

New Mountain Finance Holdings, L.L.C.
Form 10-Q
May 06, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended March 31, 2013

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission
File Number
814-00839

Exact name of registrants as specified in their charters, addresses of principal executive
offices, telephone numbers and states or other jurisdictions of incorporation or organization

New Mountain Finance Holdings, L.L.C.

I.R.S. Employer
Identification Number
26-3633318

787 Seventh Avenue, 48th Floor
New York, New York 10019
Telephone: (212) 720-0300
State of Incorporation: Delaware

814-00832

New Mountain Finance Corporation

27-2978010

787 Seventh Avenue, 48th Floor
New York, New York 10019
Telephone: (212) 720-0300
State of Incorporation: Delaware

814-00902

New Mountain Finance AIV Holdings Corporation

80-0721242

787 Seventh Avenue, 48th Floor

New York, New York 10019
Telephone: (212) 720-0300
State of Incorporation: Delaware

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

New Mountain Finance Holdings, L.L.C.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
New Mountain Finance Corporation	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
New Mountain Finance AIV Holdings Corporation	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

New Mountain Finance Holdings, L.L.C.	Yes <input type="checkbox"/> No <input type="checkbox"/>
New Mountain Finance Corporation	Yes <input type="checkbox"/> No <input type="checkbox"/>
New Mountain Finance AIV Holdings Corporation	Yes <input type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

New Mountain Finance Holdings, L.L.C.	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
New Mountain Finance Corporation	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
New Mountain Finance AIV Holdings Corporation	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

New Mountain Finance Holdings, L.L.C.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
New Mountain Finance Corporation	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

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New Mountain Finance AIV Holdings Corporation

Yes o No x

Registrants	Description	Shares / Units as of May 6, 2013
New Mountain Finance Holdings, L.L.C.	Common membership units	42,646,598
New Mountain Finance Corporation	Common stock, \$0.01 par value	31,324,660
New Mountain Finance AIV Holdings Corporation	Common stock, \$0.01 par value	100

This combined Form 10-Q is filed separately by three registrants: New Mountain Finance Holdings, L.L.C., New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation (collectively, the New Mountain Finance Registrant(s) or the Registrant(s)). Information contained herein relating to any New Mountain Finance Registrant is filed by such registrant solely on its own behalf. Each New Mountain Finance Registrant makes no representation as to information relating exclusively to the other registrants.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****New Mountain Finance Holdings, L.L.C.****Consolidated Statements of Assets, Liabilities and Members' Capital****(in thousands, except units and per unit data)**

	March 31, 2013		December 31, 2012
	(unaudited)		
Assets			
Investments at fair value (cost of \$1,005,399 and \$976,243, respectively)	\$ 1,030,866	\$	989,820
Cash and cash equivalents	15,878		12,752
Interest and dividend receivable	9,549		6,340
Deferred credit facility costs (net of accumulated amortization of \$2,373 and \$2,016, respectively)	5,386		5,490
Receivable from affiliate	495		534
Receivable from unsettled securities sold			9,962
Other assets	1,244		666
Total assets	\$ 1,063,418	\$	1,025,564
Liabilities			
Holdings Credit Facility	215,163		206,938
SLF Credit Facility	215,000		214,262
Incentive fee payable	10,547		7,797
Management fee payable	3,568		3,222
Dividends payable	5,516		11,192
Interest payable	810		712
Payable to affiliate	5		
Payable for unsettled securities purchased			9,700
Other liabilities	2,331		1,802
Total liabilities	452,940		455,625
Members' Capital	610,478		569,939
Total liabilities and members' capital	\$ 1,063,418	\$	1,025,564
Outstanding common membership units	42,646,598		40,548,189
Capital per unit	\$ 14.31	\$	14.06

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**New Mountain Finance Holdings, L.L.C.****Consolidated Statements of Operations**

(in thousands)

(unaudited)

	Three months ended	
	March 31, 2013	March 31, 2012
Investment income		
Interest income	\$ 25,043	\$ 18,601
Other income	275	421
Total investment income	25,318	19,022
Expenses		
Incentive fee	6,140	3,361
Management fee	3,568	2,514
Interest and other credit facility expenses	3,071	2,483
Administrative expenses (net of reimbursable expenses of \$334 and \$304, respectively)	425	252
Professional fees (net of reimbursable expenses of \$495 and \$246, respectively)	77	202
Other general and administrative expenses	410	297
Total expenses	13,691	9,109
Net investment income	11,627	9,913
Net realized gains on investments	1,044	1,007
Net change in unrealized appreciation (depreciation) of investments	11,890	12,747
Net increase in members capital resulting from operations	\$ 24,561	\$ 23,667

