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$

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$

244,015

$

$

(6,676

)

$

(9,326

)

$

228,013

Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.

(20

)

(20

)

Dividends declared

(4,409

)

(1,107

)

(5,516

)

Distribution to New Mountain Guardian AIV, L.P.

(73,708

)

5,902

(67,806

)

Net increase (decrease) in stockholders   equity resulting from operations

4,409

(5,544

)

8,535

7,400

Balance at March 31, 2013

100

$

(1)

$

170,287

$

$

(7,425

)

$

(791

)

$

162,071

(1) As of March 31, 2013 and December 31, 2012, the par amount of the total common stock was $1.

Note 11. Earnings Per Share

The following information sets forth the computation of basic and diluted net increase in NMFC s net assets per share resulting from operations for the three months ended March 31, 2013 and March 31, 2012:

	Three months ended			
	March 31, 2013		March 31, 2012	
Numerator for basic earnings per share:	$	15,516	$	8,188
Denominator for basic weighted average share:		25,267,118		10,697,691
Basic earnings per share:	$	0.61	$	0.77
Numerator for diluted earnings per share(a):	$	24,561	$	23,667
Denominator for diluted weighted average share(b):		40,835,723		30,919,629
Diluted earnings per share:	$	0.60	$	0.77

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(a) Includes the full income at the Operating Company for the period.

(b) Assumes AIV Holdings exchanges its units in the Operating Company for public shares of NMFC as of March 31, 2013 and March 31, 2012, respectively (see Note 1, *Formation and Business Purpose*).

Note 12. Financial Highlights

The following information sets forth the financial highlights for the Operating Company for the respective three months ended March 31, 2013 and March 31, 2012.

	Three months ended	
	March 31, 2013	**March 31, 2012**
Total return based on net asset value (a)	4.26%	5.63%
Average net assets for the period	$ 579,794	$ 427,388
Ratio to average net assets (b):		
Net investment income	8.13%	9.33%
Total expenses (gross)	10.16%	9.09%
Total expenses (net of reimbursable expenses)	9.58%	8.57%
Net assets, end of period	$ 610,478	$ 434,274
Average debt outstanding Holdings Credit Facility	$ 198,900	$ 128,956
Average debt outstanding SLF Credit Facility	$ 214,330	$ 172,090
Weighted average common membership units outstanding	40,835,723	30,919,629
Asset coverage ratio	241.92%	232.84%
Portfolio turnover	8.18%	9.81%

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

(b) Ratio to average net assets has been annualized.

	Three months ended	
	March 31, 2013	**March 31, 2012**
Per unit data for the Operating Company (a):		
Net asset value, January 1, 2013 and January 1, 2012, respectively	$ 14.06	$ 13.60
Net investment income	0.28	0.32
Net realized and unrealized gains (losses)	0.31	0.45
Dividends from net investment income	(0.34)	(0.32)
Net increase in net assets resulting from operations	0.25	0.45
Net asset value, March 31, 2013 and March 31, 2012, respectively	$ 14.31	$ 14.05

(a) Per unit data is based on weighted average common membership units outstanding.

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The following information sets forth the financial highlights for NMFC for the three months ended March 31, 2013 and March 31, 2012. The ratios to average net assets have been annualized.

	Three months ended			
		March 31, 2013		March 31, 2012
Per share data (a):				
Net asset value, January 1, 2013 and January 1, 2012, respectively	$	14.06	$	13.60
Net increase (decrease) in net assets resulting from operations allocated from New Mountain Finance Holdings, L.L.C.:				
Net investment income		0.28		0.32
Net realized and unrealized gains (losses)		0.31		0.45
Total net increase		0.59		0.77
Dividends declared		(0.34)		(0.32)
Net asset value, March 31, 2013 and March 31, 2012, respectively	$	14.31	$	14.05
Per share market value, March 31, 2013 and March 31, 2012, respectively	$	14.62	$	13.74
Total return based on market value (b)		0.40%		4.85%
Total return based on net asset value (c)		4.26%		5.63%
Shares outstanding at end of period		31,324,660		10,697,691
Average weighted shares outstanding for the period		25,267,118		10,697,691
Average net assets for the period	$	358,939	$	147,869
Ratio to average net assets (d):				
Total expenses allocated from New Mountain Finance Holdings, L.L.C.		9.58%		8.57%
Net investment income allocated from New Mountain Finance Holdings, L.L.C.		8.13%		9.33%

(a) Per share data is based on the summation of the per share results of operations items over the outstanding shares for the period in which the respective line items were realized or earned.

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

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

(d) Ratio to average net assets for the three months ended March 31, 2013 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned.

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The following information sets forth the financial highlights for AIV Holdings for the three months ended March 31, 2013 and March 31, 2012. The ratios to average net assets have been annualized.

	Three months ended March 31, 2013	Three months ended March 31, 2012
Total return based on net asset value (a)	3.24%	5.63%
Average net assets for the period	$ 220,855	$ 279,519
Ratio to average net assets (b):		
Total expenses allocated from New Mountain Finance Holdings, L.L.C.	9.58%	8.57%
Net investment income allocated from New Mountain Finance Holdings, L.L.C.	8.13%	9.33%

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

(b) Ratio to average net assets for the three months ended March 31, 2013 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned.

Note 13. Subsequent Events

On May 6, 2013, the Operating Company s board of directors, and subsequently NMFC s board of directors, declared a second quarter 2013 distribution of $0.34 per unit/share payable on June 28, 2013 to holders of record as of June 14, 2013. Subsequently, AIV Holdings board of directors declared a dividend payable on June 28, 2013 to holders of record as of June 14, 2013 in an amount equal to $0.34 per unit multiplied by the total number of units owned by AIV Holdings of the Operating Company as of the record date.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Boards of Directors of

New Mountain Finance Holdings, L.L.C.,

New Mountain Finance Corporation and

New Mountain Finance AIV Holdings Corporation

New York, New York

We have reviewed the accompanying Consolidated Statement of Assets, Liabilities and Members Capital of New Mountain Finance Holdings, L.L.C. as of March 31, 2013, including the Consolidated Schedule of Investments, and the related Consolidated Statements of Operations, Changes in Members Capital, and Cash Flows for the three months ended March 31, 2013 and 2012. Also, we have reviewed the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of March 31, 2013, and the related Statements of Operations, Changes in Net Assets and Cash Flows for the three month periods ended March 31, 2013 and 2012. These interim financial statements are the responsibility of the management of New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Statement of Assets, Liabilities and Members Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedule of Investments as of December 31, 2012 and the related Consolidated Statements of Operations, Changes in Members Capital, and Cash Flows for the year then ended (not presented herein), and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012, the related Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended (not presented herein); and in our reports dated March 6, 2013, we expressed unqualified opinions on those financial statements. In our opinion, the information set forth in the accompanying Consolidated Statement of Assets, Liabilities and Members Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedule of Investments, and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation as of December 31, 2012 is fairly stated, in all material respects, in relation to the Consolidated Statement of Assets, Liabilities, and Members Capital of New Mountain Finance Holdings, L.L.C., including the Consolidated Schedules of Investments, and the Statements of Assets and Liabilities of New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation from which they have been derived.

