



NEW MOUNTAIN FINANCE  
CORPORATION

## **Q2 2013 Earnings Presentation**

August 8, 2013

# Important Notice and Safe Harbor Statement

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

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# Management Participants

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**Steven B. Klinsky**

*Chairman of the Board of Directors*

**Robert A. Hamwee**

*Chief Executive Officer, President and Director*

**David M. Cordova**

*Chief Financial Officer and Treasurer*

## Q2 2013 Highlights

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- Q2 Adjusted Net Investment Income (“NII”) of \$0.50 per weighted average share
  - After deducting one-time \$0.12 YP LLC (“YP”) distribution, Pro-Forma Adjusted Net Investment Income of \$0.38 per weighted average share, which exceeded our expected range of \$0.33 - \$0.35
  - Q2 dividend of \$0.34 per share paid on June 28, 2013
- June 30, 2013 book value of \$14.32 per share, an increase of \$0.01 per share from the March 31, 2013 book value of \$14.31 per share
- Q3 2013 regular dividend of \$0.34 per share announced
  - Payable on September 30, 2013 to holders of record as of September 16, 2013
- Special Dividend of \$0.12 per share announced, based on dividend income from YP warrant distribution
  - Payable on August 30, 2013 to holders of record as of August 20, 2013
- Credit performance remains very strong
- Approximately \$150 million of gross and \$35 million of net assets originated in Q2 2013
- On June 21, 2013, NMFC completed a primary and secondary offering of 6.75 million shares (including overallotment) of its common stock, of which 2.0 million were primary shares issued at a public offering price of \$14.55 per share for total gross proceeds of \$29 million
- Portfolio continues to be positioned in recession resistant, acyclical industries



# Review of NMFC and NMFC Strategy

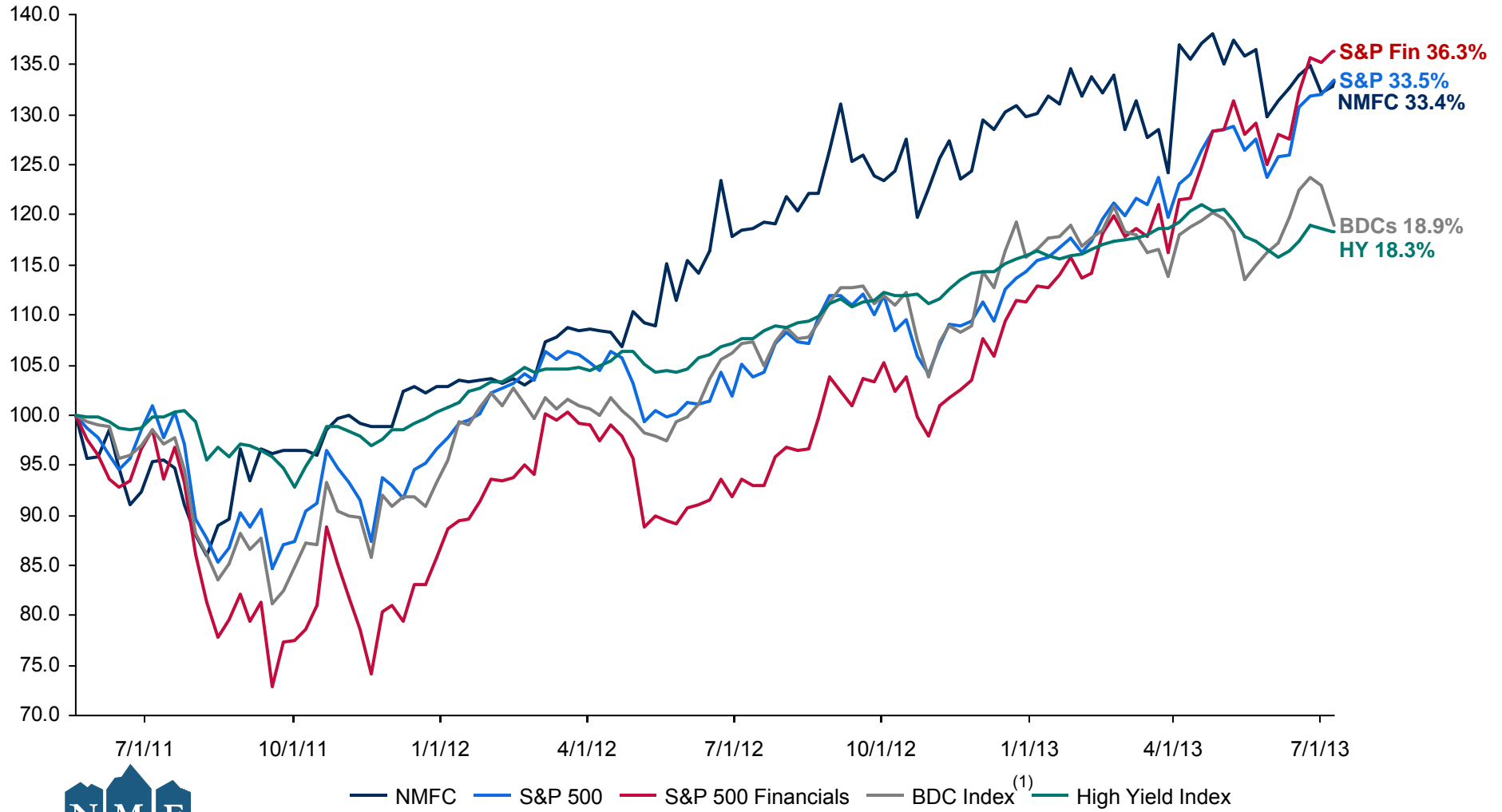
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- NMFC's portfolio is externally managed by New Mountain Finance Advisers BDC, L.L.C., which is an affiliate of New Mountain Capital, L.L.C. ("New Mountain" or "NMC"), a leading private equity firm with more than \$9 billion of assets under management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

# NMFC Relative Trading Performance – Indexed Total Return

May 19, 2011 (IPO) – August 2, 2013

Indexed Total Return



Source: Capital IQ, Credit Suisse Research & Analytics

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

# Credit Market Conditions

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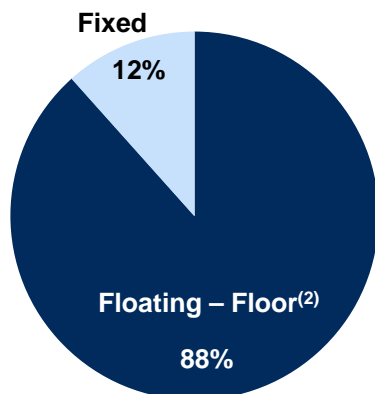
- Period of significant credit market volatility in the second half of Q2
  - Fed tapering expectations
  - Spike in long term rates
  - Record outflows from high yield funds in June
  - Widening credit spreads
  