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**New Mountain Finance Holdings, L.L.C.****Consolidated Statements of Changes in Members' Capital**

(in thousands)

(unaudited)

	Three months ended	
	March 31, 2013	March 31, 2012
Increase in members' capital resulting from operations:		
Net investment income	\$ 11,627	\$ 9,913
Net realized gains on investments	1,044	1,007
Net change in unrealized appreciation (depreciation) of investments	11,890	12,747
Net increase in members' capital resulting from operations	24,561	23,667
Net contributions	28,400	
Dividends declared	(13,797)	(9,895)
Offering costs	(75)	
Reinvestment of dividends	1,450	
Net increase in members' capital	40,539	13,772
Members' capital at beginning of period	569,939	420,502
Members' capital at end of period	\$ 610,478	\$ 434,274

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Holdings, L.L.C.

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Three months ended	
	March 31, 2013	March 31, 2012
Cash flows from operating activities		
Net increase in members' capital resulting from operations	\$ 24,561	\$ 23,667
Adjustments to reconcile net (increase) decrease in capital resulting from operations to net cash used in operating activities:		
Net realized gains on investments	(1,044)	(1,007)
Net change in unrealized appreciation of investments	(11,890)	(12,747)
Amortization of purchase discount	(1,103)	(1,539)
Amortization of deferred credit facility costs	357	243
Non-cash interest income	(114)	(204)
(Increase) decrease in operating assets:		
Purchase of investments	(112,005)	(106,680)
Proceeds from sales and paydowns of investments	85,110	71,672
Cash paid for drawn revolvers		(7,665)
Cash repayments on drawn revolvers		3,465
Interest and dividend receivable	(3,209)	(558)
Receivable from unsettled securities sold	9,962	(4,924)
Receivable from affiliate	39	123
Other assets	(157)	27
Increase (decrease) in operating liabilities:		
Payable for unsettled securities purchased	(9,700)	4,575
Incentive fee payable	2,750	1,044
Management fee payable	346	314
Interest payable	98	352
Payable to affiliate	5	
Other liabilities	238	(263)
Net cash flows used in operating activities	(15,756)	(30,105)
Cash flows from financing activities		
Net contributions	28,400	
Dividends paid	(18,023)	(3,423)
Offering costs paid	(224)	
Proceeds from Holdings Credit Facility	65,425	93,884
Repayment of Holdings Credit Facility	(57,200)	(70,999)
Proceeds from SLF Credit Facility	3,238	22,131
Repayment of SLF Credit Facility	(2,500)	(13,059)
Deferred credit facility costs paid	(234)	(192)
Net cash flows provided by financing activities	18,882	28,342
Net increase (decrease) in cash and cash equivalents	3,126	(1,763)
Cash and cash equivalents at the beginning of the period	12,752	15,319
Cash and cash equivalents at the end of the period	\$ 15,878	\$ 13,556
Supplemental disclosure of cash flow information		
Interest paid	\$ 2,545	\$ 1,778

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Non-cash financing activities:

Dividends declared and payable	\$	5,516	\$	6,472
Value of members' capital issued in connection with dividend reinvestment plan		1,450		
Accrual for offering costs		828		
Accrual for deferred credit facility costs		64		7

