. Actual terms (including amount of investment) are subject to change.

## Investment Pipeline

- Over \$75 million of potential investments in near-term pipeline
- Over \$150 million additional in earlier-stage pipeline

<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; excludes PIK, revolvers, and bridges

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

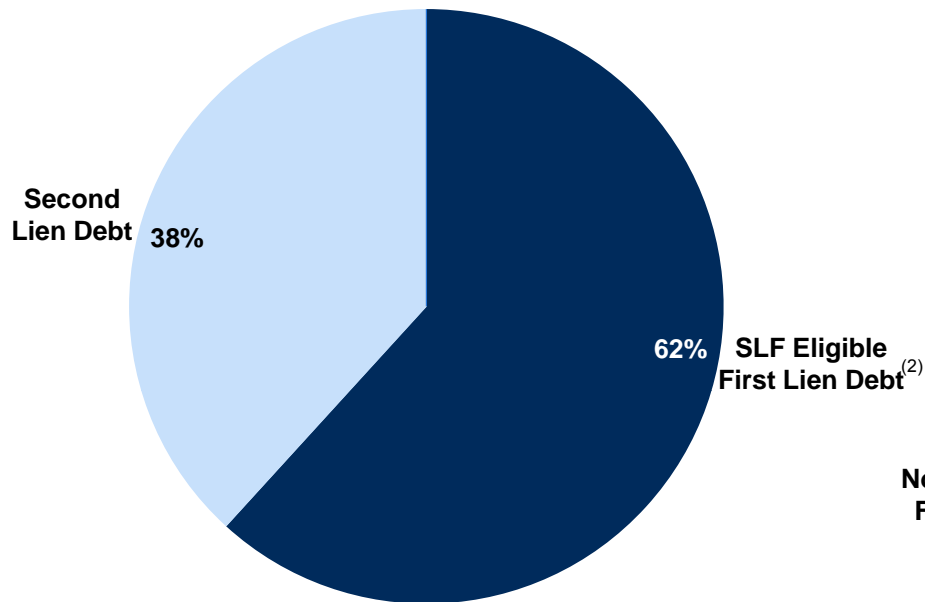
<sup>3</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>4</sup> Weighted average YTM; SLF includes all assets with 70% advance rate and assumes LIBOR + 2.00% interest rate on that debt

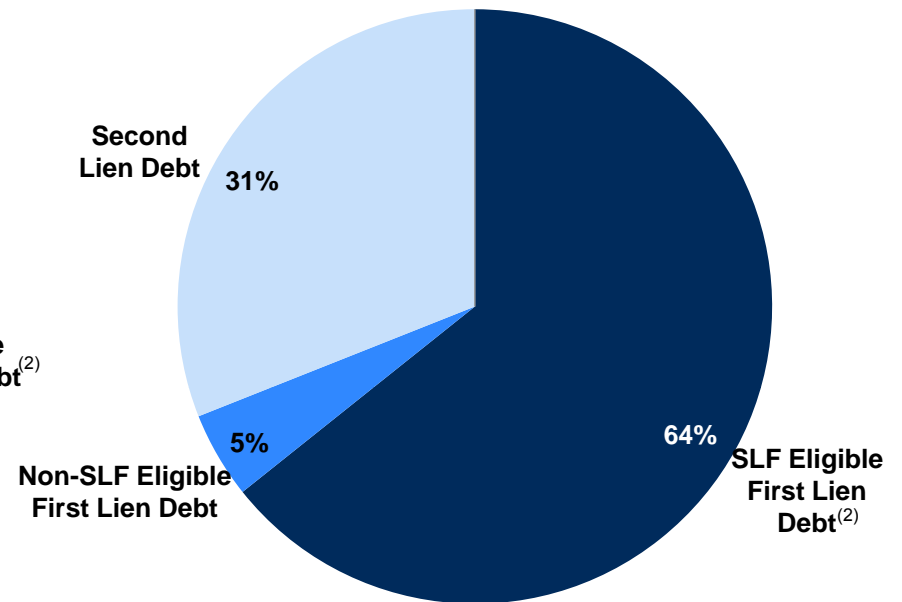
<sup>5</sup> Assumed leverage – not yet approved in credit facility; assumption based on advance rate for comparable assets

