ISONO DENIS
Form 5
January 15, 2008

FORM 5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).
Form 3 Holdings Reported
Form 4 Transactions Reported

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0362
Expires:	January 31, 2005
Estimated average burden hours per response...	1.0

1. Name and Address of Reporting Person *
ISONO DENIS

(Last) (First) (Middle)

5056 POOLA STREET

(Street)

HONOLULU, HI 96821

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CENTRAL PACIFIC FINANCIAL CORP [CPF]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP

6. Individual or Joint/Group Reporting

(check applicable line)

_X_ Form Filed by One Reporting Person
___ Form Filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) Amount	(A) or (D)	Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	Â	Â	Â	Â	Â	Â	2,124	D	Â
Common Stock	01/14/2008	Â	J (1)	70	A	$ 0	2,247	I	CPF 401K Plan
Common Stock	Â	Â	Â	Â	Â	Â	200	I	Travis Isono and Ella Isono Jt Ten (son and wife)

Common Stock	Â	Â	Â	Â	Â	Â	100	I	Tyler Isono and Ella Isono Jt Ten (son and wife)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. of D Se Be O En Is Fi (I
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ISONO DENIS 5056 POOLA STREET HONOLULU,Â HIÂ 96821	Â	Â	Â EVP	Â

Signatures

Dean K Hirata, Atty-in-fact	01/15/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Adjustment to CPF 401K Plan. Holdings as of 1/14/08.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure.
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Healthcare Facilities

First lien(3) 7.50% (Base Rate + 4.25%) 6/28/2013 3,823,549 3,063,441 3,594,136 1.49%

Brickman Group Holdings, Inc.

Business Services

First lien(4) 7.25% (Base Rate + 5.50%) 10/14/2016 3,000,000 3,035,496 3,042,501 1.26%

Datatel, Inc

Software

Second lien(3) 10.25% (Base Rate + 8.25%) 12/9/2016 2,000,000 1,964,077 2,042,500 0.84%

Applied Systems, Inc.

Software

Second lien 9.25% (Base Rate + 7.75%) 6/8/2017 2,000,000 1,980,093 2,009,166 0.83%

Education Management LLC

Education

First lien(1) 6/1/2012 3,000,000 (1,215,000) (217,500) -0.09%

Total United States

460,503,332 409,407,198 435,778,827 180.13%

Total debt investments

464,980,832 413,764,349 440,524,977 182.09%

Total investments

$414,308,823 $441,057,840 182.31%

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(1)

Par Value amounts represent the undrawn portion of revolving credit facilities. Cost amounts represent the cash received at settlement date increased for paydowns at par minus the purchase price.

(2)
The company is headquartered in Canada. The debt is issued in USD.

(3)
The Debt Funding credit facility is collateralized by the indicated investments.

(4)
The SLF credit facility is collateralized by the indicated investments.

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Statements of Operations (unaudited)

	Three months ended	
	March 31, 2011	**March 31, 2010**
Investment income		
Interest income	$ 11,168,047	$ 8,888,188
Other income	43,673	188,742
Total investment income	11,211,720	9,076,930
Expenses		
Interest and other credit facility expenses	1,546,753	665,917
Other general and administrative expenses	148,664	133,023
Professional fees	53,156	52,035
Management fee, net	34,000	17,749
Total expenses	1,782,573	868,724
Net investment income	9,429,147	8,208,206
Realized gains on investments	5,892,330	20,943,779
Net change in unrealized appreciation (depreciation) of investments	1,097,337	(2,805,993)
Net increase in capital resulting from operations	$ 16,418,814	$ 26,345,992

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Statements of Changes in Capital

	Three months ended March 31, 2011 (unaudited)	Year ended December 31, 2010
Increase (Decrease) in net assets resulting from operations:		
Net investment income	$ 9,429,147	$ 37,464,261
Realized gains on investments	5,892,330	66,287,267
Net change in unrealized appreciation (depreciation) of investments	1,097,337	(39,959,267)
Net increase (decrease) in net assets resulting from operations	16,418,814	63,792,261
Distributions	(10,249,155)	(115,940,206)
Contributions	42,100,712	54,634,523
Net increase in net assets	48,270,371	2,486,578
Capital at beginning of period	241,927,261	239,440,683
Capital at end of period	$ 290,197,632	$ 241,927,261

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Statements of Cash Flows (unaudited)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Cash flows from operating activities		
Net increase in capital resulting from operations	$ 16,418,814	$ 26,345,992
Adjustments to reconcile net increase (decrease) in capital resulting from operations to net cash (used in) provided by operating activities:		
Purchase of investments	(88,582,500)	(21,891,611)
Proceeds from sales and paydowns of investments	77,255,809	80,282,687
Cash received for purchase of undrawn portion of revolving credit facility	1,260,000	
Amortization of purchase discount	(1,679,684)	(4,349,770)
Realized gains on investments	(5,892,330)	(20,943,779)
Net change in unrealized (appreciation) depreciation of investments	(1,097,337)	2,805,993
Non-cash interest	(226,711)	(195,593)
Amortization of deferred credit facility costs	137,623	
Increase in receivable from unsettled securities sold		(10,596,235)
(Increase) decrease in interest receivable	(1,793,682)	169,820
Decrease (increase) in other assets	2,808	(54,876)
Decrease in payable for unsettled securities purchased	(66,902,500)	(7,411,765)
Increase in other liabilities	159,997	61,212
Increase (decrease) in payable to affiliates	77,294	(226,673)
Increase in interest payable	334,000	65,283
Net cash flows (used in) provided by operating activities	(70,528,399)	44,060,685
Cash flows from financing activities		
Contributions	42,100,712	9,491,014
Distributions	(10,249,155)	(24,202,430)
Proceeds from Debt Funding credit facility	24,359,947	808,162
Repayment of Debt Funding credit facility	(19,164,635)	(11,408,000)
Proceeds from SLF credit facility	49,965,300	
Repayment of SLF credit facility	(29,431)	
Net cash flows provided by (used in) financing activities	86,982,738	(25,311,254)
Net increase in cash and cash equivalents	16,454,339	18,749,431
Cash and cash equivalents at the beginning of the period	10,744,082	4,110,193
Cash and cash equivalents at the end of the period	$ 27,198,421	$ 22,859,624
Supplemental disclosure of cash flow information		
Interest paid	$ 841,305	$ 518,454
Non-cash financing activities:		
Accrual for deferred offering costs	1,544,500	
Accrual for deferred credit facility costs	856,521	

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

1. Formation and Business Purposes

New Mountain Guardian (Leveraged), L.L.C. ("NMG (Leveraged)" or the "LLC") is a Delaware limited liability company formed on October 29, 2008 as an investment vehicle for New Mountain Guardian AIV, L.P. ("NMG AIV" or the "Partnership"). NMG AIV is the sole member of NMG (Leveraged). NMG AIV was formed by New Mountain Partners III, L.P. ("NMP III") as an alternative investment vehicle to invest in Permitted Debt Investments pursuant to the NMP III Second Amended and Restated Partnership Agreement, Amendment #2, passed by a majority of the limited partners. New Mountain Guardian Debt Funding, L.L.C. ("NMG DF") and New Mountain Guardian SPV Funding, L.L.C. ("NMG SLF") are Delaware limited liability companies formed on October 9, 2009 and October 7, 2010, respectively, as investment vehicles for NMG (Leveraged). NMG (Leveraged) is the sole member of both NMG DF and NMG SLF.

New Mountain Guardian Partners, L.P. ("NMGP") is a Delaware limited partnership formed on February 20, 2009 to achieve long-term capital appreciation through debt and debt-related investments. The General Partner of NMGP is New Mountain Guardian GP, L.L.C. (the "General Partner"), a Delaware limited liability company. The sole limited partner of NMGP is New Mountain Guardian Partners (Cayman), L.P. ("NMGP Cayman"). New Mountain Guardian Partners (Leveraged), L.L.C. ("NMGP Leveraged") and New Mountain Guardian Partners Debt Funding, L.L.C. ("NMGP DF") are both Delaware limited liability companies that were formed on October 9, 2009 as investment vehicles for NMGP. NMGP is the sole member of NMGP Leveraged and NMGP Leveraged is the sole member of NMGP DF. On October 7, 2010, New Mountain Guardian Partners SPV Funding, L.L.C. ("NMGP SLF") was formed as an additional investment vehicle with NMGP Leveraged as its sole member. The Investment Period ends at the later of September 30, 2011 or the date at which the Combined Entities (defined below) have their initial public offering.

For financial statement purposes, NMG DF and NMG SLF are consolidated into NMG (Leveraged) and NMGP DF and NMGP SLF are consolidated into NMGP Leveraged. NMGP Leveraged is consolidated into NMGP. NMG (Leveraged) and NMGP are combined in these financial statements. As used herein, references to the "Combined Entities" refers to the combined NMG (Leveraged) and NMGP. These entities have been combined as they are under common control and management.

2. Summary of Significant Accounting Policies

Basis of accounting The combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The combined financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of operations and financial condition for all periods presented. All intercompany transactions have been eliminated. Revenues are recognized when earned and expenses when incurred.

Investments The Combined Entities account for their investments at fair value. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are reflected on the Combined Statements of Assets, Liabilities and Capital at fair value, with changes in unrealized gains and losses resulting from changes in fair value reflected in the Combined Statements of Operations as "Net change in unrealized appreciation (depreciation) of investments" and

NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

2. Summary of Significant Accounting Policies (Continued)

realizations on portfolio investments reflected in the Combined Statements of Operations as "Realized gains on investments."

To determine the fair value of the investments, the Combined Entities use market quotations if readily available or indicative prices from pricing services or brokers or dealers if market quotations are not readily available. The Combined Entities may corroborate the quoted price with the same or similar transactions that a broker or others have entered into. When neither the market quotations nor indicative prices are readily available, the Combined Entities may estimate the fair value using the market approach and/or the income approach, each of which involve a significant degree of judgment, or by using independent valuation firms at least once annually if a materiality threshold is met.

Management of the Combined Entities is responsible for determining the fair value of the investments.

The values assigned to investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated.

Investment transactions are recorded on a trade date basis.

See Note 3, *Investments*, for further discussion relating to the Combined Entities' investments.

Revenue recognition The Combined Entities' Revenue Recognition policies are as follows:

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

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

Other income: Other income represents delayed compensation and miscellaneous fees received. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date.

Interest and other credit facility expenses Interest and other credit facility fees are recorded on an accrual basis. See Note 8, *Credit Facility*, for details.

Income taxes NMG (Leveraged), NMG DF, and NMG SLF are single member limited liability companies which are disregarded for federal, state, and local income tax purposes. The assets, liabilities, investment income, and expenses of NMG (Leveraged), NMG DF, and NMG SLF are recorded on the federal and state income tax returns of NMG AIV, the ultimate sole owner.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

2. Summary of Significant Accounting Policies (Continued)

NMGP (Leveraged), NMGP DF, and NMGP SLF are single member limited liability companies, which are disregarded for federal, state, and local income tax purposes. The assets, liabilities, investment income, and expenses of NMGP (Leveraged), NMGP DF, and NMGP SLF are recorded on the federal and state income tax returns of NMGP, the ultimate sole owner.

NMG AIV and NMGP are partnerships and are themselves not subject to income taxes. Each partner of NMG AIV and NMGP is individually responsible for reporting income or loss, to the extent required by federal and state income tax laws and regulations, based upon its respective share of each Partnership's net taxable income. Accordingly, income taxes have not been provided for in the accompanying combined financial statements.

The tax years from 2008 through the present of NMG AIV and the tax years from 2009 through the present for NMGP remain subject to examination by the U.S. Federal, state, and local tax authorities.

Cash and cash equivalents The Combined Entities consider cash and cash equivalents to be cash and short-term, highly liquid investments with original maturities of three months or less.

