

TORTOISE CAPITAL RESOURCES CORP

FORM N-2

(Securities Registration (close-end investment trust))

Filed 8/28/2006

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Industry	Not Assigned

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form N-2

- REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
 PRE-EFFECTIVE AMENDMENT NO.
 POST-EFFECTIVE AMENDMENT NO.

Tortoise Capital Resources Corporation

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.

It is proposed that this filing will become effective (check appropriate box):

- when declared effective pursuant to Section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock	\$75,000,000	\$8,025

(1) Estimated solely for the purpose of calculating the registration fee.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated August 28, 2006

PROSPECTUS

Shares



Tortoise Capital Resources Corporation

Common Stock

We invest primarily in privately-held and micro-cap public companies focused on the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector. Our investment objective is to provide stockholders with current income and capital appreciation. We focus our investments on unsecured, subordinated debt securities and equity securities that will generally be expected to pay us interest or dividends on a current basis. We seek to obtain enhanced returns through warrants or other equity conversion features and from growth in dividends in our equity investments. Since the completion of our private placement of approximately \$46.3 million of common stock and warrants in January 2006, we have invested a total of \$22.5 million in three portfolio companies in the U.S. energy infrastructure sector.

We are managed by Tortoise Capital Advisors, L.L.C., a registered investment advisor specializing in the energy infrastructure sector. As of July 31, 2006, Tortoise Capital Advisors, L.L.C. managed investments of approximately \$1.8 billion in the energy infrastructure sector, including the assets of three publicly traded closed-end management investment companies focused on the energy infrastructure sector.

We expect the public offering price of our common shares to be between \$ and \$ per share. We intend to apply for listing of our common shares on the New York Stock Exchange under the symbol "TTO." Currently, no public market exists for our common shares.

We are an externally managed, non-diversified closed-end management investment company that intends to elect to be regulated as a business development company under the Investment Company Act of 1940 and intends to elect to be treated as a regulated investment company under the Internal Revenue Code of 1986, as amended, effective as of December 1, 2006.

Investing in our common shares involves risks, including the risk of leverage, that are described in the "Risk Factors" section of this prospectus beginning on page 15.

Shares of closed-end investment companies have in the past frequently traded at a discount to their net asset value. If our common shares trade at a discount to net asset value, it may increase the risk of loss for purchasers in this offering. Purchasers in this offering will experience immediate dilution. See "Dilution."

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discount (sales load)	\$	\$
Proceeds, before expenses, to us(1)	\$	\$

(1) Before deducting expenses payable by us related to this offering, estimated at \$

The underwriters may also purchase up to an additional common shares from us at the public offering price, less the underwriting discount (sales load), within 30 days from the date of this prospectus to cover overallotments. If the underwriters exercise this option in full, the total public offering price will be \$, the total underwriting discount (sales load) paid by us will be \$, and total proceeds, before expenses, to us will be \$.

Please read this prospectus before investing, and keep it for future reference. The prospectus contains important information about us that a prospective investor should know before investing in our common shares.

After the completion of this offering, we will be required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information will be available free of charge by contacting us at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210 or by telephone at or on our website at www.tortoiseadvisors.com/tcr.cfm. The Securities and Exchange Commission also maintains a website at www.sec.gov that contains such information.

Neither the Securities and Exchange Commission nor any state securities commission have approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect that our common shares will be ready for delivery to purchasers on or about , 2006.

Merrill Lynch & Co.

Stifel Nicolaus

Wachovia Securities

The date of this prospectus is _____, 2006.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information or to make any representations not contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

This summary may not contain all of the information that you may want to consider. You should read carefully the information set forth under “Risk Factors” and other information included in this prospectus. The following summary is qualified by the more detailed information and financial statements appearing elsewhere in this prospectus. Except where the context suggests otherwise, the terms “we,” “us,” “our,” “the Company” and “Tortoise Capital” refer to Tortoise Capital Resources Corporation and its subsidiaries; “Tortoise Capital Advisors” and “the Advisor” refers to Tortoise Capital Advisors, L.L.C.

The Company

We invest primarily in privately-held and micro-cap public companies (companies with a market capitalization of less than \$100 million) focused on the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector. We believe companies in the energy infrastructure sector generally produce stable cash flows as a result of their fee-based revenues and limited direct commodity price risk. Our investment objective is to provide stockholders with current income and capital appreciation. We focus our investments on unsecured, subordinated debt securities and equity securities that will generally be expected to pay us interest or dividends on a current basis. We expect to make certain investments through taxable subsidiaries in order to comply with certain federal income tax rules. We seek to obtain enhanced returns through warrants or other equity conversion features and from growth in dividends from our equity investments.

Companies in the midstream and downstream segments of the energy infrastructure sector engage in the business of transporting, processing, storing, distributing or marketing natural gas, natural gas liquids, coal, crude oil, refined petroleum products and renewable energy resources. Companies in the upstream segment of the energy infrastructure sector engage in exploring, developing, managing or producing such commodities. Our investments are expected to range between \$5 million and \$15 million per investment, although investment sizes may be smaller or larger than this targeted range.

We raised approximately \$46.3 million of gross proceeds (\$42.5 million of net proceeds) in a private placement of common shares and warrants completed in January 2006. Since then we have invested a total of \$22.5 million in three portfolio companies in the U.S. energy infrastructure sector. Of the \$22.5 million, we have invested \$18.0 million in the midstream and downstream segments of the U.S. energy infrastructure sector and \$4.5 million in the upstream segment of the U.S. energy infrastructure sector.

The following table summarizes our investments in portfolio companies as of August 24, 2006.

<u>Company (Segment)</u>	<u>Principal Business</u>	<u>Funded Investment</u>	<u>Minimum Yield</u>
Eagle Rock Pipeline, L.P. (Midstream)	Gatherer and processor of natural gas in north and east Texas	\$12.5 million in LP Interests	7.8%(1)(2)
Mowood, LLC (Downstream)	Local natural gas distribution with Department of Defense contract through 2014	\$1.0 million in LLC Units \$4.5 million in unsecured subordinated debt	N/A 12.0%
Legacy Reserves LP (Upstream)	Oil and natural gas exploitation and development in the Permian Basin	\$4.5 million in LP Interests	9.6%(2)
	Total Investments	<u>\$22.5 million</u>	

(1) In the event an initial public offering has not occurred on or prior to September 30, 2007, the minimum distribution yield will be 8.5% commencing on October 1, 2007 and continuing until the occurrence of the initial public offering.

(2) Actual distributions to us are based on each company’s available cash flow. Distributions can exceed the minimum distribution yield and are subject to arrearages if below such minimum yield.

In addition, as of August 24, 2006, we had extended non-binding term sheets to two prospective new portfolio companies representing approximately \$10.0 million of prospective investments. These prospective investments are currently expected to be in the form of debt instruments and are both in the midstream and downstream segments of the energy infrastructure sector. We currently expect to fund the investments described in these non-binding agreements using a portion of the remaining proceeds from our private placement. The consummation of each investment will depend upon satisfactory completion of our due diligence investigation of the prospective portfolio company, our confirmation and acceptance of the investment terms, structure and financial covenants, the execution and delivery of final binding agreements in a form mutually satisfactory to the parties, the absence of any material adverse change and the receipt of any necessary consents. At this time, the final forms of our investments remain subject to additional negotiations with these companies.

We are an externally managed, non-diversified closed-end management investment company that intends to elect to be regulated as a business development company (a "BDC") under the Investment Company Act of 1940 (the "1940 Act") and intends to elect to be treated as a regulated investment company (a "RIC") under the Internal Revenue Code of 1986, as amended (the "Code"), effective as of December 1, 2006. Following our intended elections to be regulated as a BDC and to be treated as a RIC, we will be subject to numerous regulations and restrictions. Since our incorporation, we have been taxed as a general business corporation under the Code and, prior to the effective date of our intended election to be treated as a RIC, we will continue to be taxed as a general business corporation under the Code.

Our Advisor

We are managed by Tortoise Capital Advisors, a registered investment advisor specializing in the energy infrastructure sector. As of July 31, 2006, our Advisor managed investments of approximately \$1.8 billion in the energy infrastructure sector, including the assets of three publicly traded closed-end management investment companies focused on the energy infrastructure sector. Our Advisor's aggregate managed capital is among the largest of investment advisors managing closed-end management investment companies focused on the energy infrastructure sector. Our Advisor created the first publicly traded closed-end management investment company focused primarily on investing in master limited partnerships ("MLPs") in the energy infrastructure sector, Tortoise Energy Infrastructure Corporation ("TYG"). Our Advisor also manages Tortoise Energy Capital Corporation ("TYY"), a publicly traded closed-end management investment company focused primarily on investing in MLPs and their affiliates in the energy infrastructure sector, and Tortoise North American Energy Corporation ("TYN"), a publicly traded closed-end management investment company focused primarily on energy infrastructure investments in public companies in the United States and in Canada. Our Advisor is controlled by Kansas City Equity Partners, L.C. ("KCEP") and Fountain Capital Management, L.L.C. ("Fountain Capital").

Our Advisor has 20 full time employees. Four of our Advisor's senior investment professionals are responsible for the origination, negotiation, structuring and managing of our investments. These four senior investment professionals have almost 70 years of combined experience in energy, leveraged finance and private equity investing. Each of our Advisor's investment decisions will be reviewed and approved by its investment committee, which also acts as the investment committee for TYG, TYY and TYN.

Our Advisor has retained Kenmont Investments Management, L.P. ("Kenmont") as a sub-advisor. Kenmont is a Houston, Texas based registered investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts to us and enhances our number and range of potential investment opportunities. The principals of Kenmont have collectively created and managed private equity portfolios in excess of \$1.5 billion and have over 50 years of experience working for investment banks, commercial banks, accounting firms, operating companies and money management firms. Our Advisor compensates Kenmont for the services it provides to us. Our Advisor also indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. An affiliate of Kenmont is expected to own approximately % of the Company's outstanding common shares upon completion of this offering.

U.S. Energy Infrastructure Sector Focus

We pursue our investment objective by investing principally in a portfolio of privately-held and micro-cap public companies in the U.S. energy infrastructure sector. The energy infrastructure sector can be broadly categorized into the midstream, downstream and upstream segments. We focus our investments in the midstream and downstream segments, but may also have limited investments in the upstream segment, of the U.S. energy infrastructure sector. We also intend to diversify our investments among asset types and geographic regions within the U.S. energy infrastructure sector.

We believe that the midstream and downstream segments of the U.S. energy infrastructure sector will provide attractive investment opportunities as a result of the following factors:

- *Strong Supply and Demand Fundamentals.* The U.S. is the largest consumer of crude oil and natural gas products, the third largest producer of crude oil and the second largest producer of natural gas products in the world. The United States Department of Energy's Energy Information Administration, or EIA, projects that domestic natural gas and refined petroleum products consumption will increase annually by 0.8% and 1.1%, respectively, through 2030.
- *Substantial Capital Requirements.* We believe, based on industry sources, that approximately \$20 billion of capital will be required by the midstream segment of the U.S. energy infrastructure sector during 2006 and that additional capital expenditures will occur in the future. We also believe that existing downstream infrastructure will require new capital investment to maintain an aging asset base, as well as to upgrade the asset base to respond to the evolution of supply and environmental regulations.
- *Substantial Asset Ownership Realignment.* We believe that in the midstream and downstream segments of the U.S. energy infrastructure sector, the acquisition and divestiture market has averaged approximately \$28 billion of annual transactions between 2001 and 2005 and that such activity, particularly in the midstream segment, will continue. We also believe that the substantial number of domestic companies in the downstream segment of the U.S. energy infrastructure sector provides for attractive consolidation opportunities.
- *Renewable Energy Resources Opportunities.* We believe that the demand for project financing relating to renewable energy resources is expected to be significant and will provide investment opportunities consistent with our investment objective.

Although not part of our core focus, we believe the upstream segment of the U.S. energy infrastructure sector will benefit from strong long-term demand fundamentals and will provide attractive investment opportunities as a result of the following factors:

- *Substantial Asset Ownership Realignment.* We believe that in the upstream segment of the U.S. energy infrastructure sector, the property acquisition and divestiture market has averaged approximately \$31 billion of annual transactions between 2001 and 2005 and that the level of activity will remain consistent with historical levels for the foreseeable future.
- *Substantial Number of Small and Middle Market Companies.* We believe that there are more than 900 private domestic exploration and production businesses and more than 140 publicly-listed domestic exploration and production companies.

Market Opportunity

We believe the environment for investing in privately-held and micro-cap public companies in the U.S. energy infrastructure sector is attractive for the following reasons:

- *Debt Portion of Energy Finance Market is Underserved by Many Capital Providers.* We believe that many lenders have, in recent years, de-emphasized their service and product offerings to small and middle market energy companies in favor of lending to large corporate clients and managing capital markets transactions. We believe, in addition, that many capital

providers lack the necessary technical expertise to evaluate the quality of the underlying assets of small and middle market private companies and micro-cap public companies in the energy infrastructure sector and lack a network of relationships with such companies.

- *Increased Demand Among Small and Middle Market Private Companies for Capital.* We believe many private and micro-cap public companies have faced increased difficulty accessing the capital markets due to a continuing preference by investors for issuances in larger companies with more liquid securities. Such difficulties have been magnified in asset-focused and capital intensive industries such as the energy infrastructure sector. We believe that the U.S. energy infrastructure sector's high level of projected capital expenditures and continuing acquisition and divestiture activity will provide us with numerous attractive investment opportunities.
- *Investment Activity of Private Equity Capital Sponsors.* We believe there is a large pool of uninvested private equity capital available for private and micro-cap public companies, including those involved in the U.S. energy infrastructure sector. Given the anticipated positive long-term supply and demand dynamics of the energy industry and the current and expected public market valuations for companies involved in certain sectors of the energy industry, private equity capital has been increasingly attracted to the U.S. energy infrastructure sector. In particular, we believe that the public market valuations of many MLPs will continue to attract private equity capital focused on aggregating smaller U.S. energy infrastructure assets in order to meet the minimum size requirements for a public entity. We expect private equity firms will seek to leverage their investments by combining capital with senior secured loans and mezzanine debt from other sources such as ourselves.
- *Attractive Companies with Limited Access to Other Capital.* We believe there are, and will continue to be, attractive companies that will benefit from private equity investments prior to a public offering of their equity, whether as an MLP or otherwise. We also believe that there are a number of companies in the midstream and downstream segments of the U.S. energy infrastructure sector with the same stable cash flow characteristics as those being acquired by MLPs or funded by private equity capital in anticipation of contribution to an MLP. We believe that many such companies are not being acquired by MLPs or attracting private equity capital because they do not produce income that qualifies for inclusion in an MLP pursuant to the Code, are perceived by such investors as too small, or are in areas of the midstream energy infrastructure segment in which most MLPs do not have specific expertise. We believe that these companies represent attractive investment candidates for us.