# Q3 Originations and Repayments

## Originations by Type<sup>(1)</sup>



## Sales / Repayments by Type<sup>(1)</sup>



<sup>1</sup> By \$s invested / \$s received at time of origination / sale / repayment





<sup>2</sup> SLF eligible first lien debt includes first lien assets with 70% advance rate









# Q3 Investment Activity Roll

(\$ in millions, unaudited)

## Originations<sup>(1)</sup>

Name	Amount (\$'s Invested)	YTM at Purchase <sup>(3)</sup>
	\$19.7 / \$9.7	8.4% / 13.2%
	\$14.3	9.0%
	\$19.6	11.9%
	\$19.8	8.8%
Other	\$4.0	11.4%
<b>Total Originations</b>	<b>\$87.1</b>	<b>10.2%</b>

## Sales / Repayments<sup>(2)</sup>

Name	Amount (\$'s Sold/Repaid)	YTM at Cost <sup>(4)</sup>
	\$34.0	12.0%
	\$19.8	7.5%
	\$14.9	8.7%
	\$14.2	8.1%
	\$7.9	7.5%
	\$6.9	7.1%
Other	\$14.2	9.3%
<b>Total Sales / Repayments</b>	<b>\$111.9</b>	<b>9.3%</b>

	As of 6/30/13	Pro Forma 6/30/13 (Adj. for change in forward LIBOR curve)	Q3 Originations	Q3 Sales / Repayments	As of 9/30/13
<b>Cost</b>	\$1,045.6	\$1,045.6	\$87.1	(\$111.9)	\$1,025.3 <sup>(5)</sup>
<b>YTM at Purchase / Cost</b>	10.7%	10.6%	10.2%	9.3%	10.8%

<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; excludes PIK, revolvers, and bridges

<sup>2</sup> Sales and repayments over \$5.0m shown, sales and repayments less than \$5.0m included in "Other"

<sup>3</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>4</sup> References to "YTM at Cost" have the same assumptions as YTM except that investments are purchased at adjusted cost (estimated) rather than fair value on the later of 6/30/13 or the settlement date (see footnote 1 on pg. 21 for "Adjustments") and the LIBOR curve as of 9/30/13 is used for all periods shown

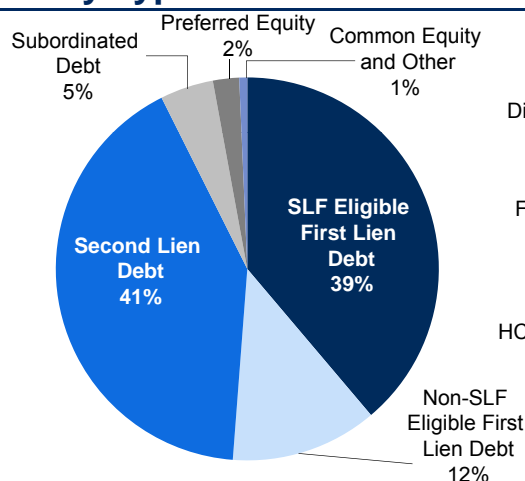
<sup>5</sup> Will not sum across due to amortization, PIK, realized gain / loss, and revolvers

# Investment Portfolio Review

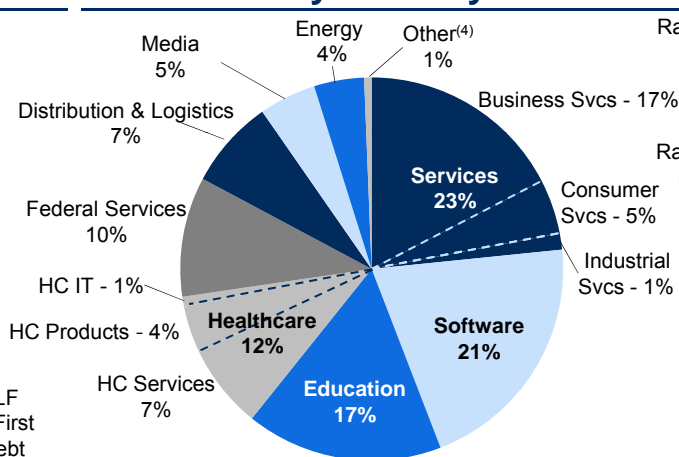
(unaudited)	9/30/13	6/30/13	3/31/13	12/31/12	IPO - 6/30/11 <sup>(5)</sup>
Fair Value	\$1,041 million	\$1,059 million	\$1,031 million	\$990 million	\$544 million
YTM <sup>(1)</sup>	10.4%	10.3%	9.8%	10.1%	10.4%
YTM at Cost <sup>(2)</sup>	10.8%	10.6%	10.6%	10.6%	9.7%
# Portfolio Companies	57	59	61	63	47
Middle Market Focus (EBITDA / Facility Size) <sup>(3)</sup>	71% / 71%	70% / 72%	75% / 77%	77% / 79%	80% / 85%