DELOITTE & TOUCHE LLP

New York, New York

May 6, 2013

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

The information in management s discussion and analysis of financial condition and results of operations relates to each of the three separate registrants: New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation (collectively, we , us , our or the Companies). Information that relates to an individual registrant will be specifically referenced by tl respective company. None of the Companies makes any representation as to the information related solely to the other registrants other than itself.

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the combined notes thereto contained elsewhere in this report.

Forward-Looking Statements

The information contained in this section should be read in conjunction with the financial data and financial statements and combined notes thereto appearing elsewhere in this report. Some of the statements in this report (including in the following discussion) constitute forward-looking statements, which relate to future events or the future performance or financial condition of New Mountain Finance Holdings, L.L.C. (the Operating Company or the Master Fund), New Mountain Finance Corporation (NMFC) or New Mountain Finance AIV Holdings Corporation (AIV Holdings). The forward-looking statements contained in this section involve a number of risks and uncertainties, including:

- statements concerning the impact of a protracted decline in the liquidity of credit markets;
- the general economy, including interest and inflation rates, and its impact on the industries in which the Operating Company invests;
- the ability of the Operating Company s portfolio companies to achieve their objectives;
- the Operating Company s ability to make investments consistent with its investment objectives, including with respect to the size, nature and terms of its investments;
- the ability of New Mountain Finance Advisers BDC, L.L.C. (the Investment Adviser) or its affiliates to attract and retain highly talented professionals;

- actual and potential conflicts of interest with the Investment Adviser and other affiliates of New Mountain Capital Group, L.L.C.; and

- the risk factors set forth in *Item 1A. Risk Factors* contained in our annual report on Form 10-K for the year ended December 31, 2012.

Forward-looking statements are identified by their use of such terms and phrases such as anticipate , believe , could , estimate , expect , intend may , plan , potential , should , will , would or similar expressions. Actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in *Item 1A. Risk Factors* contained in our annual report on Form 10-K for the year ended December 31, 2012.

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

Overview

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

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The Operating Company is externally managed by the Investment Adviser. New Mountain Finance Administration, L.L.C. (the Administrator) provides the administrative services necessary for operations. The Investment Adviser and Administrator are wholly-owned subsidiaries of New Mountain Capital (defined as New Mountain Capital Group, L.L.C. and its affiliates). New Mountain Capital is a firm with a track record of investing in the middle market and with assets under management (which includes amounts committed, not all of which have been drawn down and invested to date) totaling more than $9.0 billion as of March 31, 2013. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity, and credit investment vehicles. The Operating Company, formerly known as New Mountain Guardian (Leveraged), L.L.C., was originally formed as a subsidiary of New Mountain Guardian AIV, L.P. (Guardian AIV) by New Mountain Capital in October 2008. Guardian AIV was formed through an allocation of approximately $300.0 million of the $5.1 billion of commitments supporting New Mountain Partners III, L.P., a private equity fund managed by New Mountain Capital. In February 2009, New Mountain Capital formed a co-investment vehicle, New Mountain Guardian Partners, L.P., comprising $20.4 million of commitments. New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P., together with their respective direct and indirect wholly-owned subsidiaries, are defined as the Predecessor Entities .

NMFC is a Delaware corporation that was originally incorporated on June 29, 2010. NMFC is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, NMFC is obligated to comply with certain regulatory requirements. NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended, (the Code).

AIV Holdings is a Delaware corporation that was originally incorporated on March 11, 2011. Guardian AIV, a Delaware limited partnership, is AIV Holdings sole stockholder. AIV Holdings is a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. As such, AIV Holdings is obligated to comply with certain regulatory requirements. AIV Holdings has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under the Code.

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

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC and AIV Holdings each entered into a joinder agreement with respect to the Limited Liability Company Agreement, as amended and restated, of the Operating Company, pursuant to which NMFC and AIV Holdings were admitted as members of the Operating Company. NMFC acquired from the Operating Company, with the gross proceeds of the IPO and the Concurrent Private Placement, common membership units (units) of the Operating Company (the number of units are equal to the number of shares of NMFC s common stock sold in the IPO and the Concurrent Private Placement). Additionally, NMFC received units of the Operating Company equal to the number of shares of common stock of NMFC issued to the limited partners of New Mountain Guardian Partners, L.P. Guardian AIV was the parent of the Operating Company prior to the IPO and, as a result of the transactions completed in connection with the IPO, obtained units in the Operating Company. Guardian AIV contributed its units in the Operating Company to its newly formed subsidiary, AIV Holdings, in exchange for common stock of AIV Holdings. AIV Holdings has the right to exchange all or any portion of its units in the Operating Company for shares of NMFC s common stock on a one-for-one basis at anytime.

During the quarter ended March 31, 2013, NMFC issued an additional 98,409 shares in conjunction with its dividend reinvestment plan at a weighted average price of $14.74. Since NMFC s IPO, and through March 31, 2013, NMFC raised approximately $161.8 million in net proceeds from additional offerings of common stock and issued shares valued at approximately $125.8 million to AIV Holdings for exchanged units. NMFC acquired from the Operating Company units of the Operating Company equal to the number of shares of NMFC s common stock sold in additional offerings. As of March 31, 2013, NMFC and AIV Holdings owned approximately 73.5% and 26.5%, respectively, of the units of the Operating Company.

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

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The diagram below depicts our organizational structure as of March 31, 2013.

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

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

*** New Mountain Finance SPV Funding, L.L.C. (NMF SLF).

The Operating Company s investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. In some cases, The Operating Company s investments may also include equity interests. The primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry,

(iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

As of March 31, 2013, the Operating Company s net asset value was $610.5 million and its portfolio had a fair value of approximately $1,030.9 million in 61 portfolio companies, with a weighted average yield to maturity of approximately 9.8%. This yield to maturity calculation assumes that all investments not on non-accrual are purchased at fair value on March 31, 2013 and held until their respective maturities with no prepayments or losses and exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of the London Interbank Offered Rate (LIBOR) contracts by the individual companies in the Operating Company s portfolio or other factors.

Recent Developments

On May 6, 2013, the Operating Company s board of directors, and subsequently NMFC s board of directors, declared a second quarter 2013 distribution of $0.34 per unit/share payable on June 28, 2013 to holders of record as of June 14, 2013. Subsequently, AIV Holdings board of directors declared a dividend payable on June 28, 2013 to holders of record as of June 14, 2013 in an amount equal to $0.34 per unit multiplied by the total number of units owned by AIV Holdings of the Operating Company as of the record date.

John Kline, Chief Operating Officer and Executive Vice President of the Companies, joined the Investment Committee of the Investment Adviser, as of April 30, 2013, replacing a departing Investment Committee member.

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Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

Basis of Accounting

The Operating Company consolidates its wholly-owned subsidiary, NMF SLF. NMFC and AIV Holdings do not consolidate the Operating Company. NMFC and AIV Holdings apply investment company master-feeder financial statement presentation, as described in Accounting Standards Codification 946, *Financial Services Investment Companies*, (ASC 946) to their interest in the Operating Company. NMFC and AIV Holdings observe that it is industry practice to follow the presentation prescribed for a master fund-feeder fund structure in ASC 946 in instances in which a master fund is owned by more than one feeder fund and that such presentation provides stockholders of NMFC and AIV Holdings with a clearer depiction of their investment in the Master Fund.

Valuation and Leveling of Portfolio Investments

At all times consistent with GAAP and the 1940 Act, the Operating Company conducts a valuation of assets, which impacts its net asset value, and, consequently, the net asset values of NMFC and AIV Holdings.