Competitive Advantages

We believe that we are uniquely suited to meet the financing needs of companies within the U.S. energy infrastructure sector for the following reasons:

- *Existing Investment Platform and Focus on the Energy Infrastructure Sector.* We believe that our Advisor's current investment platform provides us with significant advantages in sourcing, evaluating, executing and managing investments. As of July 31, 2006, our Advisor managed investments of approximately \$1.8 billion in the energy infrastructure sector, including the assets of three publicly traded closed-end management investment companies focused on the energy infrastructure sector. Our Advisor created the first publicly traded closed-end management company focused primarily on investing in MLPs involved in the energy infrastructure sector, and its aggregate managed capital is among the largest of those closed-end management company advisors focused on the energy infrastructure sector.
- *Experienced Management Team.* The members of our Advisor's investment committee have an average of over 20 years of financial investment experience. Our Advisor's four senior investment professionals are responsible for the negotiation, structuring and managing of our investments and have almost 70 years of combined experience in energy, leveraged finance and private equity investing. We believe that the members of our Advisor's investment committee

and the Advisor's senior investment professionals have developed strong reputations in the capital markets, particularly in the energy infrastructure sector, that we believe affords us a competitive advantage in identifying and investing in energy infrastructure companies.

- *Disciplined Investment Philosophy.* In making its investment decisions, our Advisor intends to continue the disciplined investment approach that it has used since its founding. That investment approach emphasizes current income with the potential for enhanced returns through capital appreciation, low volatility and minimization of downside risk. Our Advisor's investment process involves an assessment of the overall attractiveness of the specific subsector of the energy infrastructure sector in which a company is involved, the prospective portfolio company's specific competitive position within that subsector, potential commodity price, supply and demand and regulatory concerns, the stability and potential growth of the prospective portfolio company's cash flows, the prospective portfolio company's management track record and incentive structure and our Advisor's ability to structure an attractive investment.
- *Flexible Transaction Structuring.* We are not subject to many of the regulatory limitations that govern traditional lending institutions such as commercial banks. As a result, we can be flexible in structuring investments and selecting the types of securities in which we invest. Our Advisor's senior investment professionals have substantial experience in structuring investments expected to balance the needs of energy infrastructure companies with appropriate risk control.
- *Extended Investment Horizon.* Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than may otherwise be desirable, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio companies. We believe our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment funds enhances our ability to generate attractive returns on invested capital.

Targeted Investment Characteristics

We anticipate that our targeted investments will have the following characteristics:

- *Long-Life Assets with Stable Cash Flows and Limited Commodity Price Sensitivity.* We anticipate that most of our investments will be made in companies with assets having the potential to generate stable cash flows over long periods of time. We intend to invest a portion of our assets in companies that own and operate assets with long useful lives and that generate cash flows by providing critical services primarily to the producers or end-users of energy. We expect to limit the direct exposure to energy commodity price risk in our portfolio. We intend to target companies that have a majority of their cash flows generated by contractual obligations.
- *Experienced Management Teams with Energy Infrastructure Focus.* We target investments in companies with management teams that have a track record of success and that often have substantial knowledge and focus in particular segments of the energy infrastructure sector or with certain types of assets. We expect that our management team's extensive experience and network of business relationships in the energy infrastructure sector will allow us to identify and attract portfolio company management teams that meet these criteria.
- *Fixed Asset-Intensive Investments.* We anticipate that most of our investments will be made in companies with a relatively significant base of fixed assets that we believe will provide for reduced downside risk compared to making investments in companies with lower relative fixed asset levels. As fixed asset-intensive companies typically have less variable cost requirements, we expect they will generate attractive cash flow growth even with limited demand-driven or supply-driven growth.

- *Limited Technological Risk.* We do not intend to target investment opportunities involving the application of new technologies or significant geological, drilling or development risk.
- *Exit Opportunities.* We focus our investments on prospective portfolio companies that we believe will generate a steady stream of cash flow to repay our loans or pay us equity dividends, as well as reinvest in their respective businesses. We expect that such internally generated cash flow will lead to the payment of dividends or interest on, and the repayment of the principal of, our investments in portfolio companies and will be a key means by which we exit from our investments over time. In addition, we seek to invest in companies whose business models and expected future cash flows offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay our investments through an initial public offering of common stock or other capital markets transactions. We believe our Advisor's investment experience will help us identify such companies.

Corporate Information

Our offices are located at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210, our telephone number is (913) 981-1020 and our website is www.tortoiseadvisors.com/tcrc.cfm. Information posted to our website should not be considered part of this prospectus.

THE OFFERING

Common shares offered by us	of our common shares, excluding of our common shares issuable pursuant to the overallotment option granted to the underwriters.
Common shares outstanding after this offering	of our common shares, excluding of our common shares issuable pursuant to the overallotment option granted to the underwriters and 772,124 shares issuable pursuant to outstanding warrants. See “Description of Capital Stock.”
Proposed NYSE symbol	“TTO”
Use of proceeds	We intend to use the net proceeds of this offering to fund investments in prospective portfolio companies in accordance with our investment objectives and the strategies described in this prospectus and for general corporate purposes. We expect to invest the proceeds of this offering within nine months; however, it could take a longer time to invest substantially all of the net proceeds, depending on the availability of appropriate investment opportunities and market conditions. Pending such investments, we expect to invest the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment. See “Use of Proceeds.”
Regulatory status	We intend to elect to be regulated as a BDC under the 1940 Act and intend to elect to be treated as a RIC under the Code, effective as of December 1, 2006.
Dividends	We intend to distribute quarterly dividends to our stockholders out of assets legally available for distribution. The amount of our quarterly dividends will be determined by our board of directors. On August 4, 2006, our board of directors declared a \$0.05 per common share special dividend and a \$0.09 per common share quarterly dividend. Both dividends are payable to our current stockholders on September 1, 2006. See “Dividends” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation — Determining Dividends Distributed to Stockholders.”
Taxation	Since our incorporation, we have been taxed as a general business corporation under Subchapter C of the Code. We intend to elect to be treated, for federal income tax purposes, as a RIC, effective as of December 1, 2006. As a RIC, we generally will not pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends although, if we use taxable subsidiaries to invest in non-traded limited partnerships, such taxable subsidiaries will pay corporate-level federal income taxes. We may also be required to pay corporate-level federal income taxes on gains built into our assets as of the effective date of our RIC election. See “Certain U.S. Federal Income Tax Considerations — Intended Election to be Taxed as a RIC.” To obtain and maintain the federal income tax benefits of RIC status, we must meet specified source-of-income and asset diversification

Investment advisor	<p>requirements and distribute annually an amount equal to at least 90% of the sum of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of assets legally available for distribution. See “Dividends.”</p> <p>Tortoise Capital Advisors, a Delaware limited liability company and registered investment advisor, serves as our investment advisor. See “Portfolio Management,” “Management” and “Advisor.”</p>
Fees	<p>Pursuant to our investment advisory agreement, we pay our Advisor a fee consisting of two components — a base management fee and an incentive fee. The base management fee is paid quarterly in arrears and is equal to 0.375% (1.5% annualized) of our total assets (including any assets purchased with any borrowed funds) at the end of such quarter.</p> <p>The incentive fee consists of two parts. The first part, the investment income fee, is calculated and payable quarterly in arrears and will equal 15% of the excess, if any, of our net investment income for the quarter over a quarterly hurdle rate equal to 2% (8% annualized) of our net assets. No investment income fee will be paid or earned until December 8, 2006.</p> <p>The second part of the incentive fee, the capital gains fee, will be determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory agreement, as of the termination date), and will equal (i) 15% of (a) our net realized capital gains on a cumulative basis from December 8, 2005 to December 31, 2006 and thereafter during each subsequent calendar year, less (b) any unrealized capital depreciation at the end of such calendar year, less (ii) the aggregate amount of all capital gains fees paid to our Advisor in prior years. Our Advisor will use at least 25% of any capital gains fees received from us at any time on or prior to December 8, 2007 to purchase our common shares in the open market. See “Advisor — Investment Advisory Agreement,” which also contains a discussion of our expenses.</p>
Sub-advisor	<p>Kenmont serves as our sub-advisor. Kenmont is a Houston, Texas based registered investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. See “Advisor — Sub-Advisor Arrangement.”</p>
Leverage	<p>We may borrow funds to make additional investments, and we may grant a security interest in our assets to a lender in connection with any such borrowings, including any borrowings by any of our subsidiaries. We may use this practice, which is known as “leverage,” to attempt to increase returns to our stockholders. However, leverage involves significant risks. See “Risk Factors.” With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. The amount of leverage that we may employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing.</p>

Dividend reinvestment plan	We intend to have a dividend reinvestment plan for our stockholders that will be effective after completion of this offering. Our plan will be an “opt out” dividend reinvestment plan. As a result, if we declare a dividend after the plan is effective, stockholders’ cash dividends will be automatically reinvested in additional common shares, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash dividends. Stockholders who receive dividends in the form of common shares will generally be subject to the same federal, state and local tax consequences as stockholders who elect to receive their dividends in cash. See “Dividend Reinvestment Plan” and “Certain U.S. Federal Income Tax Considerations — Taxation of U.S. Stockholders.”
Trading at a discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The possibility that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. Our net asset value immediately following this offering will reflect reductions resulting from the underwriting discount (sales load) and the amount of the offering expenses paid. This risk may have a greater effect on investors expecting to sell their shares soon after completion of this offering. We cannot predict whether our shares will trade above, at, or below net asset value.
Anti-takeover provisions	Our board of directors is divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may deter hostile takeovers or proxy contests, as may certain provisions of Maryland law, our Charter or Bylaws or other measures adopted by us. See “Certain Provisions of Our Charter and Bylaws and the Maryland General Corporation Law.”
Risk factors	Investing in our common shares involves certain risks relating to our structure and our investment objective that you should consider before deciding whether to invest in our common shares. In addition, we expect that our portfolio will consist primarily of securities issued by privately-held energy infrastructure companies. These investments may involve a high degree of business and financial risk, and they are generally illiquid. Our portfolio companies typically will require additional outside capital beyond our investment in order to succeed. A large number of entities compete for the same kind of investment opportunities as we seek. We may borrow funds to make our investments in portfolio companies. As a result, we would be exposed to the risks of leverage, which may be considered a speculative investment technique. Borrowings magnify the potential for gain and loss on amounts invested and, therefore increase the risks associated with investing in our common shares. Also, we are subject to certain risks associated with valuing our portfolio, changing interest rates, accessing additional capital, fluctuating quarterly results and operating in a regulated environment. See “Risk Factors” for a discussion of factors you should carefully consider before deciding whether to invest in our common shares.

Available information

We have filed with the Securities and Exchange Commission, or SEC, a registration statement on Form N-2, including any amendments thereto and related exhibits, under the Securities Act of 1933, which we refer to as the Securities Act, with respect to our common shares offered by this prospectus. The registration statement contains additional information about us and our common shares being offered by this prospectus.

After completion of this offering, our common shares will be registered under the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and we will be required to file reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website, at <http://www.sec.gov>, that contains reports, proxy and information statements, and other information regarding issuers, including us, that file documents electronically with the SEC.

FEES AND EXPENSES

The following table is intended to assist you in understanding the various costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary.

Stockholder transaction expenses (as a percentage of offering price):	
Sales load	7.0%(1)
Offering expenses	%(2)
Dividend reinvestment plan expenses	<u>0.0%(3)</u>
Total stockholder transaction expenses paid	<u> </u> %
Estimated annual expenses following this offering (as a percentage of consolidated net assets attributable to common shares) (4):	
Management fee payable under advisory agreement	%(5)
Incentive fees payable under investment advisory agreement	0.0%(6)
Interest payments on borrowed funds	%(7)
Other expenses	<u> </u> %(8)
Total annual expenses (estimated)	<u> </u> %

- (1) The sales load (underwriting discounts) for shares sold in this offering, which is a one-time fee paid to the underwriters, is the only sales load paid in this offering.
- (2) The percentage reflects estimated offering expenses of approximately \$ and is based on the shares offered in this offering (excluding shares issuable pursuant to the over-allotment option granted to the underwriters).
- (3) The expenses associated with the administration of our dividend reinvestment plan are included in “Other expenses.” The participants in our dividend reinvestment plan will pay a pro rata share of brokerage commissions incurred with respect to open market purchases, if any, made by the Plan Agent under the Plan. For more details about the plan, see “Dividend Reinvestment Plan.”
- (4) “Net assets attributable to common shares” equals net assets (i.e., total assets less total liabilities) of \$ million at , 2006 plus the anticipated net proceeds from this offering and the leverage assumptions reflected in footnote (7) below.
- (5) Our management fee is 1.5% of our Managed Assets. See “Advisor — Investment Advisory Agreement — Management Fee.”
- (6) We pay our Advisor a fee consisting of two components — a base management fee and an incentive fee. The base management fee is paid quarterly in arrears and is equal to 0.375% (1.5% annualized) of our Managed Assets at the end of such quarter. The incentive fee consists of two parts. The first part, the investment income fee, is calculated and payable quarterly in arrears and will equal 15% of the excess, if any, of our net investment income for the quarter over a quarterly hurdle rate equal to 2% (8% annualized) of our net assets. No investment income fee will be paid or earned until December 8, 2006. The second part of the incentive fee, the capital gains fee, will be determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory agreement, as of the termination date), and will equal (i) 15% of (a) our net realized capital gains on a cumulative basis from December 8, 2005 to December 31, 2006 and thereafter during each subsequent calendar year, less (b) any unrealized capital depreciation at the end of such calendar year, less (ii) the aggregate amount of all capital gains fees paid to our Advisor in prior years. Upon completion of this offering, our Advisor will use at least 25% of any capital gains fee received on or prior to December 8, 2007 to purchase our common shares in the open market. We may have capital gains and interest income that could result in the payment of an incentive fee to our Advisor in the first year after completion of this offering. However, as we cannot predict whether we will meet the necessary performance targets, we have assumed a base incentive fee of 0% in this table.

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- (7) We may borrow funds to make investments, including before we have fully invested the proceeds of this offering, to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities, if the market for debt financing presents attractively priced debt financing opportunities, or if our board of directors determines that leveraging our portfolio would be in our best interests and the best interests of our stockholders, though we have not decided whether, and to what extent, we will finance portfolio investments using debt. The table above assumes we borrow for investment purposes an amount equal to 33.3% of our total assets (including such borrowed funds) and that the annual interest rate on the amount borrowed is % . The table presented above estimates what our annual expenses would be, stated as a percentage of our consolidated net assets attributable to our common shares. The table presented below, unlike the table presented above, assumes we do not use any form of leverage and, as a result, our total annual expenses (estimated) would be as follows:

Management fee	1.5%
Incentive fees payable under our Investment Advisory Agreement	0.0%
Other expenses	%
Total annual expenses (estimated)	%

- (8) “Other expenses” includes our estimated overhead expenses, including payments to our transfer agent, our administrative agent, and legal and accounting expenses. The holders of our common shares indirectly bear the cost associated with such other expenses.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common shares. These amounts are based upon payment of an assumed 7.0% sales load (the sales load paid with respect to our common shares sold in this offering) and our payment of annual operating expenses at the levels set forth in the table above.

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$	\$	\$	\$

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or lesser than those shown. Moreover, while the example assumes, as required by the applicable rules of the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan may receive common shares valued at the market price in effect at that time. This price may be at, above or below net asset value. See “Dividend Reinvestment Plan” for additional information regarding our dividend reinvestment plan.

SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and related notes included in this prospectus. Financial information for the period from December 8, 2005 to May 31, 2006 presented below and for the fiscal quarters ended February 28, 2006 and May 31, 2006 have been derived from our unaudited financial statements included elsewhere herein. The historical data is not necessarily indicative of results to be expected for any future period.

