

Explanatory document for the 1st term (From: 01/12/2017 To: 12/31/2017)

Date: 04/16/2018

Name of Business: New Mountain Guardian II GP, L.L.C.
 Address or location: 787 7th Avenue, 49th Floor, New York, New York, 10019, U.S.A.
 Name: Steven B. Klinsky
 Title: Managing Member of New Mountain Guardian II GP, L.L.C.

1. Operational status of business

(1) Date of notification

① Notification in accordance with Financial Instruments and Exchange Act (hereafter "FIEA") Article 63(2) or Article 63-3(1)

Date: 01/13/2017

② Notification in accordance with Article 48(2), (4) or (6) of the Supplementary Provisions of the Act to Partially Amend the Securities and Exchange Act (Act No. 65 of 2006)

Not Applicable

(2) Types of businesses currently being operated

SPBQII (private placement and investment management)

(3) Overview of the current term

New Mountain Guardian II began investing in April 2017 and had raised \$360 million (40,680 million yen at the rate of \$1/113yen) as of December 31, 2017. As of December 31, 2017, the portfolio consisted of 31 portfolio companies with the total amount of invested capital being \$321.3 million (36,307 million yen at the foregoing rate). As of December 31, 2017 only one portfolio company, representing \$13.4 million (1,514 million yen at the foregoing rate) of capital, had been repaid, generating a unlevered IRR at exit of 10.3%.

(4) Status of corporate officers and employees

① Number of corporate officers and employees

	Corporate officers	of which part-time officers	Employees	Total

Total	1	0	0	1
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② Status of corporate officers

Positions	Names
Managing Member	Mr. Steven B. Klinsky

(5) Status of the principal business office, and business offices where Specially Permitted Businesses for Qualified Institutional Investors, etc. ("SPBQII") are operated

Name	Location	Number of Corporate officers and employees
Principal business office	787 Seventh Avenue, 49th Floor New York, NY 10019	1
Total <u>1</u> location		Total <u>1</u>

(6) Status of external auditing

Name or business name of the certified public accountant or auditing firm	Details of auditing
Deloitte & Touche LLP (U.S.)	Voluntary audit; no issue found.

(7) Status of the fund

Names of the Invested Business Equity	New Mountain Guardian Partners II, L.P.
Details of the Invested Business	Debt investments in companies that are considered high-quality, "defensive growth" companies in non-cyclical industry niches.
Types of the Invested Business Equity	Rights based on laws and regulations of a foreign state
Location of the accounts into which investment money is paid	Overseas - U.S. (New York)
Flow of funds	An Affiliated Administrator is responsible for transferring, sending, managing and storing money related to the fund. The personnel of the Affiliated Administrator include the CFO and Controller and all cash movements must be approved by at least two members of General Partner or the Managing Member directly. The bank account for the fund is held at U.S. Bank, National Association.
Duration	03/20/2017; ongoing

	Types of investors	Number of investors
Status of investors	Qualified Institutional Investors ("QIIs")	2
	of whom individuals	0
	Investors other than QIIs	5
	of whom individuals	5
	Total	7
Amount of investment by QIIs and its ratio	Amount of investment	4,784 m.yen
	Ratio of investment	95.46%
If persons specified under the items of Article 233-3 are among the counterparty	Existence of persons specified under the items of Article 233-3 ("yes" or "none")	none
	Status of audits	Deloitte & Touch LLP
	Details of audits	Voluntary - audit to be completed within 120 days of year end - in process

Names of the Invested Business Equity	New Mountain Guardian Partners II Offshore, L.P.	
Details of the Invested Business	Debt investments in companies that are considered high-quality, "defensive growth" companies in non-cyclical industry niches.	
Types of the Invested Business Equity	Rights based on laws and regulations of a foreign state	
Location of the accounts into which investment money is paid	Overseas - U.S. (New York)	
Flow of funds	An Affiliated Administrator is responsible for transferring, sending, managing and storing money related to the fund. The personnel of the Affiliated Administrator include the CFO and Controller and all cash movements must be approved by at least two members of General Partner or the Managing Member directly. The bank account for the fund is held at U.S. Bank, National Association.	
Duration	03/20/2017; ongoing	
Status of investors	Types of investors	Number of investors
	Qualified Institutional Investors ("QIIs")	18
	of whom individuals	0
	Investors other than QIIs	1
	of whom individuals	1
	Total	19
Amount of investment by QIIs and its ratio	Amount of investment	21,602 m.yen
	Ratio of investment	99.9%
If persons specified under the items of Article 233-3 are among the counterparty	Existence of persons specified under the items of Article 233-3 ("yes" or "none")	
	Status of audits	Name or business name of the certified public accountant or auditing firm
		Details of audits
	Voluntary - audit to be completed within 120 days of year end - in process	
	Deloitte & Touch LLP	