Carried interest Carried Interest is comprised of two amounts. First, amounts on unrealized appreciation and interest income are allocated to the General Partner of NMGP on the assumption that NMGP ceased operations on March 31, 2011 and liquidated its investments at the current valuation. In this hypothetical scenario the General Partner would be due these amounts on the distribution of proceeds raised from the liquidation. The second amount is any actual distribution of Carried Interest made during the reporting period.

The General Partner received no distributions of carried interest as of March 31, 2011 or December 31, 2010. For the three months ended March 31, 2011 and March 31, 2010, the General Partner was allocated $79,928 and $125,056 of Unrealized Carried Interest, respectively. NMG (Leveraged) does not have any allocations or payments of Carried Interest as it is structured as a limited liability company. Carried Interest is allocated to and paid from NMG AIV.

Foreign securities The accounting records of the Combined Entities are maintained in U.S. dollars. Investment securities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the respective dates of the transactions. The Combined Entities do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with "Net change in unrealized appreciation (depreciation) of investments" and "Realized gains on investments" in the Combined Statements of Operations.

Certain of the Combined Entities' investments are denominated in foreign currencies that may be negatively affected by movements in the rate of exchange between the United States dollar and such foreign currencies. This movement is beyond the control of the Combined Entities and cannot be predicted.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

2. Summary of Significant Accounting Policies (Continued)

Deferred offering costs Offering costs consist of fees related to legal, accounting, regulatory, and printing work in connection with the proposed initial public offering of the Combined Entities. These costs will be charged against the proceeds of the equity offering when received.

Deferred credit facility costs Deferred credit facility costs consist of expenses related to the origination of the existing credit facilities. These expenses are amortized using the straight-line method over the stated life of the related credit facility. See Note 8, *Credit Facility*, for details.

Use of estimates The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting periods. Changes in the economic environment, financial markets, and other metrics used in determining these estimates could cause actual results to differ from the estimates used, and the differences could be material.

3. Investments

At March 31, 2011 investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 298,297,450	$ 314,514,176
Second lien	113,449,741	124,135,412
Subordinated	19,860,405	20,885,878
Equity and other	566,643	485,127
Total investments	$ 432,174,239	$ 460,020,593

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	$ 40,597,744	$ 46,191,981
Consumer Services	24,682,783	25,329,653
Education	30,032,113	32,034,830
Energy	3,283,321	3,570,810
Federal Services	30,804,473	31,920,165
Franchises	5,905,511	5,983,021
Healthcare Facilities	3,113,900	3,819,775
Healthcare Information Technology	13,760,733	13,930,087
Healthcare Services	83,155,943	92,181,032
Industrial Services	25,122,414	25,153,978
Information Services	16,171,811	16,417,500
Information Technology	6,684,316	6,553,034
Logistics	5,878,626	6,090,000
Media	11,825,400	12,060,000
Power Generation	8,908,119	9,129,787
Software	110,449,121	117,445,540
Telecommunication	11,797,911	12,209,400
Total investments	$ 432,174,239	$ 460,020,593

At December 31, 2010 investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 303,924,269	$ 321,212,659
Second lien	90,027,745	98,934,554
Subordinated	19,812,335	20,377,764
Equity and other	544,474	532,863
Total investments	$ 414,308,823	$ 441,057,840

NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	$ 53,482,718	$ 61,657,732
Consumer Services	24,665,157	25,173,367
Education	30,015,648	31,505,814
Energy	4,357,151	4,746,150
Federal Services	30,834,041	31,796,045
Franchises	9,091,224	9,285,114
Healthcare Facilities	3,063,441	3,594,136
Healthcare Information Technology	13,790,000	13,965,000
Healthcare Services	88,073,362	94,834,674
Industrial Services	10,245,116	10,425,950
Information Technology	4,854,762	4,280,423
Logistics	5,874,951	5,985,000
Media	11,820,000	11,880,000
Power Generation	8,580,242	7,803,431
Software	103,739,377	111,885,004
Telecommunication	11,821,633	12,240,000
Total investments	$ 414,308,823	$ 441,057,840

As of March 31, 2011 and December 31, 2010, there were no assets being accounted for on a non-accrual basis.

As of March 31, 2011 and December 31, 2010, the Combined Entities have unfunded commitments on revolving credit facilities of $22,698,500 and $12,198,500, respectively, which are disclosed on the Combined Schedules of Investments.

4. Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting Standards Codification 820, *Fair Value Measurement and Disclosure*, ("ASC 820") establishes a fair value hierarchy that prioritizes and ranks the inputs to valuation techniques used in measuring investments at fair value. This hierarchy consists of three levels. The inputs used to measure fair value may fall into different levels. The level within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The Combined Entities' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The hierarchy classifies the inputs used in measuring fair value as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments that the Combined Entities have the ability to access as of the reporting date. The type of investments which would generally be included in Level I include listed equity

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

4. Fair Value (Continued)

securities and listed derivatives. As required by ASC 820, the Combined Entities, to the extent that they hold such investments, do not adjust the quoted price for these investments, even in situations where the Combined Entities hold a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of a pricing service or broker, models, or other valuation methodologies.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by Management.

A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the reclassification of certain investments within the fair value hierarchy.

The following table summarizes the levels in the fair value hierarchy that the Combined Entities' portfolio investments fall into as of March 31, 2011:

	Total	Level I	Level II	Level III
First lien	$ 314,514,176	$	$ 298,569,604	$ 15,944,572
Second lien	124,135,412		124,135,412	
Subordinated	20,885,878		7,875,000	13,010,878
Equity and other	485,127			485,127
Total investments	$ 460,020,593	$	$ 430,580,016	$ 29,440,577

The following table summarizes the levels in the fair value hierarchy that the Combined Entities' portfolio investments fall into as of December 31, 2010:

	Total	Level I	Level II	Level III
First lien	$ 321,212,659	$	$ 304,237,325	$ 16,975,334
Second lien	98,934,554		98,934,554	
Subordinated	20,377,764		7,630,000	12,747,764
Equity and other	532,863			532,863
Total investments	$ 441,057,840	$	$ 410,801,879	$ 30,255,961

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended March 31, 2011, as well as the portion of appreciation (depreciation)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

4. Fair Value (Continued)

included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held at March 31, 2011:

	Total	First Lien	Subordinated	Equity and other
Fair value, December 31, 2010	$ 30,255,961	$ 16,975,334	$ 12,747,764	$ 532,863
Total gains or losses included in earnings:				
Net change in unrealized appreciation (depreciation)	611,296	418,088	263,114	(69,906)
Purchases, including capitalized PIK	(1,237,830)	(1,260,000)		22,170
Transfers into Level III(1)	(406,350)	(406,350)		
Transfers out of Level III(2)	217,500	217,500		
Fair value, March 31, 2011	$ 29,440,577	$ 15,944,572	$ 13,010,878	$ 485,127
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Combined Entities at the end of the period:	$ 611,296	$ 418,088	$ 263,114	$ (69,906)

(1) The transfer into Level III represents the transfer of RGIS Services, LLC at a fair value of ($406,350). In accordance with the Combined Entities' valuation policy, this asset was transferred from a Level II investment to a Level III investment during the three months ended March 31, 2011 as available market quotes were not representative of fair value.

(2) The transfer out of Level III represents the transfer of Education Management Corporation at a fair value of $217,500. In accordance with the Combined Entities' valuation policy, this asset was transferred from a Level III investment to a Level II investment during the three months ended March 31, 2011 as market quotes representative of fair value became available.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

4. Fair Value (Continued)

The following table summarizes the changes in fair value of Level III portfolio investments for the year ended December 31, 2010, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held at December 31, 2010:

	Total	First Lien	Subordinated	Equity and other
Fair value, December 31, 2009	$	$	$	$
Total gains or losses included in earnings:				
Net change in unrealized appreciation (depreciation)	146,416	157,678	349	(11,611)
Purchases, including capitalized PIK(1)(2)	30,349,545	17,057,656	12,747,415	544,474
Transfers into Level III(3)	(240,000)	(240,000)		
Fair value, December 31, 2010	$ 30,255,961	$ 16,975,334	$ 12,747,764	$ 532,863
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Combined Entities at the end of the period:	$ 146,416	$ 157,678	$ 349	$ (11,611)

(1) Includes net amortization of purchase discounts or premiums of approximately $184,263, $36,603, and $147,660, and $0, respectively.

(2) The purchases include the purchase of PODS Holding Funding Corp. at a cost of $8,433,541. In accordance with the Combined Entities' valuation policy, this asset was transferred from a Level II investment to a Level III investment during the three months ended September 30, 2010.

(3) The transfer into Level III represents the transfer of Education Management Corporation at a fair value of ($240,000). In accordance with the Combined Entities' valuation policy, this asset was transferred from a Level II investment to a Level III investment during the three months ended December 31, 2010.

Investments are transferred using the fair value as of the beginning of each year to date period. Except as noted in the table above, there were no other transfers in or out of Level I, II, or III during the three months ended March 31, 2011 and the year ended December 31, 2010.

Fair value risk factors The Combined Entities seek investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Combined Entities' investments conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Combined Entities' investments and/or on the fair value of the Combined Entities' investments.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

4. Fair Value (Continued)

Also, there may be risk associated with the concentration of investments in one geographic region or in certain industries.

The above events are beyond the control of the Combined Entities and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

5. Allocations of Distributions and Profits and Losses

Items of income, expense, gain, and loss of NMG (Leveraged) are allocated to its sole member NMG AIV. Items of income, expense, gain, and loss of NMGP are allocated to its partners in accordance with the Partnership Agreement of NMGP.

6. Management of the Combined Entities

NMG (Leveraged) has appointed New Mountain Capital, L.L.C. ("New Mountain Capital") and NMGP has appointed New Mountain Guardian Advisers, L.L.C. ("New Mountain Guardian Advisers") as the investment advisers and Managers of the Combined Entities. A Management Fee is not charged to NMG (Leveraged), as it is paid to New Mountain Capital by NMP III. A Management Fee is earned by New Mountain Guardian Advisers. During the Investment Period, the Management Fee is equal to 0.875% per annum of Capital Commitments of NMGP Cayman and, thereafter, is equal to 0.5% per annum of the Actively Invested Capital of NMGP Cayman as of the relevant Payment Date. The Management Fee is reduced, but not below zero, by (a) Placement fees paid by NMGP Cayman since the preceding Payment Date; (b) 65% of the break-up, transaction and/or monitoring fees received in the preceding year by the Manager and (c) NMGP's share of organization costs paid in excess of $1 million. Gross management fee for the three months ended March 31, 2011 of $43,750 was reduced by $9,750 relating to transaction fees. Gross management fee for the three months ended March 31, 2010 of $43,750 was reduced by $26,001 relating to transaction fees.

7. Related Parties

Payable to affiliates represents amounts payable to New Mountain Capital for amounts paid on behalf of the Combined Entities.

8. Credit Facility

Debt Funding Credit Facility:

The Loan and Security Agreement dated October 21, 2009 among NMG (Leveraged) as the Collateral Manager, NMG DF as the borrower, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 21, 2014. The maximum amount of revolving borrowings available under the credit facility is $112,500,000. The outstanding balance of this facility as of March 31, 2011 and December 31, 2010 was $61,279,180 and $59,696,938, respectively. The credit facility is collateralized by the investments of NMG DF on an investment by investment basis, totaling $235,688,607 as of March 31, 2011 and $215,393,015 as of December 31, 2010. NMG DF was in compliance with all of its debt covenants as of March 31, 2011 and December 31, 2010.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

8. Credit Facility (Continued)

The Loan and Security Agreement dated November 19, 2009 among NMGP Leveraged as the Collateral Manager, NMGP DF as the borrower, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 21, 2014. The maximum amount of revolving borrowings available under this credit facility is $7,500,000. The outstanding balance of this facility as of March 31, 2011 was $3,613,068. There was no outstanding balance of this facility as of December 31, 2010. The credit facility is collateralized by the investments of NMGP DF on an investment by investment basis, totaling $14,234,832 as of March 31, 2011 and $12,081,913 as of December 31, 2010. NMGP DF was in compliance with all of its debt covenants as of March 31, 2011 and December 31, 2010.