	Period from December 8, 2005 to May 31, 2006(1)	Fiscal Quarter Ended	
		February 28, 2006(2)	May 31, 2006
Statement of operations data:			
Investment income	\$ 751,001	\$ 403,505	\$347,496
Advisory fees	306,163	136,796	169,367
All other expenses	179,855	97,925	81,930
Total operating expenses	\$ 486,018	\$ 234,721	\$251,297
Current tax expense	95,955	61,100	34,855
Increase in net assets resulting from operations	\$ 169,028	\$ 107,684	\$61,344

	As of	
	February 28, 2006(2)	May 31, 2006
Statement of assets and liabilities data:		
Cash and cash equivalents	\$42,845,831	\$ 25,758,402
Investments	0	16,999,991
Other assets	160,044	124,730
Total assets	\$43,005,875	\$ 42,883,123
Total liabilities	494,720	271,608
Total net assets	\$42,511,155	\$ 42,611,515
Net asset value per share	\$13.76	\$13.80

- (1) We were incorporated on September 8, 2005 but did not commence operations until December 8, 2005. As a result, we have not completed our first full fiscal year.
- (2) We did not commence operations until December 8, 2005. As a result, the fiscal quarter ended February 28, 2006 was not a full fiscal quarter.

FORWARD-LOOKING STATEMENTS

The matters discussed in this prospectus, as well as in future oral and written statements by our management, that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties that could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other similar words. Important assumptions include our ability to originate new investments, achieve certain levels of return, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this prospectus include statements as to:

- our future operating results;
- our business prospects and the prospects of our existing and prospective portfolio companies;
- the impact of investments that we expect to make;
- our informal relationships with third parties;
- the dependence of our future success on the general economy and the domestic energy infrastructure sector;
- the ability of our portfolio companies to achieve their objectives;
- our ability to make investments consistent with our investment objective, including with respect to the size, nature and terms of our investments;
- our expected financings;
- our regulatory structure and tax status;
- our ability to operate as a business development company and a regulated investment company;
- our ability to cause a subsidiary to become a licensed Small Business Investment Company;
- the adequacy of our cash resources and working capital and our anticipated use of proceeds;
- the timing of cash flows, if any, from the operations of our portfolio companies; and
- the size or growth prospects of the energy infrastructure sector or any category thereof.

For a discussion of factors that could cause our actual results to differ from forward-looking statements contained in this prospectus, please see the discussion under “Risk Factors.” You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this prospectus.

RISK FACTORS

An investment in our common shares should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in our investments, there can be no assurance that we will achieve our investment objective. You should carefully consider the risks described below before making an investment decision.

Risks Related to Our Operations

We are a new company with limited operating history.

We were incorporated in Maryland on September 8, 2005. We completed our private placement of common shares and warrants on January 9, 2006. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objective and that the value of an investment in our common shares could decline substantially.

Our Advisor has a limited operating history and will serve as investment advisor to other funds, which may create conflicts of interest not in the best interest of us or our stockholders.

Our Advisor was formed in October 2002 to provide portfolio management services to institutional and high-net worth investors seeking professional management of their energy infrastructure investments. Our Advisor has been managing investments in portfolios of MLPs and other issuers in the energy infrastructure sector since that time, including management of the investments of TYG since February 7, 2004, TYY since May 31, 2005 and TYN since October 31, 2005. From time to time the Advisor may pursue areas of investments in which the Advisor has more limited experience.

We, TYG, TYY and TYN have the same investment advisor, rely on some of the same personnel and will use the same investment committee. Our Advisor's services under the investment advisory agreement are not exclusive, and it is free to furnish the same or similar services to other entities, including businesses that may directly or indirectly compete with us so long as its services to us are not impaired by the provision of such services to others. In addition, the publicly traded funds and private accounts managed by our Advisor may make investments similar to investments that we may pursue. Although we currently are not generally targeting similar investment opportunities as other entities advised by our Advisor, this may change in the future. Accordingly, our Advisor and the members of its investment committee may have obligations to other investors, the fulfillment of which might not be in the best interests of us or our stockholders, and it is possible that our Advisor might allocate investment opportunities to other entities, and thus might divert attractive investment opportunities away from us. However, our Advisor intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies, and in accordance with our written allocation policies and procedures, so that we will not be disadvantaged in relation to any other client.

In addition, three of the five members of our investment committee are affiliates of, but not employees of, our Advisor, and each has other significant responsibilities with Fountain Capital, and which conducts businesses and activities of its own in which our Advisor has no economic interest. If these separate activities become significantly greater or have greater profit potential than our Advisor's activities, there could be material competition for the efforts of these members of the investment committee.

We are dependent upon our Advisor's key personnel for our future success.

We depend on the diligence, expertise and business relationships of the senior management of our Advisor. The Advisor's senior investment professionals and senior management will evaluate, negotiate, structure, close and monitor our investments. Our future success will depend on the continued service of the senior management team of our Advisor. The departure of one or more senior investment professionals of our Advisor, and particularly Terry Matlack, Abel Mojica III, Ed Russell or David Schulte could have a material adverse effect on our ability to achieve our investment objective and on the value of our common shares and warrants. We will rely on certain employees of the Advisor, especially Messrs. Matlack and Schulte, who will

be devoting significant amounts of their time to non-Company related activities of the Advisor. To the extent Msrs. Matlack or Schulte and other employees of the Advisor who are not committed exclusively to us are unable to, or do not, devote sufficient amounts of their time and energy to our affairs, our performance may suffer.

The incentive fee payable to our Advisor may create conflicting incentives.

The incentive fee payable by us to our Advisor may create an incentive for our Advisor to make investments on our behalf that are riskier or more speculative than would be the case in the absence of such a compensation arrangement. Because a portion of the incentive fee payable to our Advisor is calculated as a percentage of the amount of our net investment income that exceeds a hurdle rate, our Advisor may imprudently use leverage to increase the return on our investments. Under some circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common shares. In addition, our Advisor will receive an incentive fee based, in part, upon net realized capital gains on our investments. Unlike the portion of the incentive fee based on net investment income, there is no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, our Advisor may have an incentive to pursue investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative or long term securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns or longer return cycles.

We may be required to pay an incentive fee even in a fiscal quarter in which we have incurred a loss. For example, if we have pre-incentive fee net investment income above the hurdle rate and realized capital losses, we will be required to pay the investment income portion of the incentive fee.

The investment income portion of the incentive fee payable by us will be computed and paid on income that may include interest that has been accrued but not yet received in cash, and the collection of which is uncertain or deferred. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the investment income portion of the incentive fee will become uncollectible. Our Advisor will not be required to reimburse us for any such incentive fee payments.

There is no assurance that we will become a RIC, and our Advisor has no experience in managing a BDC and has limited experience managing a RIC.

Although we intend to elect to be treated as a RIC under the Code effective as of December 1, 2006, we will not, at least initially, be a RIC. There is no assurance that we will become a RIC. We have no operating results under either the BDC or RIC regulatory frameworks that can demonstrate either their effect on our business or our ability to manage our business within these frameworks. In addition, our Advisor has no experience in establishing or managing a BDC and has limited experience managing a RIC. Our Advisor has no experience serving as investment advisor to a BDC. Additionally, the time required to establish or maintain a BDC or RIC could distract our Advisor from its other duties. See “Certain U.S. Federal Income Tax Considerations” and “Regulation.”

Because we intend to distribute substantially all of our income to our stockholders upon our intended election to be treated as a RIC, we will continue to need additional capital to finance our growth. If additional funds are unavailable or not available on favorable terms, our ability to grow and execute our business plan will be impaired.

In order to satisfy the tax requirements applicable to a RIC, to avoid payment of excise taxes and to minimize or avoid payment of income taxes, we intend to distribute to our stockholders substantially all of our net ordinary income and realized net capital gains except for certain net long-term capital gains recognized after we become a RIC, which we intend to retain, pay applicable income taxes with respect thereto, and elect to treat as deemed distributions to our stockholders.

Our business will require a substantial amount of capital in addition to the proceeds of this offering if we are to grow. We may acquire additional capital from the issuance of securities senior to our common shares, including borrowings or other indebtedness or the issuance of additional securities. However, we may not be able to raise additional capital in the future on favorable terms or at all. Following our intended election to be regulated as a BDC, we may issue debt securities, other instruments of indebtedness or preferred stock, and we may borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. Our ability to pay dividends or issue additional senior securities is restricted if our asset coverage ratio is not at least 200%. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous. As a result of issuing senior securities, we will also be exposed to typical risks associated with leverage, including increased risk of loss. If we issue preferred securities which will rank “senior” to our common shares in our capital structure, the holders of such preferred securities may have separate voting rights and other rights, preferences or privileges more favorable than those of our common shares, and the issuance of such preferred securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for securityholders or otherwise be in our best interest.

To the extent our ability to issue debt or other senior securities is constrained, we will depend on issuances of additional common shares to finance our operations. As a BDC, we generally will not be able to issue additional common shares at a price below net asset value without first obtaining required approvals of our stockholders and our independent directors which could constrain our ability to issue additional equity. If we raise additional funds by issuing more of our common shares or senior securities convertible into, or exchangeable for, our common shares, the percentage ownership of our stockholders at that time would decrease, and you may experience dilution.

We will continue to be subject to corporate level income tax if we are unable to qualify as a RIC and as a result of our expected use of taxable subsidiaries if we do qualify as a RIC.

To qualify as a RIC, by the end of our first taxable year as a RIC we must eliminate any “earnings and profits” accumulated while we were taxed as a general business corporation. We intend to accomplish this by paying to our stockholders one or more cash dividends representing substantially all of our accumulated earnings and profits, if any, for the period from our inception through the date on which our intended RIC election becomes effective. We will need to manage our cash or have access to cash to enable us to pay such dividend or dividends. A delay in our RIC election increases the likelihood that we will hold assets with “built-in gains” as of the effective date of our RIC election. See “Certain U.S. Federal Income Tax Considerations — Intended Election to be Taxed as a RIC.”

Following our intended election to be treated as a RIC, we will have to meet certain income source, asset diversification and annual distribution requirements to maintain our status as a RIC and to obtain the benefits of RIC status.

To satisfy the annual distribution requirement, we will have to distribute to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses. We might have difficulty satisfying the distribution requirement because in certain cases we may have to recognize income for tax purposes before or without receiving cash representing such income. Certain features of the debt instruments that we may hold, such as contracted payment-in-kind interest, which represents contractual interest added to the loan balance and due at the end of the loan term, will cause such instruments to generate “original issue discount” for tax purposes. We will be required to recognize for tax purposes original issue discount as ordinary income prior to the receipt of cash representing such income. In addition, any warrants that we receive in connection with our debt investments will generally be valued as part of the negotiation process with the particular portfolio company. As a result, a portion of the aggregate purchase price for the debt investments and warrants will be allocated to the warrants we receive. This also will generally result in original issue discount. It is possible

that original issue discount arising from these warrants may be significant and these warrants may not produce distributable cash for us at the same time as we would be required to make distributions with respect to the related original issue discount. We may be required to include in income for tax purposes certain other amounts that we may not receive in cash. If we do not have sufficient distributable cash, we may have to sell some of our assets at times not considered advantageous, raise additional debt or equity capital, or reduce new investment originations to meet the distribution requirement. In addition, due to the asset coverage test applicable to us after an election to be regulated as a BDC, we may be limited in our ability to make distributions. Also, restrictions and provisions in any future credit facilities or debt securities may limit our ability to make distributions. If we are limited in our ability to make distributions or are unable to obtain cash from other sources to satisfy the distribution requirement, we may fail to obtain the benefits of RIC status.

To satisfy the asset diversification requirement we will have to diversify our holdings so that at the end of each quarter of the taxable year: (i) at least 50% of the value of our assets consists of cash, cash items, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and (ii) no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of (a) one issuer, (b) two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same similar or related trades or business or (c) one or more qualified publicly traded partnerships.

Equity securities issued by certain non-traded limited partnerships in which we may invest may not produce qualifying income for purposes of determining our compliance with the 90% gross income test applicable to RICs. As a result, we expect to form one or more wholly owned taxable subsidiaries to make and hold certain investments in accordance with our investment objective. The dividends received from such taxable subsidiaries will be qualifying income for purposes of the 90% gross income test. In general, the amount of cash received from such wholly owned subsidiaries will equal the amount of cash received from the limited partnerships as reduced by income taxes paid by such subsidiaries.

Although we intend that any investment in such taxable subsidiaries and non-traded limited partnerships will be within the 25% limit set forth above, it is possible that the IRS will not respect our determinations that certain taxable subsidiaries and non-traded limited partnerships are not engaged in the same or similar trades or businesses or related trades or businesses. If any such controlled entities are determined to be engaged in related trades or businesses, our ownership in them would be aggregated, possibly causing a violation of the 25% limit set forth above. Failure to meet the diversification tests may result in our having to quickly dispose of certain investments or raise additional capital at times we would not consider advantageous in order to prevent the loss of RIC status. Since most of our investments will be illiquid, such dispositions, even if possible, may not be made at prices advantageous to us and could result in substantial losses.

If we fail to maintain our qualification as a RIC for any reason, we would become subject to corporate level income taxes on all of our income, regardless of whether or not the income was distributed. Even if we were able to maintain our qualification as a RIC, we generally would be subject to a corporate level tax on income we do not distribute. Moreover, if we are a RIC and do not distribute at least 98% of our income, we generally would be subject to a 4% excise tax on certain undistributed income. Any such corporate level federal income tax or excise tax would not be deductible by us or our stockholders and would reduce the funds otherwise available to us for use in our operations or for distribution to our stockholders. See "Certain U.S. Federal Income Tax Considerations — Taxation as a RIC."

As a BDC, we will be subject to limitations on our ability to engage in certain transactions with affiliates.

As a result of our intended election to be regulated as a BDC, we will be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our independent directors or the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities is our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of our independent directors.

The 1940 Act also prohibits “joint” transactions with an affiliate, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors. If a person acquires more than 25% of our voting securities, we will be prohibited from buying or selling any security from or to such person, or entering into joint transactions with such person, absent the prior approval of the SEC. Our Advisor and TYG have previously applied to the SEC for exemptive relief to permit TYG, TYY, TYN and other clients of our Advisor, including us, to co-invest in negotiated private placements of securities. Unless and until such an exemptive order is obtained, we will not co-invest with affiliates in negotiated private placement transactions.

If our investments are deemed not to be qualifying assets, we could lose our status as a BDC or be precluded from investing according to our current business plan.

Following our intended election to be regulated as a BDC, we must not acquire any assets other than “qualifying assets” unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. If we acquire debt or equity securities from an issuer that has outstanding marginable securities at the time we make such an investment, these acquired assets cannot be treated as qualifying assets. This result is dictated by the definition of “eligible portfolio company” under the 1940 Act, which in part looks to whether a company has outstanding marginable securities.

Amendments promulgated in 1998 by the Federal Reserve expanded the definition of a marginable security under the Federal Reserve’s margin rules to include any non-equity security. Thus, any debt securities issued by any entity are marginable securities under the Federal Reserve’s current margin rules. As a result, the staff of the SEC has raised the question as to whether a private company that has outstanding debt securities would qualify as an “eligible portfolio company” under the 1940 Act.