The Operating Company values its assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, the Operating Company s board of directors is ultimately and solely responsible for determining the fair value of its portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available, and any other situation where its portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. The Operating Company s quarterly valuation procedures are set forth in more detail below:

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

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

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

b. For investments other than bonds, the investment professionals of the Investment Adviser look at the number of quotes readily available and perform the following:

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

ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment s par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

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

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

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

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

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

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

GAAP fair value measurement guidance classifies the inputs used in measuring fair value into three levels as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments and the Operating Company has the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (ASC 820), the Operating Company, to the extent that we hold such investments, does not adjust the quoted price for these investments, even in situations where the Operating Company holds a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Level II inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and

- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

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

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period.

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The following table summarizes the levels in the fair value hierarchy that the Operating Company s portfolio investments fall into as of March 31, 2013:

(in thousands)	Total	Level I	Level II	Level III
First lien	$ 522,150	$	$ 490,216	$ 31,934
Second lien	451,491		407,388	44,103
Subordinated	46,423		22,643	23,780
Equity and other	10,802			10,802
Total investments	$ 1,030,866	$	$ 920,247	$ 110,619

NMFC and AIV Holdings are holding companies with no direct operations of their own, and their sole asset is their ownership in the Operating Company. NMFC s and AIV Holdings investments in the Operating Company are carried at fair value and represent the pro-rata interest in the net assets of the Operating Company as of the applicable reporting date. NMFC and AIV Holdings value their ownership interest on a quarterly basis, or more frequently if required under the 1940 Act.

The Operating Company generally uses the following framework when determining the fair value of investments where there are little, if any, market activity or observable pricing inputs.

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

Market Based Approach: The Operating Company typically estimates the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies. The Operating Company considers numerous factors when selecting the appropriate companies whose trading multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, relevant risk factors, as well as size, profitability and growth expectations. The Operating Company generally applies an average of various relevant comparable company EBITDA multiples to the portfolio company s latest twelve month (LTM) EBITDA or projected EBITDA to calculate portfolio company enterprise value. In applying the market based approach as of March 31, 2013, the Operating Company used the relevant EBITDA ranges set forth in the table below to determine the enterprise value of investments in seven of its portfolio companies. The Operating Company believes this was a reasonable range in light of current comparable company trading levels and the specific companies involved.

Income Based Approach: The Operating Company also typically uses a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security s contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment s expected maturity date. These cash flows are discounted at a rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. In applying the income based approach as of March 31, 2013, the Operating Company used the discount ranges set forth in the table below to value investments in seven of its portfolio companies.

		EBITDA Range		Discount Range	
Type	**Approach**	**Low**	**High**	**Low**	**High**
First lien	Market and Income	4.00x	7.00x	7.0%	18.4%
Second lien	Market and Income	5.50x	9.00x	11.2%	13.1%
Subordinated	Market and Income	5.50x	9.00x	12.0%	21.7%
Equity	Market and Income	5.50x	8.00x	14.0%	20.0%

The Operating Company typically uses a Black Scholes analysis to fair value warrant investments. Input variables used in these analyses include, but are not limited to, stock price, exercise price, expiration date, valuation date, volatility, and discount rate.

Revenue Recognition

The Operating Company s revenue recognition policies are as follows:

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

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Interest income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. The Operating Company has loans in the portfolio that contain a payment-in-kind (PIK) provision. PIK represents interest that is accrued and recorded as interest income at the contractual rates, added to the loan principal on the respective capitalization dates, and generally due at maturity.

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

Other income: Other income represents delayed compensation, consent or amendment fees, revolver fees and other miscellaneous fees received. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date. Other income may also include fees from bridge loans. The Operating Company may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. A fee is received by the Operating Company for providing such commitments.

NMFC s and AIV Holdings revenue recognition policies are as follows:

Revenue, expenses, and capital gains (losses): At each quarterly valuation date, the Operating Company s investment income, expenses, net realized gains (losses), and net increase (decrease) in unrealized appreciation (depreciation) are allocated to NMFC and AIV Holdings based on their pro-rata interest in the net assets of the Operating Company. This is recorded on NMFC s and AIV Holdings Statements of Operations. Realized gains and losses are recorded upon sales of NMFC s and AIV Holdings investments in the Operating Company. Net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. is the difference between the net asset value per share and the closing price per share for shares issued as part of the dividend reinvestment plan on the dividend payment date. This net change in unrealized appreciation (depreciation) of investment in New Mountain Finance Holdings, L.L.C. includes the unrealized appreciation (depreciation) from the IPO. NMFC used the proceeds from its IPO and Concurrent Private Placement to purchase units in the Operating Company at $13.75 per unit (its IPO price per share). At the IPO date, $13.75 per unit represented a discount to the actual net asset value per unit of the Operating Company. As a result, NMFC experienced immediate unrealized appreciation on its investment. Concurrently, AIV Holdings experienced immediate unrealized depreciation on its investment in the Operating Company equal to the difference between NMFC s IPO price of $13.75 per unit and the actual net asset value per unit.

All expenses, including those of NMFC and AIV Holdings, are paid and recorded by the Operating Company. Expenses are allocated to NMFC and AIV Holdings based on pro-rata ownership interest. In addition, the Operating Company paid all of the offering costs related to the IPO and subsequent offerings. NMFC and AIV Holdings have recorded their portion of the offering costs as a direct reduction to net assets and the cost of their investment in the Operating Company.

With respect to the expenses incident to any registration of shares of NMFC s common stock issued in exchange for AIV Holdings units of the Operating Company, AIV Holdings is directly responsible for the expenses of any demand registration (including underwriters discounts or commissions) and their pro-rata share of any piggyback registration expenses.

Monitoring of Portfolio Investments

The Operating Company monitors the performance and financial trends of its portfolio companies on at least a quarterly basis. The Operating Company attempts to identify any developments at the portfolio company or within the industry or the macroeconomic environment that may alter any material element of its original investment strategy.

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

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- Investment Rating 1 Investment is performing materially above expectations;

- Investment Rating 2 Investment is performing materially in-line with expectations. All new loans are rated 2 at initial purchase;

- Investment Rating 3 Investment is performing materially below expectations and risk has increased materially since the original investment; and

- Investment Rating 4 Investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is meaningful possibility that the Operating Company will not recoup its original cost basis in the investment and may realize a substantial loss upon exit.

As of March 31, 2013, all investments in the Operating Company s portfolio had an Investment Rating of 1 or 2 with the exception of two portfolio companies; one with an Investment Rating of 3 and the other with an Investment Rating of 4. As of March 31, 2013, the Operating Company s first lien positions in ATI Acquisition Company had an Investment Rating of 4 due to the underlying business encountering significant regulatory constraints which have led to the portfolio company s underperformance. As of March 31, 2013, the Operating Company s first lien positions in ATI Acquisition Company remained on non-accrual status due to the inability of the portfolio company to service its interest payments for the quarter then ended and uncertainty about its ability to pay such amounts in the future. As of March 31, 2013, the Operating Company s investment had an aggregate cost basis of $5.9 million, an aggregate fair value of $0.6 million and total unearned interest income of $0.2 million for the three months then ended. Unrealized gains include a fee that the Operating Company would receive upon maturity of the two super priority first lien debt investments.