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

March 31, 2013
(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
Funded Debt Investments Bermuda							
Stratus Technologies Bermuda Holdings Ltd. (4)**							
Stratus Technologies Bermuda Ltd. / Stratus Technologies, Inc. Information Technology							
	First lien (2)(7)	12.00%	3/29/2015	\$ 6,664	\$ 6,411	\$ 6,855	1.12%
Total Funded Debt Investments Bermuda				\$ 6,664	\$ 6,411	\$ 6,855	1.12%
Funded Debt Investments Cayman Islands							
Pinnacle Holdco S.à r.l. / Pinnacle (US) Acquisition Co Limited**							
Software							
	Second lien (2)	10.50% (Base Rate + 9.25%)	7/30/2020	\$ 30,000	\$ 29,433	\$ 30,581	5.01%
Total Funded Debt Investments Cayman Islands				\$ 30,000	\$ 29,433	\$ 30,581	5.01%
Funded Debt Investments United Kingdom							
Magic Newco, LLC**							
Software							
	First lien (3)	7.25% (Base Rate + 6.00%)	12/12/2018	\$ 14,925	\$ 14,521	\$ 15,196	2.49%
Total Funded Debt Investments United Kingdom				\$ 14,925	\$ 14,521	\$ 15,196	2.49%
Funded Debt Investments United States							
McGraw-Hill Global Education Holdings, LLC							
Education							
	First lien (2)	9.75%	4/1/2021	\$ 20,000	\$ 19,889	\$ 19,900	
	Second lien (2)	9.00% (Base Rate + 7.75%)	3/22/2019	20,000	19,383	19,400	
				40,000	39,272	39,300	6.44%
Edmentum, Inc.(fka Plato, Inc.)							
Education							
	First lien (3)	6.00% (Base Rate + 4.75%)	5/17/2018	6,616	6,441	6,666	
	Second lien (2)	11.25% (Base Rate + 9.75%)	5/17/2019	29,150	28,618	29,150	
				35,766	35,059	35,816	5.87%
SRA International, Inc.							
Federal Services							
	First lien (3)	6.50% (Base Rate + 5.25%)	7/20/2018	20,436	19,766	20,436	
	First lien (2)	6.50% (Base Rate + 5.25%)	7/20/2018	14,314	13,888	14,314	
				34,750	33,654	34,750	5.69%
Pharmaceutical Research Associates, Inc.							

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Healthcare Services	Second lien (2)	10.50% (Base Rate + 9.25%)	6/10/2019	34,000	33,419	34,382	5.63%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)							
Software	First lien (3)	7.27% (Base Rate + 5.72%)	11/22/2017	7,550	7,418	7,640	
	Second lien (2)	11.00% (Base Rate + 9.50%)	11/22/2018	24,000	23,347	24,270	
				31,550	30,765	31,910	5.23%
Rocket Software, Inc.							
Software	Second lien (2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,716	30,798	5.05%
Unitek Global Services, Inc.							
Business Services	First lien (2)	9.00% (Base Rate + 7.50%)	4/16/2018	19,600	19,174	19,551	
	First lien (2)	9.00% (Base Rate + 7.50%)	4/16/2018	5,955	5,789	5,940	
	First lien (2)	9.00% (Base Rate + 7.50%)	4/16/2018	4,950	4,775	4,938	
				30,505	29,738	30,429	4.98%
Global Knowledge Training LLC							
Education	First lien (3)	6.51% (Base Rate + 4.99%)	4/21/2017	4,746	4,691	4,675	
	First lien (3)	6.50% (Base Rate + 5.00%)	4/21/2017	1,174	1,160	1,156	
	Second lien (2)	11.50% (Base Rate + 9.75%)	10/21/2018	24,250	23,827	24,225	
				30,170	29,678	30,056	4.92%
KeyPoint Government Solutions, Inc.							
Federal Services	First lien (2)	7.25% (Base Rate + 6.00%)	11/13/2017	29,625	28,975	29,625	4.85%
Transtar Holding Company							
Distribution	Second lien (2)	9.75% (Base Rate + 8.50%)	10/9/2019	28,300	27,800	29,149	4.77%
Meritas Schools Holdings, LLC							
Education	First lien (3)	7.50% (Base Rate + 6.00%)	7/29/2017	7,911	7,849	7,911	
	Second lien (2)	11.50% (Base Rate + 10.00%)	1/29/2018	20,000	19,756	20,000	
				27,911	27,605	27,911	4.57%
Kronos Incorporated							
Software	Second lien (2)	9.75% (Base Rate + 8.50%)	4/30/2020	25,000	24,759	26,187	4.29%
Permian Tank & Manufacturing, Inc.							
Energy	First lien (2)	10.50%	1/15/2018	24,500	24,795	25,358	4.15%
Managed Health Care Associates, Inc.							
Healthcare Services	First lien (2)	3.46% (Base Rate + 3.25%)	8/1/2014	9,756	8,937	9,756	
	Second lien (2)	6.71% (Base Rate + 6.50%)	2/1/2015	15,000	13,021	14,850	
				24,756	21,958	24,606	4.03%