The credit facilities of NMG DF and NMGP DF (together, the "Debt Funding Credit Facility") bear interest at a rate of LIBOR plus 3.00% per annum. A commitment fee is also paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement). Interest expense and commitment fees were $527,347 and $198,675, respectively, on a combined basis for the three months ended March 31, 2011. Interest expense and commitment fees were $580,740 and $60,177, respectively, on a combined basis for the three months ended March 31, 2010. The weighted average interest rate for the three months ended March 31, 2011 and March 31, 2010 for each facility was 3.3% and 3.2%, respectively.

A First Amendment to the Loan and Security Agreements among NMG DF and NMGP DF as the borrowers, Wells Fargo Securities, LLC as Administrative Agent, and Wells Fargo Bank, National Association, as Collateral Custodian was executed on August 6, 2010 and August 10, 2010, respectively. These amendments grant the entities leverage through the use of non-first lien debt investments as collateral. The un-amended facility only permitted the use of first lien debt instruments as collateral. The Debt Funding Credit Facility permits borrowings of up to 45% and 25% of the purchase price of pledged debt securities subject to approval by Wells Fargo Bank, N.A. of first lien and non-first lien debt investments, respectively.

SLF Credit Facility:

The Loan and Security Agreement dated October 27, 2010 among NMG SLF as the borrower, NMG (Leveraged) as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2015. A Second Amendment to the Loan and Security Agreement was executed on March 9, 2011. This amendment increased the maximum amount of revolving borrowings available under this credit facility from $93,750,000 to $140,625,000. The outstanding balance of this facility as of March 31, 2011 and December 31, 2010 was $100,149,061 and $53,312,360, respectively. The loan is non-recourse to NMG (Leveraged) and secured by all assets owned by the borrower, which includes the investments of NMG SLF totaling $165,775,466 as of March 31, 2011 and $161,548,326 as of December 31, 2010. NMG SLF was in compliance with all of its debt covenants as of December 31, 2010.

The Loan and Security Agreement dated October 27, 2010 among NMGP (Leveraged) as the Collateral Administrator, NMGP SLF as the borrower, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is

NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

8. Credit Facility (Continued)

structured as a revolving credit facility and matures on October 27, 2015. A Second Amendment to the Loan and Security Agreement was executed on March 9, 2011. This amendment increased the maximum amount of revolving borrowings available under this credit facility from $6,250,000 to $9,375,000. The outstanding balance of this facility as of March 31, 2011 and December 31, 2010 was $6,722,807 and $3,623,640, respectively. The loan is non-recourse to NMGP and secured by all assets owned by the borrower, which includes the investments of NMGP SLF totaling $11,272,731 as of March 31, 2011 and $10,985,286 as of December 31, 2010. NMGP SLF was in compliance with all of its debt covenants as of March 31, 2011 and December 31, 2010.

The credit facilities of NMG SLF and NMGP SLF (together, the "SLF Credit Facility") permit borrowings of up to 67.0% of the purchase price of pledged debt securities subject to approval by Wells Fargo Bank, N.A. and bear interest at a rate of LIBOR plus 2.25% per annum. A commitment fee is paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement). For the three months ended March 31, 2011, interest expense and commitment fees for the SLF Credit Facility were $617,757 and $17,850, respectively, on a combined basis. The weighted average interest rate for the three months ended March 31, 2011 for each facility was 2.5%.

9. Commitments and Contingencies

In the normal course of business, the Combined Entities enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. In addition, under the terms of the LLC Agreement and limited partnership agreement, the Combined Entities have agreed to indemnify Management, its officers, directors, employees, agents or any person who serves on behalf of the Combined Entities from any loss, claim, damage, or liability which such person incurs by reason of his performance of activities of the Combined Entities, provided they acted in good faith. Based on experience, Management expects the risk of loss related to the Combined Entities' indemnifications to be remote.

The Combined Entities have unfunded commitments on revolving credit facilities, which are disclosed on the Combined Schedules of Investments and in Note 3, *Investments*.

The Combined Entities may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. As of March 31, 2011 and December 31, 2010, the Combined Entities had no outstanding bridge financing commitments.

The Combined Entities have revolving borrowings available under credit facilities. See Note 8, *Credit Facility*, for details.

10. Financial Highlights

Financial highlights are calculated for the Combined Entities as a whole. The total return is the ratio of net increase (decrease) in capital resulting from operations compared to capital, adjusted

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
March 31, 2011

10. Financial Highlights (Continued)

for average capital contributions and distributions. The ratios to average capital have been annualized.

Total Return for the three months ended March 31, 2011	6.2%
Total Return for the three months ended March 31, 2010	11.4%

Ratios to Average Capital for the three months ended March 31, 2011:

Expenses, excluding carried interest	2.7%
Carried interest	0.1%
Total expenses and carried interest	2.8%
Net investment income	14.2%

Ratios to Average Capital for the three months ended March 31, 2010:

Expenses, excluding carried interest	1.5%
Carried interest	0.2%
Total expenses and carried interest	1.7%
Net investment income	14.3%

11. Recent Accounting Standards Updates

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 ("ASU 2010-06"), *Improving Disclosures about Fair Value Measurements*, which, among other things, amends ASC 820 to require entities to separately present purchases, sales, issuances, and settlements in their reconciliation of Level III fair value measurements (i.e., to present such items on a gross basis rather than on a net basis). The adoption on January 1, 2011 of the applicable additional disclosure requirements of ASU 2010-06 listed above did not materially impact the Combined Entities' combined financial statements.

12. Subsequent Events

The Combined Entities have evaluated subsequent events through May 13, 2011, which is the date that these combined financial statements were available to be issued. No subsequent events were noted.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of New Mountain Guardian (Leveraged), L.L.C. and
To the Partners of New Mountain Guardian Partners, L.P.

We have audited the accompanying combined statements of assets, liabilities and capital, including the combined schedules of investments, of New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P. (the "Entities"), both of which are under common control and management, as of December 31, 2010 and 2009, and the related combined statements of operations, changes in capital, and cash flows for the years ended December 31, 2010 and 2009 and for the period October 29, 2008 (commencement of operations) to December 31, 2008. These financial statements are the responsibility of the Entities' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Entities are not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entities' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the combined financial position of the Entities as of December 31, 2010 and 2009, and the combined results of their operations, their combined changes in capital and their combined cash flows for the years ended December 31, 2010 and 2009 and for the period October 29, 2008 (commencement of operations) to December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

As explained in Notes 2 and 4 to the financial statements, the financial statements include investments valued at $30,255,961 (6.6% of total assets) as of December 31, 2010, whose fair values have been estimated by the Entities' management in the absence of readily determinable fair values.

/s/ Deloitte and Touche LLP
New York, New York

February 25, 2011
(March 28, 2011 as to Note 12)

**Member of
Deloitte Touche
Tohmatsu**

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Statements of Assets, Liabilities and Capital

	December 31, 2010		December 31, 2009	
Assets				
Investments, at fair value (cost $414,308,823 and $253,814,364 respectively)	$	441,057,840	$	320,522,648
Cash and cash equivalents		10,744,082		4,110,193
Receivable from unsettled securities sold				5,124,622
Deferred offering costs		3,528,110		
Interest receivable		3,007,787		798,762
Deferred credit facility costs (net of accumulated amortization of $69,909 and $0 respectively)		1,880,120		
Other assets		5,842		1,407
Total assets	$	460,223,781	$	330,557,632
Liabilities				
Payable for unsettled securities purchased		94,462,500		12,232,265
Debt Funding credit facility		59,696,938		77,744,675
SLF credit facility		56,936,000		
Other liabilities		3,856,571		274,641
Payable to affiliates		2,531,319		392,679
Interest payable		813,192		472,689
Total liabilities		218,296,520		91,116,949
Capital		241,927,261		239,440,683
Total liabilities and capital	$	460,223,781	$	330,557,632

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Schedule of Investments
December 31, 2010

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Member's Capital
United States							
Stratus Technologies, Inc.							
Information Technology	Ordinary shares			103,050	$ 47,063	$ 45,149	
	Preferred shares			23,450	10,710	10,274	
					57,773	55,423	0.02%
Total shares					57,773	55,423	0.02%
United States							
Alion Science and Technology Corporation							
Federal Services	Warrants(3)			6,000	292,851	283,698	0.12%
Learning Care Group (US), Inc.							
Education	Warrants			845	193,850	193,742	0.08%
Total warrants					486,701	477,440	0.20%
Canada							
Trident Exploration Corp.(2)							
Energy	First lien(3)	12.50% (Base Rate + 9.50%)	6/30/2014	4,477,500	4,357,151	4,746,150	1.96%
Total Canada				4,477,500	4,357,151	4,746,150	1.96%
United States							
Managed Health Care Associates, Inc.							
Healthcare Services	First lien(3)	3.52% (Base Rate + 3.25%)	8/1/2014	22,467,673	17,462,237	20,557,920	
			2/1/2015	15,000,000	11,227,497	13,200,001	

	Second lien(3)	6.77% (Base Rate + 6.50%)					
				37,467,673	28,689,734	33,757,921	13.96%
Attachmate Corporation, NetIQ Corporation							
Software	Second lien(3)	7.04% (Base Rate + 6.75%)	10/13/2013	22,500,000	17,121,571	22,275,000	9.21%
Learning Care Group (US), Inc.							
Education	First lien(3)	12.00%	4/27/2016	17,368,422	17,057,656	17,192,834	
	Subordinated	15.00%	6/30/2016	2,832,237	2,610,113	2,630,413	
				20,200,659	19,667,769	19,823,247	8.19%
Decision Resources, LLC							
Business Services	First lien(4)	7.75% (Base Rate + 4.50%)	12/28/2016	18,000,000	17,730,000	17,820,001	7.37%
KeyPoint Government Solutions, Inc							
Federal Services	First lien(3)	10.00% (Base Rate + 8.00%)	12/31/2015	18,000,000	17,640,000	17,730,000	7.33%
Smile Brands Group, Inc.							
Healthcare Services	First lien(4)	7.50% (Base Rate + 4.25%)	12/21/2017	17,500,000	17,237,500	17,390,625	7.19%
Volume Services America, Inc. (Centerplate)							
Consumer Services	First lien(3)	10.50% (Base Rate + 8.50%)	9/16/2016	14,962,500	14,527,858	15,056,016	6.22%
MLM Holdings, Inc.							
Software	First lien(4)	7.00% (Base Rate + 5.25%)	12/1/2016	14,962,500	14,739,863	14,775,469	6.11%
LANDesk Software, Inc.							
Software	First lien(4)	7.00% (Base Rate + 5.25%)	3/28/2016	15,000,000	14,701,917	14,718,750	6.08%
SonicWALL, Inc.							
Software	First lien(4)	8.26% (Base Rate + 6.19%)	1/23/2016	4,485,887	4,507,797	4,519,531	
	Second lien(3)	12.00% (Base Rate + 10.00%)	1/23/2017	10,000,000	9,712,391	10,050,000	
				14,485,887	14,220,188	14,569,531	6.02%