Portfolio and Investment Activity

The fair value of the Operating Company s investments was approximately $1,030.9 million in 61 portfolio companies at March 31, 2013 and approximately $989.8 million in 63 portfolio companies at December 31, 2012.

The following table shows the Operating Company s portfolio and investment activity for the three months ended March 31, 2013 and March 31, 2012:

	Three months ended	
(in millions)	**March 31, 2013**	**March 31, 2012**
New investments in 10 and 11 portfolio companies, respectively	$ 112.0	$ 106.7
Debt repayments in existing portfolio companies	61.6	22.9
Sales of securities in 8 and 9 portfolio companies, respectively	23.5	48.8

Change in unrealized appreciation on 46 and 39 portfolio companies, respectively	14.0	15.4
Change in unrealized depreciation 17 and 23 portfolio companies, respectively	(2.1)	(2.7)

At March 31, 2013, the Operating Company s weighted average yield to maturity was approximately 9.8%.

Results of Operations

Since NMFC and AIV Holdings are holding companies with no direct operations of their own, and their only business and sole asset are their ownership of common membership units of the Operating Company, NMFC s and AIV Holdings results of operations are based on the Operating Company s results of operations.

Under GAAP, NMFC s IPO 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, and different amounts in realized gain and unrealized appreciation, may be recognized under GAAP in each period than if the step-up had occurred. This will remain until such predecessor investments are sold or mature in the future. 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 income as if each investment was purchased at the date of the IPO (or stepped up to fair market value). The respective Adjusted Net Investment Income (defined as net investment income adjusted to reflect income as if the cost basis of investments held at the IPO date had stepped-up to fair market value as of the IPO date) is used in calculating both the incentive fee and dividend payments. 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 (Adjusted Realized Capital Gains) or losses (Adjusted Realized Capital Losses) and unrealized capital appreciation (Adjusted

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Unrealized Capital Appreciation) and unrealized capital depreciation (Adjusted Unrealized Capital Depreciation). See *Item 1. Financial Statements Note 5, Agreements* for additional details.

The following table for the Operating Company for the three months ended March 31, 2013 is adjusted to reflect the step-up to fair market value and the allocation of the incentive fees related to hypothetical capital gains out of the adjusted post-incentive fee net investment income.

(in thousands)	Three months ended March 31, 2013	Stepped-up Cost Basis Adjustments	Incentive Fee Adjustments (1)	Adjusted three months ended March 31, 2013
Investment income				
Interest income	$ 25,043	$ (479)	$	$ 24,564
Other income	275			275
Total investment income	25,318	(479)		24,839
Total expenses pre-incentive fee	7,551			7,551
Pre-Incentive Fee Net Investment Income	17,767	(479)		17,288
Incentive fee	6,140		(2,682)	3,458
Post-Incentive Fee Net Investment Income	11,627	(479)	2,682	13,830
Net realized gains on investments	1,044	(460)		584
Net change in unrealized appreciation of investments	11,890	939		12,829
Capital gains incentive fees			(2,682)	(2,682)
Net increase in capital resulting from operations	$ 24,561			$ 24,561

(1) For the three months ended March 31, 2013, the Operating Company incurred total incentive fees of $6.1 million, of which $2.7 million related to capital gains incentive fees on a hypothetical liquidation basis.

For the three months ended March 31, 2013, the Operating Company had a $1.0 million adjustment to interest income for amortization, a decrease of $0.5 million to net realized gains and an increase of $0.9 million to net change in unrealized appreciation to adjust for the stepped-up cost basis of the transferred investments as discussed above. For the three months ended March 31, 2013, total adjusted investment income of $24.8 million consisted of approximately $22.3 million in cash interest from investments, approximately $0.6 million in payment-in-kind interest from investments, approximately $1.0 million in prepayment fees, net amortization of purchase premiums and discounts and origination fees of approximately $0.6 million and approximately $0.3 million in other income. The Operating Company s Adjusted Net Investment Income was $13.8 million for the three months ended March 31, 2013.

In accordance with GAAP, for the three months ended March 31, 2013, the Operating Company accrued $2.7 million of hypothetical capital gains incentive fee based upon the cumulative net Adjusted Realized Capital Gains and Adjusted Realized Capital Losses and the cumulative net Adjusted Unrealized Capital Appreciation and Adjusted Unrealized Capital Depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual Adjusted Realized Capital Gains computed net of all Adjusted Realized Capital Losses and Adjusted Unrealized Capital Depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value. As of March 31, 2013, no actual capital gains incentive fee was owed under the Investment Management Agreement, as cumulative net Adjusted Realized Gains did not exceed cumulative Adjusted Unrealized Depreciation.

Results of Operations for the Operating Company for the Three Months Ended March 31, 2013 and March 31, 2012

Revenue

	Three months ended		Percent
(in thousands)	**March 31, 2013**	**March 31, 2012**	**Change**
Interest income	$ 25,043	$ 18,601	35%
Other income	275	421	(35)%
Total investment income	$ 25,318	$ 19,022	

The Operating Company s total investment income increased by $6.3 million for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. The increase in investment income from the three months ended March 31, 2012 to the three months ended March 31, 2013 was primarily attributable to larger invested balances, driven by the proceeds from the 2012 and 2013 primary offerings of NMFC s common stock and the Operating Company s use of leverage for its revolving credit facilities to originate new investments.

Operating Expenses

(in thousands)		Three months ended March 31, 2013		March 31, 2012	Percent Change
Incentive fee (1)	$	6,140	$	3,361	83%
Management fee		3,568		2,514	42%
Interest and other credit facility expenses		3,071		2,483	24%
Professional fees		77		202	(62)%
Other expenses		835		549	52%
Total operating expenses	$	13,691	$	9,109	

(1) For the three months ended March 31, 2013, the total incentive fees incurred of $6.1 million included $2.7 million related to capital gains incentive fees on a hypothetical liquidation basis.

The Operating Company s total operating expenses increased by $4.6 million for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. Interest and other credit facility expenses increased by $0.6 million during the three months ended March 31, 2013, primarily due to the increase of average debt outstanding from $129.0 million to $198.9 million for the Holdings Credit Facility and from $172.1 million to $214.3 million for the SLF Credit Facility for the three months ended March 31, 2012 compared to March 31, 2013. As of March 31, 2013, the Operating Company incurred $37 thousand in other expenses that were not subject to the expense cap pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company.

Additionally, the Operating Company s management fees and incentive fees increased by $1.1 million and $2.8 million, respectively, for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. The increase in management and incentive fees from the three months ended March 31, 2012 to the three months ended March 31, 2013 was attributable to larger invested balances, driven by the proceeds from the 2012 and 2013 primary offerings of NMFC s common stock and the Operating Company s use of leverage for its revolving credit facilities to originate new investments. As a result of the net increase in Adjusted Realized Capital Gains (Losses) and Adjusted Unrealized Capital Appreciation (Depreciation), the Operating Company s capital gains incentive fees increased from $0.9 million for the three months ended March 31, 2012 to $2.7 million for the three months ended March 31, 2013, accounting for $1.8 million of the $2.8 million change in total incentive fees. As of March 31, 2013 and March 31, 2012, no actual capital gains incentive fee was owed under the Investment Management Agreement, as cumulative net Adjusted Realized Gains did not exceed cumulative Adjusted Unrealized Depreciation.