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**New Mountain Finance Holdings, L.L.C.****Consolidated Schedule of Investments (Continued)****March 31, 2013****(in thousands, except shares)**

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
St. George's University Scholastic Services LLC Education	First lien (2)	8.50% (Base Rate + 7.00%)	12/20/2017	\$ 19,013	\$ 18,648	\$ 19,036	
	First lien (3)	8.50% (Base Rate + 7.00%)	12/20/2017	4,387	4,303	4,393	
				23,400	22,951	23,429	3.84%
Aderant North America, Inc. Software	Second lien (2)	10.00% (Base Rate + 8.75%)	6/20/2019	22,500	22,172	23,006	3.77%
Learning Care Group (US), Inc. Education	First lien (2)	14.00% (12.00% + 2.00% PIK)*	4/27/2016	17,368	17,188	16,696	
	Subordinated (2)	15.00% PIK*	6/30/2016	3,782	3,649	3,434	
	Subordinated (2)	15.00% PIK*	6/30/2016	718	659	652	
				21,868	21,496	20,782	3.40%
LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.) Business Services	Second lien (3)	9.50% (Base Rate + 8.25%)	10/26/2020	20,000	19,710	20,500	3.36%
First American Payment Systems, L.P. Business Services	Second lien (3)	10.75% (Base Rate + 9.50%)	4/12/2019	20,000	19,620	20,275	3.32%
eResearchTechnology, Inc. Healthcare Services	First lien (3)	6.00% (Base Rate + 4.75%)	5/2/2018	19,900	19,090	20,149	3.30%
Merrill Communications LLC Business Services	First lien (2)	7.25% (Base Rate + 6.25%)	3/8/2018	20,000	19,802	20,100	3.29%
Six3 Systems, Inc. Federal Services	First lien (3)	7.00% (Base Rate + 5.75%)	10/4/2019	19,950	19,761	20,075	3.29%
Transplace Texas, L.P. Logistics	Second lien (2)	11.00% (Base Rate + 9.00%)	4/12/2017	20,000	19,605	19,878	3.26%
Insight Pharmaceuticals LLC Healthcare Products	Second lien (3)	13.25% (Base Rate + 11.75%)	8/25/2017	19,310	18,544	19,504	3.19%
PODS, Inc.(6) Consumer Services							
PODS Funding Corp. II Storapod Holding Company, Inc.	First lien (3)	7.25% (Base Rate + 6.00%)	11/29/2016	13,854	13,538	13,923	
	Subordinated (2)	21.00% PIK*	11/29/2017	5,296	5,160	5,296	

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				19,150	18,698	19,219	3.15%
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.)							
Federal Services	First lien (3)	7.50% (Base Rate + 6.00%)	4/21/2017	19,413	19,172	19,024	3.12%
Smile Brands Group Inc.							
Healthcare Services	First lien (3)	7.00% (Base Rate + 5.25%)	12/21/2017	19,809	19,559	18,917	3.10%
Ascensus, Inc.							
Business Services	First lien (3)	8.00% (Base Rate + 6.75%)	12/21/2018	16,957	16,630	17,339	2.84%
IG Investments Holdings, LLC							
Business Services	Second lien (3)	10.25% (Base Rate + 9.00%)	10/31/2020	15,000	14,855	15,000	2.46%
OpenLink International, Inc.							
Software	First lien (3)	7.75% (Base Rate + 6.25%)	10/30/2017	14,812	14,574	14,880	2.44%
Landslide Holdings, Inc. (Crimson Acquisition Corp.)							
Software	First lien (3)	7.00% (Base Rate + 5.75%)	6/19/2018	14,438	14,179	14,523	2.38%
KPLT Holdings, Inc. (Centerplate, Inc., et al.)							
Consumer Services	Subordinated (2)	11.75% (10.25% + 1.50% PIK)*	4/16/2019	14,692	14,414	14,398	2.36%
Aspen Dental Management, Inc.							
Healthcare Services	First lien (3)	7.00% (Base Rate + 5.50%)	10/6/2016	14,832	14,536	14,313	2.34%
Brock Holdings III, Inc.							
Industrial Services	Second lien (2)	10.00% (Base Rate + 8.25%)	3/16/2018	14,000	13,833	14,192	2.32%
Lonestar Intermediate Super Holdings, LLC							
Business Services	Subordinated (2)	11.00% (Base Rate + 9.50%)	9/2/2019	12,000	11,674	12,930	2.12%
Van Wagner Communications LLC							
Media	First lien (2)	8.25% (Base Rate + 7.00%)	8/3/2018	11,940	11,721	12,104	1.98%
Vision Solutions, Inc.							
Software	Second lien (2)	9.50% (Base Rate + 8.00%)	7/23/2017	12,000	11,918	11,850	1.94%
Confie Seguros Holdings II Co.							
Consumer Services	Second lien (3)	10.25% (Base Rate + 9.00%)	5/8/2019	9,000	8,851	9,236	
	Second lien (2)	10.25% (Base Rate + 9.00%)	5/8/2019	2,000	2,010	2,053	
				11,000	10,861	11,289	1.85%
TransFirst Holdings, Inc.							
Business Services	Second lien (3)	11.00% (Base Rate + 9.75%)	6/27/2018	10,000	9,710	10,300	1.69%

