



**NEW MOUNTAIN FINANCE
CORPORATION**

January 17, 2017

Dear New Mountain Finance Corporation ("NMFC") Shareholders:

As a result of the 2016 cash distribution to NMFC shareholders, the Internal Revenue Service requires us to provide you with the attached Form 8937, *Report of Organizational Actions Basis of Securities*, as a portion of the cash distributions may affect your tax basis in NMFC stock.

The information provided on the Form 8937 is not final and you will be separately receiving a 2016 Form 1099-DIV which will reflect the tax characteristics of the distribution to be reported on your income tax return. Form 1099-DIV will be sent to you at the end of January 2017.

For any questions regarding your income taxes, please consult a professional tax advisor.

Sincerely,

Shiraz Kajee
Chief Financial Officer and Treasurer

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name NEW MOUNTAIN FINANCE CORPORATION		2 Issuer's employer identification number (EIN) 27-2978010	
3 Name of contact for additional information SHIRAZ KAJEE	4 Telephone No. of contact 212-720-0300	5 Email address of contact lchiu@newmountaincapital.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 787 SEVENTH AVENUE, 48TH FLOOR		7 City, town, or post office, state, and Zip code of contact NEW YORK, NY 10019	
8 Date of action VARIOUS		9 Classification and description COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol NMFC	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ New Mountain Finance Corporation ("NMFC") made distributions totaling \$88,763,902 to its common shareholders. The distribution dates are listed as follows-
March 31, 2016
June 30, 2016
September 30, 2016
December 29, 2016

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ NMFC has concluded that the company does not have sufficient current or accumulated Earnings and Profits ("E&P") to cover the entire amount of the dividend distributions. As a result, approximately \$4,375,225 of the total distributions will be treated as a return of capital. The per share impact to the shareholder will be a return of capital/adjustment of basis of approximately \$.063 per share.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ please refer to Part II, item 15 above.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
In calculating NMFC's E&P, IRC Sec. 312 was applied. In determining the impact of the distributions on the shareholder's basis, IRC Sec. 301(c)(2) is applicable.

18 Can any resulting loss be recognized? ▶ No loss will be recognized as a result of the dividend distributions.

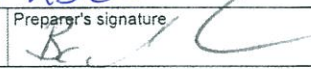
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
The reportable tax year is 2016 and a corrected return will be filed after final earnings and profits amounts are determined.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 1-17-17
 Print your name ▶ SHIRA KASEE Title ▶ CFO

Paid Preparer Use Only

Print/Type preparer's name BARUCH J. COHEN	Preparer's signature 	Date <u>1/17/17</u>	Check <input type="checkbox"/> if self-employed	PTIN P01269048
Firm's name ▶ DELOITTE TAX LLP			Firm's EIN ▶ 86-1065772	
Firm's address ▶ 30 ROCKEFELLER PLAZA NEW YORK, NY 10112-0015			Phone no. 212-492-4000	