



Nebraska
Investment
Council

JUNE 13, 2017
PRIVATE EQUITY INVESTMENT UPDATE

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NEW MOUNTAIN CAPITAL LLC

Building Great Businesses



New Mountain Capital Mission Statement



New Mountain's intention is to be "best in class" in the new generation of private equity managers as measured by:

- Returns
- Control of risk
- Service to our limited partners
- The quality of the businesses we build

New Mountain emphasizes growth and business building, rather than risk and debt, as the path to strong and consistent returns



Consistent, Repeatable, Midmarket Strategy

Target 4 to 5 Midmarket Acquisitions Per Year

- Target enterprise value of typically \$300 mm – \$500 mm¹; target equity investment of ~ \$300 mm
- Consistent strategy since firm began in 2000; same targeted size since Fund II (2005)

Unique Focus and Knowledge in Acyclical “Defensive Growth” Niches

- Systematic top down sector selection process adds strength each year
- Designed to succeed in repeatable, consistent way across business cycles

Emphasis on Risk Controls; Business Building; Low Debt

- Never a portfolio company bankruptcy; never a missed interest payment

Hands-On, Ethical “Family Business” Mentality; Frequently Partnering with Legacy Shareholders

- No acquisition in a sealed bid auction

Pursuit of Strong Returns

- Seek to partner with strong, growing middle market companies and help to accelerate growth through our partnership

New Mountain has the Institutional Strengths of a Larger Fund

- Over 120 employees and Senior Advisors, including ~ 75 investment professionals; combination of operating skills and financial skills
- Strong compliance, operations and accounting support with a focus on transparency, social responsibility and client service

1. Per the NMP IV PPM, New Mountain typically invests in companies with TEV's between \$200-\$1B generally.

New Mountain Capital

“Best In Class” Team / Over 120 Employees & Senior Advisors (~75 Investment Professionals)



Managing Directors

- Steve Klinsky (CEO)
- Vig Aier
- Raj Alva
- Andrew Barous
- David Coquillette
- Joe Delgado
- Joseph Hartswell
- Rob Hamwee (Credit)
- Matt Holt
- Teddy Kaplan (Credit)
- John Kline (Credit)
- Mat Lori
- Pete Masucci
- Andre Moura
- Bert Notini
- Ignacio Sarria
- James Stone (Credit)
- Adam Weinstein

Senior Advisors¹ (Full Access)

- Larry Benjamin
- Matt Bennett²
- Christos Cotsakos
- Bal Dail
- Harry Durity
- Paul Farrell
- David Frost
- Raj Gupta
- Ed Lonergan
- Lawrence Jackson
- Sunil Mishra
- David Vise
- Buzz Waterhouse

Directors

- Erica Blob
- Laura Holson (Credit)
- Lars Johansson
- Harris Kealey
- Robert Mulcare
- Kyle Peterson
- Jack Qian
- Jonathan Waggoner
- Brad Weckstein

Senior Advisors for Special Projects¹

- Michael Ajouz
- Matt Ebbel
- Judd Gregg
- Fred Salerno

Vice Presidents and Associates

- Tom Decarlo (VP/Credit)
- Nikhil Devulapalli (VP)
- John Grenier (VP)
- Brian Murphy (VP)
- Gal Peleg (VP)
- Joe Walker (VP)
- Joy Xu (VP/Credit)
- Caroline Bal
- Gandhi Bedi
- Dan Cooper
- Sara DiMassimo
- Sean Donovan
- Sara Elenowitz
- Alec Guzov
- Zachary Herz-Roiphe
- Holly Lau (Credit)
- Chelsea Mandel (Credit)
- Jake Maxwell
- Lauren McGuiggan
- Adam Meffert
- Mike Oshinsky
- Jason Ramirez
- Jacob Ulrich
- Richard Waitumbi