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**New Mountain Finance Holdings, L.L.C.****Consolidated Schedule of Investments (Continued)****March 31, 2013****(in thousands, except shares)**

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
Vertafore, Inc. Software	Second lien (2)	9.75% (Base Rate + 8.25%)	10/29/2017	\$ 10,000	\$ 9,927	\$ 10,300	1.69%
Mailsouth, Inc. Media	First lien (3)	6.75% (Base Rate + 5.00%)	12/14/2016	9,821	9,722	9,723	1.59%
Merge Healthcare Inc.** Healthcare Services	First lien (2)(7)	11.75%	5/1/2015	9,000	8,924	9,613	1.57%
Virtual Radiologic Corporation Healthcare Information Technology	First lien (3)	7.75% (Base Rate + 4.50%)	12/22/2016	13,702	13,569	9,592	1.57%
Consona Holdings, Inc. Software	First lien (3)	7.25% (Base Rate + 6.00%)	8/6/2018	8,458	8,380	8,500	1.39%
Triple Point Technology, Inc. Software	First lien (3)	6.25% (Base Rate + 5.00%)	10/27/2017	7,948	7,709	7,981	1.31%
Physio-Control International, Inc. Healthcare Products	First lien (2)	9.88%	1/15/2019	7,000	7,000	7,927	1.30%
Surgery Center Holdings, Inc. Healthcare Services	First lien (3)	6.88% (Base Rate + 4.49%)	2/6/2017	6,816	6,793	6,816	1.12%
Research Pharmaceutical Services, Inc. Healthcare Services	First lien (3)	6.75% (Base Rate + 5.25%)	2/18/2017	7,031	6,958	6,574	1.08%
Alion Science and Technology Corporation Federal Services	First lien (2)(7)	12.00% (10.00% + 2.00% PIK)*	11/1/2014	6,320	6,156	6,441	1.06%
Immucor, Inc. Healthcare Services	Subordinated (2)(7)	11.13%	8/15/2019	5,000	4,945	5,725	0.94%
GCA Services Group, Inc. Business Services	Second lien (2)	9.25% (Base Rate + 8.00%)	11/1/2020	5,000	4,952	5,025	0.82%
Education Management LLC** Education	First lien (3)	8.25% (Base Rate + 7.00%)	3/30/2018	5,045	4,912	4,379	0.72%
Brickman Group Holdings, Inc. Business Services	Subordinated (2)	9.13%	11/1/2018	3,650	3,351	3,988	0.65%
Ozburn-Hessey Holding Company LLC Logistics	Second lien (2)	11.50% (Base Rate + 9.50%)	10/10/2016	4,000	3,951	3,840	0.63%
YP Holdings LLC(8)							

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YP Intermediate Holdings Corp. / YP
Intermediate Holdings II LLC