- Markets have stabilized so far in Q3 and credit spreads have recovered somewhat
  
- NMFC works to be well positioned to capitalize on volatile markets:
  - NMC and NMFC have **always** proactively focused on defensive, acyclical business models
  - Leverage facilities **not** subject to margin calls

# Credit Market Conditions – Interest Rates

## Floating vs. Fixed

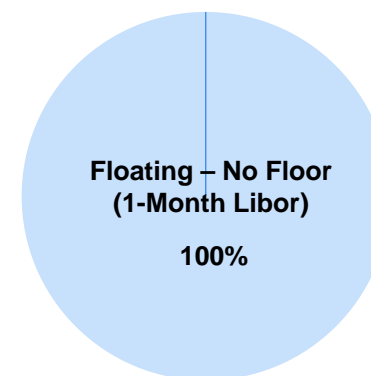
### Assets

(Aggregate par value of \$1,055.4 million as of June 30, 2013)<sup>(1)</sup>



### Liabilities

(\$416.5 million drawn as of June 30, 2013)



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

| Change in Interest Rates | Estimated % Change in Interest Income Net of Interest Expense | Illustrative Adj. NII / Share Impact Assuming \$1.36 Annual Adj. NII / Share |
|--------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------|
| Base Interest Rate       | 0.00%                                                         | \$0.00                                                                       |
| +100 bps                 | (3.87%)                                                       | (\$0.05)                                                                     |
| +200 bps                 | 0.86%                                                         | \$0.01                                                                       |
| +300 bps                 | 6.55%                                                         | \$0.09                                                                       |
| +400 bps                 | 12.23%                                                        | \$0.17                                                                       |



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

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

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



# Credit Performance

(\$ in millions, unaudited)

|                                                                                        | As of 6/30/2013          | Cumulative Since<br>Inception <sup>(1)</sup><br>(October 2008 – June 30, 2013) |                         |
|----------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------|-------------------------|
|                                                                                        | <u>Cost</u> / <u>FMV</u> | <u>Cost</u>                                                                    | <u># Portfolio Co's</u> |
| <b>Investments</b>                                                                     | \$1,045.6 / \$1,059.0    | \$2,093.4                                                                      | 116                     |
| <b>On Internal Watch List<br/>(3 or 4 Rating, excl.<br/>Non-Accrual)<sup>(2)</sup></b> | \$13.5 / \$8.9           | \$20.5                                                                         | 2                       |
| <b>Non-Accrual<sup>(3)</sup></b>                                                       | \$5.9 / \$0.4            | \$5.9                                                                          | 1                       |
| <b>Default Loss</b>                                                                    | \$0 / \$0                | \$0                                                                            | 0                       |

<sup>1</sup> Since inception of predecessor entity in 10/2008 through 6/30/2013

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

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

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

| Portfolio Company <sup>(1)</sup>                  | NMFC Leverage Ratio <sup>(2)</sup> |             | Variance              |
|---------------------------------------------------|------------------------------------|-------------|-----------------------|
|                                                   | At Purchase                        | Current     | Positive / (Negative) |
| Company A                                         | 5.9x                               | 5.5x        | 0.4x                  |
| Company B                                         | 4.1x                               | 4.1x        | (0.0x)                |
| Company C                                         | 5.1x                               | 5.1x        | 0.1x                  |
| Company D                                         | 5.1x                               | 5.3x        | (0.2x)                |
| Company E                                         | 5.9x                               | 5.7x        | 0.2x                  |
| Company F                                         | 5.7x                               | 5.4x        | 0.2x                  |
| Company G                                         | 5.3x                               | 4.7x        | 0.5x                  |
| Company H                                         | 6.0x                               | 5.8x        | 0.2x                  |
| Company I                                         | 4.8x                               | 4.8x        | -                     |
| Company J                                         | 4.6x                               | 5.2x        | (0.6x)                |
| Company K                                         | 5.8x                               | 6.2x        | (0.5x)                |
| Company L                                         | 3.7x                               | 4.3x        | (0.6x)                |
| Company M                                         | 5.9x                               | 5.6x        | 0.3x                  |
| Company N                                         | 4.9x                               | 3.9x        | 1.1x                  |
| Company O                                         | 2.9x                               | 3.1x        | (0.2x)                |
| Company P                                         | 6.8x                               | 6.2x        | 0.6x                  |
| Company Q                                         | 6.7x                               | 5.9x        | 0.8x                  |
| Company R                                         | 6.3x                               | 6.1x        | 0.2x                  |
| Company S                                         | 3.1x                               | 3.0x        | 0.2x                  |
| Company T                                         | 3.3x                               | 3.3x        | 0.0x                  |
| Company U                                         | 1.2x                               | 1.2x        | -                     |
| Company V                                         | 5.6x                               | 5.6x        | (0.0x)                |
| Company W                                         | 4.8x                               | 5.1x        | (0.2x)                |
| Company X                                         | 4.5x                               | 4.3x        | 0.3x                  |
| Company Y                                         | 4.1x                               | 4.1x        | -                     |
| Company Z                                         | 6.0x                               | 6.0x        | -                     |
| Company AA                                        | 4.7x                               | 4.7x        | (0.0x)                |
| <b>Weighted Average (6/30/2013)<sup>(3)</sup></b> | <b>4.8x</b>                        | <b>4.8x</b> | <b>0.1x</b>           |
| <b>Memo: Weighted Average (3/31/2013)</b>         | <b>4.9x</b>                        | <b>4.6x</b> | <b>0.2x</b>           |
| <b>Memo: Weighted Average (12/31/2012)</b>        | <b>4.9x</b>                        | <b>4.8x</b> | <b>0.2x</b>           |
| <b>Memo: Weighted Average (9/30/2012)</b>         | <b>4.1x</b>                        | <b>3.8x</b> | <b>0.2x</b>           |



<sup>1</sup> Current positions with an initial cost greater than \$7.5mm as of 6/30/2013 (represents 89% of OpCo cost and 88% of OpCo fair value)