Finance/Operations/Compliance/Administration³

- Michael McCarthy
- Linda Chiu
- Deborah Cox
- Karrie Jerry
- Shiraz Kajee
- James Lavallee
- Phil Mentesana
- Trish Molyneux
- Saaima Shahin
- Jared Balbach
- Art Cardillo
- Doug Chiciak
- John Hausler
- Jacquelyn Pultorak
- Nicholas Bitting
- Joe Cortese
- Jessica Hanna
- Scott Justin
- Kellie Steele
- Alexandra Brierley
- Russell Fox
- John Maris
- Miriam Brennan
- James Shaw
- Stephen Tully
- Lindsey Wittmann

Vantage Team

- Daniel Riley (PM)
- Alex Abularach
- Josh Hirschhorn
- Rick Morgan
- Chris Noelcke
- Aneesh Venkat
- Nicholas Di Giorgio
- Han He
- Tyler Saitta

Other Resources

- Executive Advisory Council
- Management Advisory Board
- Past and Present Portfolio Company Executives
- Executives on Retainer

1. Please reference Important Notices for more detail on Senior Advisors.
 2. Denotes Executive in Residence and full time employee.
 3. Adam Weinstein (CFO/CAO) leads the Finance/Operations/Compliance/Administration teams and Joe Hartswell is the Chief Compliance Officer.

NMC Sector “Deep Dive” Process

Targeting Specific Companies



New Mountain acquisitions have resulted from the deep dive process.



Characteristics of “Defensive Growth”

- Strong, consistent growth across macro-cycle
- High barriers to competitive entry
- Strong free cash flow; high return on assets
- Niche market dominance
- Recurring dependable revenue

Advantages of Sector “Deep Dive” Approach

- Consistent approach across years and cycles
- Seeks optimal balance of flexibility and specialization – “Flexible specialization”
- Allows specialization and gives first mover advantage in smaller/emerging sectors (e.g., cybersecurity)
- No need to reinvent strategy; firm can keep building on its base each year
- Positions New Mountain to add operating managers and experts in these fields

Building a Competitive Advantage

- Map industry landscape in detail
- Develop sub-thesis for investment within sector
- Partner with executives, consultants, advisors to identify primary potential targets
- Attend and participate in industry conferences
- Arrange proprietary introductions outside of process



Examples of New Mountain “Deep Dive” Niches

The “deep dive” process allows the firm to be proactive while building on its base each year. The process eliminates pressure to find deals in any specific sectors, but over the years the Firm has executed a number of deals in particular niches.

Specialty Distribution

- ABB Optical (2012)
- Medical Specialties Distributors (2013)
- Diversified Foodservice Supply (2015)

Advanced Materials/Niche Product Technologies

- Avantor (2010)
- NuSil (2011)
- Gelest (2017)

“Must have” Information and Data

- SNL Financial (2011); IRI (2011)
- CIOX Health (Originally HealthPort, 2014)
- Equian (2015); Convey (2016)

Defensive Growth Consumer / Products

- Zep (2015)
- Strategic Partners (2016)
- Topix (2016)

Technology-enabled Business Services

- MailSouth (2005); Connexions (2006); Inmar (2007)
- AmWINS (2012) and Oakleaf/Valet Waste (2007)
- Alexander Mann Solutions (2013)

Regulatory Compliance and Cybersecurity

- Stroz Friedberg (2010)
- ACA Compliance (2013)

Specialized Software:

- Deltek (2005)
- Red Prairie/JDA (2010)

Healthcare Services

- Surgis (2001)
- Ikaria (2007)
- Western Dental (2012)
- Island Medical (2016)

Examples of Other Identified Sectors:

- Food Products/Food Service and Facilities Management
- Industrial Technology and Automation
- Water Purity/Power Grid/Environmental Design
- Insurance and Financial Services Technologies
- Human Capital Management

Acquisitions Without Sealed Bid Auctions¹

- Sourcing is driven by proprietary top down sector identification. Partnerships with legacy shareholders have prevented auctions.