Net Realized Gains and Net Change in Unrealized Appreciation (Depreciation)

(in thousands)		Three months ended March 31, 2013		March 31, 2012	Percent Change
Net realized gains on investments	$	1,044	$	1,007	4%
Net change in unrealized appreciation (depreciation) of investments		11,890		12,747	(7)%
Total net realized gains and net change in unrealized appreciation (depreciation) of investments	$	12,934	$	13,754	

The Operating Company s net realized and unrealized gains or losses resulted in a net gain of $12.9 million for the three months ended March 31, 2013 compared to a net gain of $13.8 million for the same period in 2012. We look at net realized and unrealized gains or losses together as movement in unrealized appreciation or depreciation can be the result of realizations. The net gain for the three months ended March 31, 2013 and March 31, 2012 was primarily driven by the overall increase in the market prices of the Operating Company s investments during the respective periods.

Liquidity and Capital Resources

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

Guardian AIV and New Mountain Guardian Partners, L.P. contributed a portfolio to the Operating Company in connection with the IPO of NMFC, receiving 20,221,938 units of the Operating Company and 1,252,964 shares of NMFC, respectively. On

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May 19, 2011, NMFC priced its initial offering of 7,272,727 shares of common stock at a public offering price of $13.75 per share. Concurrently with the closing of the IPO and at the public offering price of $13.75 per share, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in the Concurrent Private Placement. NMFC used the gross proceeds from the IPO and Concurrent Private Placement to acquire units in the Operating Company.

Since NMFC s IPO, and through March 31, 2013, NMFC raised $161.8 million in net proceeds from additional offerings of common stock and issued shares valued at $125.8 million to AIV Holdings for exchanged units. NMFC acquired from the Operating Company units of the Operating Company equal to the number of shares of NMFC s common stock sold in the additional offerings.

On March 25, 2013, NMFC completed a public offering of 2,000,000 shares of its common stock and an underwritten secondary public offering of 4,000,000 shares of its common stock on behalf of a selling stockholder, AIV Holdings, at a public offering price of $14.30 per share. In connection with the underwritten secondary public offering, the underwriters purchased an additional 900,000 shares of NMFC s common stock from AIV Holdings with the exercise of the overallotment option to purchase up to an additional 900,000 shares of common stock. The Operating Company received net proceeds of $28.4 million in connection with the sale of 2,000,000 shares by NMFC of its common stock. NMFC did not receive any proceeds from the sale of shares of NMFC s common stock by AIV Holdings. The Operating Company and NMFC bore only their allocable portion of offering expenses related to the public offering of 2,000,000 shares, and did not bear any expenses in connection with the secondary public offering of the 4,900,000 shares of NMFC s common stock on behalf of AIV Holdings, which were borne by AIV Holdings.

The Operating Company s liquidity is generated and generally available through advances from the revolving credit facilities, from cash flows from operations, and, we expect, through periodic follow-on equity offerings of NMFC.

At March 31, 2013 and December 31, 2012, the Operating Company had cash and cash equivalents of approximately $15.9 million and $12.8 million, respectively. Cash (used in) operating activities for the three months ended March 31, 2013 and March 31, 2012 was approximately $(15.8) million and $(30.1) million, respectively. We expect that all current liquidity needs by the Operating Company will be met with cash flows from operations and other activities.

Credit Facilities

Holdings Credit Facility The Loan and Security Agreement, as amended and restated, dated May 19, 2011 (the Holdings Credit Facility) among the Operating Company as the Borrower and Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012. The maximum amount of revolving borrowings available under the Holdings Credit Facility is $230.0 million, as amended on March 28, 2013. The Operating Company is permitted to borrow up to 45.0% or 25.0% of the purchase price of pledged first lien or non-first lien debt securities, and up to 70.0% and 45.0% of the purchase price of specified first lien debt securities and specified non-first lien debt securities, respectively, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is collateralized by all of the investments of the Operating Company on an investment by investment basis. All fees associated with the origination or upsizing of the Holdings Credit Facility are capitalized on the Operating Company s Consolidated Statement of Assets, Liabilities, and Members Capital and charged against income as other credit facility expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. In addition, the Holdings Credit Facility requires the Operating Company to maintain a minimum asset coverage ratio. However, the covenants are generally not tied to mark to market fluctuations in the prices of the Operating Company s investments, but rather to the performance of the underlying portfolio companies.

The Holdings Credit Facility bears interest at a rate of the London Interbank Offered Rate (LIBOR) plus 2.75% per annum, as amended on May 8, 2012, and charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

The following table summarizes the interest expense and non-usage fees incurred by the Operating Company on the Holdings Credit Facility for the three months ended March 31, 2013 and March 31, 2012:

	Three months ended	
(in millions)	**March 31, 2013**	**March 31, 2012**
Interest expense	$ 1.5	$ 1.1
Non-usage fee	(1)	(1)
Weighted average interest rate	3.0%	3.3%
Average debt outstanding	$ 198.9	$ 129.0

(1) For the three months ended March 31, 2013 and March 31, 2012, the total non-usage fee was less than $50 thousand.

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As of March 31, 2013 and December 31, 2012, the outstanding balance on the Holdings Credit Facility was $215.2 million and $206.9 million, respectively, and the Operating Company was not aware of any instances of non-compliance related to the Holdings Credit Facility on such dates.

SLF Credit Facility NMF SLF s Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the SLF Credit Facility) among NMF SLF as the Borrower, the Operating Company as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2016, as amended on May 8, 2012. The maximum amount of revolving borrowings available under the SLF Credit Facility is $215.0 million, as amended on December 18, 2012. The loan is non-recourse to the Operating Company and secured by all assets owned by the borrower on an investment by investment basis. All fees associated with the origination or upsizing of the SLF Credit Facility are capitalized on the Consolidated Statement of Assets, Liabilities, and Members Capital and charged against income as other credit facility expenses over the life of the SLF Credit Facility. The SLF Credit Facility contains certain customary affirmative and negative covenants and events of default, including the occurrence of a change in control. The covenants are generally not tied to mark to market fluctuations in the prices of our investments, but rather to the performance of the underlying portfolio companies. Due to an amendment to the SLF Credit Facility on October 27, 2011, NMF SLF is no longer restricted from the purchase or sale of loans with an affiliate. Therefore, specified loans can be moved as collateral between the Holdings Credit Facility and the SLF Credit Facility.

As of March 31, 2013, the SLF Credit Facility permits borrowings of up to 70.0% of the purchase price of pledged first lien debt securities and up to 25.0% of the purchase price of specified second lien loans, of which, up to 25.0% of the aggregate outstanding loan balance of all pledged debt securities in the SLF Credit Facility is allowed to be derived from second lien loans, subject to approval by Wells Fargo Bank, National Association, as amended on March 11, 2013. The amendment does not increase the amount of borrowings permitted under the SLF Credit Facility.

The SLF Credit Facility bears interest at a rate of LIBOR plus 2.00% per annum for first lien loans and 2.75% for second lien loans, as amended on March 11, 2013. A non-usage fee is paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement).