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

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

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

| Portfolio Company <sup>(1)</sup>                  | NMFC Leverage Ratio <sup>(2)</sup> |             | Variance              |
|---------------------------------------------------|------------------------------------|-------------|-----------------------|
|                                                   | At Purchase                        | Current     | Positive / (Negative) |
| Company AB                                        | 3.1x                               | 3.2x        | (0.0x)                |
| Company AC                                        | 3.2x                               | 10.7x       | (7.5x)                |
| Company AD                                        | 4.1x                               | 3.6x        | 0.5x                  |
| Company AE                                        | 3.5x                               | 2.8x        | 0.7x                  |
| Company AF                                        | 4.0x                               | 4.0x        | (0.0x)                |
| Company AG                                        | 4.0x                               | 5.1x        | (1.1x)                |
| Company AH                                        | 3.7x                               | 3.4x        | 0.3x                  |
| Company AI                                        | 3.2x                               | 2.9x        | 0.3x                  |
| Company AJ                                        | 4.2x                               | 4.0x        | 0.2x                  |
| Company AK                                        | 4.3x                               | 3.2x        | 1.1x                  |
| Company AL                                        | 3.8x                               | 3.9x        | (0.2x)                |
| Company AM                                        | 3.2x                               | 3.2x        | -                     |
| Company AN                                        | 2.0x                               | 1.9x        | 0.0x                  |
| Company AO                                        | 4.0x                               | 3.7x        | 0.3x                  |
| Company AP                                        | 3.4x                               | 3.4x        | -                     |
| Company AQ                                        | 4.1x                               | 4.5x        | (0.4x)                |
| Company AR                                        | 4.1x                               | 3.7x        | 0.4x                  |
| Company AS                                        | 3.3x                               | 3.1x        | 0.2x                  |
| Company AT                                        | 2.7x                               | 3.3x        | (0.6x)                |
| Company AU                                        | 3.2x                               | 3.5x        | (0.3x)                |
| Company AV                                        | 3.8x                               | 2.8x        | 1.0x                  |
| <b>Weighted Average (6/30/2013)<sup>(3)</sup></b> | <b>3.5x</b>                        | <b>3.6x</b> | <b>(0.1x)</b>         |
| <b>Memo: Weighted Average (3/31/2013)</b>         | <b>3.5x</b>                        | <b>3.5x</b> | <b>0.0x</b>           |
| <b>Memo: Weighted Average (12/31/2012)</b>        | <b>3.4x</b>                        | <b>3.3x</b> | <b>0.1x</b>           |
| <b>Memo: Weighted Average (9/30/2012)</b>         | <b>3.5x</b>                        | <b>3.3x</b> | <b>0.2x</b>           |

<sup>1</sup> Current positions with an initial cost greater than \$7.5mm as of 6/30/2013 (represents 90% of SLF cost and 90% of SLF fair value)

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

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

# Special Dividend – YP

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

## Summary

- NMFC invested into the second lien bank debt of YP, a large local search, media and advertising company in May 2012
  - We received penny warrants in connection with this investment representing ~1% of the equity
- In May of this year, YP completed a dividend recapitalization transaction, which fully repaid our second lien and also allowed us to receive our pro rata share of the dividend

## Investment Overview – Cash Flows

| Security             | Purchase (5/8/12) | Q2 2012      | Q3 2012      | Q4 2012      | Q1 2013      | Q2 2013      | Total Inflows |
|----------------------|-------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 2 <sup>nd</sup> Lien | (\$9.5)           | \$0.1        | \$0.3        | \$7.2        | \$1.9        | \$1.8        | \$11.4        |
| Warrants             | (\$0.5)           | -            | -            | \$0.5        | -            | \$6.4        | \$6.9         |
| <b>Total</b>         | <b>(\$10.0)</b>   | <b>\$0.1</b> | <b>\$0.3</b> | <b>\$7.7</b> | <b>\$1.9</b> | <b>\$8.3</b> | <b>\$18.3</b> |

- The special dividend represents the \$6.4 million of dividend income we received (less fees)
- We continue to own our ~1% equity stake, which we marked at \$1.9m as of 6/30/2013
- In connection with the May recapitalization, we invested \$31 million in the first lien bank debt of YP



# Share Ownership Migration

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

|                                  | <u>IPO - May-11</u> | <u>2012 Offerings</u>  |                   | <u>2013 Offerings</u>  |                   |
|----------------------------------|---------------------|------------------------|-------------------|------------------------|-------------------|
|                                  | <u>Issuances</u>    | <u>Issuances</u>       | <u>Cumulative</u> | <u>Issuances</u>       | <u>Cumulative</u> |
| Public Shares ("PubCo")          | 10.7                | 13.6 <sup>(2)(3)</sup> | 24.3              | 13.8 <sup>(2)(3)</sup> | 38.1              |
| <i>% of Total</i>                | 34.6%               |                        | 60.0%             |                        | 85.3%             |
| NMC Fund Shares ("AIV Holdings") | 20.2                | (4.0)                  | 16.2              | (9.7)                  | 6.6               |
| <i>% of Total</i>                | 65.4%               |                        | 40.0%             |                        | 14.7%             |
| <b>Total Shares</b>              | <b>30.9</b>         | <b>9.6</b>             | <b>40.5</b>       | <b>4.2</b>             | <b>44.7</b>       |

Since IPO, NMFC's public float has more than tripled, from 10.7 million to 38.1 million shares, which represents approximately 85% of the total shares

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

<sup>2</sup> Includes shares issued in connection with overallotment option

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

# Performance Since IPO

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

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

<sup>1</sup> Numbers may not add due to rounding; see footnote 2 on p.22 for "Adjustments"

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







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

<sup>4</sup> Includes net YP distribution of \$5.1 million (see p. 22 for bridge)

## Q2 Originations and Repayments

(\$ in millions, unaudited)