Portfolio Company	Proprietary/ No Auction	Pre-empted/ Broke Auction	Seller / Management Rollover Ownership ²
1 Strayer	✓		49% ³
2 Surgis	✓		—
3 Apptis	✓		30%
4 Overland		✓	2%
5 National Medical	✓		45% ³
6 MailSouth		✓	11%
7 Deltek	✓		25%
8 Validus	✓		n/a
9 Connexions		✓	26%
10 Paris Re	✓		—
11 Ikaria	✓		49%
12 Inmar	✓		25%
13 Oakleaf ⁴		✓	13%
14 Intermarine	✓		20%
15 Tygris ⁵	✓		n/a
16 Camber		✓	12%
17 Guardian ⁶	✓		n/a
18 RedPrairie	✓		—
19 Avantor	✓		—

Portfolio Company	Proprietary/ No Auction	Pre-empted/ Broke Auction	Seller / Management Rollover Ownership ²
20 Stroz Friedberg	✓		50%
21 NuSil		✓	40%
22 IRI	✓		19%
23 SNL	✓		40%
24 AmWins		✓	32%
25 ABB Optical		✓	14%
26 Western Dental		✓	—
27 Medical Specialties Dist.		✓	2%
28 ACA Compliance	✓		35%
29 Alexander Mann		✓	~10%
30 CIOX Health	✓		~1%
31 Diversified Foodservice Supply		✓	~5%
32 Zep	✓		~1%
33 Equian	✓		~2%
34 Strategic Partners		✓	~6%
35 Topix ⁷	✓		~14%
36 Island Medical		✓	~35%
37 Convey	✓		~21%
38 Gelest	✓		32%

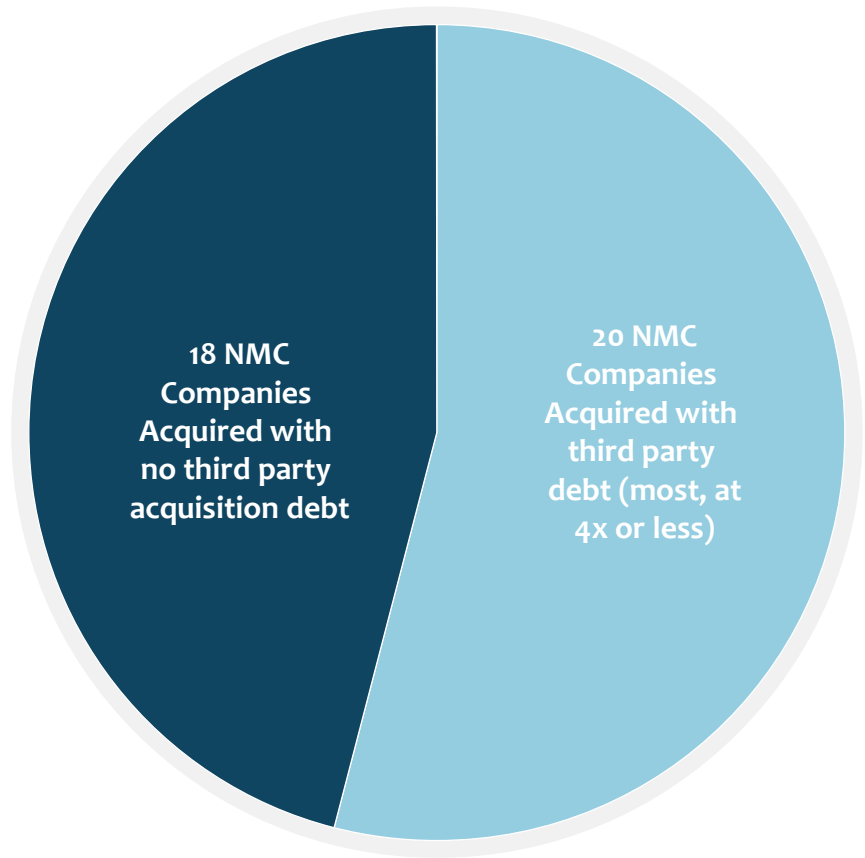
1. NMC has never bought a company in a traditional sealed bid auction process which NMC defines as multiple parties putting forth a marked contract with a price to purchase a business whereby the highest price wins.