Media	Second lien (2)	15.00% (12.00% + 3.00% PIK)*	5/8/2017	1,776	1,671	1,788	0.29%
Mach Gen, LLC							
Power Generation	Second lien (2)	7.79% PIK (Base Rate + 7.50%)*	2/22/2015	1,708	1,734	1,152	0.19%
ATI Acquisition Company (fka Ability Acquisition, Inc.)							
Education	First lien (2)	12.25% (Base Rate + 5.00% + 4.00% PIK)(5)*	12/30/2014	4,432	4,306		
	First lien (2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012- Past Due	1,665	1,517	499	
	First lien (2)	17.25% (Base Rate + 10.00% + 4.00% PIK)(5)*	6/30/2012- Past Due	103	94	103	
				6,200	5,917	602	0.10%
Total Funded Debt Investments United States				\$ 973,154	\$ 953,849	\$ 968,219	158.60%
Total Funded Debt Investments				\$ 1,024,743	\$ 1,004,214	\$ 1,020,851	167.22%

Equity Bermuda

Stratus Technologies Bermuda Holdings Ltd.

(4)**							
Information Technology	Ordinary shares (2)			144,270 \$	65 \$	51	
	Preferred shares (2)			32,830	15	11	
					80	62	0.01%
Total Shares Bermuda					\$80	\$62	0.01%

Equity United States

Global Knowledge Training LLC

Education	Ordinary shares (2)			2 \$	2 \$	2	
	Preferred shares (2)			2,423	1,193	2,913	
					1,195	2,915	0.48%
Total Shares United States					\$1,195	\$2,915	0.48%
Total Shares					\$1,275	\$2,977	0.49%

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

March 31, 2013

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
Warrants United States							
YP Holdings LLC(8)							
YP Equity Investors LLC							
Media	Warrants (2)			5 \$	466 \$	7,230	1.18%
PODS, Inc.(6)							
Storapod Holding Company, Inc.							
Consumer Services	Warrants (2)			360,129	156	352	0.06%
Alion Science and Technology Corporation							
Federal Services	Warrants (2)			6,000	293	193	0.03%
Learning Care Group (US), Inc.							
Education	Warrants (2)			844	194	9	
Education	Warrants (2)			3,589	61	41	
					255	50	0.01%
Total Warrants United States					\$ 1,170	\$ 7,825	1.28%
Total Funded Investments					\$ 1,006,659	\$ 1,031,653	168.99%
Unfunded Debt Investments United States							
Advantage Sales & Marketing Inc.							
Business Services	First lien						
	(2)(9) Undrawn		12/17/2015	\$ 10,500	\$ (1,260)	\$ (787)	-0.13%
Total Unfunded Debt Investments					\$ 10,500	\$ (787)	-0.13%
Total Investments					\$ 1,005,399	\$ 1,030,866	168.86%

(1) New Mountain Finance Holdings, L.L.C. (the Operating Company) generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the Securities Act). These investments are generally subject to certain limitations on resale, and may be deemed to be restricted securities under the Securities Act.

(2) Investment is pledged as collateral for the Holdings Credit Facility, a revolving 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. See Note 7, *Borrowing Facilities*, for details.

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(3) Investment is pledged as collateral for the SLF Credit Facility, a revolving credit facility among New Mountain Finance SPV Funding, L.L.C. as the 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. See Note 7, *Borrowing Facilities*, for details.

(4) The Operating Company holds investments in two related entities of Stratus Technologies Bermuda Holdings, Ltd. (Stratus Holdings). The Operating Company directly holds ordinary and preferred equity in Stratus Holdings and has a credit investment in the joint issuers of Stratus Technologies Bermuda Ltd. (Stratus Bermuda) and Stratus Technologies, Inc. (Stratus U.S.), collectively, the Stratus Notes . Stratus U.S. is a wholly-owned subsidiary of Stratus Bermuda, which in turn is a wholly-owned subsidiary of Stratus Holdings. Stratus Holdings is the parent guarantor of the credit investment of the Stratus Notes.

(5) Investment is on non-accrual status.

(6) The Operating Company holds investments in two related entities of PODS, Inc. The Operating Company directly holds warrants in Storapod Holding Company, Inc. (Storapod) and has a credit investment in Storapod through Storapod WCF II Limited (Storapod WCF II). Storapod WCF II is a special purpose entity used to enter into a Shari ah-compliant financing arrangement with Storapod. Additionally, the Operating Company has a credit investment in PODS Funding Corp. II (PODS II). PODS, Inc. is a wholly-owned subsidiary of PODS Holding, Inc., which in turn is a majority-owned subsidiary of Storapod. PODS II is a special purpose entity used to enter into a Shari ah-compliant financing arrangement with PODS, Inc. and its subsidiary, PODS Enterprises, Inc.