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

| Date <sup>(2)</sup>                | Name                                                                                                                                                | Industry                    | Amount<br>(\$'s Invested) | Tranche<br>Size | Type of<br>Investment                      | Advance<br>Rate | YTM at Purchase <sup>(3)</sup> |                                 |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------|--------------------------------------------|-----------------|--------------------------------|---------------------------------|
|                                    |                                                                                                                                                     |                             |                           |                 |                                            |                 | Unlevered                      | Levered                         |
| 5/3/13                             |  Black Elk Energy                                                  | Energy                      | \$20.0                    | \$96            | Preferred<br>Equity                        | N/A             | 18.1%                          | 18.1%                           |
| 5/6/13                             |  Packaging<br>Coordinators, Inc.                                   | Healthcare<br>Products      | \$13.9 /<br>\$1.0         | \$75 /<br>N/A   | 2 <sup>nd</sup> Lien /<br>Common<br>Equity | 25% /<br>N/A    | 10.6% /<br>N/A                 | 12.8% /<br>N/A                  |
| 5/30/13                            |  Local Search,<br>Media and Advertising<br>mobile • online • print | Media                       | \$31.2                    | \$700           | 1 <sup>st</sup> Lien                       | 45%             | 9.3%                           | 13.9%                           |
| 6/19/13                            |  Deltek                                                            | Software                    | \$29.7                    | \$305           | 2 <sup>nd</sup> Lien                       | 25%             | 11.5%                          | 13.9%                           |
| 6/21/13                            |  MERITAS                                                           | Education                   | \$25.7                    | \$215           | 1 <sup>st</sup> Lien                       | 70%             | 8.2%                           | 19.6%                           |
| 6/21/13                            |  DISTRIBUTION<br>INTERNATIONAL<br>Excellence Delivered             | Distribution &<br>Logistics | \$19.6                    | \$200           | 1 <sup>st</sup> Lien                       | 45%             | 9.1%                           | 13.1%                           |
| Other                              |                                                                                                                                                     |                             | \$9.2                     | <b>Q1 2013</b>  | <b>Q4 2012</b>                             | <b>Q3 2012</b>  | <b>Non-SLF: 10.5%</b>          | <b>Non-SLF: 13.4%</b>           |
| <b>Total Originations</b>          |                                                                                                                                                     |                             | <b>\$150.3</b>            | <b>\$112.0</b>  | <b>\$266.7</b>                             | <b>\$173.4</b>  | <b>SLF: 8.2%<sup>(4)</sup></b> | <b>SLF: 19.6%<sup>(4)</sup></b> |
| Repayments                         |                                                                                                                                                     |                             | (\$114.9)                 | (\$61.6)        | (\$108.7)                                  | (\$63.6)        |                                |                                 |
| <b>Net Originations</b>            |                                                                                                                                                     |                             | <b>\$35.4</b>             | <b>\$50.4</b>   | <b>\$158.0</b>                             | <b>\$109.8</b>  |                                |                                 |
| Sales                              |                                                                                                                                                     |                             | (\$1.4)                   | (\$23.5)        | (\$46.8)                                   | (\$1.0)         |                                |                                 |
| <b>Net Originations less Sales</b> |                                                                                                                                                     |                             | <b>\$34.0</b>             | <b>\$26.9</b>   | <b>\$111.2</b>                             | <b>\$108.8</b>  |                                |                                 |



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

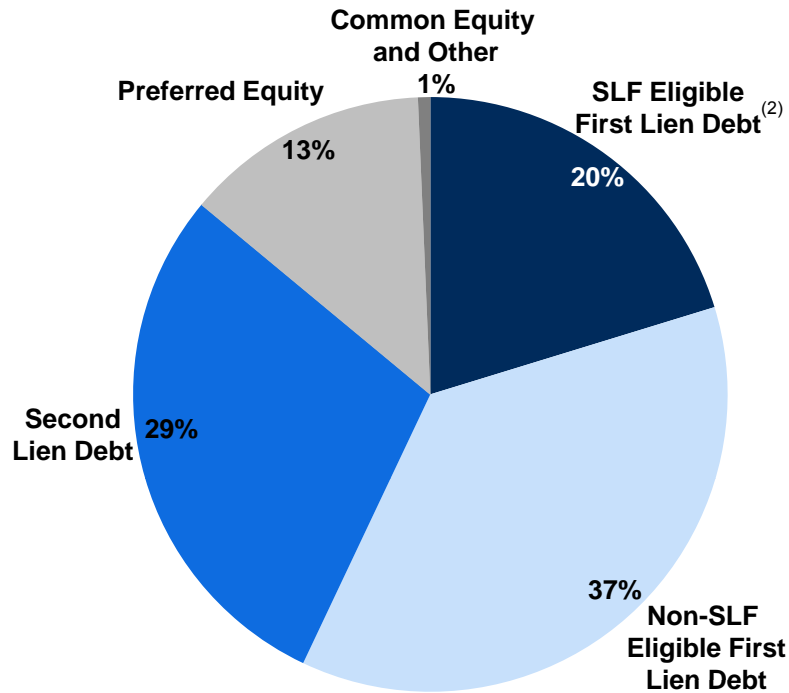
<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

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

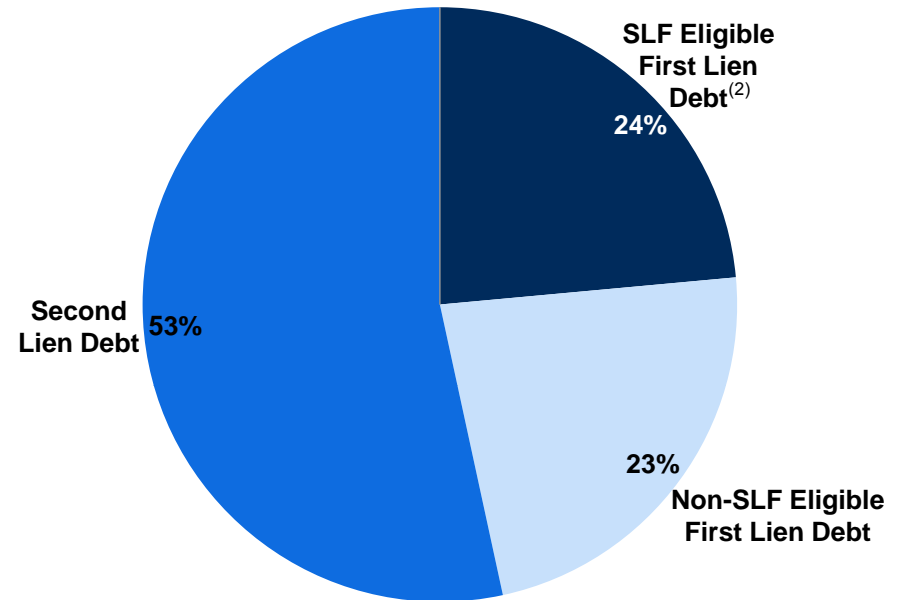
<sup>4</sup> Weighted average YTM; SLF includes all assets with 70% advance rate and assumes LIBOR +2.00% interest rate on that debt

# Q2 Originations and Repayments

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



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



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







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









# Q2 Investment Activity Roll

(\$ in millions, unaudited)

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

| Name                                                                                                                                                | Amount (\$'s Invested) | YTM at Purchase <sup>(3)</sup> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------|
|  Black Elk Energy                                                  | \$20.0                 | 18.1%                          |
|  Packaging Coordinators, Inc.                                      | \$13.9 / \$1.0         | 10.6% / N/A                    |
|  YP Local Search, Media and Advertising<br>mobile • online • print | \$31.2                 | 9.3%                           |
|  Deltek                                                            | \$29.7                 | 11.5%                          |
|  MERITAS                                                           | \$25.7                 | 8.2%                           |
|  DISTRIBUTION INTERNATIONAL<br>Excellence Delivered                | \$19.6                 | 9.1%                           |
| Other                                                                                                                                               | \$9.2                  | 12.0%                          |