2. Represents ownership alongside New Mountain position post acquisition; 3. Control acquisition of public companies; 4. Now, Valet Waste; 5. Now, EverBank Financial; 6. Now, NMFC; 7. The ownership percentage shown above includes shares that are unvested and are contingent upon the company meeting certain targets over the next two years.

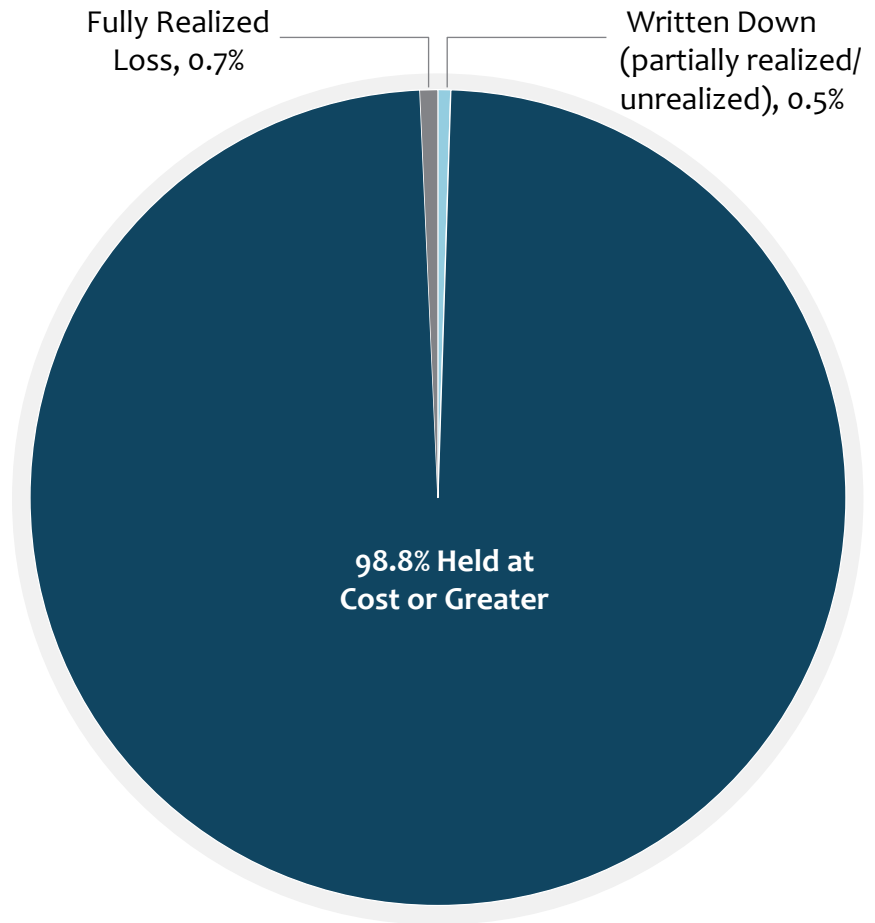


Focus on Tight Control of Risk

NMC Acquisition Leverage



Loss Ratio¹ (As of 3/31/17, the unrealized loss ratio is 0%)



Names of individual portfolio companies available upon request. NMP IV utilized a low interest rate line of credit to acquire the first 11 portfolio companies.

1. Loss ratio defined as amount of value decline below cost on any transaction (no positive offset from profitable investments) divided by total invested capital. Includes investments in Western Dental, which has been partially realized and Overland and EverBank, which have been fully realized. Estimated valuations are available upon request.

Performance data quoted represents past performance and is not indicative of future results.