## Fair Value as of 9/30/13

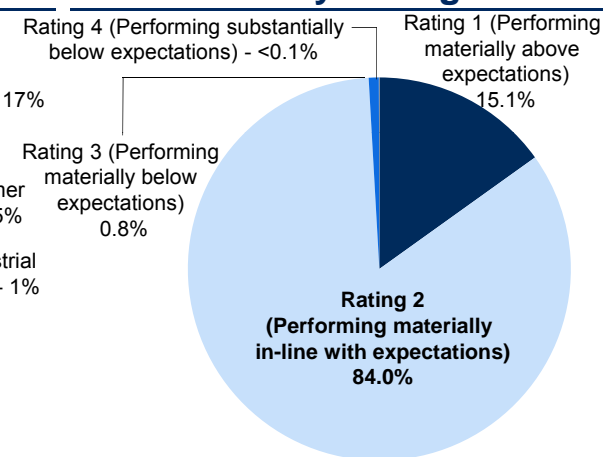
### By Type of Investment



### By Industry



### By Rating



<sup>1</sup> References to "Yield to Maturity" assume that the accruing investments in our portfolio as of a certain date, the "Portfolio Date", are purchased at fair value on that date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. This calculation excludes the impact of existing leverage. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>2</sup> References to "YTM at Cost" have the same assumptions as YTM except that investments are purchased at adjusted cost (estimated) rather than fair value on the Portfolio Date (see footnote 1 on pg. 21 for "Adjustments") and the LIBOR curve as of 9/30/13 is used for all periods shown. YTM at Cost using the original LIBOR curves are: 6/30/13 - 10.7%, 3/31/13 - 10.4%, 12/31/12 - 10.3%, 6/30/11 - 10.5%