The following table summarizes the interest expense and non-usage fees incurred by the Operating Company on the SLF Credit Facility for the three months ended March 31, 2013 and March 31, 2012:

	Three months ended	
(in millions)	**March 31, 2013**	**March 31, 2012**
Interest expense	$ 1.2	$ 1.1
Non-usage fee	(1)	(1)
Weighted average interest rate	2.2%	2.5%
Average debt outstanding	$ 214.3	$ 172.1

(1) For the three months ended March 31, 2013 and March 31, 2012, the total non-usage fee was less than $50 thousand.

As of March 31, 2013 and December 31, 2012, the outstanding balance on the SLF Credit Facility was $215.0 million and $214.3 million, respectively, and NMF SLF was not aware of any instances of non-compliance related to the SLF Credit Facility on such dates.

Off-Balance Sheet Arrangements

The Operating Company may become a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of its portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of March 31, 2013 and December 31, 2012, the Operating Company had outstanding commitments to third parties to fund investments totaling $10.5 million and $10.5 million, respectively, under various undrawn revolving credit facilities, delayed draw commitments or other future funding commitments.

The Operating Company may from time to time enter into financing commitment letters or bridge financing commitments, which could require funding in the future. As of March 31, 2013 and December 31, 2012, the Operating Company did not enter into any commitment letters to purchase debt investments. As of March 31, 2013 and December 31, 2012, the Operating Company did not enter into any bridge financing commitments.

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Borrowings

The Operating Company had borrowings of $215.2 million and $206.9 million outstanding as of March 31, 2013 and December 31, 2012, respectively, under the Holdings Credit Facility. The Operating Company had borrowings of $215.0 million and $214.3 million outstanding as of March 31, 2013 and December 31, 2012, respectively, under the SLF Credit Facility.

Contractual Obligations

A summary of the Operating Company s significant contractual payment obligations as of March 31, 2013 is as follows:

	Contractual Obligations Payments Due by Period (in millions)				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Holdings Credit Facility(1)	$ 215.2	$	$	$ 215.2	$
SLF Credit Facility(2)	215.0			215.0	
Total Contractual Obligations	$ 430.2	$	$	$ 430.2	$

(1) Under the terms of the $230.0 million Holdings Credit Facility, all outstanding borrowings under that facility ($215.2 million as of March 31, 2013) must be repaid on or before October 27, 2016. As of March 31, 2013, there was approximately $14.8 million of possible capacity remaining under the Holdings Credit Facility.

(2) Under the terms of the $215.0 million SLF Credit Facility, all outstanding borrowings under that facility ($215.0 million as of March 31, 2013) must be repaid on or before October 27, 2016. As of March 31, 2013, there was no remaining capacity under the SLF Credit Facility.

The Operating Company has certain contracts under which it has material future commitments. The Operating Company has $10.5 million of undrawn funding commitments as of March 31, 2013 related to its participation as a lender in revolving credit facilities, delayed draw commitments or other future funding commitments of the Operating Company s portfolio companies. As of March 31, 2013, the Operating Company did not enter into any bridge financing commitments, which could require funding in the future.

We have entered into the Investment Management Agreement with the Investment Adviser in accordance with the 1940 Act. Under the Investment Management Agreement, the Investment Adviser has agreed to provide the Operating Company with investment advisory and management services. We have agreed to pay for these services (1) a management fee and (2) an incentive fee based on its performance.

We have also entered into an administration agreement, as amended and restated (the Administration Agreement), with the Administrator. Under the Administration Agreement, the Administrator has agreed to arrange office space for us and provide office equipment and clerical, bookkeeping and record keeping services and other administrative services necessary to conduct our respective day-to-day operations. The Administrator has also agreed to perform, or oversee the performance of, our financial records, our reports to stockholders / unit holders and reports filed with the Securities and Exchange Commission.

If any of the contractual obligations discussed above are terminated, our costs under any new agreements that are entered into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under the Investment Management Agreement and the Administration Agreement.

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Distributions and Dividends

Dividends declared and paid to stockholders / unit holders of the Companies for the three months ended March 31, 2013 totaled $13.8 million, of which $5.5 million remained as an outstanding payable to AIV Holdings and its stockholders as of March 31, 2013.

The following table summarizes the Operating Company s and NMFC s quarterly cash distributions, including dividends and returns of capital, if any, per unit/share that have been declared by the Operating Company s board of directors, and subsequently NMFC s board of directors, since NMFC s IPO:

Fiscal Year Ended	**Date Declared**	**Record Date**	**Payment Date**	**Per Share/Unit Amount**	
December 31, 2013					
First Quarter	March 6, 2013	March 15, 2013	March 28, 2013	$	0.34
December 31, 2012					
Fourth Quarter (1)	December 27, 2012	December 31, 2012	January 31, 2013	$	0.14
Fourth Quarter	November 6, 2012	December 14, 2012	December 28, 2012		0.34
Third Quarter	August 8, 2012	September 14, 2012	September 28, 2012		0.34
Second Quarter	May 8, 2012	June 15, 2012	June 29, 2012		0.34
Second Quarter (2)	May 8, 2012	May 21, 2012	May 31, 2012		0.23
First Quarter	March 7, 2012	March 15, 2012	March 30, 2012		0.32
December 31, 2011					
Fourth Quarter	November 8, 2011	December 15, 2011	December 30, 2011	$	0.30
Third Quarter	August 10, 2011	September 15, 2011	September 30, 2011		0.29
Second Quarter	August 10, 2011	August 22, 2011	August 31, 2011		0.27
Total				$	2.91

(1) Special dividend intended to minimize to the greatest extent possible NMFC s federal income or excise tax liability.

(2) Special dividend related to estimated realized capital gains attributable to the Operating Company s investments in Lawson Software, Inc. and Infor Lux Bond Company.

The following table summarizes AIV Holdings quarterly cash distributions, including dividends and returns of capital, if any, that have been declared by the Operating Company s board of directors on a per share/unit basis, and subsequently AIV Holdings board of directors, since NMFC s IPO:

Fiscal Year Ended	**Date Declared**	**Record Date**	**Payment Date**	**Amount (in millions)**
December 31, 2013				

First Quarter (1)	March 6, 2013	March 15, 2013	March 28, 2013 (2)	$	5.5(10)
December 31, 2012					
Fourth Quarter (1)(3)	December 27, 2012	December 31, 2012	January 31, 2013	$	2.3
Fourth Quarter (1)	November 6, 2012	December 14, 2012	December 28, 2012 (4)		5.5
Third Quarter (5)	August 8, 2012	September 14, 2012	September 28, 2012		6.9(6)
Second Quarter (5)	May 8, 2012	June 15, 2012	June 29, 2012 (8)		6.9
Second Quarter (5)(7)	May 8, 2012	May 21, 2012	May 31, 2012		4.6
First Quarter (5)	March 7, 2012	March 15, 2012	March 30, 2012 (9)		6.5
December 31, 2011 (5)					
Fourth Quarter	November 8, 2011	December 15, 2011	December 30, 2011	$	6.1
Third Quarter	August 10, 2011	September 15, 2011	September 30, 2011		5.9
Second Quarter	August 10, 2011	August 22, 2011	August 31, 2011		5.4
Total				$	55.6

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(1) As of the respective record dates, AIV Holdings owned 16,221,938 units of the Operating Company. AIV Holdings received a total dividend for the respective amounts and subsequently AIV Holdings board of directors declared total dividends in the same amounts payable to the holders of record as of the respective record dates.

(2) Actual cash payment was made on April 5, 2013.