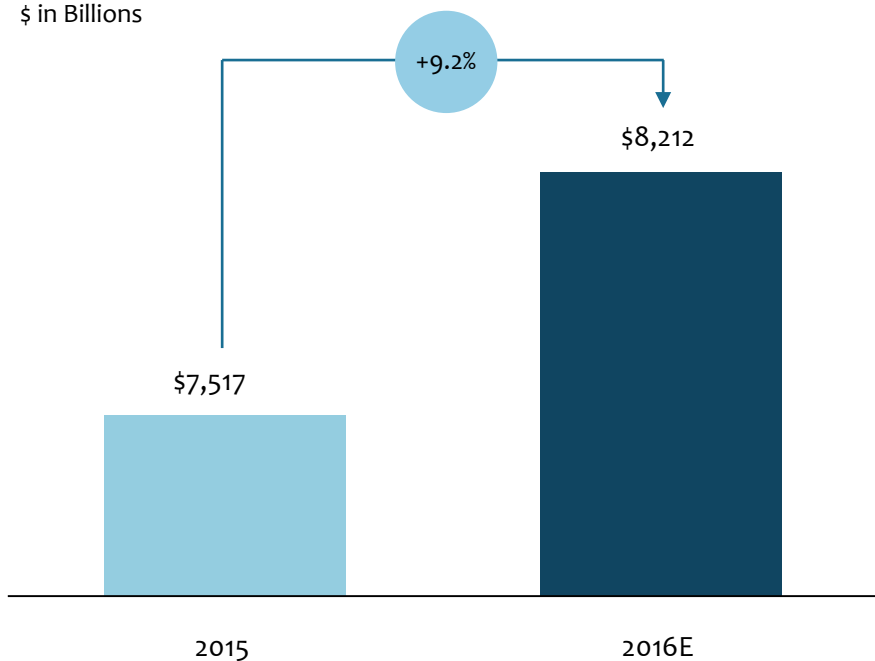


Strong Growth In New Mountain Portfolio Companies

- All New Mountain Companies, as One Company (at 12/31/16)
 - Revenues of \$8.2 billion, with \$1.4 billion EBITDA
 - EBITDA up 18.3% year over year

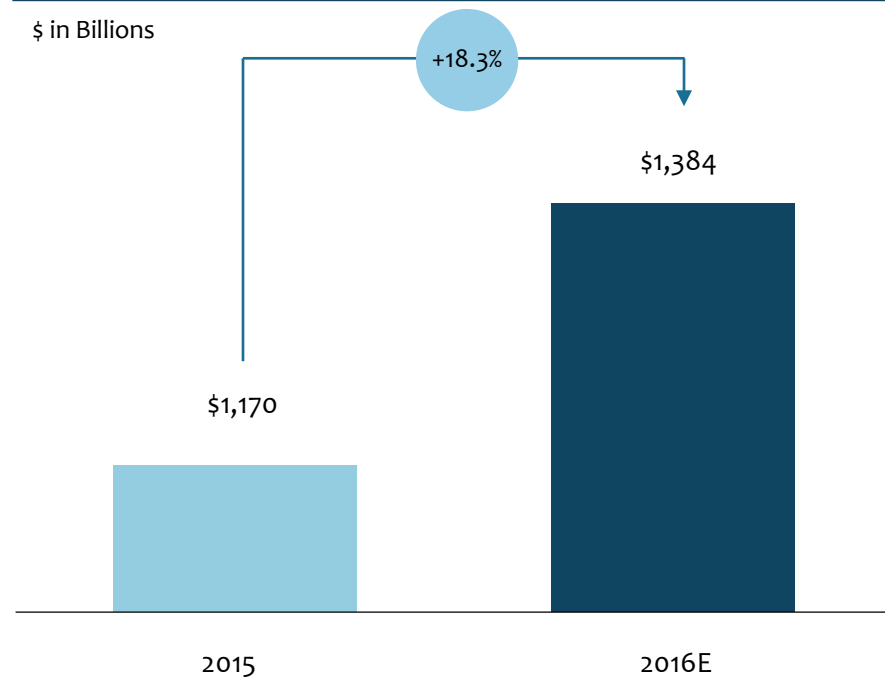
Revenue¹

\$ in Billions



Adjusted EBITDA¹ 2015 vs. 2016(E)