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

March 31, 2013

(unaudited)

(7) Securities are registered under the Securities Act.

(8) The Operating Company holds investments in two related entities of YP Holdings LLC. The Operating Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP Intermediate Holdings Corp. and YP Intermediate Holdings II LLC (together YP Intermediate), a subsidiary of YP Holdings LLC.

(9) Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities. Cost amounts represent the cash received at settlement date net the impact of paydowns and cash paid for drawn revolvers.

* All or a portion of interest contains payments-in-kind (PIK).

** Indicates assets that the Operating Company deems to be non-qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70.00% of the Operating Company's total assets at the time of acquisition of any additional non-qualifying assets.

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**New Mountain Finance Holdings, L.L.C.****Consolidated Schedule of Investments (Continued)****March 31, 2013**

(unaudited)

Investment Type	March 31, 2013 Percent of Total Investments at Fair Value
First lien	50.65%
Second lien	43.80%
Subordinated	4.50%
Equity and other	1.05%
Total investments	100.00%

Industry Type	March 31, 2013 Percent of Total Investments at Fair Value
Software	21.90%
Education	17.97%
Business Services	15.05%
Healthcare Services	13.69%
Federal Services	10.68%
Consumer Services	4.39%
Media	2.99%
Distribution	2.83%
Healthcare Products	2.66%
Energy	2.46%
Logistics	2.30%
Industrial Services	1.37%
Healthcare Information Technology	0.93%
Information Technology	0.67%
Power Generation	0.11%
Total investments	100.00%

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments

December 31, 2012

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
Funded Debt Investments Bermuda							
Stratus Technologies Bermuda Holdings Ltd.(4)**							
Stratus Technologies Bermuda Ltd. / Stratus Technologies, Inc.							
Information Technology	First lien(2)(7)	12.00%	3/29/2015	\$ 6,664	\$ 6,396	\$ 6,631	1.16%
Total Funded Debt Investments Bermuda				\$ 6,664	\$ 6,396	\$ 6,631	1.16%
Funded Debt Investments Cayman Islands							
Pinnacle Holdco S.à r.l. / Pinnacle (US) Acquisition Co Limited**							
Software							
	First lien(3)	6.50% (Base Rate + 5.25%)	7/30/2019	\$ 2,992	\$ 2,971	\$ 2,999	
	Second lien(2)	10.50% (Base Rate + 9.25%)	7/30/2020	30,000	29,420	30,488	
				32,992	32,391	33,487	5.88%
Total Funded Debt Investments Cayman Islands				\$ 32,992	\$ 32,391	\$ 33,487	5.88%
Funded Debt Investments United Kingdom							
Magic Newco, LLC**							
Software							
	First lien(3)	7.25% (Base Rate + 6.00%)	12/12/2018	\$ 14,963	\$ 14,543	\$ 15,105	2.65%
Total Funded Debt Investments United Kingdom				\$ 14,963	\$ 14,543	\$ 15,105	2.65%
Funded Debt Investments United States							
Edmentum, Inc.(fka Plato, Inc.)							
Education							
	First lien(3)	7.50% (Base Rate + 6.00%)	5/17/2018	\$ 11,700	\$ 11,378	\$ 11,744	
	Second lien(2)	11.25% (Base Rate + 9.75%)	5/17/2019	29,150	28,604	28,567	
				40,850	39,982	40,311	7.07%
Novell, Inc. (fka Attachmate Corporation, NetIQ Corporation)							
Software							
	First lien(3)	7.25% (Base Rate + 5.75%)	11/22/2017	7,700	7,560	7,785	
	Second lien(2)	11.00% (Base Rate + 9.50%)	11/22/2018	24,000	23,326	23,560	
				31,700	30,886	31,345	5.50%
Rocket Software, Inc.							
Software							
	Second lien(2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,711	30,933	5.43%
Pharmaceutical Research Associates, Inc.							