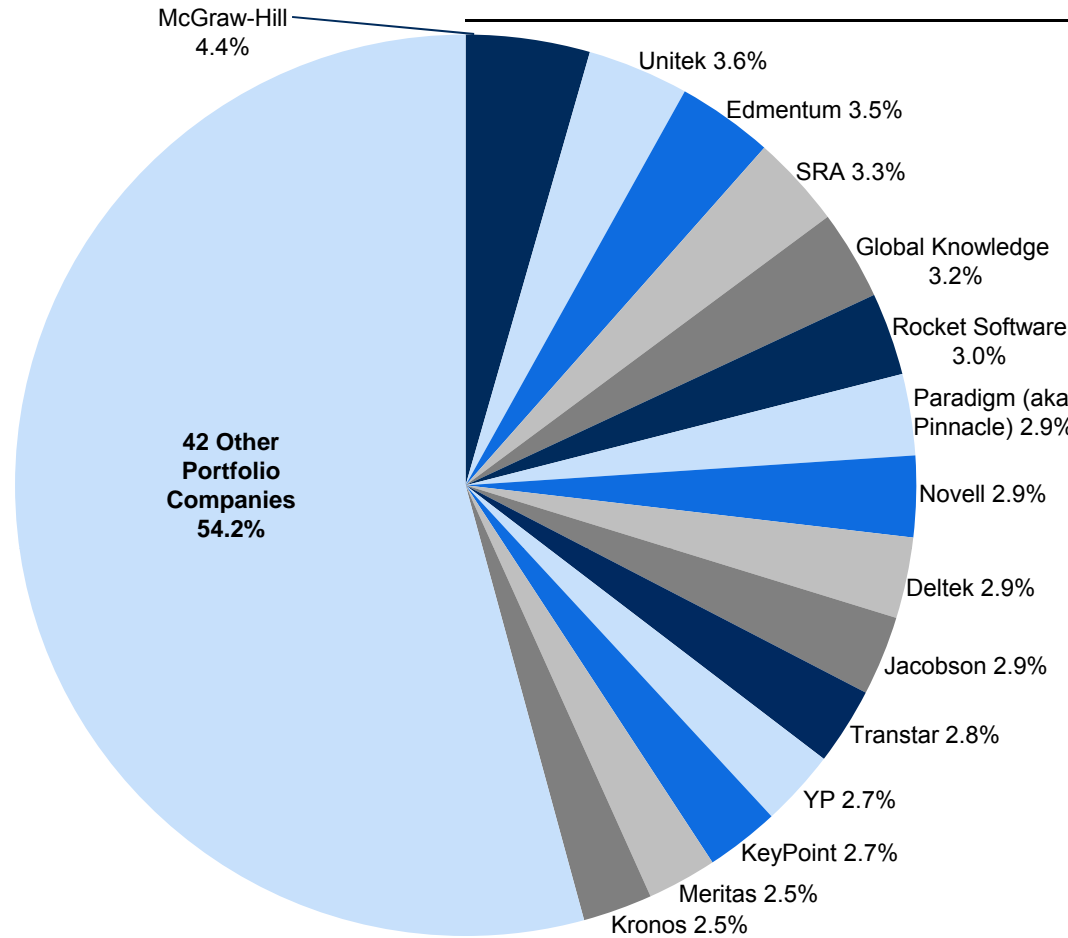
<sup>3</sup> Defined as the % of portfolio companies fair value with LTM EBITDA at the time of investment less than \$100m and facility sizes as of 9/30/13 less than \$300m

<sup>4</sup> Includes 1% information technology

<sup>5</sup> NMFC priced its initial public offering on 5/19/2011

# Investment Portfolio Review – As of 9/30/2013

**Portfolio Names By Fair Value**



Top 15 portfolio companies represent \$476.6 million, or 45.8%, of consolidated investments

Memo: Top 15 Portfolio Companies

<b>As of</b>		
<b>6/30/2013</b>	<b>3/31/2013</b>	<b>12/31/2012</b>
\$483.1m	\$463.8m	\$440.3m
45.6%	45.0%	44.5%

# Net Asset Value – As of 9/30/2013

(\$ in millions, unaudited)

## Net Asset Value<sup>(1)</sup>

Consolidated NAV		Memo: NAV / Share	
Portfolio	\$1,041.4	6/30/13	\$14.32
Cash & Equivalents	17.6	3/31/13	\$14.31
Other Assets <sup>(2)</sup>	18.3	12/31/12	\$14.06
Total Assets	1,077.3	9/30/12	\$14.10
		6/30/12	\$13.83
Less: Total Debt	(374.1)	3/31/12	\$13.82 <sup>(4)</sup>
Less: Other Liabilities <sup>(3)</sup>	(61.4)	12/31/11	\$13.60
<b>NAV</b>	<b>\$641.8</b>	9/30/11	\$13.32
		6/30/11	\$13.98 <sup>(5)</sup>
Shares Outstanding (millions)	44.8	At IPO	\$13.94
<b>NAV / Share</b>	<b>\$14.32</b>	<b>Memo: Debt / Equity</b>	
		6/30/13	0.65x
		3/31/13	0.70x
<b>Debt / Equity</b>	<b>0.58x</b>	12/31/12	0.74x
<b>Pro-Forma Debt / Equity<sup>(6)</sup></b>	<b>0.71x</b>	9/30/12	0.65x
		6/30/12	0.73x
		3/31/12	0.75x
		12/31/11	0.70x
		9/30/11	0.55x
		6/30/11	0.37x

<sup>1</sup> Financials for OpCo unless otherwise noted

<sup>2</sup> Includes interest and dividends receivable of \$11.1m, deferred credit facility costs of \$4.8m, receivable from affiliates of \$0.3m and other assets of \$2.1m