\$ in Billions



Source: Portfolio Company Management and New Mountain

1. Revenue and EBITDA are shown for all portfolio companies held as of 12/31/16 and may or may not have been held for the full period of financial information shown above. The portfolio companies included are: Intermarine, JDA, Avantor, IRI, ABB, Western Dental, MSD, ACA, Alexander Mann, CIOX Health, DFS, Zep, Equian, Strategic Partners, Topix, Island Medical, Convey Health. Metrics do not include a minority investment in Bellerophon. For certain companies pro forma revenue and EBITDA adjustments have been included for various add-on acquisitions and/or operational improvements.

Fund History

December 31, 2016 Estimated Data¹



Same consistent “Defensive Growth” strategy executed since Fund I, with same investment size and pace since Fund II.

	Fund Size	Median Enterprise Value	Targeted Transactions per Year/Fund total	Net IRR ²	Net MIC ²	Gains to Date ²	Realized Proceeds	Investment Team Size ³	Total Firm AUM
NMP IV (2013)	\$4.13B	\$500M (Expected)	3-4 / Total ~ 15	24.0%	1.3x	\$1,156.6 M	\$137.9 M	~60	\$15.5B
NMP III (2007)	\$5.12B	\$517M	3-4 / Total - 14 ⁴	12.8%	1.8x	\$5,632.0 M	\$4,843.0 M	28	\$8.7B
NMP II (2005)	\$1.55B	\$502M	3-4 / Total - 8 ⁴	13.7%	2.0x	\$1,855.8 M	\$2,937.5 M	15	\$2.3B
NMP I (2000)	\$0.77B	\$119M	1-2 / Total - 5	12.2%	1.5x	\$516.0 M	\$1,078.0 M	5	\$0.8B

Note: Performance data quoted represents past performance and is not indicative of future results.

1. All numbers as of 12/31/16.

2. “Net” IRRs and MIC reflect all management fees, carried interest, transaction costs, and other expenses (other than taxes borne or to be borne by investors). Net performance figures represent a full fee paying limited partner of each stated Fund. Net MIC’s treats capital returned from subsequent closing investors, Deltek overpayments, Oakleaf bridge financing, and recycled NMFC proceeds as negative contributions.

3. Investment team includes Investment Professionals across New Mountain Platform.

4. Count includes one portfolio company which is a joint NMP II and NMP III investment.

Important Notices



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Information regarding portfolio holdings and other characteristics are presented to illustrate examples of the types of investments that that New Mountain and the funds under its management (directly or indirectly) may have made as of a particular date. It may not be representative of any current or future investments. The performance of these investments is not necessarily indicative of the overall performance of other investments made by New Mountain. Depending on market conditions and opportunities, the actual investments to be made by New Mountain going forward may differ substantially from the examples included herein.

A list of all recommendations made by New Mountain within the immediately preceding period of not less than one year is available upon request and will be furnished separately.

“Gross IRR” means an aggregate, compound, annual gross internal rate of return on investment. “Gross IRRs” and “Gross MIC” do not reflect the management fees, carried interest, taxes, transaction costs in connection with the disposition of unrealized investments and other expenses to be borne by investors in New Mountain funds, which will reduce returns and in the aggregate are expected to be substantial. For a description of such fees, carried interest and expenses, please see the private placement memorandum of the applicable Fund and Part 2A of Form ADV. In the case of portfolios of realized and unrealized investments, the “Gross IRRs” and “Gross MIC” are based on realizations and internal valuations of New Mountain as of the applicable date. “Net” IRRs and “Net MIC” reflect all management fees, carried interest, transaction costs, and other expenses (other than taxes) borne or to be borne by investors. Net performance figures represent a full fee paying limited partner of each stated Fund and exclude the general partner. A full fee paying limited partner may not be subject to certain investor specific fees and expenses that do not impact the full fund and relate to agreements between the General Partner and a specific investor (such as investor specific placement fees).

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