Virtual Radiologic Corporation							
Healthcare Information Technology	First lien(4)	7.75% (Base Rate + 4.50%)	12/22/2016	14,000,000	13,790,000	13,965,000	5.77%
Asurion, LLC							
Business Services	First lien(4)	6.75% (Base Rate + 5.25%)	3/31/2015	13,000,000	12,494,497	13,052,234	5.40%
Aspen Dental Management, Inc.							
Healthcare Services	First lien(4)	7.72% (Base Rate + 6.00%)	10/6/2016	12,967,500	12,713,475	13,016,128	5.38%
Firefox Merger Sub, LLC (f/k/a Fibertech Networks, LLC)							
Telecommunication	First lien(4)	6.75% (Base Rate + 5.00%)	11/30/2016	12,000,000	11,821,633	12,240,000	5.06%
Airvana Network Solutions Inc.							
Software	First lien(3)	11.00% (Base Rate + 9.00%)	8/27/2014	11,833,333	11,611,357	11,890,039	4.91%
Mailsouth, Inc.							
Media	First lien(4)	7.00% (Base Rate + 3.75%)	12/14/2016	12,000,000	11,820,000	11,880,000	4.91%
Merge Healthcare Inc.							
Healthcare Services	First lien(3)	11.75%	5/1/2015	11,000,000	10,808,642	11,770,000	4.87%
Merrill Communications LLC							
Business Services	First lien(3)	8.50% (Base Rate + 6.50%)	12/22/2012	11,421,788	9,332,773	11,393,234	4.71%

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Schedule of Investments
December 31, 2010

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Member's Capital
PODS Holding Funding Corp.							
Consumer Services	Subordinated	16.64%	12/23/2015	11,664,000	$ 10,137,299	$ 10,117,351	4.18%
Vertafore, Inc							
Software	Second lien(3)	9.75% (Base Rate + 8.25%)	10/29/2017	10,000,000	9,901,457	10,106,250	4.18%
CHG Companies, Inc.							
Healthcare Services	Second lien(3)	11.25% (Base Rate + 9.50%)	4/7/2017	10,000,000	9,804,011	9,900,000	4.09%
First Data Corporation							
Business Services	First lien(3)	3.01% (Base Rate + 2.75%)	9/24/2014	10,646,143	7,932,011	9,842,273	4.07%
Focus Brands, Inc.							
Franchises	First lien(4)	7.25% (Base Rate + 5.50%)	11/5/2016	9,181,818	9,091,224	9,285,114	3.84%
Sunquest Information Systems, Inc.							
Healthcare Services	Second lien	9.75% (Base Rate + 8.50%)	6/16/2017	9,000,000	8,820,000	9,000,000	3.72%
Mach Gen, LLC							
Power Generation	Second lien	7.79% (Base Rate + 7.50%)	2/22/2015	11,145,736	8,580,242	7,803,431	3.23%
SSI Investments II Limited							
Education	Subordinated(3)	11.13%	6/1/2018	7,000,000	7,064,923	7,630,000	3.15%
Hyland Software, Inc.							
Software	First lien(4)	6.75% (Base Rate + 5.00%)	12/19/2016	7,500,000	7,425,000	7,528,125	3.11%

Wyle Services Corporation							
Federal Services	First lien(4)	7.75% (Base Rate + 5.75%)	3/25/2016	7,481,234	7,508,583	7,509,290	3.10%
RGIS Services, LLC							
Business Services	First lien(3)	2.80% (Base Rate + 2.50%)	4/30/2014	7,394,480	5,807,941	6,913,839	
	First lien(1)		4/30/2013	5,000,000	(2,850,000)	(406,350)	
				12,394,480	2,957,941	6,507,489	2.69%
Alion Science and Technology Corporation							
Federal Services	First lien(3)	12.00%	11/1/2014	6,073,149	5,392,607	6,273,057	2.59%
Kronos Incorporated							
Software	First lien(1)		6/11/2013	4,198,500	(629,775)	(346,376)	
	Second lien(3)	6.05% (Base Rate + 5.75%)	6/11/2015	6,700,000	5,041,455	6,563,206	
				10,898,500	4,411,680	6,216,830	2.57%
Bartlett Holdings, Inc.							
Industrial Services	First lien(4)	6.75% (Base Rate + 5.00%)	11/23/2016	6,000,000	5,940,644	6,037,500	2.50%
Ozburn-Hessey Holding Company LLC							
Logistics	Second lien	10.50% (Base Rate + 8.50%)	10/8/2016	6,000,000	5,874,951	5,985,000	2.47%
Vision Solutions, Inc.							
Software	First lien(4)	7.75% (Base Rate + 6.00%)	7/23/2016	5,775,000	5,662,174	5,753,344	2.38%
LVI Services, Inc							
Industrial Services	First lien(3)	9.25% (Base Rate + 7.50%)	3/31/2014	5,162,883	4,304,472	4,388,450	1.81%
Stratus Technologies, Inc.							
Information Technology	First lien	12.00%	3/29/2015	5,000,000	4,796,989	4,225,000	1.75%
ATI Acquisition Company							

Education	First lien(3)	8.25% (Base Rate + 5.99%)	12/30/2014	4,455,000	4,304,106	4,076,325	1.68%
Physiotherapy Associates, Inc. / Benchmark Medical, Inc.							
Healthcare Facilities	First lien(3)	7.50% (Base Rate + 4.25%)	6/28/2013	3,823,549	3,063,441	3,594,136	1.49%
Brickman Group Holdings, Inc.							
Business Services	First lien(4)	7.25% (Base Rate + 5.50%)	10/14/2016	3,000,000	3,035,496	3,042,501	1.26%
Datatel, Inc							
Software	Second lien(3)	10.25% (Base Rate + 8.25%)	12/9/2016	2,000,000	1,964,077	2,042,500	0.84%
Applied Systems, Inc.							
Software	Second lien	9.25% (Base Rate + 7.75%)	6/8/2017	2,000,000	1,980,093	2,009,166	0.83%
Education Management LLC							
Education	First lien(1)		6/1/2012	3,000,000	(1,215,000)	(217,500)	-0.09%
Total United States				460,503,332	409,407,198	435,778,827	180.13%
Total debt investments				464,980,832	413,764,349	440,524,977	182.09%
Total investments					$414,308,823	$441,057,840	182.31%

(1) Par Value amounts represent the undrawn portion of revolving credit facilities. Cost amounts represent the cash received at settlement date increased for paydowns at par minus the purchase price.

(2) The company is headquartered in Canada. The debt is issued in USD.

(3) The Debt Funding credit facility is collateralized by the indicated investments.

(4) The SLF credit facility is collateralized by the indicated investments.

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

Explanation of Responses:

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Schedule of Investments
December 31, 2009

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount or Par Value	Cost	Fair Value	Percent of Capital
United States							
RGIS Services LLC							
Business Services	First lien(3)	2.77% (Base Rate + 2.50%)	4/30/2014	$42,401,155	$24,856,121	$37,339,517	
	First lien(1)	N/A	4/30/2013	5,000,000	(2,850,000)	(801,225)	
				47,401,155	22,006,121	36,538,292	15.26%
Managed Health Care Associates, Inc.							
Healthcare Services	First lien(3)	3.49% (Base Rate + 3.25%)	8/1/2014	22,607,775	16,573,280	20,120,920	
	Second lien	6.74% (Base Rate + 6.50%)	2/1/2015	15,000,000	10,606,416	11,325,000	
				37,607,775	27,179,696	31,445,920	13.13%
Brand Energy & Infrastructure Services, Inc.							
Industrial Services	First lien(3)	2.56% (Base Rate + 2.25%)	2/7/2014	9,908,492	6,792,468	9,227,283	
	First lien(3)	3.56% (Base Rate + 3.25%)	2/7/2014	11,290,356	7,427,605	10,542,369	
	First lien(3)	0.31%	2/7/2014	2,626,906	1,557,038	2,364,216	
	Second lien	6.31% (Base Rate + 6.00%)	2/7/2015	6,000,000	2,924,345	5,017,501	
				29,825,754	18,701,456	27,151,369	11.34%
Kronos, Inc.							
Software	First lien(3)	2.25% (Base Rate + 2.00%)	6/11/2014	14,003,302	10,784,508	13,268,129	
	First lien(1)	N/A	6/11/2013	4,198,500	(629,775)	(535,308)	
	Second lien	6.00% (Base Rate + 5.75%)	6/11/2015	10,700,000	7,679,027	9,416,000	

				28,901,802	17,833,760	22,148,821	9.25%
First Data Corporation							
Business Services	First lien(3)	3.00% (Base Rate + 2.75%)	9/24/2014	23,756,962	16,525,978	21,135,035	8.83%
CRC Health Corporation							
Healthcare Facilities	First lien(3)	2.50% (Base Rate + 2.25%)	2/6/2013	22,664,733	16,474,148	20,568,245	8.59%
CDW Corporation							
Distribution	First lien(3)	4.23% (Base Rate + 4.00%)	10/10/2014	21,942,591	17,949,214	18,968,579	7.92%
Attachmate Corporation							
Software	Second lien	7.00% (Base Rate + 6.75%)	10/13/2013	22,500,000	15,897,869	18,450,000	7.71%
Brock Holdings							
Industrial Services	First lien(3)	2.32% (Base Rate + 1.96%)	2/26/2014	18,873,478	14,892,436	15,712,170	6.56%
Laureate Education, Inc.							
Education	First lien(3)	3.53% (Base Rate + 3.25%)	8/15/2014	17,344,259	11,399,671	15,533,952	6.49%
Catalent Pharma Solutions, Inc. (f.k.a. Cardinal Health)							
Healthcare Products	First lien(3)	2.48% (Base Rate + 2.25%)	4/10/2014	13,315,510	9,910,051	11,368,117	
	First lien(1)	N/A	4/10/2013	15,000,000	(6,350,000)	(2,625,000)	
	Subordinated(2)	9.75%	4/15/2017	8,914,370	2,578,986	6,574,347	
				37,229,880	6,139,037	15,317,464	6.40%
Sheridan Holdings, Inc.							
Healthcare Services	First lien(3)	2.50% (Base Rate + 2.25%)	6/13/2014	15,674,451	10,862,969	14,420,495	6.02%
Intralinks Holdco							
Software	Subordinated	13.00%	6/15/2015	18,313,821	8,883,957	11,354,569	4.74%
Merrill Communications LLC							
Business Services	First lien(3)	8.50% (Base Rate + 6.50%)	12/22/2012	11,421,788	8,625,678	9,151,708	3.82%

Ability Acquisitions, Inc							
Education	First lien	8.25% (Base Rate + 5.00%)	12/30/2014	4,500,000	4,320,000	4,387,500	
	Subordinated	13.25% (Base Rate + 10.00%)	12/29/2015	4,500,000	4,410,000	4,410,000	
				9,000,000	8,730,000	8,797,500	3.67%
Mach Gen, LLC							
Power Generation	Second lien	7.76% (Base Rate + 7.50%)	2/20/2015	10,311,269	7,385,760	7,016,819	2.93%
Berry Plastics Group, Inc.							
Packaging	First lien(3)	2.25% (Base Rate + 2.00%)	4/3/2015	7,918,575	5,591,155	6,911,435	2.89%
Mega Brands, Inc							
Consumer Products	First lien	9.75% (Base Rate + 6.25%)	7/26/2012	11,744,042	6,266,503	6,165,622	2.58%
Brickman Group, Ltd.							
Maintenance services	First lien(3)	2.25% (Base Rate + 2.00%)	1/23/2014	4,238,030	3,859,285	4,008,468	1.67%

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Schedule of Investments (Continued)
December 31, 2009

Portfolio Company, Location and Industry	Type of Investment	Interest Rate	Maturity Date	Principal Amount or Par Value	Cost	Fair Value	Percent of Capital
Physiotherapy Associates, Inc.							
Healthcare Facilities	First lien	7.50% (Base Rate + 4.25%)	6/28/2013	$ 4,387,521	$ 3,278,242	$ 3,283,327	1.37%
LVI Services, Inc							
Industrial Services	First lien	9.25% (Base Rate + 6.00%)	11/16/2011	4,354,396	3,046,874	2,830,358	1.18%
Datatel, Inc							
Software	Second lien	10.25% (Base Rate + 8.25%)	12/9/2016	2,000,000	1,960,143	2,030,000	0.85%
Sabre, Inc.							
Information Technology	First lien(3)	2.49% (Base Rate + 2.25%)	9/30/2014	2,000,000	1,539,412	1,822,500	0.76%
Education Management Corporation							
Education	First lien(1)	N/A	6/1/2012	3,000,000	(1,215,000)	(240,000)	-0.10%
				$412,412,282	$253,814,364	$320,522,648	133.86%

(1) Par Value amounts represent the undrawn portion of revolving credit facilities. Cost amounts represent the cash received at settlement date increased for paydowns at par minus the purchase price.