(3) Special dividend intended to minimize to the greatest extent possible NMFC s federal income or excise tax liability.

(4) Actual cash payment was made on January 7, 2013.

(5) As of the respective record dates, AIV Holdings owned 20,221,938 units of the Operating Company. AIV Holdings received a total dividend for the respective amounts and subsequently AIV Holdings board of directors declared total dividends in the same amounts payable to the holders of record as of the respective record dates.

(6) This amount does not include the distribution to Guardian AIV of $58.2 million in connection with net proceeds from the September 28, 2012 underwritten secondary public offering of NMFC s common stock on behalf of AIV Holdings.

(7) Special dividend related to estimated realized capital gains attributable to the Operating Company s investments in Lawson Software, Inc. and Infor Lux Bond Company.

(8) Actual cash payment was made on July 9, 2012.

(9) Actual cash payment was made on April 4, 2012.

(10) This amount does not include the distribution to Guardian AIV of $67.8 million in connection with net proceeds from the March 25, 2013 underwritten secondary public offering of NMFC s common stock on behalf of AIV Holdings.

Tax characteristics of all dividends paid by NMFC and AIV Holdings were reported to stockholders on Form 1099 after the end of the calendar year. Future quarterly dividends, if any, for the Companies will be determined by their respective board of directors.

Since NMFC and AIV Holdings are holding companies, all distributions on their common stock will be paid from distributions received from the Operating Company. The Operating Company intends to make distributions to its unit holders that will be sufficient to enable NMFC and AIV Holdings to pay quarterly distributions to their stockholders and to maintain their status as RICs. Under certain circumstances, the distributions that the Operating Company makes to its members may not be sufficient for AIV Holdings to satisfy the annual distribution requirement necessary for AIV Holdings to qualify as a RIC. In that case, it is expected that Guardian AIV would consent to be treated as if it received distributions from AIV Holdings sufficient to satisfy the annual distribution requirement. Guardian AIV would be required to include the consent dividend in its taxable income as a dividend from AIV Holdings, which would result in phantom (i.e., non-cash) taxable income to Guardian AIV. AIV Holdings intends to make quarterly distributions to Guardian AIV out of assets legally available for distribution each quarter. NMFC intends to distribute approximately its entire portion of the Operating Company s Adjusted Net Investment Income on a quarterly basis and substantially its entire portion of the Operating Company s taxable income on an annual basis, except that it may retain certain net capital gains for reinvestment.

NMFC maintains an opt out dividend reinvestment plan for its common stockholders. As a result, if the Operating Company declares a dividend, then NMFC stockholders cash dividends will be automatically reinvested in additional shares of NMFC s common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends. Cash dividends reinvested in additional shares of NMFC s common stock will be automatically reinvested by NMFC in the Operating Company in exchange for additional units of the Operating Company. See *Item 1 Financial Statements Note 2, Summary of Significant Accounting Policies* for additional details regarding NMFC s dividend reinvestment plan.

AIV Holdings does not intend to reinvest any distributions received in additional units of the Operating Company.

Related Parties

The Companies have entered into a number of business relationships with affiliated or related parties, including the following:

- Together, NMFC and AIV Holdings own all the outstanding units of the Operating Company. As of March 31, 2013, NMFC and AIV Holdings own approximately 73.5% and 26.5%, respectively, of the units of the Operating Company.

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

- The Companies have entered into an Administration Agreement, with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges office space for the Companies and provides office equipment and

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administrative services necessary to conduct their respective day-to-day operations pursuant to the Administration Agreement. The Operating Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Companies under the Administration Agreement, including rent, the fees and expenses associated with performing administrative, finance, and compliance functions, and the compensation of the Operating Company s chief financial officer and chief compliance officer and their respective staffs. Pursuant to the Administration Agreement, as amended and restated, and further restricted by the Operating Company, expenses payable to the Administrator by the Operating Company as well as other direct and indirect expenses (excluding interest, other credit facility expense, trading expenses and management and incentive fees) has been capped at $3.5 million for the time period from April 1, 2012 to March 31, 2013 and capped at $4.25 million for the time period from April 1, 2013 to March 31, 2014.

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

In addition, NMFC and the Operating Company have adopted a formal code of ethics that governs the conduct of their respective officers and directors. These officers and directors also remain subject to the duties imposed by the 1940 Act, the Delaware General Corporation Law and the Delaware Limited Liability Company Act.

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with the Operating Company s investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for the Operating Company and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the Securities and Exchange Commission and its staff, and consistent with the Investment Adviser s allocation procedures.

Concurrently with the IPO, NMFC sold an additional 2,172,000 shares of its common stock to certain executives and employees of, and other individuals affiliated with, New Mountain Capital in the Concurrent Private Placement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Operating Company is subject to certain financial market risks, such as interest rate fluctuations. During the three months ended March 31 2013, certain of the loans held in the Operating Company s portfolio had floating interest rates. Interest rates on the loans held within the Operating Company s portfolio of investments are typically based on floating LIBOR, with many of these assets also having a LIBOR floor. Additionally, the Operating Company s senior secured revolving credit facilities are also subject to floating interest rates and are currently paid based on one-month floating LIBOR rates.

The following table estimates the potential changes in net cash flow generated from interest income and expenses, should interest rates increase by 100, 200 or 300 basis points, or decrease by 25 basis points. Interest income is calculated as revenue from interest generated from the Operating Company s portfolio of investments held on March 31, 2013. Interest expense is calculated based on the terms of the Operating Company s two outstanding revolving credit facilities. For the Operating Company s floating rate credit facilities, the Operating Company uses the outstanding balance as of March 31, 2013. Interest expense on the Operating Company s floating rate credit facilities are calculated using the interest rate as of March 31, 2013, adjusted for the hypothetical changes in rates, as shown below. The base interest rate case assumes the rates on the Operating Company s portfolio investments remain unchanged from the actual effective interest rates as of March 31, 2013. These hypothetical calculations are based on a model of the investments in our portfolio, held as of March 31, 2013, and are only adjusted for assumed changes in the underlying base interest rates.

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Actual results could differ significantly from those estimated in the table.

Change in Interest Rates	Estimated Percentage Change in Interest Income Net of Interest Expense (unaudited)
-25 Basis Points (1)	0.98%
Base Interest Rate	%
+100 Basis Points	(4.33)%
+200 Basis Points	(0.10)%
+300 Basis Points	5.51%

(1) Limited to the lesser of the March 31, 2013 LIBOR rates or a decrease of 25 basis points.

The Operating Company was not exposed to any foreign currency exchange risks as of March 31, 2013.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of March 31, 2013 (the end of the period covered by this report), we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Act of 1934, as amended). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic Securities and Exchange Commission filings is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

(b) Changes in Internal Controls Over Financial Reporting

Management has not identified any change in the Companies internal control over financial reporting that occurred during the first quarter of 2013 that has materially affected, or is reasonably likely to materially affect, the Companies internal control over financial reporting.

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PART II. OTHER INFORMATION

The terms we , us , our and the Companies refers to the collective: New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation.

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in *Item 1A. Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing the Companies. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results. There have been no material changes during the three months ended March 31, 2013 to the risk factors discussed in *Item 1A. Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2012.

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

We did not engage in unregistered sales of securities during the quarter ended March 31, 2013.