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

| Name                                                                                                                                  | Amount (\$'s Sold/Repaid) | YTM at Cost <sup>(4)</sup> |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|
|  MERITAS                                           | \$7.9 / \$20.0            | 8.2% / 12.7%               |
|  MHA<br>Exceptional Service. Extraordinary People. | \$9.8 / \$15.0            | 4.6% / 9.3%                |
|  TRANSPLACE<br>The 3PL & Technology Company        | \$20.0                    | 12.2%                      |
|  Learning Caregroup                                | \$17.5                    | 14.8%                      |
|  MERGE Healthcare                                  | \$9.0                     | 9.7%                       |
|  SURGERY PARTNERS                                  | \$6.8                     | 6.9%                       |
| Other                                                                                                                                 | \$10.3                    | 11.7%                      |

**Total Originations**

**\$150.3**

**10.1%**

**Total Sales / Repayments**

**\$116.3**

**10.8%**

**Pro Forma 3/31/13  
(Adj. for change in  
forward LIBOR curve)**

|                               | As of 3/31/13 | Pro Forma 3/31/13<br>(Adj. for change in<br>forward LIBOR curve) | Q2 Originations | Q2 Sales / Repayments | As of 6/30/13            |
|-------------------------------|---------------|------------------------------------------------------------------|-----------------|-----------------------|--------------------------|
| <b>Cost</b>                   | \$1,005.4     | \$1,005.4                                                        | \$150.3         | (\$116.3)             | \$1,045.6 <sup>(5)</sup> |
| <b>YTM at Purchase / Cost</b> | 10.4%         | 10.7%                                                            | 10.1%           | 10.8%                 | 10.7%                    |

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

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

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


<sup>4</sup> References to "YTM at Cost" have the same assumptions as YTM except that investments are purchased at adjusted cost (estimated) rather than fair value on the later of 6/30/13 or the settlement date (see footnote 2 on p. 22 for "Adjustments") and the LIBOR curve as of 6/30/13 is used for all periods shown

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

# Investment Activity Since Quarter End (Through 8/5/13)

(\$ in millions, unaudited)

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

| Date <sup>(2)</sup>                | Name                                                                                                 | Industry                 | Amount<br>(\$'s Invested) | Tranche<br>Size  | Type of<br>Investment                          | Advance<br>Rate | YTM at Purchase <sup>(3)</sup> |                                 |                |
|------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------|---------------------------|------------------|------------------------------------------------|-----------------|--------------------------------|---------------------------------|----------------|
|                                    |                                                                                                      |                          |                           |                  |                                                |                 | Unlevered                      | Levered                         |                |
| 7/9/13                             |  JACOBSON COMPANIES | Distribution & Logistics | \$19.7 /<br>\$9.7         | \$275 /<br>\$110 | 1 <sup>st</sup> Lien /<br>2 <sup>nd</sup> Lien | 70% /<br>25%    | 8.4% /<br>13.2%                | 20.2% /<br>16.2%                |                |
| 8/5/13                             | Company X*                                                                                           | Distribution & Logistics | \$30.0                    | \$100.0          | Preferred Equity                               | N/A             | 12.6%                          | 12.6%                           |                |
| Other                              |                                                                                                      |                          |                           |                  |                                                |                 | —                              | Non-SLF: 12.8%                  | Non-SLF: 13.5% |
| <b>Total Originations</b>          |                                                                                                      |                          | <b>\$59.4</b>             |                  |                                                |                 | <b>SLF: 8.4%<sup>(4)</sup></b> | <b>SLF: 20.2%<sup>(4)</sup></b> |                |
| Repayments                         |                                                                                                      |                          | (\$12.4)                  |                  |                                                |                 |                                |                                 |                |
| <b>Net Originations</b>            |                                                                                                      |                          | <b>\$47.0</b>             |                  |                                                |                 |                                |                                 |                |
| Sales                              |                                                                                                      |                          | —                         |                  |                                                |                 |                                |                                 |                |
| <b>Net Originations less Sales</b> |                                                                                                      |                          | <b>\$47.0</b>             |                  |                                                |                 |                                |                                 |                |

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

## Investment Pipeline

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

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

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

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

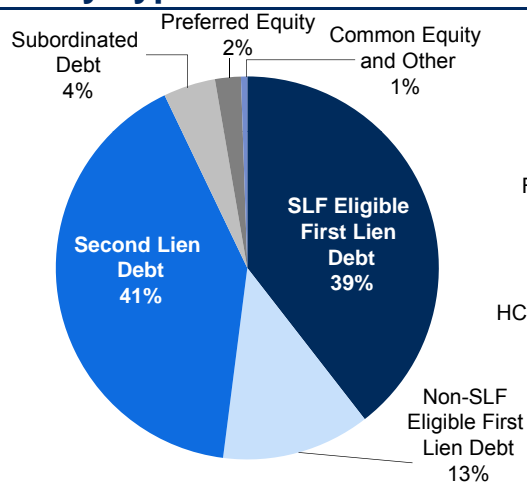
<sup>4</sup> Weighted average YTM; SLF includes all assets with 70% advance rate and assumes LIBOR + 2.00% interest rate on that debt

# Investment Portfolio Review

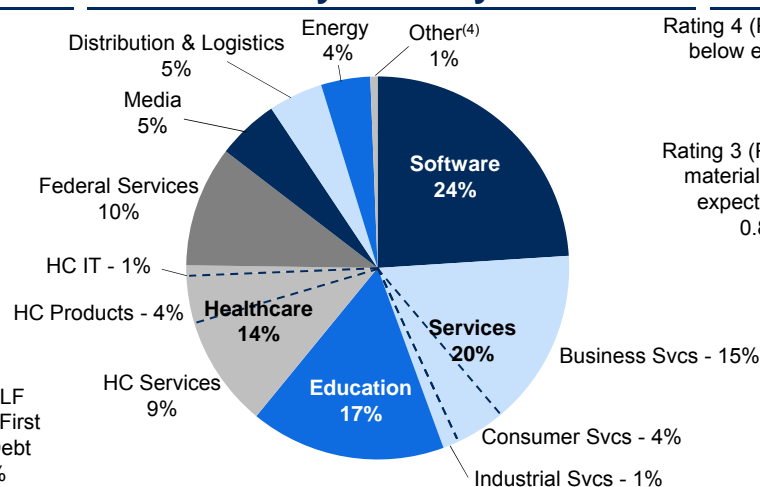
| (unaudited)                                                    | 6/30/13         | 3/31/13         | 12/31/12      | 9/30/12       | IPO - 6/30/11 <sup>(5)</sup> |
|----------------------------------------------------------------|-----------------|-----------------|---------------|---------------|------------------------------|
| Fair Value                                                     | \$1,059 million | \$1,031 million | \$990 million | \$859 million | \$544 million                |
| YTM <sup>(1)</sup>                                             | 10.3%           | 9.8%            | 10.1%         | 9.9%          | 10.4%                        |
| YTM at Cost <sup>(2)</sup>                                     | 10.7%           | 10.7%           | 10.6%         | 10.5%         | 9.7%                         |
| # Portfolio Companies                                          | 59              | 61              | 63            | 58            | 47                           |
| Middle Market Focus<br>(EBITDA / Facility Size) <sup>(3)</sup> | 70% / 72%       | 75% / 77%       | 77% / 79%     | 75% / 77%     | 80% / 85%                    |