(2) Reported in USD (locally denominated in Euros)

(3) The credit facility is collateralized by the indicated investments.

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Statements of Operations

	Year ended December 31, 2010	Year ended December 31, 2009	Period from October 29, 2008 (commencement of operations) to December 31, 2008
Investment income			
Interest income	$ 40,485,158	$ 21,108,672	$ 85,735
Other income	889,619	658,035	170,208
Total investment income	41,374,777	21,766,707	255,943
Expenses			
Interest and other credit facility expenses	2,948,460	490,189	
Other general and administrative expenses	563,726	351,952	
Professional fees	327,331	381,877	
Management fee, net	70,999	134,966	
Total expenses	3,910,516	1,358,984	
Net investment income	37,464,261	20,407,723	255,943
Realized gains on investments	66,287,267	37,128,956	
Net change in unrealized (depreciation) appreciation of investments	(39,959,267)	68,143,411	(1,435,127)
Net increase (decrease) in capital resulting from operations	$ 63,792,261	$ 125,680,090	$ (1,179,184)

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Statements of Changes in Capital

	Year ended December 31, 2010	Year ended December 31, 2009	Period from October 29, 2008 (commencement of operations) to December 31, 2008
Increase (Decrease) in net assets resulting from operations:			
Net investment income	$ 37,464,261	$ 20,407,723	$ 255,943
Realized gains on investments	66,287,267	37,128,956	
Net change in unrealized (depreciation) appreciation of investments	(39,959,267)	68,143,411	(1,435,127)
Net increase (decrease) in net assets resulting from operations	63,792,261	125,680,090	(1,179,184)
Distributions	(115,940,206)	(202,095,083)	
Contributions	54,634,523	285,501,773	31,533,087
Net increase in net assets	2,486,578	209,086,780	30,353,903
Capital at beginning of period	239,440,683	30,353,903	
Capital at end of period	$ 241,927,261	$ 239,440,683	$ 30,353,903

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

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New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.

Combined Statements of Cash Flows

	Year ended December 31, 2010	Year ended December 31, 2009	Period from October 29, 2008 (commencement of operations) to December 31, 2008
Cash flows from operating activities			
Net increase (decrease) in capital resulting from operations	$ 63,792,261	$ 125,680,090	$ (1,179,184)
Adjustments to reconcile net increase (decrease) in capital resulting from operations to net cash provided by (used in) operating activities:			
Purchase of investments	(332,708,278)	(274,180,589)	(65,873,356)
Proceeds from sales and paydowns of investments	260,039,529	125,429,657	132,205
Cash received for purchase of undrawn portion of revolving credit facility		5,798,346	2,854,860
Cash paid for sale of undrawn portion of revolving credit facility	(1,837,500)		
Amortization of purchase discount	(16,326,857)	(10,030,920)	
Realized gains on investments	(66,287,267)	(37,128,956)	
Net change in unrealized depreciation (appreciation) of investments	39,959,267	(68,143,411)	1,435,127
Non-cash interest	(3,374,086)	(815,611)	
Amortization of defferred credit facility costs	69,909		
Decrease (increase) in receivable from unsettled securities sold	5,124,622	(5,124,622)	
Increase in interest receivable	(2,209,025)	(770,292)	(28,470)
Increase in other assets	(4,435)	(1,407)	
Increase (decrease) in payable for unsettled securities purchased	82,230,235	(19,082,935)	31,315,200
Increase in other liabilities	432,931	274,641	
(Decrease) increase in payable to affiliates	(190,500)	392,679	
Increase in interest payable	340,503	472,689	
Net cash flows provided by (used in) operating activities	29,051,309	(157,230,641)	(31,343,618)
Cash flows from financing activities			
Contributions	54,634,523	285,501,773	31,533,087
Distributions	(115,940,206)	(202,095,083)	
Repayment of Debt Funding credit facility	(62,898,232)		
Proceeds from Debt Funding credit facility	44,850,495	77,744,675	

Proceeds from SLF credit facility		56,936,000				
Net cash flows (used in) provided by financing activities		(22,417,420)		161,151,365		31,533,087
Net increase in cash and cash equivalents		6,633,889		3,920,724		189,469
Cash and cash equivalents at the beginning of the period		4,110,193		189,469		
Cash and cash equivalents at the end of the period	$	10,744,082	$	4,110,193	$	189,469
Supplemental disclosure of cash flow information						
Interest paid	$	2,130,839	$		$	
Non-cash financing activities:						
Accrual for deferred offering costs		3,528,110				
Accrual for deferred credit facility costs		1,950,029				

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

1. Formation and Business Purposes

New Mountain Guardian (Leveraged), L.L.C. ("NMG (Leveraged)" or the "LLC") is a Delaware limited liability company formed on October 29, 2008 as an investment vehicle for New Mountain Guardian AIV, L.P. ("NMG AIV" or the "Partnership"). NMG AIV is the sole member of NMG (Leveraged). NMG AIV was formed by New Mountain Partners III, L.P. ("NMP III") as an alternative investment vehicle to invest in Permitted Debt Investments pursuant to the NMP III Second Amended and Restated Partnership Agreement, Amendment #2, passed by a majority of the limited partners. New Mountain Guardian Debt Funding, L.L.C. ("NMG DF") and New Mountain Guardian SPV Funding, L.L.C. ("NMG SLF") are Delaware limited liability companies formed on October 9, 2009 and October 7, 2010, respectively, as investment vehicles for NMG (Leveraged). NMG (Leveraged) is the sole member of both NMG DF and NMG SLF.

New Mountain Guardian Partners, L.P. ("NMGP") is a Delaware limited partnership formed on February 20, 2009 to achieve long-term capital appreciation through debt and debt-related investments. The General Partner of NMGP is New Mountain Guardian GP, L.L.C. (the "General Partner"), a Delaware limited liability company. The sole limited partner of NMGP is New Mountain Guardian Partners (Cayman), L.P. ("NMGP Cayman"). New Mountain Guardian Partners (Leveraged), L.L.C. ("NMGP Leveraged") and New Mountain Guardian Partners Debt Funding, L.L.C. ("NMGP DF") are both Delaware limited liability companies that were formed on October 9, 2009 as investment vehicles for NMGP. NMGP is the sole member of NMGP Leveraged and NMGP Leveraged is the sole member of NMGP DF. On October 7, 2010, New Mountain Guardian Partners SPV Funding, L.L.C. ("NMGP SLF") was formed as an additional investment vehicle with NMGP Leveraged as its sole member.

For financial statement purposes, NMG DF and NMG SLF are consolidated into NMG (Leveraged) and NMGP DF and NMGP SLF are consolidated into NMGP Leveraged. NMGP Leveraged is consolidated into NMGP. NMG (Leveraged) and NMGP are combined in these financial statements. As used herein, references to the "Combined Entities" refers to the combined NMG (Leveraged) and NMGP. These entities have been combined as they are under common control and management.

2. Summary of Significant Accounting Policies

Basis of accounting The combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The combined financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of operations and financial condition for all periods presented. All intercompany transactions have been eliminated. Revenues are recognized when earned and expenses when incurred.

Investments The Combined Entities account for their investments at fair value. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are reflected on the Combined Statements of Assets, Liabilities and Capital at fair value, with changes in unrealized gains and losses resulting from changes in fair value reflected in the Combined Statements of Operations as "Net change in unrealized (depreciation) appreciation of investments" and

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

2. Summary of Significant Accounting Policies (Continued)

realizations on portfolio investments reflected in the Combined Statements of Operations as "Realized gains on investments."

To determine the fair value of the investments, the Combined Entities use market quotations if readily available or indicative prices from pricing services or brokers or dealers if market quotations are not readily available. The Combined Entities may corroborate the quoted price with the same or similar transactions that a broker or others have entered into. When neither the market quotations nor indicative prices are readily available, the Combined Entities may estimate the fair value using the market approach and/or the income approach, each of which involve a significant degree of judgment, or by using independent valuation firms at least once annually if a materiality threshold is met.

Management of the Combined Entities is responsible for determining the fair value of the investments.

The values assigned to investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated.

Investment transactions are recorded on a trade date basis.

See Note 3, *Investments*, for further discussion relating to the Combined Entities' investments.

Revenue recognition The Combined Entities' Revenue Recognition policies are as follows:

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

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

Other income: Other income represents delayed compensation and miscellaneous fees received. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date.

Interest and other credit facility expenses Interest and other credit facility fees are recorded on an accrual basis. See Note 8, *Credit Facility*, for details.

Income taxes NMG (Leveraged), NMG DF, and NMG SLF are single member limited liability companies which are disregarded for federal, state, and local income tax purposes. The

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

2. Summary of Significant Accounting Policies (Continued)

assets, liabilities, investment income, and expenses of NMG (Leveraged), NMG DF, and NMG SLF are recorded on the federal and state income tax returns of NMG AIV, the ultimate sole owner.

NMGP (Leveraged), NMGP DF, and NMGP SLF are single member limited liability companies, which are disregarded for federal, state, and local income tax purposes. The assets, liabilities, investment income, and expenses of NMGP (Leveraged), NMGP DF, and NMGP SLF are recorded on the federal and state income tax returns of NMGP, the ultimate sole owner.

NMG AIV and NMGP are partnerships and are themselves not subject to income taxes. Each partner of NMG AIV and NMGP is individually responsible for reporting income or loss, to the extent required by federal and state income tax laws and regulations, based upon its respective share of each Partnership's net taxable income. Accordingly, income taxes have not been provided for in the accompanying combined financial statements.

The tax years from 2008 through the present of NMG AIV and the tax years from 2009 through the present for NMGP remain subject to examination by the U.S. Federal, state, and local tax authorities.

Cash and cash equivalents The Combined Entities consider cash and cash equivalents to be cash and short-term, highly liquid investments with original maturities of three months or less.

Carried interest Carried Interest is comprised of two amounts. First, amounts on unrealized appreciation and interest income are allocated to the General Partner of NMGP on the assumption that NMGP ceased operations on December 31, 2010 and liquidated its investments at the current valuation. In this hypothetical scenario the General Partner would be due these amounts on the distribution of proceeds raised from the liquidation. The second amount is any actual distribution of Carried Interest made during the reporting period.

The General Partner had received no distributions of carried interest as of December 31, 2010 or December 31, 2009. For the year ended December 31, 2010 and December 31, 2009, the General Partner was allocated $303,269 and $250,511 of Unrealized Carried Interest, respectively. NMG (Leveraged) does not have any allocations or payments of Carried Interest as it is structured as a limited liability company. Carried Interest is allocated to and paid from NMG AIV.

Foreign securities The accounting records of the Combined Entities are maintained in U.S. dollars. Investment securities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the respective dates of the transactions. The Combined Entities do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with "Net change in unrealized (depreciation) appreciation of investments" and "Realized gains on investments" in the Combined Statements of Operations.

Certain of the Combined Entities' investments are denominated in foreign currencies that may be negatively affected by movements in the rate of exchange between the United States dollar and

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

2. Summary of Significant Accounting Policies (Continued)

such foreign currencies. This movement is beyond the control of the Combined Entities and cannot be predicted.