Issuer Purchases of Equity Securities

For the quarter ended March 31, 2013, NMFC did not purchase any of its common stock in the open market.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

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

Exhibit Number	Description
2.1	Merger Agreement, dated May 19, 2011 by and between New Mountain Finance Holdings, L.L.C. and New Mountain Guardian Debt Funding, L.L.C.(5)
2.2	Merger Agreement, dated May 19, 2011 by and between New Mountain Guardian Partners Debt Funding, L.L.C. and New Mountain Guardian Partners (Leveraged), L.L.C.(5)
2.3	Merger Agreement, dated May 19, 2011 by and between New Mountain Finance Holdings, L.L.C. and New Mountain

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	Guardian Partners (Leveraged), L.L.C.(5)
3.1(a)	Certificate of Incorporation of New Mountain Guardian Corporation(3)
3.1(b)	Certificate of Amendment to Certificate of Incorporation of New Mountain Guardian Corporation changing its name to New Mountain Finance Corporation(1)
3.1(c)	Amended and Restated Certificate of Incorporation of New Mountain Finance Corporation(4)
3.1(d)	Certificate of Formation of New Mountain Guardian (Leveraged), L.L.C.(1)
3.1(e)	Certificate of Amendment to Certificate of Formation of New Mountain Guardian (Leveraged), L.L.C. changing its name to New Mountain Finance Holdings, L.L.C.(5)
3.1(f)	Certificate of Incorporation of New Mountain Finance AIV Holdings Corporation(6)
3.1(g)	Amended and Restated Certificate of Incorporation of New Mountain Finance AIV Holdings Corporation(9)
3.1(h)	Certificate of Change of Registered Agent and/or Registered Office of New Mountain Finance Corporation(7)
3.1(i)	Certificate of Change of Registered Agent and/or Registered Office of New Mountain Finance AIV Holdings Corporation(7)
3.2(a)	Bylaws of New Mountain Finance Corporation(3)
3.2(b)	Amended and Restated Bylaws of New Mountain Finance Corporation(4)
3.3	Bylaws of New Mountain Finance AIV Holdings Corporation(6)
4.1	Form of Stock Certificate of New Mountain Finance Corporation(1)
4.2	Form of Stock Certificate of New Mountain Finance AIV Holdings Corporation(2)
10.1	Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.(5)
10.2	First Joinder Agreement with Respect to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.(5)
10.3	Second Joinder Agreement with Respect to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.(5)
10.4	Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.(8)
10.5	Letter Agreement relating to entry into Amended and Restated Loan and Security Agreement by and among New Mountain Finance Holdings, L.L.C., as Borrower and Collateral Administrator, each of the lenders thereto, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, National Association, as Collateral Custodian.(1)
10.6	Form of Variable Funding Note of New Mountain Finance Holdings, L.L.C., as the Borrower(1)
10.7	Form of Amended and Restated Account Control Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Securities Intermediary(1)
10.8	First Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, National Association,

as Lender(8)

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10.9 Second Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, National Association, as Lender(8)

10.10 Third Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities LLC, as Administrative Agent and Wells Fargo Bank, National Association, as Lender(8)

10.11 Sixth Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities LLC, as Administrative Agent and Wells Fargo Bank, National Association, as Lender (11)

10.12 Seventh Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Collateral Custodian(12)

10.13 Eighth Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Collateral Custodian (13)

10.14 Ninth Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance Holdings, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Collateral Custodian (15)

10.15 Loan and Security Agreement by and among New Mountain Guardian (Leveraged), L.L.C., as Collateral Administrator, New Mountain Guardian SPV Funding, L.L.C., as Borrower, each of the lenders party thereto, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Collateral Custodian(1)

10.16 First Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender(1)

10.17 Second Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender(1)

10.18 Third Amendment to Loan and Security Agreement between New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender(8)

10.19 Fourth Amendment to Loan and Security Agreement between New Mountain Finance SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender(8)

10.20 Fifth Amendment to Loan and Security Agreement between New Mountain SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender(8)

10.21 Ninth Amendment to Loan and Security Agreement between New Mountain Finance SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Bank, National Association, as Lender (11)

10.22 Tenth Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance SPV Funding, L.L.C. , as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender(12)

10.23 Eleventh Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance SPV Funding, L.L.C. , as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender(13)

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10.24 Twelfth Amendment to Amended and Restated Loan and Security Agreement between New Mountain Finance SPV Funding, L.L.C. , as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, National Association, as Lender (14)

10.25 Account Control Agreement by and between New Mountain Guardian SPV Funding, L.L.C., as Pledgor, Wells Fargo Securities, LLC, as Administrative Agent on behalf of the Secured Parties, and Wells Fargo Bank, N.A., as Securities Intermediary(1)

10.26 Variable Funding Note of New Mountain Guardian SPV Funding, L.L.C., as the Borrower(10)

10.27 Form of Amended and Restated Investment Advisory and Management Agreement(10)

10.28 Form of Safekeeping Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Safekeeping Agent(1)

10.29 Amended and Restated Administration Agreement(8)

10.30 Form of Trademark License Agreement(1)

10.31 Amendment No. 1 to Trademark License Agreement(8)

10.32 Form of Registration Rights Agreement(1)

10.33 Form of Indemnification Agreement by and between New Mountain Finance Corporation and each director(1)

10.30 Form of Indemnification Agreement by and between New Mountain Finance Holdings, L.L.C. and each director(1)

10.31 Dividend Reinvestment Plan(4)

11.1 Computation of Per Share Earnings for New Mountain Finance Corporation (included in the notes to the financial statements contained in this report)

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended

32.1 Certification of Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

32.2 Certification of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

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

(2) Previously filed in connection with New Mountain Finance AIV Holdings Corporation s registration statement on Form 10 (File No. 000-54412), filed May 19, 2011.

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

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

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

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(6) Previously filed in connection with New Mountain Finance AIV Holdings Corporation s quarterly report on Form 10-Q filed on August 23, 2011.

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

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

(9) Previously filed in connection with New Mountain Finance AIV Holdings Corporation s report on Form 8-K filed on February 29, 2012.

(10) Previously filed as Annex A to New Mountain Finance Corporation s, New Mountain Finance Holdings, L.L.C. s and New Mountain Finance AIV Holdings Corporations Joint Proxy Materials on Schedule 14A filed on March 28, 2012.

(11) Previously filed in connection with New Mountain Finance Corporation s quarterly report on Form 10-Q filed May 8, 2012.

(12) Previously filed in connection with New Mountain Finance Corporation s quarterly report on Form 10-Q filed August 8, 2012.

(13) Previously filed in connection with New Mountain Finance Holdings, L.L.C. s report on Form 8-K filed on December 21, 2012.

(14) Previously filed in connection with New Mountain Finance Holdings, L.L.C. s report on Form 8-K filed on March 13, 2013.

(15) Previously filed in connection with New Mountain Finance Holdings, L.L.C. s report on Form 8-K filed on April 1, 2013.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 6, 2013.

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

NEW MOUNTAIN FINANCE CORPORATION

NEW MOUNTAIN FINANCE AIV HOLDINGS CORPORATION

By:	/s/ ROBERT A. HAMWEE Robert A. Hamwee *Chief Executive Officer* *(Principal Executive Officer)*
By:	/s/ DAVID M. CORDOVA David M. Cordova *Chief Financial Officer and Treasurer* *(Principal Financial and Accounting Officer)*