## Fair Value as of 6/30/13

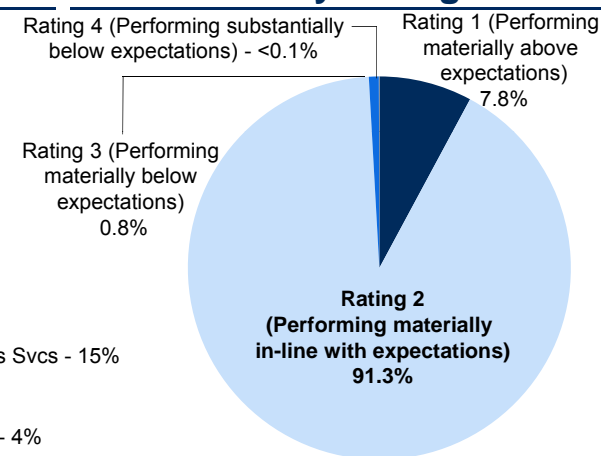
### By Type of Investment



### By Industry



### By Rating



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

<sup>2</sup> References to "YTM at Cost" have the same assumptions as YTM except that investments are purchased at adjusted cost (estimated) rather than fair value on the Portfolio Date (see footnote 2 on p. 22 for "Adjustments") and the LIBOR curve as of 6/30/13 is used for all periods shown. YTM at Cost using the original LIBOR curves are: 3/31/13 – 10.4%, 12/31/12 – 10.3%, 9/30/12 – 10.2%, 6/30/11 – 10.5%

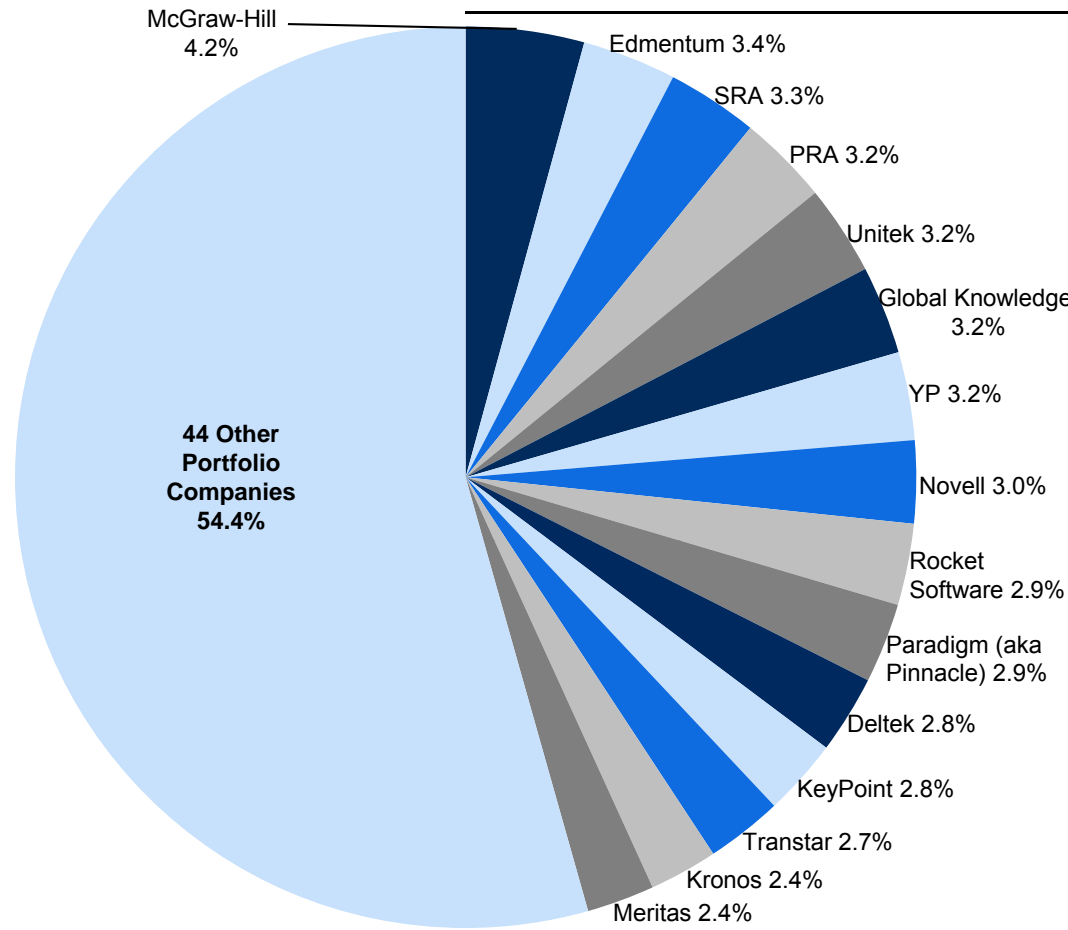
<sup>3</sup> Defined as the % of portfolio companies fair value with LTM EBITDA at the time of investment less than \$100m and facility sizes as of 6/30/13 less than \$300m

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

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

# Investment Portfolio Review – As of 6/30/2013

**Portfolio Names By Fair Value**



Top 15 portfolio companies represent \$483.1 million, or 45.6%, of consolidated investments

Memo: Top 15 Portfolio Companies

| <b>As of</b>     |                   |                  |
|------------------|-------------------|------------------|
| <b>3/31/2013</b> | <b>12/31/2012</b> | <b>9/30/2012</b> |
| \$463.8m         | \$440.3m          | \$417.3m         |
| 45.0%            | 44.5%             | 48.6%            |

# Net Asset Value – As of 6/30/2013

(\$ in millions, unaudited)