Deferred offering costs Offering costs consist of fees related to legal, accounting, regulatory, and printing work in connection with the proposed initial public offering of the Combined Entities.

Deferred credit facility costs Deferred credit facility costs consist of fees related to loan origination costs in connection with the credit facility. See Note 8, *Credit Facility*, for details.

Use of estimates The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting periods. Changes in the economic environment, financial markets, and other metrics used in determining these estimates could cause actual results to differ from the estimates used, and the differences could be material.

3. Investments

At December 31, 2010 investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 303,924,269	$ 321,212,659
Second lien	90,027,745	98,934,554
Subordinated	19,812,335	20,377,764
Equity and other	544,474	532,863
Total investments	$ 414,308,823	$ 441,057,840

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	$ 53,482,718	$ 61,657,732
Consumer Services	24,665,157	25,173,367
Education	30,015,648	31,505,814
Energy	4,357,151	4,746,150
Federal Services	30,834,041	31,796,045
Franchises	9,091,224	9,285,114
Healthcare Facilities	3,063,441	3,594,136
Healthcare Information Technology	13,790,000	13,965,000
Healthcare Services	88,073,362	94,834,674
Industrial Services	10,245,116	10,425,950
Information Technology	4,854,762	4,280,423
Logistics	5,874,951	5,985,000
Media	11,820,000	11,880,000
Power Generation	8,580,242	7,803,431
Software	103,739,377	111,885,004
Telecommunication	11,821,633	12,240,000
Total investments	$ 414,308,823	$ 441,057,840

At December 31, 2009 investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 191,487,861	$ 244,928,412
Second lien	46,453,560	53,255,320
Subordinated	15,872,943	22,338,916
Total investments	$ 253,814,364	$ 320,522,648

NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

3. Investments (Continued)

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	$ 47,157,777	$ 66,825,035
Consumer Products	6,266,503	6,165,622
Distribution	17,949,214	18,968,579
Education	18,914,671	24,091,452
Healthcare Facilities	19,752,390	23,851,572
Healthcare Products	6,139,037	15,317,464
Healthcare Services	38,042,665	45,866,415
Industrial Services	36,640,766	45,693,897
Information Technology	1,539,412	1,822,500
Maintenance services	3,859,285	4,008,468
Packaging	5,591,155	6,911,435
Power Generation	7,385,760	7,016,819
Software	44,575,729	53,983,390
Total investments	$ 253,814,364	$ 320,522,648

As of December 31, 2010 and December 31, 2009, there were no assets being accounted for on a non-accrual basis.

As of December 31, 2010 and December 31, 2009, the Combined Entities have unfunded commitments on revolving credit facilities of $12,198,500 and $27,198,500, respectively, which are disclosed on the Combined Schedules of Investments.

4. Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting Standards Codification 820, *Fair Value Measurement and Disclosure*, ("ASC 820") establishes a fair value hierarchy that prioritizes and ranks the inputs to valuation techniques used in measuring investments at fair value. This hierarchy consists of three levels. The inputs used to measure fair value may fall into different levels. The level within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The Combined Entities' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The hierarchy classifies the inputs used in measuring fair value as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments that the Combined Entities have the ability to access as of the reporting date. The type of investments which would generally be included in Level I include listed equity securities and listed derivatives. As required by ASC 820, the Combined Entities, to the extent that they hold such investments, do not adjust the quoted price for these investments, even in

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

4. Fair Value (Continued)

situations where the Combined Entities hold a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of a pricing service or broker, models, or other valuation methodologies.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by Management.

A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the reclassification of certain investments within the fair value hierarchy.

The following table summarizes the levels in the fair value hierarchy that the Combined Entities' portfolio investments fall into as of December 31, 2010:

	Total	Level I	Level II	Level III
First lien	$ 321,212,659	$	$ 304,237,325	$ 16,975,334
Second lien	98,934,554		98,934,554	
Subordinated	20,377,764		7,630,000	12,747,764
Equity and other	532,863			532,863
Total investments	$ 441,057,840	$	$ 410,801,879	$ 30,255,961

The following table summarizes the levels in the fair value hierarchy that the Combined Entities' portfolio investments fall into as of December 31, 2009:

	Total	Level I	Level II	Level III
First lien	$ 244,928,412	$	$ 244,928,412	$
Second lien	53,255,320		53,255,320	
Subordinated	22,338,916		22,338,916	
Total investments	$ 320,522,648	$	$ 320,522,648	$

The following table summarizes the changes in fair value of Level III portfolio investments for the year ended December 31, 2010, as well as the portion of appreciation (depreciation) included in

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4. Fair Value (Continued)

income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held at December 31, 2010:

	Total	First Lien	Subordinated	Equity and other
Fair value, December 31, 2009	$	$	$	$
Total gains or losses included in earnings:				
Net change in unrealized appreciation (depreciation)	146,416	157,678	349	(11,611)
Purchases, including capitalized PIK(1)(2)	30,349,545	17,057,656	12,747,415	544,474
Transfers into Level III(3)	(240,000)	(240,000)		
Fair value, December 31, 2010	$ 30,255,961	$ 16,975,334	$ 12,747,764	$ 532,863
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Combined Entities at the end of the period:	$ 146,416	$ 157,678	$ 349	$ (11,611)

(1) Includes net amortization of purchase discounts or premiums of approximately $184,263, $36,603, and $147,660, and $0, respectively.

(2) The purchases in the table above include the purchase of PODS Holding Funding Corp. at a cost of $8,433,541. In accordance with the Combined Entities' valuation policy, this asset was transferred from a Level II investment to a Level III investment during the three months ended September 30, 2010.

(3) The transfer into Level III in the table above represents the transfer of Education Management Corporation at a fair value of ($240,000). In accordance with the Combined Entities' valuation policy, this asset was transferred from a Level II investment to a Level III investment during the three months ended December 31, 2010.

Investments are transferred using the fair value as of the beginning of each year to date period. Except as noted in the table above, there were no other transfers in or out of Level I, II, or III during the year ended December 31, 2010.

There were no investments classified as Level III as of December 31, 2009.

Fair value risk factors The Combined Entities seek investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Combined Entities' investments conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Combined Entities' investments and/or on the fair value of the Combined Entities' investments.

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4. Fair Value (Continued)

Also, there may be risk associated with the concentration of investments in one geographic region or in certain industries.

The above events are beyond the control of the Combined Entities and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

5. Allocations of Distributions and Profits and Losses

Items of income, expense, gain, and loss of NMG (Leveraged) are allocated to its sole member NMG AIV. Items of income, expense, gain, and loss of NMGP are allocated to its partners in accordance with the Partnership Agreement of NMGP.

6. Management of the Combined Entities

NMG (Leveraged) has appointed New Mountain Capital, L.L.C. ("New Mountain Capital") and NMGP has appointed New Mountain Guardian Advisers, L.L.C. ("New Mountain Guardian Advisers") as the investment advisers and Managers of the Combined Entities. A Management Fee is not charged to NMG (Leveraged), as it is paid to New Mountain Capital by NMP III. A Management Fee is paid by NMGP to New Mountain Guardian Advisers in semi-annual installments on January 1 and July 1 of each year (the "Payment Date"). During the Investment Period, the Management Fee is equal to 0.875% per annum of Capital Commitments of NMGP Cayman and, thereafter, is equal to 0.5% per annum of the Actively Invested Capital of NMGP Cayman as of the relevant Payment Date. The Management Fee is reduced, but not below zero, by (a) Placement fees paid by NMGP Cayman since the preceding Payment Date; (b) 65% of the break-up, transaction and/or monitoring fees received in the preceding year by the Manager and (c) NMGP's share of organization costs paid in excess of $1 million. Gross management fee for the year ended December 31, 2010 of $175,000 was reduced by $104,001 relating to transaction fees. Gross management fee of $134,966 was charged for the year ended December 31, 2009. There was no reduction related to transaction fees.

7. Related Parties

Payable to affiliates represents amounts payable to New Mountain Capital for amounts paid on behalf of the Combined Entities.

8. Credit Facility

Debt Funding Credit Facility:

The Loan and Security Agreement dated October 21, 2009 among NMG (Leveraged) as the Collateral Manager, NMG DF as the borrower, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 21, 2014. The maximum amount of revolving borrowings available under the credit facility is $112,500,000. The outstanding balance of this facility as of December 31, 2010 and December 31, 2009 was $59,696,938 and $75,778,584, respectively. The credit facility is collateralized by the investments of NMG DF on an investment by investment

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8. Credit Facility (Continued)

basis, totaling $215,393,015 as of December 31, 2010 and $227,183,693 as of December 31, 2009. NMG DF was in compliance with all of its debt covenants as of December 31, 2010 and December 31, 2009.

The Loan and Security Agreement dated November 19, 2009 among NMGP Leveraged as the Collateral Manager, NMGP DF as the borrower, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 21, 2014. The maximum amount of revolving borrowings available under this credit facility is $7,500,000. There was no outstanding balance of this facility as of December 31, 2010. The outstanding balance as of December 31, 2009 was $1,966,091. The credit facility is collateralized by the investments of NMGP DF on an investment by investment basis, totaling $12,081,913 as of December 31, 2010 and $5,279,445 as of December 31, 2009. NMGP DF was in compliance with all of its debt covenants as of December 31, 2010 and December 31, 2009.

The credit facilities of NMG DF and NMGP DF (together, the "Debt Funding Credit Facility") bear interest at a rate of LIBOR plus 3.00% per annum. A commitment fee is also paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement). Interest expense and commitment fees were $2,248,078 and $320,848, respectively, on a combined basis for the year ended December 31, 2010. Interest expense and commitment fees were $420,723 and $51,966, respectively, on a combined basis for the year ended December 31, 2009. The weighted average interest rate for the year ended December 31, 2010 for each facility was 3.3%. The weighted average interest rate for the year ended December 31, 2009 for each facility was 3.2%.

A First Amendment to the Loan and Security Agreements among NMG DF and NMGP DF as the borrowers, Wells Fargo Securities, LLC as Administrative Agent, and Wells Fargo Bank, National Association, as Collateral Custodian was executed on August 6, 2010 and August 10, 2010, respectively. These amendments grant the entities leverage through the use of non-first lien debt investments as collateral. The un-amended facility only permitted the use of first lien debt instruments as collateral. The Debt Funding Credit Facility permits borrowings of up to 45% and 25% of the purchase price of pledged debt securities subject to approval by Wells Fargo Bank, N.A. of first lien and non-first lien debt investments, respectively.

SLF Credit Facility:

The Loan and Security Agreement dated October 27, 2010 among NMG SLF as the borrower, NMG (Leveraged) as the Collateral Administrator, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2015. The maximum amount of revolving borrowings available under the credit facility is $93,750,000. The outstanding balance of this facility as of December 31, 2010 was $53,312,360. The loan is non-recourse to NMG (Leveraged) and secured by all assets owned by the borrower, which includes the investments of NMG SLF totaling $161,548,326 as of December 31, 2010. NMG SLF was in compliance with all of its debt covenants as of December 31, 2010.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

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8. Credit Facility (Continued)

The Loan and Security Agreement dated October 27, 2010 among NMGP (Leveraged) as the Collateral Administrator, NMGP SLF as the borrower, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian, is structured as a revolving credit facility and matures on October 27, 2015. The maximum amount of revolving borrowings available under this credit facility is $6,250,000. The outstanding balance of this facility as of December 31, 2010 was $3,623,640. The loan is non-recourse to NMGP and secured by all assets owned by the borrower, which includes the investments of NMGP SLF totaling $10,985,286 as of December 31, 2010. NMGP SLF was in compliance with all of its debt covenants as of December 31, 2010.