Until the question raised by the staff of the SEC pertaining to the Federal Reserve’s 1998 change to its margin rules has been addressed by legislative, administrative or judicial action, we intend to treat as qualifying assets only those debt and equity securities that are issued by a private company that, based on our interpretation, has no marginable securities outstanding at the time we purchase such securities or those that otherwise qualify as an “eligible portfolio company” under the 1940 Act.

The SEC has issued proposed rules to correct the unintended consequence of the Federal Reserve’s 1998 margin rule amendments of apparently limiting the investment opportunities of BDCs. In general, the SEC’s proposed rules would define an eligible portfolio company as any company that does not have securities listed on a national securities exchange or association. We do not believe that these proposed rules, if adopted, will have a material adverse effect on our operations.

If there were a court ruling or regulatory decision that conflicts with our interpretations, our status as a BDC may be jeopardized or we may be precluded from investing in the manner described in this prospectus, either of which would have a material adverse effect on our business, financial condition and results of operations. Such a ruling or decision also may require that we dispose of investments, which could have a material adverse effect on us and our stockholders, because even if we were successful in finding a buyer, we may have difficulty in finding a buyer to purchase such investments on favorable terms or in a sufficient time frame.

We may choose to invest a portion of our portfolio in investments that may be considered highly speculative and that could negatively impact our ability to pay dividends and cause you to lose part of your investment.

The 1940 Act permits a BDC to invest up to 30% of its assets in investments that do not meet the test for “qualifying assets.” Such investments may be made by us with the expectation of achieving a higher rate of return or increased cash flow with a portion of our portfolio and may fall outside of our targeted investment criteria. These investments may be made even though they may expose us to greater risks than our other investments and may consequently expose our portfolio to more significant losses than may arise from our other investments. We may invest up to 30% of our total assets in assets that are non qualifying assets in among other things, high yield bonds, bridge loans, distressed debt, commercial loans, private equity, securities

of public companies or secondary market purchases of securities of target portfolio companies. Such investments could impact negatively our ability to pay you dividends and cause you to lose part of your investment.

If we incur debt, it could increase the risk of investing in us.

We may incur debt to increase our ability to make investments. Lenders from whom we may borrow money or holders of our debt securities will have fixed dollar claims on our assets that are superior to the claims of our stockholders, and we may grant a security interest in our assets in connection with our debt. In the case of a liquidation event, those lenders or note holders would receive proceeds before our stockholders. In addition, debt, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Leverage is generally considered a speculative investment technique. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common shares to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause the net asset value attributable to our common shares to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common shares. Our ability to service any debt that we incur will depend largely on our financial performance and the performance of our portfolio companies and will be subject to prevailing economic conditions and competitive pressures.

We operate in a highly competitive market for investment opportunities.

We compete with public and private funds, commercial and investment banks and commercial financing companies to make the types of investments that we plan to make in the U.S. energy infrastructure sector. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act would impose on us as a result of our election to be regulated as a BDC and that we will be required to comply with in order to qualify as a RIC.

We may not be able to invest the proceeds of this offering as quickly as expected in the energy infrastructure sector, and our interim investments will generate lower rates of return.

We anticipate that it may take nine months to invest substantially all of the net proceeds of this offering in securities meeting our investment objective. Pending investment, we expect the proceeds of this offering will be invested in cash, cash equivalents, U.S. government securities and other high quality debt instruments that mature within one year or less from the date of investment. As our temporary investments may generate lower projected returns than our core investment strategy, we may experience lower returns during this period and may not be able to pay dividends during this period comparable to the dividends that we may be able to pay when the net proceeds of this offering are fully invested in securities meeting our investment objective. See "Use of Proceeds."

We may allocate the net proceeds from this offering in ways with which you may not agree.

We will have significant flexibility in investing the net proceeds of this offering and may use the net proceeds from this offering in ways with which investors may not agree or for purposes other than those contemplated at the time of this offering or that are not consistent with our targeted investment characteristics.

We have not identified specific investments in which to invest all of the proceeds of this offering.

As of the date of this prospectus, we have not entered into definitive agreements for any specific investments in which to invest the net proceeds of this offering. As a result, you will not be able to evaluate the manner in which we invest or the economic merits of any investments we make with the net proceeds of this offering prior to your purchase of common shares in this offering.

Our quarterly results may fluctuate.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rates payable on the debt investments or the dividend rates on the equity investments we make, the default rates on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses and the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our portfolio may be concentrated in a limited number of portfolio companies.

We currently have investments in a limited number of portfolio companies. One or two of our portfolio companies may constitute a significant percentage of our total portfolio. An inherent risk associated with this investment concentration is that we may be adversely affected if one or two of our investments perform poorly or if we need to write down the value of any one investment. Financial difficulty on the part of any single portfolio company will expose us to a greater risk of loss than would be the case if we were a “diversified” company holding numerous investments.

Our anticipated investments in privately-held companies present certain challenges, including the lack of available information about these companies and a greater inability to liquidate our investments in an advantageous manner.

We primarily make investments in privately-held companies. Generally, little public information will exist about these companies, and we will be required to rely on the ability of our Advisor to obtain adequate information to evaluate the potential risks and returns involved in investing in these companies. If our Advisor is unable to obtain all material information about these companies, including with respect to operational, regulatory, environmental, litigation and managerial risks, our Advisor may not make a fully-informed investment decision, and we may lose some or all of the money invested in these companies. In addition, our Advisor may inappropriately value the prospects of an investment, causing us to overpay for such investment and fail to receive an expected or projected return on its investment. Substantially all of these securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of these investments may make it difficult for us to sell such investments at advantageous times and prices or in a timely manner. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we previously have recorded our investments. We also may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or one of our affiliates have material non-public information regarding such portfolio company.

Most of our portfolio investments are and will continue to be recorded at fair value as determined in good faith by our board of directors. As a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

Most of our investments are and will be in the form of securities or loans that are not publicly traded. The fair value of these investments may not be readily determinable. We will value these investments quarterly at fair value as determined in good faith by our board of directors. We expect that our board of directors may retain an independent valuation firm, as requested from time to time by the independent directors, to help them in making fair value determinations. The types of factors that may be considered in fair value pricing of an investment include the nature and realizable value of any collateral, the portfolio company’s earnings and

ability to make payments, the markets in which the portfolio company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations are inherently uncertain, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. As a result, we may not be able to dispose of our holdings at a price equal to or greater than the determined fair value, which could have a negative impact on our net asset value.

Unrealized decreases in the value of investments in our portfolio may impact the value of our common shares and may reduce our income for distribution.

As a result of our becoming a regulated investment company, we will be required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by our board of directors. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our investment portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the loans whose market values or fair values decreased. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

When we are a debt or minority equity investor in a portfolio company, we may not be in a position to control that portfolio company.

When we make minority equity investments or invest in debt, we will be subject to the risk that a portfolio company may make business decisions with which we may disagree, and that the stockholders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investments.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

Portfolio companies in which we intend to invest usually will have, or may be permitted to incur, debt that ranks senior to, or equally with, our investments, including debt investments. As a result, payments on such securities may have to be made before we receive any payments on our investments. For example, these debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to our investments. These debt instruments will usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under such debt. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying its senior creditors, a portfolio company may not have any remaining assets to use to repay its obligation to us. In the case of debt ranking equally with our investments, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

We expect our debt investments will generally be unsecured and even if we make a secured loan, if the assets securing a loan we make decrease in value, we may not have sufficient collateral to cover losses.

We believe our portfolio companies generally will be able to repay our debt investments from their available capital, from future capital-raising transactions or from cash flow from operations. We expect generally that our debt investments that we make will be unsecured. However, in the event we take a security interest in the available assets of a portfolio company, there is a risk that the collateral securing our investment may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, our lien could be subordinated to claims of other creditors. In addition, a deterioration in a portfolio company's financial

condition and prospects, including its inability to raise additional capital, may be accompanied by a deterioration in the value of the collateral for the investment. Moreover, we may not have a first lien position on the collateral. Consequently, the fact that investment is secured does not guarantee that we will receive principal and interest payments according to the investment's terms or that we will be able to collect on the investment should we be forced to enforce our remedies. In addition, a portion of the assets securing our investment may be in the form of intellectual property, if any, inventory and equipment and, to a lesser extent, cash and accounts receivable. Intellectual property, if any, that is securing our investment could lose value if, among other things, the company's rights to the intellectual property are challenged or if the company's license to the intellectual property is revoked or expires. Inventory may not be adequate to secure our investment if our valuation of the inventory at the time we made the loan was not accurate or if there is a reduction in the demand for the inventory. Similarly, any equipment securing our loan may not provide us with the anticipated security if there are changes in technology or advances in new equipment that render the particular equipment obsolete or of limited value or if the company fails to adequately maintain or repair the equipment. Any one or more of the preceding factors could materially impair our ability to recover principal in a foreclosure.

If our investments do not meet our performance expectations, you may not receive distributions.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. See "Regulation." Also, restrictions and provisions in any future credit facilities and debt securities may limit our ability to make distributions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including failure to obtain, or possible loss of, the federal income tax benefits allowable to RICs. See "Certain U.S. Federal Income Tax Considerations — Taxation as a RIC." We cannot assure you that you will receive distributions at a particular level or at all.

The lack of liquidity in our investments may adversely affect our business, and if we need to sell any of our investments, we may not be able to do so at a favorable price. As a result, we may suffer losses.

We generally expect to invest in debt securities with terms of 5 to 10 years and hold such investments until maturity, and we do not expect that our related holdings of equity securities will provide us with liquidity opportunities in the near-term. We expect to invest in companies whose securities are not publicly-traded, and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. However, to maintain our intended election to be regulated as a BDC and as a RIC, we may have to dispose of investments if we do not satisfy one or more of the applicable criteria under the respective regulatory frameworks. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

We will be exposed to risks associated with changes in interest rates.

Generally, when market interest rates rise, the values of debt securities decline, and vice versa. During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing us to reinvest in lower yielding securities. This is known as call or prepayment risk. Lower grade securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem a lower grade obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

We may not have the funds to make additional investments in our portfolio companies.

After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the exercise of a warrant to purchase common stock. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected yield on the investment.

It is likely that the terms of any long-term or revolving credit facility we may enter into in the future could constrain our ability to grow our business.

While there can be no assurance that we will be able to borrow from banks or other financial institutions, we expect that we will at some time in the future obtain a long-term or revolving credit facility. We expect such a facility to contain customary default provisions, such as a minimum net worth amount, a profitability test, and a restriction on changing our business and loan quality standards. An event of default under any credit facility would likely result, among other things, in termination of the availability of further funds under that facility and an accelerated maturity date for all amounts outstanding under the facility, which would likely disrupt our business and, potentially, the portfolio companies whose loans we financed through the facility. This could reduce our revenues and, by delaying any cash payment allowed to us under our facility until the lender has been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and maintain our expected status as a RIC.

If a wholly-owned subsidiary of ours becomes licensed by the SBA, we, and that subsidiary, will be subject to SBA regulations.

We are currently seeking qualification as a small business investment company (“SBIC”) for a to-be-formed wholly-owned subsidiary which will be regulated by the U.S. Small Business Administration (“SBA”). Under current SBA regulations, a licensed SBIC can provide capital to those entities that have a tangible net worth not exceeding \$18 million and an average annual fully taxed net income not exceeding \$6 million for the two most recent fiscal years. In addition, a licensed SBIC must devote 20% of its investment activity to those entities that have a tangible net worth not exceeding \$6 million and an average fully taxed net income not exceeding \$2 million for the two most recent fiscal years. The SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on factors such as the number of employees and gross sales. The SBA regulations permit licensed SBICs to make long term loans to small businesses, invest in the equity securities of such businesses, and provide them with consulting and advisory services. Further, the SBA regulations require that a licensed SBIC be periodically examined and audited by the SBA staff to determine its compliance with the relevant SBA regulations. Failure to comply with the SBA regulations could result in the loss of the SBIC license and the resulting inability to participate in the SBA-sponsored debenture program. The SBA also imposes a limit on the maximum amount that may be borrowed by any single SBIC. The SBA prohibits, without prior SBA approval, a “change of control” of a SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of a licensed SBIC.

Changes in laws or regulations or in the interpretations of laws or regulations could significantly affect our operations and cost of doing business.

We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, we may have to incur significant expenses in order to comply, or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, or fail to obtain licenses that may become

necessary for the conduct of our business, we may be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

Our internal controls over financial reporting may not be adequate and our independent auditors may not be able to certify as to their adequacy, which could have a significant and adverse effect on our business and reputation.

We are evaluating our internal controls over financial reporting. We plan to design enhanced processes and controls to address any issues that might be identified. As a result, we expect to incur significant additional expenses in the near term, which will negatively impact our financial performance and our ability to make distributions. This process also will result in a diversion of management's time and attention. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations and may not be able to ensure that the process is effective or that the internal controls are or will be effective in a timely manner. Beginning with our fiscal year ending November 30, 2007, our management will be required to report on our internal controls over financial reporting pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC thereunder. We will then be required to review on an annual basis our internal controls over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal controls over financial reporting. There can be no assurance that we will successfully identify and resolve all issues required to be disclosed prior to becoming a public company or that our quarterly reviews will not identify additional material weaknesses.

Risks Related to an Investment in the U.S. Energy Infrastructure Sector

Our portfolio is and will continue to be concentrated in the energy infrastructure sector, which will subject us to more risks than if we were broadly diversified.

We invest primarily in privately-held and micro-cap public companies in the U.S. energy infrastructure sector. Because we are specifically focused on the energy infrastructure sector, investments in our common shares may present more risks than if we were broadly diversified over numerous sectors of the economy. Therefore, a downturn in the U.S. energy infrastructure sector would have a larger impact on us than on an investment company that does not concentrate in one sector of the economy. The energy infrastructure sector can be significantly affected by the supply of and demand for specific products and services, the supply and demand for crude oil, natural gas, and other energy commodities, the price of crude oil, natural gas, and other energy commodities, exploration, production and other capital expenditures, government regulation, world and regional events and economic conditions. At times, the performance of securities of companies in the energy infrastructure sector may lag the performance of securities of companies in other sectors or the broader market as a whole.

The portfolio companies in which we invest are subject to variations in the supply and demand of various energy commodities.

A decrease in the production of natural gas, natural gas liquids, crude oil, coal, refined petroleum products or other energy commodities, or a decrease in the volume of such commodities available for transportation, mining, processing, storage or distribution, may adversely impact the financial performance of companies in the energy infrastructure sector. Production declines and volume decreases could be caused by various factors, including catastrophic events affecting production, depletion of resources, labor difficulties, political events, OPEC actions, environmental proceedings, increased regulations, equipment failures and unexpected maintenance problems, failure to obtain necessary permits, unscheduled outages, unanticipated expenses, inability to successfully carry out new construction or acquisitions, import supply disruption, increased competition from alternative energy sources or related commodity prices. Alternatively, a sustained decline in demand for such commodities could also adversely affect the financial performance of companies in the energy infrastructure sector. Factors that could lead to a decline in demand include economic recession or other adverse economic conditions, higher fuel taxes or governmental regulations, increases in fuel economy, consumer shifts to the use of alternative fuel sources, changes in commodity prices or weather.

Many companies in the energy infrastructure sector are subject to the risk that they, or their customers, will be unable to replace depleted reserves of energy commodities.