<sup>3</sup> Includes payable for unsettled securities of \$43.4m, incentive fee payable of \$3.5m, capital gains incentive fee payable of \$7.0m, management fee payable of \$3.8m, interest payable of \$0.8m and other liabilities of \$2.9m

<sup>4</sup> 3/31/2012 NAV / share adjusted for payment of special dividend

<sup>5</sup> 6/30/2011 NAV / share adjusted for payment of Q2 dividend

<sup>6</sup> Pro-forma for \$78.4m of securities purchases and investment commitments that were unsettled as of September 30, 2013 and have since funded

# OpCo Q3 Pro-Forma Adjusted Net Investment Income Reconciliation

(\$ in millions except per unit data, unaudited)

	Three months ended September 30, 2013		Nine months ended September 30, 2013	
	Amount	Per Weighted Average Unit	Amount	Per Weighted Average Unit
GAAP net investment income ("NII")	\$12.7	\$0.28	\$47.8	\$1.12
Non-cash amortization adjustment <sup>(1)</sup>	(0.1)	-	(0.8)	(0.02)
Non-cash capital gains incentive fee <sup>(2)</sup>	1.6	0.04	2.6	0.06
Adjusted NII	\$14.2	\$0.32	\$49.6	\$1.16
Non-recurring net YP, LLC distribution <sup>(3)</sup>	1.4	0.03	(3.7)	(0.09)
<b>Pro-forma adjusted NII</b>	<b>\$15.6</b>	<b>\$0.35</b>	<b>\$45.9</b>	<b>\$1.07</b>

<sup>1</sup> Adjustment to effectively step-up the cost basis of the Operating Company's existing investments to fair market value at the IPO date. Under GAAP, the Operating Company did not step-up the cost basis of the Operating Company's existing investments to fair market value at the IPO date. Since the total value of the Operating Company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or original issue discount, as well as different amounts in realized gain and unrealized appreciation, may be recognized under GAAP in each period than if the step-up had occurred. The Operating Company tracks the transferred (or fair market) value of each of its investments as of the time of the IPO and, for purposes of the incentive fee calculation, adjusts Pre-Incentive Fee Net Investment Income to reflect the amortization of purchase or original issue discount on the Operating Company's investments as if each investment was purchased at the date of the IPO, or stepped up to fair market value. The Operating Company also uses the transferred (or fair market) value of each of its investments as of the time of the IPO to adjust capital gains or losses and unrealized capital depreciation.

<sup>2</sup> Reclassification of the non-cash capital gains incentive fee out of net investment income and into net change in members' capital resulting from operations

<sup>3</sup> Adjustment related to the NII impact (net of incentive fee) from the non-recurring YP, LLC distribution; three months ended September 30, 2013 reflects change in tax estimate



# OpCo Adjusted Consolidated Income Statement by Quarter

(\$ in millions, except per unit data, unaudited)<sup>(1)</sup>

	Pro-Forma Adj.	Pro-Forma Adj.	Adj. Three Months Ended	
	Three Months	Three Months	3/31/2013	12/31/2012
	Ended <sup>(2)</sup>	Ended <sup>(2)</sup>		
	9/30/2013	6/30/2013		
<b>Investment income</b>				
Interest income	\$27.1	\$27.1	\$24.5	\$22.7
Dividend income	0.2	-	-	0.6
Other income	0.2	1.4	0.3	0.6
Total investment income	27.5	28.5	24.8	23.9
<b>Expenses</b>				
Incentive fee	3.9	4.1	3.5	3.4
Management fee	3.8	3.7	3.6	3.2
Interest and other credit facility expenses	3.2	3.1	3.1	2.8
Administrative expenses	0.7	0.9	0.7	0.8
Professional fees	0.5	0.6	0.6	0.8
Other general and administrative expenses	0.4	0.4	0.4	0.4
Total expenses	12.5	12.8	11.8	11.3
Less: expenses waived and reimbursed	(0.6)	(0.8)	(0.8)	(1.0)
Net expenses	11.9	12.0	11.0	10.3
<b>Net investment income</b>	<b>15.6</b>	<b>16.5</b>	<b>13.8</b>	<b>13.6</b>
Net realized gains on investments	3.7	0.6	0.6	2.7
Net change in unrealized appreciation (depreciation) of investments	2.4	(9.1)	12.8	1.6
Capital gains incentive fee	(1.2)	1.7	(2.7)	(0.9)
<b>Net increase in members' capital resulting from operations</b>	<b>\$20.5</b>	<b>\$9.7</b>	<b>\$24.6</b>	<b>\$17.0</b>
<b>Adjusted NII per weighted average unit</b>	<b>\$0.35</b>	<b>\$0.38</b>	<b>\$0.34</b>	<b>\$0.36</b>