The credit facilities of NMG SLF and NMGP SLF (together, the "SLF Credit Facility") permit borrowings of up to 67.0% of the purchase price of pledged debt securities subject to approval by Wells Fargo Bank, N.A. and bear interest at a rate of LIBOR plus 2.25% per annum. A commitment fee is paid, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the credit agreement). For the period October 7, 2010 (commencement of SLF operations) through December 31, 2010, interest expense and commitment fees for the SLF Credit Facility were $127,325 and $66,301, respectively, on a combined basis. The weighted average interest rate for the period October 7, 2010 (commencement of SLF operations) through December 31, 2010 for each facility was 2.5%.

9. Commitments and Contingencies

In the normal course of business, the Combined Entities enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. In addition, under the terms of the LLC Agreement and limited partnership agreement, the Combined Entities have agreed to indemnify Management, its officers, directors, employees, agents or any person who serves on behalf of the Combined Entities from any loss, claim, damage, or liability which such person incurs by reason of performance of activities of the Combined Entities, provided they acted in good faith. Based on experience, Management expects the risk of loss related to the Combined Entities' indemnifications to be remote.

The Combined Entities have unfunded commitments on revolving credit facilities, which are disclosed on the Combined Schedules of Investments and in Note 3, *Investments*.

The Combined Entities may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. As of December 31, 2010, the Combined Entities had no outstanding bridge financing commitments.

The Combined Entities have revolving borrowings available under credit facilities. See Note 8, *Credit Facility*, for details.

10. Financial Highlights

Financial highlights are calculated for the Combined Entities as a whole. The total return is the ratio of net increase (decrease) in capital resulting from operations compared to capital, adjusted

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

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10. Financial Highlights (Continued)

for average capital contributions and distributions. Total return from commencement of operations through December 31, 2008 was deemed not meaningful due to the scaling of operations during this short time period.

Total Return for the year ended December 31, 2010	27%
Total Return for the year ended December 31, 2009	76%

Ratios to Average Capital for the year ended December 31, 2010:

Expenses, excluding carried interest	1.6%
Carried interest	0.1%
Total expenses and carried interest	1.7%
Net investment income	15.2%

Ratios to Average Capital for the year ended December 31, 2009:

Expenses, excluding carried interest	0.7%
Carried interest	0.1%
Total expenses and carried interest	0.8%
Net investment income	10.4%

Ratios to Average Capital from October 29, 2008 to December 31, 2008:

Expenses, excluding carried interest	0.0%
Carried interest	0.0%
Total expenses and carried interest	0.0%
Net investment income (annualized)	9.4%

11. Recent Accounting Standards Updates

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 ("ASU 2010-06"), *Improving Disclosures about Fair Value Measurements*, which, among other things, amends ASC 820 to require entities to separately present purchases, sales, issuances, and settlements in their reconciliation of Level 3 fair value measurements (i.e., to present such items on a gross basis rather than on a net basis), and which clarifies existing disclosure requirements provided by ASC 820 regarding the level of disaggregation and the inputs and valuation techniques used to measure fair value for measurements that fall within either Level 2 or Level 3 of the fair value hierarchy. ASU 2010-06 is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements (which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years). The adoption on January 1, 2010 of the applicable additional disclosure requirements of ASU 2010-06 did not materially impact the Combined Entities' combined financial statements. Management is currently

NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
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11. Recent Accounting Standards Updates (Continued)

assessing the impact that the adoption of the additional disclosure requirements, which will be effective in 2011, will have on the Combined Entities' combined financial statement disclosures.

12. Restatement of the Audited Combined Financial Statements

Due to recent regulatory interpretations of the consolidation guidance, the December 31, 2010 financial statements of the Combined Entities have been restated to reflect the consolidation of NMG SLF and NMGP SLF (together, "SLF"). The Combined Entities' previously reported financial statements reflected SLF as an equity investment on the Statement of Assets, Liabilities, and Capital with any changes in the fair value of the SLF flowing through net change in unrealized (depreciation) appreciation of investments. Management considers this an immaterial restatement as the Combined Entities' filing of Form N-2 on February 28, 2011 included full disclosure of SLF as well as the full combined financial statements and notes of SLF within the filing. Users had sufficient information to prevent the lack of consolidation of SLF from being materially misleading.

The following tables detail the impact of the restatement on each line item of the financial statements of the Combined Entities. Although not shown in this note, the restated New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P. Combined Schedule of Investments reflects the individual investments of SLF.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

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12. Restatement of the Audited Combined Financial Statements (Continued)

Combined Statement of Assets, Liabilities, and Capital

As of December 31, 2010

	As Previously Reported	Adjustments	As Restated
Assets			
Non-controlled/non-affiliated investments, at value	$ 268,524,228	$ 172,533,612	$ 441,057,840
Controlled investment, at value	72,195,541	(72,195,541)	
Cash and cash equivalents	9,476,754	1,267,328	10,744,082
Deferred offering costs	3,528,110		3,528,110
Interest receivable	2,420,746	587,041	3,007,787
Receivable from affiliate	191,065	(191,065)	
Deferred credit facility costs	14,804	1,865,316	1,880,120
Other assets	4,951	891	5,842
Total assets	$ 356,356,199	$ 103,867,582	$ 460,223,781
Liabilities			
Debt Funding Credit Facility	$ 59,696,938	$	$ 59,696,938
SLF Credit Facility		56,936,000	56,936,000
Payable for unsettled securities purchased	26,460,000	68,002,500	94,462,500
Payable for controlled investment	26,018,000	(26,018,000)	
Other liabilities	3,813,764	42,807	3,856,571
Interest payable	619,566	193,626	813,192
Payable to affiliates	593,167	1,938,152	2,531,319
Total liabilities	117,201,435	101,095,085	218,296,520
Capital	239,154,764	2,772,497	241,927,261
Total liabilities and capital	$ 356,356,199	$ 103,867,582	$ 460,223,781

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
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12. Restatement of the Audited Combined Financial Statements (Continued)

Combined Statement of Operations

For the year ended December 31, 2010

	As Previously Reported	Adjustments	As Restated
Investment income			
From non-controlled/non-affiliated investments:			
Interest income	$ 39,577,719	$ 907,439	$ 40,485,158
Other income	850,128	39,491	889,619
From controlled investments:			
Other income	191,065	(191,065)	
Total investment income	40,618,912	755,865	41,374,777
Expenses			
Interest and other credit facility expenses	2,668,926	279,534	2,948,460
Other general and administrative expenses	559,882	3,844	563,726
Professional fees	302,331	25,000	327,331
Management fee, net	70,999		70,999
Total expenses	3,602,138	308,378	3,910,516
Net investment income	37,016,774	447,487	37,464,261
Realized gains on investments	66,276,066	11,201	66,287,267
Net change in unrealized (depreciation) appreciation of investments	(42,273,076)	2,313,809	(39,959,267)
Net increase (decrease) in capital resulting from operations	$ 61,019,764	$ 2,772,497	$ 63,792,261

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
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12. Restatement of the Audited Combined Financial Statements (Continued)

Combined Statement of Changes in Capital

For the year ended December 31, 2010

	As Previously Reported	Adjustments	As Restated
Increase (Decrease) in net assets resulting from operations:			
Net investment income	$ 37,016,774	$ 447,487	$ 37,464,261
Realized gains on investments	66,276,066	11,201	66,287,267
Net change in unrealized (depreciation) appreciation of investments	(42,273,076)	2,313,809	(39,959,267)
Net increase (decrease) in net assets resulting from operations	61,019,764	2,772,497	63,792,261
Distributions	(115,940,206)		(115,940,206)
Contributions	54,634,523		54,634,523
Net (decrease) increase in net assets	(285,919)	2,772,497	2,486,578
Capital at beginning of period	239,440,683		239,440,683
Capital at end of period	$ 239,154,764	$ 2,772,497	$ 241,927,261

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
As of and for the years ended December 31, 2010 and December 31, 2009 and the period October 29, 2008 (Commencement of Operations) to December 31, 2008

12. Restatement of the Audited Combined Financial Statements (Continued)

Combined Statement of Cash Flows

For the year ended December 31, 2010

	As Previously Reported	Adjustments	As Restated
Cash flows from operating activities			
Net increase (decrease) in capital resulting from operations	$ 61,019,764	$ 2,772,497	$ 63,792,261
Adjustments to reconcile net decrease in capital resulting from operations to net cash provided by (used in) operating activities:			
Purchase of investments	(233,095,778)	(99,612,500)	(332,708,278)
Proceeds from sales and paydowns of investments	258,412,237	1,627,292	260,039,529
Cash paid for sale of undrawn portion of revolving credit facility	(1,837,500)		(1,837,500)
Amortization of purchase discount	(16,299,004)	(27,853)	(16,326,857)
Realized gains on investments	(66,276,066)	(11,201)	(66,287,267)
Net change in unrealized depreciation (appreciation) of investments	42,273,076	(2,313,809)	39,959,267
Non-cash interest	(3,374,086)		(3,374,086)
Amortization of deferred credit facility costs		69,909	69,909
Decrease (increase) in receivable from unsettled securities sold	5,124,622		5,124,622
Increase in interest receivable	(1,621,984)	(587,041)	(2,209,025)
Increase in receivable from affiliate	(191,065)	191,065	
Increase in other assets	(3,544)	(891)	(4,435)
Increase (decrease) in payable for unsettled securities purchased	14,227,735	68,002,500	82,230,235
Increase in payable for controlled investment	26,018,000	(26,018,000)	
Increase in interest payable	146,877	193,626	340,503
(Decrease) increase in payable to affiliates	(193,426)	2,926	(190,500)
Increase in other liabilities	390,123	42,808	432,931
Net cash flows provided by (used in) operating activities	84,719,981	(55,668,672)	29,051,309
Cash flows from financing activities			
Contributions	54,634,523		54,634,523
Distributions	(115,940,206)		(115,940,206)
Repayment of Debt Funing Credit Facility	(62,898,232)		(62,898,232)
Proceeds from Debt Funding Credit Facility	44,850,495		44,850,495
Proceeds from SLF Credit Facility		56,936,000	56,936,000
Net cash flows (used in) provided by financing activities	(79,353,420)	56,936,000	(22,417,420)

Net increase in cash and cash equivalents		5,366,561		1,267,328		6,633,889
Cash and cash equivalents at the beginning of the period		4,110,193				4,110,193
Cash and cash equivalents at the end of the period	$	9,476,754	$	1,267,328	$	10,744,082
Supplemental disclosure of cash flow information						
Interest paid	$	2,130,839	$		$	2,130,839
Non-cash operating activities:						
Investments contributed to SLF	$	21,450,541	$	(21,450,541)	$	
Non-cash financing activities:						
Accrual for deferred offering costs		3,528,110				3,528,110
Accrual for deferred credit facility costs		14,804		1,935,225		1,950,029

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (Continued)

New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P.
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13. Subsequent Events

The Combined Entities have evaluated subsequent events through March 28, 2011, which is the date that these combined financial statements were available to be issued. The following subsequent event was noted.

A Second Amendment to the Loan and Security Agreements among the NMG SLF and NMGP SLF as the borrowers, Wells Fargo Securities, L.L.C. as the Administrative Agent, and Wells Fargo Bank, National Association, as the Collateral Custodian was executed on March 9, 2011. These amendments increased the maximum amount of revolving borrowings available under the NMG SLF and NMGP SLF credit facilities to $140,625,000 and $9,375,000, respectively.