Many companies in the energy infrastructure sector are either engaged in the production of natural gas, natural gas liquids, crude oil, refined petroleum products or coal, or are engaged in transporting, storing, distributing and processing these items on behalf of producers. To maintain or grow their revenues, many customers of these companies need to maintain or expand their reserves through exploration of new sources of supply, through the development of existing sources, through acquisitions, or through long-term contracts to acquire reserves. The financial performance of companies in the energy infrastructure sector may be adversely affected if the companies to whom they provide service are unable to cost-effectively acquire additional reserves sufficient to replace the natural decline.

Our portfolio companies are and will be subject to extensive regulation because of their participation in the energy infrastructure sector.

Companies in the energy infrastructure sector are subject to significant federal, state and local government regulation in virtually every aspect of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future that likely would increase compliance costs and may adversely affect the financial performance of companies in the energy infrastructure sector and the value of our investments in those companies.

Our portfolio companies are and will be subject to the risk of fluctuations in commodity prices.

The operations and financial performance of companies in the energy infrastructure sector may be directly affected by energy commodity prices, especially those companies in the energy infrastructure sector owning the underlying energy commodity. Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand or supply, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices, which may lead to a reduction in production or supply, may also negatively impact the performance of companies in the energy infrastructure sector that are solely involved in the transportation, processing, storing, distribution or marketing of commodities. Volatility of commodity prices may also make it more difficult for companies in the energy infrastructure sector to raise capital to the extent the market perceives that their performance may be tied directly or indirectly to commodity prices. Historically, energy commodity prices have been cyclical and exhibited significant volatility.

Our portfolio companies are and will be subject to the risk of extreme weather patterns.

Extreme weather patterns, such as hurricane Ivan in 2004 and hurricanes Katrina and Rita in 2005, could result in significant volatility in the supply of energy and power. This volatility may create fluctuations in commodity prices and earnings of companies in the energy infrastructure sector. Moreover, any extreme weather patterns, such as hurricanes Katrina and Rita, could adversely impact the assets and valuation of our portfolio companies.

Acts of terrorism may adversely affect us.

The value of our common shares and our investments could be significantly and negatively impacted as a result of terrorist activities, such as the terrorist attacks on the World Trade Center on September 11, 2001; war, such as the war in Iraq and its aftermath; and other geopolitical events, including upheaval in the Middle East or other energy producing regions. The U.S. government has issued warnings that energy assets, specifically those related to pipeline infrastructure, production facilities and transmission and distribution

facilities, might be specific targets of terrorist activity. Such events have led, and in the future may lead, to short-term market volatility and may have long-term effects on the U.S. economy and markets. Such events may also adversely affect our business and financial condition.

Risks Related to this Offering

The price of our common shares may be volatile and may decrease substantially.

The trading price of our common shares following this offering may fluctuate substantially. The price of the common shares that will prevail in the market after this offering may be higher or lower than the price you pay and the liquidity of our common shares may be limited, in each case depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include the following:

- changes in the value of our portfolio of investments;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of securities of RICs, BDCs or other financial services companies;
- our dependence on the domestic energy infrastructure sector;
- our inability to deploy or invest our capital;
- fluctuations in interest rates;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- operating performance of companies comparable to us;
- changes in regulatory policies or tax guidelines with respect to RICs or BDCs;
- not electing or losing BDC or RIC status;
- actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;
- general economic conditions and trends; or
- departures of key personnel.

Investing in our common shares may involve an above average degree of risk.

The investments we make may result in a higher amount of risk, volatility or loss of principal than alternative investment options. Our investments in portfolio companies may be highly speculative and aggressive, and therefore, an investment in our common shares may not be suitable for investors with lower risk tolerance.

Prior to this offering, there has been no public market for our common shares, and we cannot assure you that the market price of our common shares will not decline following the offering.

Before this offering, there was no public trading market for our common shares, and we cannot assure you that one will develop or be sustained after this offering. We cannot predict the prices at which our common shares will trade. The initial public offering price for our common shares will be determined through our negotiations with the underwriters and may not bear any relationship to the market price at which it will trade after this offering or to any other established criteria of our value. Shares of companies offered in an initial public offering often trade at a discount to the initial offering price due to underwriting discounts (sales loads) and related offering expenses. In addition, shares of closed-end investment companies have in the past frequently traded at discounts to their net asset values and our stock may also be discounted in the market.

This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common shares will trade above, at or below our net asset value. The risk of loss associated with this characteristic of closed-end investment companies may be greater for investors expecting to sell common shares purchased in this offering soon after the offering. In addition, if our common shares trade below their net asset value, we will generally not be able to issue additional common shares at their market price without first obtaining the approval of our stockholder and our independent directors to such issuance.

Provisions of the Maryland General Corporation Law and our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common shares.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our company or the removal of our incumbent directors. We will be covered by the Business Combination Act of the Maryland General Corporation Law to the extent that such statute is not superseded by applicable requirements of the 1940 Act. However, our board of directors has adopted a resolution exempting us from the Business Combination Act any business combination between us and any person to the extent that such business combination receives the prior approval of our board, including a majority of our directors who are not interested persons as defined in the 1940 Act.

Under our charter, our board of directors is divided into three classes serving staggered terms, which will make it more difficult for a hostile bidder to acquire control of us. In addition, our board of directors may, without stockholder action, authorize the issuance of shares of stock in one or more classes or series, including preferred stock. See “Description of Capital Stock.” Subject to compliance with the 1940 Act, our board of directors may, without stockholder action, amend our charter to increase the number of shares of stock of any class or series that we have authority to issue. The existence of these provisions, among others, may have a negative impact on the price of our common shares and may discourage third party bids for ownership of our company. These provisions may prevent any premiums being offered to you for shares of our common shares.

If a substantial number of our common shares becomes available for sale and are sold in a short period of time, the market price of our common shares could decline.

If our stockholders sell substantial amounts of our common shares in the public market following this offering, the market price of our common shares could decrease. Upon completion of this offering we will have common shares outstanding. Of these shares, the shares sold in this offering will be freely tradeable. We and our executive officers and directors will be subject to agreements with the underwriters that restrict our and their ability to transfer our stock for a period of 180 days from the date of this prospectus. The 180-day restricted period will be automatically extended if (1) during the last 17 days of the 180-day restricted period the Company issues an earning release to material news or a material event relating to the Company occurs or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day restricted period, in which case the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. Our other current stockholders will be subject to agreements that restrict their ability to transfer our stock for a period of 90 days from the date of this offering, subject to limited exceptions, including our filing of a registration statement. See “Shares Eligible for Future Resale” and “Underwriting.” After the lock-up agreements expire, an aggregate of additional common shares will be eligible for sale in the public market in accordance with Rule 144 under the Securities Act. See “Shares Eligible for Future Sale.”

If you purchase our common shares in this offering, you will experience immediate dilution.

If you purchase our common shares in this offering, you will experience immediate dilution of \$ per share because the price that you pay will be greater than the pro forma net asset value per share of

the shares you acquire. This dilution is in large part due to the expenses incurred by us in connection with the consummation of this offering and the fact that our earlier investors paid, on average, less than the initial public offering price per share when they purchased their shares.

There will be dilution of the value of our common shares when the warrants are exercised.

As a result of our private placement completed in January 2006, 772,124 warrants were sold, permitting the holders thereof to acquire a like number of our common shares upon payment of the exercise price. The warrants we have sold represent the right to purchase, in the aggregate, % of our common shares upon completion of this offering. These warrants will become exercisable upon the completion of this offering of our common shares. The issuance of additional common shares upon the exercise of the warrants, if the warrants are exercised at a time when the exercise price is less than the net asset value per share of our common shares, will have a dilutive effect on the value of our common shares sold in this offering.

ELECTION TO BE REGULATED AS A BUSINESS DEVELOPMENT COMPANY AND A REGULATED INVESTMENT COMPANY

We intend to elect to be regulated as a BDC under the 1940 Act. Since our incorporation, we have been taxed as a general business corporation under Subchapter C of the Code. We intend to elect to be treated as a RIC under Subchapter M of the Code effective as of December 1, 2006. There can be no assurance that we will be successful in becoming a BDC or a RIC.

Our intended elections to be regulated as a BDC and to be treated as a RIC will require certain actions and effect a number of changes to our activities and policies.

Investment Reporting

In accordance with the requirements of Article 6 of Regulation S-X, we will report all of our investments, including loans, at market value or, for investments that do not have a readily available market value, their “fair value” as determined in good faith by our board of directors. Subsequent changes in these values will be reported through our consolidated statement of operations under the caption of “unrealized appreciation (depreciation) on investments.” See “Determination of Net Asset Value.”

Income Tax

We intend to elect to be treated as a RIC under Subchapter M of the Code effective as of December 1, 2006. This election should reduce or eliminate the federal corporate-level income tax we will be required to pay after the effective date of such election. So long as we meet certain minimum distribution, source-of-income and asset diversification requirements, we generally will be required to pay federal income taxes only on the portion of our taxable income we do not distribute (actually or constructively) and certain built-in gains. However, if we use taxable subsidiaries to invest in non-traded limited partnerships, such taxable subsidiaries will pay federal income taxes on their respective taxable incomes. From the completion of this offering through the end of our current tax year, we will continue to be taxed as a general business corporation under Subchapter C of the Code. Any capital gains we recognize after completion of this offering and prior to the effective date of our intended election to be taxed as a RIC will, when distributed to you, be taxed as ordinary income and not as capital gains, as would have been the case had we been taxed as a RIC as of the date of this offering. Our current tax year will end on November 30, 2006 unless we adopt a fiscal tax year ending before that date in order to elect to be treated as a RIC prior to December 1, 2006. See “Certain U.S. Federal Income Tax Considerations.”

In addition, by the end of our first taxable year as a RIC, we also must eliminate any “earnings and profits” accumulated while we were taxable as a general business corporation. We intend to accomplish this by paying to our stockholders one or more cash dividends representing substantially all of our accumulated earnings and profits, if any, for the period from our inception through the date on which our intended RIC election becomes effective. The amount of these dividends will be based on a number of factors, including our results of operations through the date on which our intended RIC election becomes effective. We will need to manage our cash or have access to cash to enable us to pay such dividend or dividends. Any dividend of accumulated earnings and profits would be taxable to U.S. stockholders in the manner described under “Certain U.S. Federal Income Tax Considerations — Current Federal Income Taxation of the Company.”

Dividend Policy

As a general business corporation taxed under Subchapter C of the Code, we have not made distributions to our stockholders, but have instead retained all of our income, including capital gains. On August 4, 2006, our board of directors declared a \$0.05 per common share special dividend and a \$0.09 per common share quarterly dividend. Both dividends are payable to our current stockholders on September 1, 2006. We intend to pay quarterly dividends. Following our intended election to be treated as a RIC under the Code, we intend to distribute to our stockholders all or substantially all of our income, except for certain realized net long-term capital gains.

After the effective date of our intended RIC election, we intend to make deemed distributions to our stockholders of any retained net long-term capital gains. If this happens, you will be treated as if you received an actual distribution of the capital gains and reinvested the net after-tax proceeds in us. You also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we pay on the retained net long-term capital gains deemed distributed. See “Dividends” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation — Determining Dividends Distributed to Stockholders.”

Warrants

Our outstanding warrants are exercisable upon the completion of this offering, subject to a lock-up period with respect to common shares received upon exercise of warrants of 90 calendar days immediately following this offering. Each warrant will entitle the holder thereof to purchase one common share at the exercise price per common share of the greater of (i) \$15.00 per common share or (ii) the net asset value of our common shares on the date of our election to become a BDC. All warrants will expire on the day before the sixth anniversary of this offering. No fractional warrant shares will be issued upon exercise of the warrants. We will pay to the holder of the warrant at the time of exercise an amount in cash equal to the current market value of any such fractional warrant shares.

Exemptive Relief

In connection with this offering and our intended election to be regulated as a BDC, we expect to file a request with the SEC for exemptive relief to allow us to take certain actions that would otherwise be prohibited by the 1940 Act, as applicable to BDCs. Although we cannot provide any assurance that we will receive any such exemptive relief, we expect to request that the SEC allow us to exclude any indebtedness issued to the SBA by a to-be-formed wholly-owned subsidiary for which we are seeking qualification as a SBIC, from the 200% asset coverage requirements applicable to us.

Our Advisor and TYG have applied to the SEC for exemptive relief to permit TYG, TYY, TYN, us and our and their respective affiliates to make such investments. Unless and until we obtain an exemptive order, we will not co-invest with our affiliates in negotiated private placement transactions. We cannot guarantee that the requested relief will be granted by the SEC. Unless and until we obtain an exemptive order, our Advisor will not co-invest its proprietary accounts or other clients’ assets in negotiated private transactions in which we invest. Until we receive exemptive relief, our Advisor will observe a policy for allocating opportunities among its clients that takes into account the amount of each client’s available cash and its investment objectives. As a result of one or more of these situations, we may not be able to invest as much as we otherwise would in certain investments or may not be able to liquidate a position as quickly.

USE OF PROCEEDS

The net proceeds of this offering will be approximately \$ after deducting the underwriting discount (sales load) and estimated offering expenses of \$ paid by us. We will use the net proceeds to make investments in accordance with our investment objective and to pay our operating expenses. We anticipate that substantially all of the net proceeds of this offering will be used, as described above, within nine months but in no event longer than two years. We have not allocated any portion of the net proceeds of this offering to any particular investment.

Pending investment, we expect the net proceeds of this offering will initially be invested in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment.

DIVIDENDS

On August 4, 2006, our board of directors declared a \$0.05 per common share special dividend and a \$0.09 per common share quarterly dividend. The special dividend was declared for the period from our inception through our second fiscal quarter and the quarterly dividend was declared for our third fiscal quarter. Both dividends are payable to our current stockholders on September 1, 2006. We intend to distribute quarterly dividends to our stockholders out of assets legally available for distribution. The amount of our future quarterly distributions will be determined by our board of directors.

Following our intended RIC election, we intend to distribute to our stockholders with respect to each taxable year at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses. In addition, in order to avoid certain excise taxes to which we will be subject once we have elected to be treated as a RIC, we expect to distribute (or be deemed to distribute) during each calendar year an amount at least equal to the sum of (i) 98% of our ordinary income for the calendar year, (ii) 98% of our capital gain net income (i.e., realized capital gains in excess of realized capital losses, if any, subject to certain adjustments) for the one-year period ending on October 31 of that calendar year (or possibly November 30, if we so elect), and (iii) any ordinary income and capital gain net income for preceding years that were not distributed during such years. If we become a RIC, we will not be subject to excise taxes on amounts on which we pay corporate income tax (such as retained net capital gains). We intend to have an “opt out” dividend reinvestment plan following the completion of this offering. As a result, after the plan is effective, unless a stockholder opts out, distributions will be reinvested in our common shares pursuant to our dividend reinvestment plan. See “Certain U.S. Federal Income Tax Considerations” and “Dividend Reinvestment Plan.”

As a result of our intended election to be regulated as a BDC, we will be prohibited from paying dividends if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act. Dividends also may be limited by the terms of any of our borrowings. It is our objective to invest our assets and structure our borrowings so as to permit stable and consistently growing dividends. However, there can be no assurances that we will achieve that objective or that our results will permit the payment of any cash dividends. For a more detailed discussion, see “Regulation.” See also “Certain U.S. Federal Income Tax Considerations — Taxation as a RIC.”