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Healthcare Services		10.50% (Base					
	Second lien(2)	Rate + 9.25%)	6/10/2019	30,000	29,402	30,319	5.32%
Unitek Global Services, Inc.							
Business Services		9.00% (Base					
	First lien(2)	Rate + 7.50%)	4/16/2018	19,650	19,202	19,331	
		9.00% (Base					
	First lien(2)	Rate + 7.50%)	4/16/2018	5,970	5,798	5,873	
		9.00% (Base					
	First lien(2)	Rate + 7.50%)	4/16/2018	4,963	4,781	4,882	
				30,583	29,781	30,086	5.28%
KeyPoint Government Solutions, Inc.							
Federal Services		7.25% (Base					
	First lien(3)	Rate + 6.00%)	11/13/2017	20,000	19,608	19,900	
		7.25% (Base					
	First lien(2)	Rate + 6.00%)	11/13/2017	10,000	9,703	9,950	
				30,000	29,311	29,850	5.24%
Global Knowledge Training LLC							
Education		6.50% (Base					
	First lien(3)	Rate + 4.99%)	4/21/2017	4,776	4,718	4,705	
		7.25% (Base					
	First lien(3)	Rate + 4.00%)	4/21/2017	1,174	1,159	1,156	
		11.50% (Base					
	Second lien(2)	Rate + 9.75%)	10/21/2018	24,250	23,814	23,755	
				30,200	29,691	29,616	5.20%
Managed Health Care Associates, Inc.							
Healthcare Services		3.47% (Base					
	First lien(2)	Rate + 3.25%)	8/1/2014	14,756	13,240	14,276	
		6.72% (Base					
	Second lien(2)	Rate + 6.50%)	2/1/2015	15,000	12,790	14,475	
				29,756	26,030	28,751	5.05%
Transtar Holding Company							
Distribution		9.75% (Base					
	Second lien(2)	Rate + 8.50%)	10/9/2019	28,300	27,787	28,654	5.03%
Meritas Schools Holdings, LLC							
Education		7.50% (Base					
	First lien(3)	Rate + 6.00%)	7/29/2017	8,150	8,084	8,171	
		11.50% (Base					
	Second lien(2)	Rate + 10.00%)	1/29/2018	20,000	19,747	20,000	
				28,150	27,831	28,171	4.94%
Kronos Incorporated							
Software		9.75% (Base					
	Second lien(2)	Rate + 8.50%)	4/30/2020	25,000	24,753	25,125	4.41%

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Holdings, L.L.C.

Consolidated Schedule of Investments (Continued)

December 31, 2012

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Members Capital
St. George's University Scholastic Services LLC Education	First lien(2)	8.50% (Base Rate + 7.00%)	12/20/2017	\$ 25,000	\$ 24,501	\$ 24,500	4.30%
SRA International, Inc. Federal Services	First lien(3)	6.50% (Base Rate + 5.25%)	7/20/2018	20,436	19,741	19,542	
	First lien(2)	6.50% (Base Rate + 5.25%)	7/20/2018	4,315	4,225	4,126	
				24,751	23,966	23,668	4.15%
Aderant North America, Inc. Software	Second lien(2)	11.00% (Base Rate + 7.75%)	6/20/2019	22,500	22,163	23,062	4.05%
LM U.S. Member LLC (and LM U.S. Corp Acquisition Inc.) Business Services	Second lien(2)	9.50% (Base Rate + 8.25%)	10/26/2020	20,000	19,704	20,150	3.54%
Learning Care Group (US), Inc. Education	First lien(2)	12.00%	4/27/2016	17,369	17,174	16,696	
	Subordinated(2)	15.00% PIK*	6/30/2016	3,782	3,639	3,434	
				21,151	20,813	20,130	3.53%
Six3 Systems, Inc. Federal Services	First lien(2)	7.00% (Base Rate + 5.75%)	10/4/2019	20,000	19,805	20,025	3.51%
First American Payment Systems, L.P. Business Services	Second lien(2)	10.75% (Base Rate + 9.50%)	4/12/2019	20,000	19,609	19,900	3.49%
eResearchTechnology, Inc. Healthcare Services	First lien(3)	8.00% (Base Rate + 6.50%)	5/2/2018	19,950	19,202	19,850	3.48%
Insight Pharmaceuticals LLC Healthcare Products	Second lien(2)	13.25% (Base Rate + 11.75%)	8/25/2017	19,310	18,659	19,503	3.42%
Transplace Texas, L.P. Logistics	Second lien(2)	11.00% (Base Rate + 9.00%)	4/12/2017	20,000	19,586	19,500	3.42%
PODS, Inc.(6)							