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8,285,172 Shares

New Mountain Finance Corporation

Common Stock

PRELIMINARY PROSPECTUS

Goldman, Sachs & Co.	**Wells Fargo Securities**	**Morgan Stanley**
Stifel Nicolaus Weisel		**RBC Capital Markets**
Baird	**BB&T Capital Markets A division of Scott & Stringfellow, LLC**	**Janney Montgomery Scott**

Through and including , 2011 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

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PART C
Other Information

Item 25. Financial Statements And Exhibits

(1)

Financial Statements

The following combined financial statements of New Mountain Finance Holdings, L.L.C., formerly known as New Mountain Guardian (Leveraged), L.L.C. (the "Operating Company"), and New Mountain Guardian Partners, L.P. are included in Part A of this Registration Statement. The Operating Company will be the sole investment of New Mountain Finance Corporation (the "Registrant" or the "Company") following the completion of this offering:

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(2)

Exhibits

(a)(1)	Certificate of Incorporation of the Registrant*
(a)(2)	Certificate of Amendment to Certificate of Incorporation of New Mountain Guardian Corporation changing its name to New Mountain Finance Corporation**
(a)(3)	Form of Amended and Restated Certificate of Incorporation of the Registrant**
(a)(4)	Certificate of Formation of New Mountain Guardian (Leveraged), L.L.C.**
(a)(5)	Form of Certificate of Amendment to Certificate of Formation of New Mountain Guardian (Leveraged), L.L.C. changing its name to New Mountain Finance Holdings, L.L.C.**
(b)(1)	Bylaws of the Registrant*
(b)(2)	Form of Amended and Restated Bylaws of the Registrant**
(b)(3)	Form of Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.**
(b)(4)	Form of First Joinder Agreement with Respect to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.**
(b)(5)	Form of Second Joinder Agreement with Respect to the Amended and Restated Limited Liability Company Agreement of New Mountain Finance Holdings, L.L.C.**
(b)(6)	Form of Second Amended and Restated Limited Liability Company Agreement of New Mountain Finance SPV Funding, L.L.C.**
(d)	Form of Common Stock Certificate**
(e)	Form of Dividend Reinvestment Plan**
(f)(1)	Letter Agreement relating to entry into Amended and Restated Loan and Security Agreement by and among New Mountain Finance Holdings, L.L.C., as Borrower and Collateral Administrator, each of the lenders thereto, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Collateral Custodian**
(f)(2)	Form of Variable Funding Note of New Mountain Finance Holdings, L.L.C., as the Borrower**
(f)(3)	Form of Amended and Restated Account Control Agreement, among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Securities Intermediary**
(f)(4)	Loan and Security Agreement, by and among New Mountain Guardian (Leveraged), L.L.C., as Collateral Administrator, New Mountain Guardian SPV Funding, L.L.C., as Borrower, each of the lenders party thereto, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Collateral Custodian**
(f)(5)	First Amendment to Loan and Security Agreement, by and among New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender**
(f)(6)	Second Amendment to Loan and Security Agreement by and among New Mountain Guardian SPV Funding, L.L.C., as Borrower, Wells Fargo Securities, LLC, as Administrative Agent, and Wells Fargo Bank, N.A., as Lender**
(f)(7)	Account Control Agreement, by and between New Mountain Guardian SPV Funding, L.L.C., as Pledgor, Wells Fargo Securities, LLC, as Administrative Agent on behalf of the Secured Parties, and Wells Fargo Bank, N.A., as Securities Intermediary.**
(f)(8)	Variable Funding Note of New Mountain Guardian SPV Funding, L.L.C., as the Borrower.**
(g)	Form of Investment Management Agreement**
(h)	Form of Underwriting Agreement**
(j)	Form of Safekeeping Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Safekeeping Agent**
(k)(1)	Form of Administration Agreement**
(k)(2)	Form of Trademark License Agreement**

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(k)(3)	Form of Registration Rights Agreement**
(k)(4)	Form of Indemnification Agreement by and between the Registrant and each executive officer and director.**
(k)(5)	Form of Indemnification Agreement by and between New Mountain Finance Holdings, L.L.C. and each executive officer and director.**
(k)(6)	Form of Letter Agreement relating to Lock-Up Period by and among New Mountain Finance Holdings, L.L.C. and New Mountain Finance Advisers BDC, L.L.C.**
(l)	Opinion of Fried, Frank, Harris, Shriver & Jacobson LLP**
(n)(1)	Consent of Fried, Frank, Harris, Shriver & Jacobson LLP (incorporated by reference to exhibit (l) hereto)**
(n)(2)	Consent of Deloitte & Touche LLP
(n)(3)	Report of Deloitte & Touche LLP
(p)	Form of Subscription Agreement**
(r)	Code of Ethics**

*

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

**

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

Item 26. Marketing Arrangements

The information contained under the heading "Underwriting" in this Registration Statement is incorporated herein by reference.

Item 27. Other Expenses Of Issuance And Distribution

SEC registration fee	$	14,260
NYSE listing fee	$	125,000
FINRA filing fee	$	20,500
Accounting fees and expenses	$	549,350
Legal fees and expenses	$	4,000,000
Printing and engraving	$	485,000
Transfer agent fees	$	3,500
Miscellaneous fees and expenses	$	75,000
Total	$	5,272,610

Item 28. Persons Controlled By Or Under Common Control

Prior to this offering, one share of New Mountain Finance's common stock was outstanding which is owned by New Mountain Capital, L.L.C. Following the completion of this offering, the Registrant will own approximately 36.4% of the common membership units of the Operating Company, assuming no exercise of the underwriters' option to purchase additional shares.

Item 29. Number Of Holders Of Securities

The following table sets forth the number of record holders of New Mountain Finance's common stock at May 16, 2011.

Title of Class	Number of Record Holders
Common stock, $0.01 par value	1

Item 30. Indemnification

Section 145 of the Delaware General Corporation Law empowers a Delaware corporation to indemnify its officers and directors and specific other persons to the extent and under the circumstances set forth therein.

Section 102(b)(7) of the Delaware General Corporation Law allows a Delaware corporation to eliminate the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liabilities arising (a) from any breach of the director's duty of loyalty to the corporation or its stockholders; (b) from acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the Delaware General Corporation Law; or (d) from any transaction from which the director derived an improper personal benefit.

Subject to the 1940 Act or any valid rule, regulation or order of the SEC thereunder, the Registrant's amended and restated bylaws provide that it will indemnify any person who was or is a party or is threatened to be made a party to any threatened action, suit or proceeding whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the Registrant, or is or was serving at the request of the Registrant as a director or officer of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, in accordance with provisions corresponding to Section 145 of the Delaware General Corporation Law. The 1940 Act provides that a company may not indemnify any director or officer against liability to it or its security holders to which he or she might otherwise be subject by reason of his or her willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office unless a determination is made by final decision of a court, by vote of a majority of a quorum of directors who are disinterested, non-party directors or by independent legal counsel that the liability for which indemnification is sought did not arise out of the foregoing conduct. In addition, the Registrant's amended and restated bylaws will provide that the indemnification described therein is not exclusive and shall not exclude any other rights to which the person seeking to be indemnified may be entitled under statute, any bylaw, agreement, vote of stockholders or directors who are not interested persons, or otherwise, both as to action in his official capacity and to his action in another capacity while holding such office.

The above discussion of Section 145 of the Delaware General Corporation Law and the Registrant's amended and restated bylaws is not intended to be exhaustive and is respectively qualified in its entirety by such statute and the Registrant's amended and restated bylaws.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action suit or proceeding) is asserted by such director, officer or controlling person

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in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is again public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

As of the date of the completion of this offering, the Registrant will have obtained primary and excess insurance policies insuring our directors and officers against some liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on the Registrant's behalf, may also pay amounts for which the Registrant has granted indemnification to the directors or officers.

The Investment Management Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, New Mountain Finance Advisers BDC, L.L.C., or the Investment Adviser, and its officers, managers, agents, employees, controlling persons, members (or their owners) and any other person or entity affiliated with it are entitled to indemnification from the Operating Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of the Investment Adviser's services under the Investment Management Agreement or otherwise as an investment adviser of the Operating Company.

The Administration Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of their respective duties or by reason of the reckless disregard of their respective duties and obligations, New Mountain Finance Administration, L.L.C. and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Registrant and the Operating Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of services under the Administration Agreement or otherwise as administrator for the Registrant and the Operating Company.

Pursuant to the underwriting agreement for this offering, the Registrant has agreed to indemnify the several underwriters against specific liabilities, including liabilities under the Securities Act.

Item 31. Business And Other Connections Of Investment Adviser

A description of any other business, profession, vocation, or employment of a substantial nature in which the Investment Adviser, and each director or executive officer of the Investment Adviser, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled "Management Biographical Information Directors", "Portfolio Management Investment Personnel", "Management Biographical Information Executive Officers Who Are Not Directors" and "Investment Management Agreement". Additional information regarding the Investment Adviser and its officers and directors is set forth in its Form ADV, as filed with the Securities and Exchange Commission (SEC File No. 801-71948), and is incorporated herein by reference.

Item 32. Location Of Accounts And Records

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940, and the rules thereunder are maintained at the offices of:

(1) the Registrant, New Mountain Finance Corporation, 787 7th Avenue, 48th Floor, New York, NY 10019;

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(2) the Transfer Agent;

(3) the Safekeeping Agent;

(4) the Investment Adviser, New Mountain Finance Advisers BDC, L.L.C., 787 7th Avenue, 48th Floor, New York, NY 10019; and

(5) the Administrator, New Mountain Finance Administration, L.L.C., 787 7th Avenue, 48th Floor, New York, NY 10019.

Item 33. Management Services

Not Applicable.

Item 34. Undertakings

1. The Registrant undertakes to suspend the offering of shares until the prospectus is amended if (1) subsequent to the effective date of this registration statement, the net asset value declines more than ten percent from the net asset value as of the effective date of this registration statement, or (2) the net asset value increases to an amount greater than the net proceeds as stated in the prospectus.

2. The Registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant under Rule 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused Amendment No. 4 to this Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on May 16, 2011.

NEW MOUNTAIN FINANCE CORPORATION

By: /s/ ROBERT A. HAMWEE

Name: Robert A. Hamwee
Title: *Chief Executive Officer*
(Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1933, Amendment No. 4 to this Registration Statement on Form N-2 has been signed by the following persons in the capacities set forth below on the date indicated.

Name	Title	Date
/s/ ROBERT A. HAMWEE Robert A. Hamwee	Chief Executive Officer (Principal Executive Officer) and Director	May 16, 2011
/s/ ADAM WEINSTEIN Adam Weinstein	Chief Financial Officer (Principal Financial and Accounting Officer) and Treasurer	May 16, 2011
* Steven B. Klinsky	Chairman of the Board of Directors	May 16, 2011
* Alfred F. Hurley Jr.	Director	May 16, 2011
* David Ogens	Director	May 16, 2011
* Kurt J. Wolfgruber	Director	May 16, 2011
*By: /s/ ROBERT A. HAMWEE Robert A. Hamwee	Attorney-in-Fact	May 16, 2011

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SIGNATURES

New Mountain Finance Holdings, L.L.C. has duly caused Amendment No. 4 to this Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on May 16, 2011.

NEW MOUNTAIN FINANCE HOLDINGS, L.L.C.

By: /s/ ROBERT A. HAMWEE

Name: Robert A. Hamwee
Title: *Chief Executive Officer*
(Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1933, Amendment No. 4 to this Registration Statement on Form N-2 has been signed by the following persons in the capacities set forth below on the date indicated.

Name	Title	Date
/s/ ROBERT A. HAMWEE Robert A. Hamwee	Chief Executive Officer (Principal Executive Officer) and Director	May 16, 2011
/s/ ADAM WEINSTEIN Adam Weinstein	Chief Financial Officer (Principal Financial and Accounting Officer) and Treasurer	May 16, 2011
* Steven B. Klinsky	Chairman of the Board of Directors	May 16, 2011
* Alfred F. Hurley Jr.	Director	May 16, 2011
* David Ogens	Director	May 16, 2011
* Kurt J. Wolfgruber	Director	May 16, 2011
*By: /s/ ROBERT A. HAMWEE Robert A. Hamwee	Attorney-in-Fact	May 16, 2011

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