CAPITALIZATION

The following table sets forth (i) our actual capitalization as of May 31, 2006 and (ii) our capitalization as adjusted to reflect the effects of the sale of our common shares in this offering at an assumed public offering price of \$ _____ per share, after deducting the underwriting discounts (sales load) and offering expenses payable by us. You should read this table together with “Use of Proceeds” and our statement of assets and liabilities included elsewhere in this prospectus.

	<u>As of May 31, 2006</u>	
	<u>Actual</u>	<u>As Adjusted</u>
Cash and cash equivalents	\$25,758,402	\$
Investments	16,999,991	
Net assets applicable to common stockholders:		
Common shares, par value \$0.001 per share, 100,000,000 common shares authorized, 3,088,596 common shares outstanding, actual; common shares outstanding, as adjusted(1)	\$3,089	\$
Additional paid in capital	42,533,453	
Accumulated net investment income	74,973	
Net assets applicable to common stockholders	<u>\$42,611,515</u>	<u>\$</u>

(1) Excludes common shares that may be issued pursuant to underwriters’ overallotment option and that are issuable upon the exercise of outstanding warrants.

DILUTION

Our net asset value as of May 31, 2006 was approximately \$42.6 million, or \$13.80 per common share. Net asset value per share represents the amount of our total assets minus our total liabilities, divided by the 3,088,596 common shares that were outstanding on May 31, 2006, excluding the effect of any warrants.

After giving effect to the sale of common shares in this offering at the initial public offering price of \$ per share and after deducting the sales load and estimated offering expenses payable by us, our net asset value as of May 31, 2006 would have been approximately \$ million, or \$ per share. This represents an immediate increase in net asset value of \$ per share to our existing stockholders and an immediate dilution of \$ per share to new investors who purchase common shares in the offering at the assumed initial public offering price. The following table shows this immediate per share dilution:

Assumed initial public offering price per common share	\$
Net asset value per common share as of May 31, 2006, before giving effect to this offering	\$ 13.80
Increase in net asset value per common share attributable to new investors in this offering	\$
Net asset value per common share after this offering	\$
Dilution per common share to new investors	\$

The following table summarizes, as of May 31, 2006, the number of common shares purchased from us, the total consideration paid to us and the average price per share paid by existing stockholders and to be paid by new investors purchasing common shares in this offering, at the initial public offering price of \$ per share and before deducting the sales load and estimated offering expenses payable by us. This table does not assume the exercise of any outstanding warrants or the exercise of the underwriters' overallotment option.

	Common Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	3,088,596	%	\$ 46,340,446	%	\$ 15.00
New investors					\$
Total		%		%	

To the extent the underwriters' overallotment option is exercised, or any outstanding warrants are exercised, there will be further reduction in the percentage of our common shares held by new investors.

The following table summarizes, as of May 31, 2006, the same information set forth in the table above, except, that the table below assumes the exercise of all outstanding warrants at the price of \$ per share and the full exercise of the underwriters' overallotment option.

	Common Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	3,088,596	%	\$ 46,340,446	%	\$ 15.00
New investors					\$
Total		%		%	

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and related notes and other financial information appearing elsewhere in this prospectus. In addition to historical information, the following discussion and other parts of this prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under "Risk Factors," "Forward-Looking Statements" and elsewhere in this prospectus.

Overview

We invest primarily in privately-held and micro-cap public companies (companies with a market capitalization of less than \$100,000,000) focused on the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector. We believe companies in the energy infrastructure sector generally produce stable cash flows as a result of their fee-based revenues and have limited direct commodity price risk. Our investment objective is to provide stockholders with current income and capital appreciation. We focus our investments on unsecured, subordinated debt securities and equity securities that will generally be expected to pay us interest or dividends on a current basis. We seek to obtain capital appreciation through warrants or other equity conversion features and from growth in dividends in our equity investments.

We intend to elect to be regulated as a BDC under the 1940 Act and intend to elect to be treated as a RIC under the Code effective as of December 1, 2006. Following our intended elections to be regulated as a BDC and to be treated as a RIC, we will be subject to numerous regulations and restrictions. Prior to the effective date of our election to be treated as a RIC, we have been and will be taxed as a general business corporation under the Code.

Critical Accounting Policies

The financial statements included in this prospectus are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex or subjective judgments. While our critical accounting policies are discussed below, Note 2 in the notes to our financial statements included in this prospectus provides more detailed disclosure of all of our significant accounting policies.

Valuation of Portfolio Investments

The Company intends to invest primarily in illiquid securities that generally will be subject to restrictions on resale, will have no established trading market and will be valued on a quarterly basis. Fair value is intended to be the amount for which an investment could be exchanged in an orderly disposition over a reasonable period of time between willing parties other than in a forced liquidation or sale. Because of the inherent uncertainty of valuation, the fair values of such investments, which will be determined in accordance with procedures approved by the Company's Board of Directors, may differ materially from the values that would have been used had a ready market existed for the investments. See "Determination of Net Asset Value."

Interest and Fee Income Recognition

Interest income will be recorded on an accrual basis to the extent that such amounts are expected to be collected. When investing in instruments with an original issue discount or payment-in-kind interest, the Company will accrue interest income during the life of the investment, even though the Company will not necessarily be receiving cash as the interest is accrued. Commitment and facility fees generally will be recognized as income over the life of the underlying loan, whereas due diligence, structuring, transaction

service, consulting and management service fees for services rendered to portfolio companies generally will be recognized as income when services are rendered.

Dividends to Stockholders

The character of dividends paid during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes.

Portfolio and Investment Activity

We were formed as a Maryland corporation on September 8, 2005, commenced business operations December 8, 2005 and completed our private placement of common shares and warrants on January 9, 2006. As of May 31, 2006, our investment portfolio included private equity investments in two portfolio companies representing approximately \$17.0 million of invested capital. As of July 31, 2006, our investment portfolio totaled \$22.5 million, including private equity investments in three portfolio companies representing approximately \$18.0 million and a subordinated debt investment in one of those portfolio companies representing \$4.5 million.

In addition, as of May 31, 2006, we had extended non-binding term sheets to two prospective new portfolio companies representing approximately \$10.0 million of debt investments. These investments are subject to finalization of our due diligence and approval process, as well as negotiation of definitive agreements with each prospective portfolio company and, as a result, may not result in completed investments. See "Portfolio Companies."

Our investments are expected to range between \$5 million and \$15 million per investment, although investment sizes may be smaller or larger than this targeted range. We currently expect our debt investments generally to have a term of five to ten years and to bear interest at either a fixed or floating rate.

Results of Operations

Distributions Received from Investments

We generate revenues in the form of interest payable on the debt investments that we hold, and in the form of capital gains and dividends on dividend-paying equity securities, warrants, options, or other equity interests that we have acquired in our portfolio companies. We currently intend to structure our debt investments to provide for quarterly interest payments. In addition to the cash yields received on our loans, in some instances, our loans may also include any of the following: end of term payments, exit fees, balloon payment fees or prepayment fees, any of which may be required to be included in income prior to receipt. In some cases we may structure debt investments to provide that interest is not payable in cash, or not entirely in cash, but is instead payable in securities of the issuer or is added to the principal of the debt. The amortization of principal on our debt investments may be deferred until maturity. We intend to acquire equity securities that pay cash dividends on a recurring or customized basis. We also expect to generate revenue in the form of commitment, origination, structuring or diligence fees, fees for providing managerial assistance and possibly consulting fees.

After our formation on September 8, 2005, we completed our private placement of common shares and warrants on January 9, 2006. As a result, there is no period with which to compare our results of operations for the period from September 8, 2005 through November 30, 2005 or the fiscal quarter ended May 31, 2006.

Total distributions received from our investments for the period from inception to May 31, 2006 were \$751,001. All of this amount was received from short term investments held pending our anticipated investments in portfolio companies. We expect to generate additional investment income as we invest the net proceeds of this offering in U.S. energy infrastructure companies.

Expenses

As an externally managed investment company, our operating expenses consist primarily of the advisory fee, other administrative operating expenses and income taxes. Expenses during the period from December 8, 2005 through May 31, 2006 totaled \$486,018. This amount consisted mainly of advisory fees of \$306,163, professional fees of \$83,597, director's fees of \$43,743 and other general and administrative expenses. The tax expense during the period from December 8, 2005 through May 31, 2006 totaled \$95,955.

Determining Dividends Distributed to Stockholders

Our portfolio generates cash flow to us in the form of interest, dividends, and gain, loss and return of capital. When our board of directors determines the amount of any dividend we expect to pay our stockholders, it will review amounts generated by our investments, less our total expenses. The total amounts generated by our investments consists of both total income and return of capital, as we expect to invest in some entities generating distributions to us that include a return of capital component for accounting and tax purposes on our books. The total income received from our investments includes the amount received by us as cash distributions from equity investments, paid-in-kind distributions, and dividend and interest payments. Our total expenses includes current or anticipated operating expenses, and total leverage costs, if any.

On August 4, 2006, our board of directors declared a \$0.05 per common share special dividend and a \$0.09 per common share quarterly dividend. The special dividend was declared for the period from our inception through our second fiscal quarter and the quarterly dividend was declared for our third fiscal quarter. Both dividends are payable to our current stockholders on September 1, 2006. Our Board of Directors will review the dividend rate quarterly, and may adjust the quarterly dividend throughout the year. See "Dividends."

Taxation of our Distributions

We invest a portion of our portfolio in partnerships and limited liability companies (whether directly or indirectly through taxable subsidiaries), which generally have larger distributions of cash than the accounting income which they generate. Accordingly, the distributions we receive typically include a return of capital component for accounting and tax purposes. Dividends declared and paid by us in any year generally will differ from our taxable income for that year, as such dividends may include the distribution of current year taxable income or returns of capital.

We are currently taxed as a general business corporation for federal income tax purposes, but we intend to elect to be treated as a RIC effective as of December 1, 2006. As long as we qualify as a RIC, we will not be taxed on our net ordinary income or our realized net capital gains, to the extent that such taxable income and gains are distributed to stockholders on a timely basis. We may be required, however, to pay federal income taxes on any unrealized net built-in gains in the assets held by us during the period in which we were not (or in which we fail to qualify as) a RIC that are recognized within the 10-year period following the effective date of our intended RIC election, unless we either make a special election to pay corporate-level tax on such built-in gain at the time of our RIC election or an exception applies. See "Certain U.S. Federal Income Tax Considerations — Intended Election to be Taxed as a RIC." We intend to take all steps necessary to qualify for the federal tax benefits allowable to RICs. Unless a stockholder elects otherwise, following completion of this offering, our dividends will be reinvested in additional common shares through our dividend reinvestment plan. See "Dividend Reinvestment Plan."

By the end of our first taxable year as a RIC, we also must eliminate any earnings and profits accumulated while we were taxable as a general business corporation. We intend to accomplish this by paying to our stockholders one or more cash dividends representing substantially all of our accumulated earnings and profits, if any, for the period from our inception through the date on which our intended RIC election becomes effective. The amount of these dividends will be based on a number of factors, including our results of operations through the date on which our intended RIC election becomes effective. We will need to manage our cash or have access to cash to enable us to pay such dividend or dividends. Any dividend of accumulated earnings and profits would be taxable to U.S. stockholders in the manner described above under "Certain U.S."

Federal Income Tax Considerations.” These dividends, if any, would be in addition to the dividends we intend to pay of at least 90% of our investment company taxable income to satisfy the Annual Distribution Requirements.

While we are a RIC, we generally intend to retain any realized net long-term capital gains in excess of realized net short-term capital losses and to deem such net long-term capital gain as distributed to our stockholders. We then will pay taxes on such retained net long-term capital gain that is deemed distributed, and expect such tax payment to generally give rise to a credit that our U.S. individual stockholders can use against their U.S. federal income tax obligations or that may be refunded to the extent it exceeds the U.S. stockholder’s liability for federal income tax. We believe that reinvesting gains inside our company will enable us to grow our dividends to our stockholders, which will offer them an opportunity for an attractive total return. We may, in the future, make actual distributions to our stockholders of some or all of such net long-term capital gains. See “Certain U.S. Federal Income Tax Considerations.” There can be no assurance that we will qualify for treatment as a RIC or be able to maintain RIC status.

Liquidity and Capital Resources

At the completion of our private placement in January 2006, we were capitalized with approximately \$46.3 million of gross proceeds (\$42.5 million of net proceeds) from the sale of 3,088,596 units. Each unit consisted of four of our common shares and one warrant to purchase one common share. Since the completion of the private placement, we have invested a total of \$22.5 million in three portfolio companies and paid expenses related to our private placement of \$549,372. As of August 24, 2006, we had extended term sheets to two prospective portfolio companies representing approximately \$10.0 million of prospective investments. After we have used the net proceeds of our private placement and this offering, we expect to raise additional capital to support our future growth through future equity offerings, issuances of senior securities or future borrowings, to the extent permitted by the 1940 Act.

Borrowings

In the future we may fund a portion of our investments through borrowings from banks or other lenders, issuing debt securities, or by creating a wholly-owned subsidiary that issues debentures to the SBA through an SBA program. On March 31, 2006, an application to be licensed by the SBA as a SBIC under Section 301(c) of the Small Business Investment Company Act of 1958 was filed on behalf of our to-be-formed wholly-owned subsidiary. If we are able to obtain financing under such program, we will be subject to regulation and oversight by the SBA, including requirements that we maintain certain minimum financial ratios, that our subsidiary invest in portfolio companies that do not exceed certain average net income or net worth guidelines established by the SBA, and other covenants imposed by the SBA. There can be no assurances that we will be able to incur debt on terms acceptable to us, obtain a SBIC license or be able to participate in the SBA-sponsored debenture program. See “Risk Factors — If a wholly-owned subsidiary of ours becomes licensed by the SBA, we, and that subsidiary, will be subject to SBA regulations.” We do not expect to incur indebtedness until the proceeds of this offering have been substantially invested in securities that meet our investment objective, although we may incur indebtedness earlier under the SBA-sponsored debenture program.

Contractual Obligations

We have entered into an investment advisory agreement with our Advisor pursuant to which our Advisor has agreed to: (i) serve as our investment advisor in exchange for the consideration set forth therein; (ii) furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and to provide on our behalf managerial assistance to certain of our portfolio companies; and (iii) grant us a non-exclusive royalty-free license to use the “Tortoise” name and other intellectual property. See “Advisor — Investment Advisory Agreement.”

Payments under the investment advisory agreement in future periods will consist of: (i) a base management fee based on a percentage of the value of our managed assets, and (ii) an incentive fee, based on

our investment income and our net capital gains. Our Advisor has waived the portion of the incentive fee based on investment income until December 8, 2006. Our Advisor, and not us, pays the compensation and allocable routine overhead expenses of all investment professionals of its staff. We pay our Advisor an amount equal to our allocable portion of overhead and certain other expenses incurred by our Advisor in performing its obligations under the investment advisory agreement. No payments are due with respect to the license granted to us under the investment advisory agreement. See “Advisor — Investment Advisory Agreement — Management Fees.”

The investment advisory agreement may be terminated: (i) by us without penalty upon not more than 60 days written notice to the Advisor, or (ii) by the Advisor without penalty upon not less than 60 days written notice to us.