# Adjusted Investment Income Detail

(\$ in millions, unaudited)<sup>(1)</sup>

	Pro-Forma Adj. Three Months Ended <sup>(2)</sup>	Pro-Forma Adj. Three Months Ended <sup>(2)</sup>	Adj. Three Months Ended	
	9/30/2013	6/30/2013	3/31/2013	12/31/2012
Cash interest	\$24.4	\$23.4	\$22.3	\$20.5
Non-cash interest	0.8	0.9	0.6	0.6
Amortization of purchase discounts (premiums) and fees	0.7	0.6	0.6	0.5
Subtotal	25.9	24.9	23.5	21.6
Prepayment Fees	1.2	2.2	1.0	1.1
<b>Total Interest Income</b>	<b>27.1</b>	<b>27.1</b>	<b>24.5</b>	<b>22.7</b>
Dividend Income	0.2	-	-	0.6
Other Income	0.2	1.4	0.3	0.6
<b>Total Investment Income</b>	<b>\$27.5</b>	<b>\$28.5</b>	<b>\$24.8</b>	<b>\$23.9</b>

% of Total Investment Income that is Non-cash <sup>(3)</sup>	6%	9%	5%	5%
<b>Total Interest Income as % of Total Investment Income</b>				
Excluding Prepayment Fees	94%	87%	95%	90%
Including Prepayment Fees	99%	95%	99%	95%

**Our investment income continues to be predominantly paid in cash and generated by stable and predictable sources**



<sup>1</sup> Numbers may not add due to rounding

<sup>2</sup> Excludes gross impact of non-recurring YP, LLC distribution; refer to pg. 21 for current quarter and year-to-date net amounts

<sup>3</sup> Non-cash includes non-cash interest, amortization of purchase discounts (premiums) and fees, and other non-cash items included in other income

# Dividend Summary

(\$ in millions, except per share data, unaudited)

	IPO 6/30/2011 <sup>(1)</sup>	12/31/2012	3/31/2013	6/30/2013 <sup>(3)</sup>	9/30/2013 <sup>(3)</sup>	Estimated 12/31/2013
Net Asset Value	\$440.6	\$569.9	\$610.5	\$640.3	\$641.8	
NAV / Share	\$13.98 <sup>(2)</sup>	\$14.06	\$14.31	\$14.32	\$14.32	
Pre-Incentive Fee Adjusted NII	\$8.9	\$17.0	\$17.4	\$20.6	\$19.5	\$19.4 - \$21.2
Adjusted NII	\$8.4	\$13.6	\$13.8	\$16.5	\$15.6	\$15.5 - \$17.0
<b>Adjusted NII / Weighted Average Shares</b>	<b>\$0.27</b>	<b>\$0.36</b>	<b>\$0.34</b>	<b>\$0.38</b>	<b>\$0.35</b>	<b>\$0.33 - \$0.35</b>
<b>Regular Dividend / Share</b>	<b>\$0.27</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.34</b>
Special Dividend / Share	-	\$0.14	-	-	\$0.12	

**We believe our Q4 2013 Adjusted NII will be in the \$15.5 – \$17.0 million range.  
Our board of directors has declared a fourth quarter dividend of \$0.34 per share.**



<sup>1</sup> NMFC priced its initial public offering on 5/19/2011

<sup>2</sup> 6/30/2011 NAV / share adjusted for payment of Q2 dividend

<sup>3</sup> Pre-Incentive Fee Adjusted NII, Adjusted NII and Adjusted NII / Weighted Average Shares exclude net impact of YP distribution; refer to pg. 21 for current quarter and year-to-date amounts





**NEW MOUNTAIN FINANCE  
CORPORATION**

# Appendix A: Structure Chart<sup>(1)</sup>