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

| Consolidated NAV                       |                | Memo: NAV / Share          |         |
|----------------------------------------|----------------|----------------------------|---------|
| Portfolio                              | \$1,059.0      | 3/31/13                    | \$14.31 |
| Cash & Equivalents                     | 15.9           | 12/31/12                   | \$14.06 |
| Other Assets <sup>(2)</sup>            | 19.5           | 9/30/12                    | \$14.10 |
| Total Assets                           | 1,094.4        | 6/30/12                    | \$13.83 |
|                                        |                | 3/31/12 <sup>(4)</sup>     | \$13.82 |
| Less: Total Debt                       | (416.5)        | 12/31/11                   | \$13.60 |
| Less: Other Liabilities <sup>(3)</sup> | (37.6)         | 9/30/11                    | \$13.32 |
| <b>NAV</b>                             | <b>\$640.3</b> | 6/30/11 <sup>(5)</sup>     | \$13.98 |
|                                        |                | At IPO                     | \$13.94 |
| Shares Outstanding (millions)          | 44.7           | <b>Memo: Debt / Equity</b> |         |
| <b>NAV / Share</b>                     | <b>\$14.32</b> | 3/31/13                    | 0.70x   |
|                                        |                | 12/31/12                   | 0.74x   |
| <b>Debt / Equity</b>                   | <b>0.65x</b>   | 9/30/12                    | 0.65x   |
|                                        |                | 6/30/12                    | 0.73x   |
|                                        |                | 3/31/12                    | 0.75x   |
|                                        |                | 12/31/11                   | 0.70x   |
|                                        |                | 9/30/11                    | 0.55x   |
|                                        |                | 6/30/11                    | 0.37x   |

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

<sup>2</sup> Includes interest and dividends receivable of \$11.2m, deferred credit facility costs of \$5.2m, receivable from affiliates of \$0.7m and other assets of \$2.4m

<sup>3</sup> Includes payable for unsettled securities of \$19.6m, incentive fee payable of \$5.4m, capital gains incentive fee payable of \$5.4m, management fee payable of \$3.7m, interest payable of \$0.8m and other liabilities of \$2.7m

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

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

# OpCo Q2 Adjusted Net Investment Income Reconciliation

| (\$ in millions, unaudited) <sup>(1)</sup>                          | Three Months Ended 6/30/2013 |                    |               |                                |                    | Adjustments Detail                                                                                                                    |
|---------------------------------------------------------------------|------------------------------|--------------------|---------------|--------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------|
|                                                                     | GAAP                         | Normal Adjustments | Adjusted      | Non-Recurring Adjustments - YP | Pro-Forma Adjusted |                                                                                                                                       |
| <b>Investment income</b>                                            |                              |                    |               |                                |                    |                                                                                                                                       |
| Interest income                                                     | \$27.3                       | ① (\$0.2)          | \$27.1        |                                | \$27.1             | ① Adjustment to effectively step-up the cost basis of NMFC's existing investments to fair market value at the IPO date <sup>(2)</sup> |
| Dividend income                                                     | 6.4                          |                    | 6.4           | ③ (6.4)                        | -                  |                                                                                                                                       |
| Other income                                                        | 1.4                          |                    | 1.4           |                                | 1.4                |                                                                                                                                       |
| Total investment income                                             | 35.1                         | (0.2)              | 34.9          | (6.4)                          | 28.5               |                                                                                                                                       |
| <b>Expenses</b>                                                     |                              |                    |               |                                |                    |                                                                                                                                       |
| Incentive fee                                                       | 5.4                          |                    | 5.4           |                                | 4.1                | ② Reclassification of the non-cash capital gains incentive fee from above to below the NII line                                       |
| Capital gains incentive fee                                         | (1.7)                        | ② 1.7              | -             |                                | -                  |                                                                                                                                       |
| Total incentive fee                                                 | 3.7                          | 1.7                | 5.4           | (1.3)                          | 4.1                |                                                                                                                                       |
| Management fee                                                      | 3.7                          |                    | 3.7           |                                | 3.7                |                                                                                                                                       |
| Interest and other credit facility expenses                         | 3.1                          |                    | 3.1           |                                | 3.1                |                                                                                                                                       |
| Professional fees                                                   | 0.6                          |                    | 0.6           |                                | 0.6                | ③ Reverse out the non-recurring YP dividend and related incentive fee                                                                 |
| Administrative expenses                                             | 0.9                          |                    | 0.9           |                                | 0.9                |                                                                                                                                       |
| Other general and administrative expenses                           | 0.4                          |                    | 0.4           |                                | 0.4                |                                                                                                                                       |
| Total expenses                                                      | 12.4                         | 1.7                | 14.1          | (1.3)                          | 12.8               |                                                                                                                                       |
| Less: expenses waived and reimbursed                                | (0.8)                        |                    | (0.8)         |                                | (0.8)              |                                                                                                                                       |
| Net expenses                                                        | 11.6                         |                    | 13.3          |                                | 12.0               |                                                                                                                                       |
| <b>Net investment income</b>                                        | <b>23.5</b>                  | <b>(1.9)</b>       | <b>21.6</b>   | <b>(5.1)</b>                   | <b>16.5</b>        |                                                                                                                                       |
| Net realized gains (losses) on investments                          | 3.3                          | (2.7)              | 0.6           |                                | 0.6                |                                                                                                                                       |
| Net change in unrealized (depreciation) appreciation of investments | (12.0)                       | 2.9                | (9.1)         |                                | (9.1)              |                                                                                                                                       |
| Capital gains incentive fee                                         | -                            | 1.7                | 1.7           |                                | 1.7                |                                                                                                                                       |
| <b>Net increase in members' capital resulting from operations</b>   | <b>\$14.8</b>                |                    | <b>\$14.8</b> | <b>(\$5.1)</b>                 | <b>\$9.7</b>       |                                                                                                                                       |
| <b>Net investment income per weighted average share</b>             |                              |                    | <b>\$0.50</b> | <b>(\$0.12)</b>                | <b>\$0.38</b>      |                                                                                                                                       |

<sup>1</sup> Numbers may not add due to rounding; normal adjustments sum to zero

<sup>2</sup> Under GAAP, NMFC's IPO did not step-up the cost basis of the Company's existing investments to fair market value at the IPO date. Since the total value of the Company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or original issue discount, as well as different amounts in realized gain and unrealized appreciation, may be recognized under GAAP in each period than if the step-up had occurred. The Company tracks the transferred (or fair market) value of each of its investments as of the time of the IPO and, for purposes of the incentive fee calculation, adjusts Pre-Incentive Fee Net Investment Income to reflect the amortization of purchase or original issue discount on our investments as if each investment was purchased at the date of the IPO, or stepped up to fair market value. The Company also uses the transferred (or fair market) value of each of its investments as of the time of the IPO to adjust capital gains or losses and unrealized capital depreciation.