Our Advisor has also entered into a sub-advisory agreement with Kenmont. Kenmont is an investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts and enhances the number and range of potential investment opportunities in which we have the opportunity to invest. Kenmont Special Opportunities Master Fund LP purchased 666,666 of our common shares and 166,666 of our warrants in our private placement. Pursuant to the sub-advisory agreement with Kenmont, Kenmont (i) assists in identifying potential investment opportunities, subject to the right of Kenmont to first show investment opportunities that it identifies to other funds or accounts for which Kenmont is the primary advisor, (ii) assists, as requested by our Advisor but subject to a limit of 20 hours per month, in the analysis of investment opportunities, and (iii) if requested by our Advisor, will assist in hiring an additional investment professional for the Advisor who will be located in Houston, Texas and for whom Kenmont will make office space available. Kenmont does not make any investment decisions on our behalf, but will recommend potential investments to, and assist in the investment analysis undertaken by, our Advisor. Our Advisor compensates Kenmont for the services it provides to us. Our Advisor indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. Kenmont will be indemnified by the Advisor for certain claims related to the services it provides and obligations assumed under the sub-advisory agreement. In addition to any termination rights we may have under the 1940 Act, the sub-advisory agreement between the Advisor and Kenmont may be terminated by our Advisor in limited circumstances.

Other than the investment advisory agreement with our Advisor, we do not have any off-balance sheet arrangement that has or is reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Quantitative and Qualitative Disclosure About Market Risk

Our business activities contain elements of market risk. We consider changes in interest rates to be our principal market risk. We consider the management of risk essential to conducting our businesses. Accordingly, our risk management systems and procedures are designed to identify and analyze our risks, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs. Our investment income is affected by changes in various interest rates, including LIBOR and prime rates. As of July 31, 2006, approximately 20% of our investment portfolio bore interest at fixed rates.

THE COMPANY

We invest primarily in privately-held and micro-cap public companies focused on the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector. We believe companies in the energy infrastructure generally produce stable cash flows as a result of their fee-based revenue and limited direct commodity price risk. Our investment objective is to provide stockholders with current income and capital appreciation. We focus our investments on unsecured, subordinated debt securities and equity securities that will generally be expected to pay us interest or dividends on a current basis. We expect to make certain investments through taxable subsidiaries in order to comply with certain federal income tax rules. We seek to obtain enhanced returns through warrants or other equity conversion features and from growth in dividends in our equity investments.

Companies in the midstream and downstream segments of the energy infrastructure sector engage in the business of transporting, processing, storing, distributing, or marketing natural gas, natural gas liquids, coal, crude oil, refined petroleum products and renewable energy resources. Companies in the upstream segment of the energy infrastructure sector engage in exploring, developing, managing, or producing such commodities. Our investments are expected to range between \$5 million and \$15 million per investment, although investment sizes may be smaller or larger than this targeted range.

We raised approximately \$46.3 million of gross proceeds (\$42.5 million of net proceeds) in a private placement of common shares and warrants completed in January 2006. Since the completion of that private placement, we have invested a total of \$22.5 million in three companies in the U.S. energy infrastructure sector. Of the \$22.5 million, we have invested \$18.0 million in the midstream and downstream segments of the U.S. energy infrastructure sector and \$4.5 million in the upstream segment of the U.S. energy infrastructure sector.

The following table summarizes our investments in portfolio companies as of August 24, 2006.

<u>Company (Segment)</u>	<u>Principal Business</u>	<u>Funded Investment</u>	<u>Minimum Yield</u>
Eagle Rock Pipeline, L.P. (Midstream)	Gatherer and processor of natural gas in north and east Texas	\$12.5 million in LP Interests	7.8%(1)(2)
Mowood, LLC (Downstream)	Local natural gas distribution with Department of Defense contract through 2014	\$1.0 million in LLC Units \$4.5 million in unsecured subordinated debt	N/A 12.0%
Legacy Reserves LP (Upstream)	Oil and natural gas exploitation and development in the Permian Basin	\$4.5 million in LP Interests	9.6%(2)
Total Investments		<u>\$22.5 million</u>	

(1) In the event an initial public offering has not occurred on or prior to September 30, 2007, the minimum distribution yield will be 8.5% commencing on October 1, 2007 and continuing until the occurrence of the initial public offering.

(2) Actual distributions to us are based on each company's available cash flow. Distributions can exceed the minimum distribution yield and are subject to arrearages if below such minimum yield.

In addition, as of August 24, 2006, we had extended non-binding term sheets to two prospective new portfolio companies representing approximately \$10.0 million of prospective investments. These prospective investments are currently expected to be in the form of debt instruments and are both in the midstream and downstream segments of the energy infrastructure sector. We currently expect to fund the investments described in these non-binding agreements using a portion of the remaining proceeds from our private placement. The consummation of each investment will depend upon satisfactory completion of our due

diligence investigation of the prospective portfolio company, our confirmation and acceptance of the investment terms, structure and financial covenants, the execution and delivery of final binding agreements in a form mutually satisfactory to the parties, the absence of any material adverse change and the receipt of any necessary consents. At this time, the final forms of our investments remain subject to additional negotiations with these companies.

We are an externally managed, non-diversified closed end investment company that intends to elect to be regulated as a BDC under the 1940 Act and intends to elect to be treated as a RIC under the Code effective as of December 1, 2006. Following our intended elections to be regulated as a BDC and to be treated as a RIC, we will be subject to numerous regulations and restrictions. Prior to the effective date of our election to be treated as a RIC, we have been and will be taxed as a general business corporation under the Code. There can be no assurance that we will be successful in becoming a RIC.

Our Advisor

We are managed by Tortoise Capital Advisors, a registered investment advisor specializing in the energy infrastructure sector. As of July 31, 2006, our Advisor managed investments of approximately \$1.8 billion in the energy infrastructure, including the assets of three publicly traded closed-end management investment companies focused on the energy infrastructure sector. Our Advisor's aggregate managed capital is among the largest of investment advisors managing closed-end management companies focused on the energy infrastructure sector. Our Advisor created TYG, the first publicly traded closed-end management company focused primarily on investing in MLPs in the energy infrastructure sector. Our Advisor also manages TYY, a publicly traded closed-end management company focused primarily on investing in MLPs and their affiliates in the energy infrastructure sector, and TYN, a publicly traded closed-end management company focused primarily on energy infrastructure investments in public companies in the United States and in Canada. The members of our Advisor's investment committee have an average of 20 years of financial investment experience.

Our Advisor is controlled by KCEP and Fountain Capital.

Our Advisor has 20 full time employees. Four of our Advisor's senior investment professionals are responsible for the origination, negotiation, structuring and managing of our investments. These four senior investment professionals have almost 70 years of combined experience in energy, leveraged finance and private equity investing. Each of our Advisor's investment decisions will be reviewed and approved by its investment committee, which also acts as the investment committee for TYG, TYY and TYN.

Our Advisor has retained Kenmont as a sub-advisor. Kenmont is a Houston, Texas based registered investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts to us and enhances our number and range of potential investment opportunities. The principals of Kenmont have collectively created and managed private equity portfolios in excess of \$1.5 billion and have over 50 years of experience working for investment banks, commercial banks, accounting firms, operating companies and money management firms. Our Advisor compensates Kenmont for the services it provides to us. Our Advisor also indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. An affiliate of Kenmont is expected to own approximately % of the Company's outstanding common shares upon completion of this offering. See "Advisor — Sub-Advisor Arrangement."

U.S. Energy Infrastructure Sector Focus

We pursue our investment objective by investing principally in a portfolio of privately-held and micro-cap public companies in the U.S. energy infrastructure sector. The energy infrastructure sector can be broadly categorized as follows:

- *Midstream* — the gathering, processing, storing and transmission of energy resources and their byproducts in a form that is usable by wholesale power generation, utility, petrochemical,

industrial and gasoline customers, including pipelines, gas processing plants, liquefied natural gas facilities and other energy infrastructure.

- *Downstream* — the refining, marketing and distribution of refined energy sources, such as customer-ready natural gas, natural gas liquids, propane and gasoline, to end-user customers, and customers engaged in the generation, transmission and distribution of power and electricity.
- *Upstream* — the development and extraction of energy resources, including natural gas, crude oil and coal from onshore and offshore geological reservoirs as well as from renewable sources, including agricultural, thermal, solar, wind and biomass.

We focus our investments in the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector. We also intend to diversify our investments among asset types and geographic regions within the U.S. energy infrastructure sector.

We believe that the midstream segment of the U.S. energy infrastructure sector will provide attractive investment opportunities as a result of the following factors:

- *Strong Supply and Demand Fundamentals.* The U.S. is the largest consumer of crude oil and natural gas products, the third largest producer of crude oil and the second largest producer of natural gas products in the world. The United States Department of Energy's Energy Information Administration, or EIA, annually projects that domestic natural gas and refined petroleum products consumption will increase by 0.8% and 1.1%, respectively, through 2030. The midstream energy infrastructure segment provides the critical link between the suppliers of crude oil, natural gas, refined products and other forms of energy, whether domestically-sourced or imported, and the end-user. Midstream energy infrastructure companies are typically asset-intensive, with minimal variable cost requirements, providing operating leverage that allows them to generate attractive cash flow growth even with limited demand-driven or supply-driven growth.
- *Substantial Capital Requirements.* We believe, based on industry sources, that approximately \$20 billion of capital will be invested in the midstream segment of the U.S. energy infrastructure sector during 2005. We believe that additional capital expenditures in the U.S. energy infrastructure sector will result from the signing of the Energy Policy Act of 2005 on August 8, 2005, which incorporates a number of incentives for additional investments in the energy infrastructure sector including business investment tax credits and accelerated tax depreciation.
- *Substantial Asset Ownership Realignment.* We believe that in the midstream and downstream segments of the U.S. energy infrastructure sector, the acquisition and divestiture market has averaged approximately \$28 billion of annual transactions between 2001 and 2005. We believe that such activity, particularly in the midstream segment, will continue as: larger integrated companies with high cost structures continue to divest energy infrastructure assets to smaller, more entrepreneurial companies; MLPs continue to pursue acquisitions to drive distribution growth; and private equity firms seek to aggregate midstream U.S. energy infrastructure assets for contribution to existing or newly-formed MLPs or other public or private entities.

We believe the downstream segment of the U.S. energy infrastructure sector also will provide attractive investment opportunities as a result of the following factors:

- *Strong Demand Fundamentals.* We believe that long-term projected growth in demand for the natural gas and refined petroleum products delivered to end-users by the downstream segment of the U.S. energy infrastructure sector, combined with the 1.5% annual growth in domestic power consumption projected by the EIA through 2030, will result in continued capital expenditures and investment opportunities in the downstream segment of the U.S. energy infrastructure sector.
- *Requirements to Develop New Downstream Infrastructure.* With the trend towards increased heavy crude supply, high "light-heavy" crude oil pricing differentials and the impact of recent

domestic capital-intensive environmental mandates, we believe that existing downstream infrastructure will require new capital investment to maintain an aging asset base as well as to upgrade the asset base to respond to the evolution of supply and environmental regulations.

- *Substantial Number of Downstream Companies.* There are numerous domestic companies in the downstream segment of the U.S. energy infrastructure sector. For example, it is estimated by industry sources that over 8,000 retail propane companies operate in the U.S., and the EIA reports there are 114 domestic natural gas local distribution companies. We believe the substantial number of domestic companies in the downstream segment of the U.S. energy infrastructure sector provides consolidation opportunities, particularly among propane distributors.
- *Renewable Energy Resources Opportunities.* The increasing domestic demand for energy, recently passed energy legislation and the rising cost of carbon-based energy supplies have all encouraged a renewed and growing interest in renewable energy resources. We believe that downstream renewable energy resource assets will be brought on-line, particularly for producing and processing ethanol. The demand for related project financing is expected to be significant and we believe will provide investment opportunities consistent with our investment objective.

Although not part of our core focus, we believe the upstream segment of the U.S. energy infrastructure sector will benefit from strong long-term demand fundamentals and will provide attractive investment opportunities as a result of the following factors:

- *Substantial Asset Ownership Realignment.* We believe that in the upstream segment of the U.S. energy infrastructure sector, the property acquisition and divestiture market has averaged \$31 billion of annual transactions between 2001 and 2005. During such period, of those transactions for which values have been reported, more than 78% have a value of less than \$100 million. We believe this activity has been largely independent of commodity price fluctuations, and instead, has been driven by a combination of strategic business decisions and the desire to efficiently deploy capital. We believe that the fundamental factors that drive the upstream segment of the U.S. energy infrastructure sector acquisition and divestiture market will cause the level of activity to remain consistent with historical levels for the foreseeable future.
- *Substantial Number of Small and Middle Market Companies.* We believe that there are more than 900 private domestic exploration and production businesses and more than 140 publicly-listed domestic exploration and production companies. Small and middle market exploration and production companies play an important role in the upstream segment of the U.S. energy infrastructure sector, with a significant share of all domestic natural gas production and crude oil and natural gas drilling activity.

Market Opportunity

We believe the environment for investing in privately-held and micro-cap public companies in the U.S. energy infrastructure sector is attractive for the following reasons:

- *Debt Portion of Energy Finance Market is Underserved by Many Capital Providers.* We believe that many lenders have, in recent years, de-emphasized their service and product offerings to small and middle market energy companies in favor of lending to large corporate clients and managing capital markets transactions. We believe, in addition, that many capital providers lack the necessary technical expertise to evaluate the quality of the underlying assets of small and middle market private companies and micro-cap public companies in the energy infrastructure sector and lack a network of relationships with such companies.
- *Increased Demand Among Small and Middle Market Private Companies for Capital.* We believe many private and micro-cap public companies have faced increased difficulty accessing the capital markets due to a continuing preference by investors for issuances in larger companies with more liquid securities. Such difficulties have been magnified in asset-focused and capital

intensive industries such as the U.S. energy infrastructure sector. We believe that the energy infrastructure sector's high level of projected capital expenditures and continuing acquisition and divestiture activity will provide us with numerous attractive investment opportunities.

- *Investment Activity Private Equity Capital Sponsors.* We believe there is a large pool of uninvested private equity capital available for private and micro-cap public companies, including those involved in the energy infrastructure sector. Given the anticipated positive long-term supply and demand dynamics of the energy industry and the current and expected public market valuations for companies involved in certain sectors of the energy industry, private equity capital has been increasingly attracted to the energy infrastructure sector. In particular, we believe that the public market valuations of many MLPs will continue to attract private equity capital focused on aggregating smaller energy infrastructure assets in order to meet the minimum size requirements for a public entity. We expect private equity firms will seek to leverage their investments by combining capital with senior secured loans and mezzanine debt from other sources such as ourselves.
- *Attractive Companies with Limited Access to Other Capital.* We believe there are, and will continue to be, attractive companies that will benefit from private equity investments prior to a public offering of their equity, whether as an MLP or otherwise. We also believe that there are a number of companies in the midstream and downstream segments of the U.S. energy infrastructure sector with the same stable cash flow characteristics as those being acquired by MLPs or funded by private equity capital in anticipation of contribution to an MLP. We believe that many such companies are not being acquired by MLPs or attracting private equity capital because they do not produce income that qualifies for inclusion in an MLP pursuant to the Internal Revenue Code, are perceived by such investors as too small, or are in areas of the midstream energy infrastructure segment in which most MLPs do not have specific expertise. We believe that these companies represent attractive investment candidates for us.