# Adjusted Investment Income Detail

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

|                                                                    | Pro-Forma Adj.<br>Three Months<br>Ended <sup>(2)</sup> | Adj. Three Months Ended |               |               |
|--------------------------------------------------------------------|--------------------------------------------------------|-------------------------|---------------|---------------|
|                                                                    | 6/30/2013                                              | 3/31/2013               | 12/31/2012    | 9/30/2012     |
| Cash interest                                                      | \$23.4                                                 | \$22.3                  | \$20.5        | \$18.1        |
| Non-cash interest                                                  | 0.9                                                    | 0.6                     | 0.6           | 0.6           |
| Amortization of purchase discounts (premiums) and fees             | 0.6                                                    | 0.6                     | 0.5           | 0.7           |
| Subtotal                                                           | 24.9                                                   | 23.5                    | 21.6          | 19.4          |
| Prepayment Fees                                                    | 2.2                                                    | 1.0                     | 1.1           | 1.2           |
| <b>Total Interest Income</b>                                       | <b>27.1</b>                                            | <b>24.5</b>             | <b>22.7</b>   | <b>20.6</b>   |
| Dividend Income                                                    | -                                                      | -                       | 0.6           | 0.2           |
| Other Income                                                       | 1.4                                                    | 0.3                     | 0.6           | 0.2           |
| <b>Total Investment Income</b>                                     | <b>\$28.5</b>                                          | <b>\$24.8</b>           | <b>\$23.9</b> | <b>\$20.9</b> |
| <b>% of Total Investment Income that is Non-cash<sup>(3)</sup></b> | <b>9%</b>                                              | <b>5%</b>               | <b>5%</b>     | <b>6%</b>     |
| <b>Total Interest Income as % of Total Investment Income</b>       |                                                        |                         |               |               |
| <b>Excluding Prepayment Fees</b>                                   | <b>87%</b>                                             | <b>95%</b>              | <b>90%</b>    | <b>93%</b>    |
| <b>Including Prepayment Fees</b>                                   | <b>95%</b>                                             | <b>99%</b>              | <b>95%</b>    | <b>98%</b>    |

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



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

<sup>2</sup> Excludes gross YP distribution of \$6.4 million (see p. 22 for bridge)

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

# OpCo Adjusted Consolidated Income Statement by Quarter

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

|                                                                     | Pro-Forma Adj. Three<br>Months Ended <sup>(2)</sup> | Adj. Three Months Ended |               |               |
|---------------------------------------------------------------------|-----------------------------------------------------|-------------------------|---------------|---------------|
|                                                                     | 6/30/2013                                           | 3/31/2013               | 12/31/2012    | 9/30/2012     |
| <b>Investment income</b>                                            |                                                     |                         |               |               |
| Interest income                                                     | \$27.1                                              | \$24.5                  | \$22.7        | \$20.6        |
| Dividend income                                                     | -                                                   | -                       | 0.6           | 0.2           |
| Other income                                                        | 1.4                                                 | 0.3                     | 0.6           | 0.2           |
| Total investment income                                             | 28.5                                                | 24.8                    | 23.9          | 20.9          |
| <b>Expenses</b>                                                     |                                                     |                         |               |               |
| Incentive fee                                                       | 4.1                                                 | 3.5                     | 3.4           | 3.0           |
| Management fee                                                      | 3.7                                                 | 3.6                     | 3.2           | 2.8           |
| Interest and other credit facility expenses                         | 3.1                                                 | 3.1                     | 2.8           | 2.4           |
| Professional fees                                                   | 0.6                                                 | 0.6                     | 0.8           | 0.4           |
| Administrative expenses                                             | 0.9                                                 | 0.7                     | 0.8           | 0.6           |
| Other general and administrative expenses                           | 0.4                                                 | 0.4                     | 0.4           | 0.4           |
| Total expenses                                                      | 12.8                                                | 11.8                    | 11.3          | 9.5           |
| Less: expenses waived and reimbursed                                | (0.8)                                               | (0.8)                   | (1.0)         | (0.5)         |
| Net expenses                                                        | 12.0                                                | 11.0                    | 10.3          | 9.0           |
| <b>Net investment income</b>                                        | <b>16.5</b>                                         | <b>13.8</b>             | <b>13.6</b>   | <b>11.9</b>   |
| Net realized gains (losses) on investments                          | 0.6                                                 | 0.6                     | 2.7           | 1.4           |
| Net change in unrealized (depreciation) appreciation of investments | (9.1)                                               | 12.8                    | 1.6           | 11.5          |
| Capital gains incentive fee                                         | 1.7                                                 | (2.7)                   | (0.9)         | (2.6)         |
| <b>Net increase in capital resulting from operations</b>            | <b>\$9.7</b>                                        | <b>\$24.6</b>           | <b>\$17.0</b> | <b>\$22.2</b> |
| <b>Adjusted net investment income per weighted average share</b>    | <b>\$0.38</b>                                       | <b>\$0.34</b>           | <b>\$0.36</b> | <b>\$0.33</b> |





# Dividend Summary

(\$ in millions, unaudited)

|                                               | IPO<br>6/30/2011 <sup>(1)</sup> | 9/30/2012     | 12/31/2012    | 3/31/2013     | 6/30/2013 <sup>(3)</sup> | Estimated<br>9/30/2013 |
|-----------------------------------------------|---------------------------------|---------------|---------------|---------------|--------------------------|------------------------|
| Net Asset Value                               | \$440.6                         | \$520.4       | \$569.9       | \$610.5       | \$640.3                  |                        |
| NAV / Share                                   | \$13.98 <sup>(2)</sup>          | \$14.10       | \$14.06       | \$14.31       | \$14.32                  |                        |
| Pre-Incentive Fee Adjusted NII                | \$8.9                           | \$14.9        | \$17.0        | \$17.4        | \$20.6                   | \$18.2 - \$19.8        |
| Adjusted NII                                  | \$8.4                           | \$11.9        | \$13.6        | \$13.8        | \$16.5                   | \$14.5 - \$15.9        |
| <b>Adjusted NII / Weighted Average Shares</b> | <b>\$0.27</b>                   | <b>\$0.33</b> | <b>\$0.36</b> | <b>\$0.34</b> | <b>\$0.38</b>            | <b>\$0.33 - \$0.35</b> |
| <b>Regular Dividend / Share</b>               | <b>\$0.27</b>                   | <b>\$0.34</b> | <b>\$0.34</b> | <b>\$0.34</b> | <b>\$0.34</b>            | <b>\$0.34</b>          |
| Special Dividend / Share                      | -                               | -             | \$0.14        | -             | -                        | \$0.12                 |

**We believe our Q3 2013 Adjusted NII will be in the \$14.5 – \$15.9 million range.  
Our board of directors has declared a third quarter dividend of \$0.34 per share.**

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

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

<sup>3</sup> Pre-Incentive Fee Adjusted NII, Adjusted NII and Adjusted NII / Weighted Average Shares exclude net YP distribution (see p. 22 for bridge)



**NEW MOUNTAIN FINANCE  
CORPORATION**

# Appendix A: Structure Chart