Competitive Advantages

We believe that we are uniquely suited to meet the financing needs of the U.S. energy infrastructure sector for the following reasons:

- *Existing Investment Platform with Experience and Focus on the Energy Infrastructure Sector.* We believe that our Advisor's current investment platform provides us with significant advantages in sourcing, evaluating, executing and managing investments. As of July 31, 2006, our Advisor managed investments of approximately \$1.8 billion in the energy infrastructure sector, including the assets of three publicly traded closed-end management investment companies focused on the energy infrastructure sector. Our Advisor created the first publicly traded closed-end management investment company focused primarily on investing in MLPs involved in the energy infrastructure sector, and its aggregate managed capital is among the largest of those closed-end management investment company advisors focused on the energy infrastructure sector.
- *Experienced Management Team.* The members of our Advisor's investment committee have an average of over 20 years of financial investment experience. Our Advisor's four senior investment professionals are responsible for the negotiation, structuring and managing of our investments and have almost 70 years of combined experience in energy, leveraged finance and private equity investing. We believe that as a result of this extensive experience, the members of our Advisor's investment committee and the Advisor's senior investment professionals have developed strong reputations in the capital markets, particularly in the energy infrastructure sector, that we believe affords us a competitive advantage in identifying and investing in energy infrastructure companies.
- *Disciplined Investment Philosophy.* In making its investment decisions, our Advisor intends to continue the disciplined investment approach that it has utilized since its founding. That

investment approach emphasizes significant current income with the potential for enhanced returns through capital appreciation, low volatility and minimization of downside risk. Our Advisor's investment process involves an assessment of the overall attractiveness of the specific subsector of the energy infrastructure segment in which a company is involved, the prospective portfolio company's specific competitive position within that subsector, potential commodity price, supply and demand and regulatory concerns, the stability and potential growth of the prospective portfolio company's cash flows, the prospective portfolio company's management track record and incentive structure and our Advisor's ability to structure an attractive investment.

- *Flexible Transaction Structuring.* We are not subject to many of the regulatory limitations that govern traditional lending institutions such as commercial banks. As a result, we can be flexible in structuring investments and selecting the types of securities in which we invest. Our Advisor's senior investment professionals have substantial experience in structuring investments expected to balance the needs of energy infrastructure companies with appropriate risk control.
- *Extended Investment Horizon.* Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than may otherwise be desirable, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio companies. We believe our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment funds enhances our ability to generate attractive returns on invested capital.

Targeted Investment Characteristics

We anticipate that our targeted investments will have the following characteristics:

- *Long-Life Assets with Stable Cash Flows and Limited Commodity Price Sensitivity.* We anticipate that most of our investments will be made in companies with assets having the potential to generate stable cash flows over long periods of time. We intend to invest a portion of our assets in companies that own and operate assets with long useful lives and that generate cash flows by providing critical services primarily to the producers or end-users of energy. We expect to limit the direct exposure to commodity price risk in our portfolio. We intend to target companies that have a majority of their cash flows generated by contractual obligations.
- *Experienced Management Teams with Energy Infrastructure Focus.* We intend to make investments in companies with management teams that have a track record of success and who often have substantial knowledge and focus in particular segments of the energy infrastructure sector or with certain types of assets. We expect that our management team's extensive experience and network of business relationships in the energy infrastructure sector will allow us to identify and attract portfolio company management teams that meet these criteria.
- *Fixed Asset-Intensive.* We anticipate that most of our investments will be made in companies with a relatively significant base of fixed assets that we believe will provide for reduced downside risk compared to making investments in companies with lower relative fixed asset levels. As fixed asset-intensive companies typically have less variable cost requirements, we expect they will generate attractive cash flow growth even with limited demand-driven or supply-driven growth.
- *Limited Technological Risk.* We do not intend to target investment opportunities involving the application of new technologies or significant geological, drilling or development risk.
- *Exit Opportunities.* We focus our investments on prospective portfolio companies that we believe will generate a steady stream of cash flow to repay our loans or pay us equity dividends, as well as reinvest in their respective businesses. We expect that such internally generated cash

flow will lead to the payment of dividends or interest on, and the repayment of the principal of, our investments in portfolio companies and will be a key means by which we exit from our investments over time. In addition, we seek to invest in companies whose business models and expected future cash flows offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay our investments through an initial public offering of common stock or other capital markets transactions. We believe our Advisor's investment experience will help us identify such companies.

Investment Overview

Our portfolio primarily is, and we expect it to continue to be, comprised of debt and equity securities acquired through individual investments of approximately \$5 million to \$15 million in privately-held and micro-cap public companies in the U.S. energy infrastructure sector. It is anticipated that any publicly-traded companies in which we invest will have a market capitalization of less than \$100 million.

Investment Selection

Our Advisor uses an investment selection process modeled after the investment selection process utilized by our Advisor in connection with the publicly traded closed-end funds it manages, TYG, TYY and TYN. Four of our Advisor's senior investment professionals, Messrs. Matlack, Mojica, Russell and Schulte, will be responsible for the negotiation, structuring and managing of our investments, and will operate under the oversight of our Advisor's investment committee.

Target Portfolio Company Characteristics

We have identified several quantitative, qualitative and relative value criteria that we believe are important in identifying and investing in prospective portfolio companies. While these criteria provide general guidelines for our investment decisions, we caution you that not all of these criteria may be met by each prospective portfolio company in which we choose to invest. Generally, we intend to utilize our access to information generated by our Advisor's investment professionals to identify prospective portfolio companies and to structure investments efficiently and effectively.

Midstream and Downstream Segment Focus

We focus on prospective companies in the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector.

Qualified Management Team

We generally require that our portfolio companies have an experienced management team with a verifiable track record in the relevant product or service industry. We will seek companies with management teams having strong technical, financial, managerial and operational capabilities, established appropriate governance policies, and proper incentives to induce management to succeed and act in concert with our interests as investors, including having meaningful equity investments.

Current Yield Plus Growth Potential

We focus on prospective portfolio companies with a distinct value orientation in which we can invest at relatively low multiples of operating cash flow, that generate a current cash return at the time of investment and that possess good prospects for growth. Typically, we would not expect to invest in start-up companies or companies having speculative business plans.

Distributions Received from Investments

We generate revenues in the form of interest payable on the debt investments that we hold, and in the form of capital gains and dividends on dividend-paying equity securities, warrants, options, or other equity interests that we have acquired in our portfolio companies. We currently intend to structure our debt investments to provide for quarterly or other periodic interest payments. In addition to the cash yields received on our investments, in some instances, our investments may also include any of the following: end of term payments, exit fees, balloon payment fees or prepayment fees, any of which may be required to be included in income prior to receipt. In some cases we may structure debt investments to provide that interest is not payable in cash, or not entirely in cash, but is instead payable in securities of the issuer or is added to the principal of the debt. The amortization of principal on our debt investments may be deferred until maturity. We also intend to acquire equity securities that pay cash dividends on a recurring or customized basis. We also expect to generate revenue in the form of commitment, origination, structuring, or diligence fees, fees for providing managerial assistance, and possibly consulting fees.

Strong Competitive Position

We focus on prospective portfolio companies that have developed strong market positions within their respective markets and that are well positioned to capitalize on growth opportunities. We seek to invest in companies that demonstrate competitive advantages that should help to protect their market position and profitability.

Sensitivity Analyses

We generally perform sensitivity analyses to determine the effects of changes in market conditions on any proposed investment. These sensitivity analyses may include, among other things, simulations of changes in energy commodity prices, changes in interest rates, changes in economic activity and other events that would affect the performance of our investment. In general, we will not commit to any proposed investment that will not provide at least a minimum return under any of these analyses and, in particular, the sensitivity analysis relating to changes in energy commodity prices.

Investment Process and Due Diligence

Although our Advisor uses research provided by third parties when available, primary emphasis is placed on proprietary analysis and valuation models conducted and maintained by our Advisor's in-house investment professionals.

In conducting due diligence, our Advisor uses available public information and information obtained from its relationships with former and current management teams, vendors and suppliers to prospective portfolio companies, investment bankers, consultants and other advisors.

The due diligence process followed by our Advisor's investment professionals is highly detailed and structured. Our Advisor exercises discipline with respect to company valuation and institutes appropriate structural protections in our investment agreements. After our Advisor's investment professionals undertake initial due diligence of a prospective portfolio company, our Advisor's investment committee will approve the initiation of more extensive due diligence by our Advisor's investment professionals. At the conclusion of the diligence process, our Advisor's investment committee is informed of critical findings and conclusions. The due diligence process typically includes:

- review of historical and prospective financial information;
- review and analysis of financial models and projections;
- for many midstream and upstream investments, review of third party engineering reserve reports and internal engineering reviews;
- on-site visits;

- legal reviews of the status of the potential portfolio company's title to any assets serving as collateral and liens on such assets;
- environmental diligence and assessments;
- interviews with management, employees, customers and vendors of the prospective portfolio company;
- research relating to the prospective portfolio company's industry, regulatory environment, products and services and competitors;
- review of financial, accounting and operating systems;
- review of relevant corporate, partnership and other loan documents; and
- research relating to the prospective portfolio company's management and contingent liabilities, including background and reference checks using our Advisor's industry contact base and commercial data bases and other investigative sources.

Additional due diligence with respect to any investment may be conducted on our behalf by our legal counsel and accountants, as well as by other outside advisors and consultants, as appropriate.

Upon the conclusion of the due diligence process, our Advisor's investment professionals present a detailed investment proposal to our Advisor's investment committee. The Advisor's four senior investment professionals have almost 70 years of combined experience in energy, leveraged finance and private equity investing. The members of our Advisor's investment committee have an average of over 20 years of financial investment experience. All decisions to invest in a portfolio company must be approved by the unanimous decision of our Advisor's investment committee.

Investment Structure and Types of Investments

Once our Advisor's investment committee has determined that a prospective portfolio company is suitable for investment, we work with the management of that company and its other capital providers, including other senior and junior debt and equity capital providers, if any, to structure an investment. We negotiate among these parties to agree on how our investment is expected to perform relative to the other capital in the portfolio company's capital structure. We may invest up to 30% of our total assets in assets that are non qualifying assets in among other things, high yield bonds, bridge loans, distressed debt, commercial loans, private equity, securities of public companies or secondary market purchases of securities of target portfolio companies.

The types of securities in which we may invest include, but are not limited to, the following:

Debt Investments

Our debt investments may be secured or unsecured. In general, our debt investments will not be control-oriented investments and we may acquire debt securities as a part of a group of investors in which we are not the lead investor. We anticipate structuring a significant amount of our debt investments as mezzanine loans. Mezzanine loans typically are unsecured, and usually rank subordinate in priority of payment to senior debt, such as senior bank debt, but senior to common and preferred equity, in a borrowers' capital structure. We expect to invest in a range of debt investments generally having a term of five to ten years and bearing interest at either a fixed or floating rate. These loans typically will have interest-only payments in the early years, with amortization of principal deferred to the later years of the term of the loan.

In addition to bearing fixed or variable rates of interest, mezzanine loans also may provide an opportunity to participate in the capital appreciation of a borrower through an equity interest. We expect this equity interest will typically be in the form of a warrant. Due to the relatively higher risk profile and often less restrictive covenants, as compared to senior loans, mezzanine loans generally earn a higher return than senior loans. The warrants associated with mezzanine loans are typically detachable, which allows lenders to receive repayment of principal while retaining their equity interest in the borrower. In some cases, we

anticipate that mezzanine loans may be collateralized by a subordinated lien on some or all of the assets of the borrower.

In some cases, our debt investments may provide for a portion of the interest payable to be payment-in-kind interest. To the extent interest is payment-in-kind, it will likely be payable through the increase of the principal amount of the loan by the amount of interest due on the then-outstanding aggregate principal amount of such loan.

We tailor the terms of our debt investments to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that aims to protect our rights and manage risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, in addition to seeking a position senior to common and preferred equity in the capital structure of our portfolio companies, we will seek, where appropriate, to limit the downside potential of our debt investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that compensates us for our credit risk;
- incorporating “put” rights and call protection into the investment structure; and
- negotiating covenants in connection with our investments that afford portfolio companies as much flexibility in managing their businesses as possible, consistent with preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights.

As described above, our debt investments may include equity features, such as warrants or options to buy a minority interest in the portfolio company. Warrants we receive in connection with an investment in debt may require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as puts, or rights to sell such securities back to the portfolio company, upon the occurrence of specified events. In certain cases, we also may obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

Equity Investments

Our equity investments will likely consist of preferred equity that is expected to pay dividends on a current basis, preferred equity that does not pay current dividends or common equity. Preferred equity generally has a preference over common equity as to distributions on liquidation and dividends. In general, our equity investments will not be control-oriented investments and we may acquire equity securities as part of a group of private equity investors in which we are not the lead investor. In many cases, we also may obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

In addition to common and preferred stock, we may purchase limited liability company interests, limited partner interests, convertible securities, warrants and depository receipts of companies that are organized as corporations, limited liability companies or limited partnerships.

Taxable Subsidiaries

We expect to form one or more directly or indirectly wholly-owned taxable subsidiaries to make investments in accordance with our investment objective, generally with respect to investments in non-traded limited partnerships, in order to comply with federal income tax rules.

We will value our investment in such a subsidiary based on the net asset value of the subsidiary. The net asset value of the subsidiary will be computed by subtracting from the value of all of the subsidiary’s assets all of its liabilities, including but not limited to taxes. The subsidiary’s portfolio securities will be valued

in accordance with the same valuation procedures applied to our portfolio companies. See “Determination of Net Asset Value.”

Investments

We believe that our Advisor’s expertise in investing in small and middle market companies in the midstream and downstream segments of the U.S. energy infrastructure sector, and our Advisor’s experience as an investment advisor in the energy infrastructure sector, positions our Advisor to identify and capitalize on desirable investment opportunities. In addition, we believe that our Advisor’s regular contact with companies in the energy infrastructure sector, investment bankers engaged in financing and merger and acquisition advisory work, and other professionals providing services to growth companies in the energy infrastructure sector, will contribute to the number of quality investment opportunities that we can evaluate.

Since the completion of our approximately \$46.3 million private placement in January 2006, we have invested approximately \$22.5 million in three portfolio companies in the energy infrastructure sector through the acquisition of limited liability company units, limited partnership interests and a debenture. For a more detailed description of these investments, see “Portfolio Companies.”

Ongoing Relationships with Portfolio Companies

Monitoring

The investment professionals of our Advisor monitor each portfolio company to determine progress relative to meeting the company’s business plan and to assess the appropriate strategic and tactical courses of action for the company. This monitoring may be accomplished by attendance at board of directors meetings, the review of periodic operating reports and financial reports, an analysis of relevant reserve information and capital expenditure plans, and periodic consultations with engineers, geologists, and other experts. The performance of each portfolio company is also periodically compared to performance of similarly sized companies with comparable assets and businesses to assess performance relative to peers. Our Advisor’s monitoring activities are expected to provide it with the necessary access to monitor compliance with existing covenants, to enhance its ability to make qualified valuation decisions, and to assist its evaluation of the nature of the risks involved in each individual investment. In addition, these monitoring activities should permit our Advisor to diagnose and manage the common risk factors held by our total portfolio, such as sector concentration, exposure to a single financial sponsor, or sensitivity to a particular geography.

As part of the monitoring process, our Advisor continually assesses the risk profile of each of our investments and rates them on a scale of 1 to 3 based on the following categories:

- (1) The portfolio company is performing at or above expectations and the trends and risk factors are generally favorable to neutral.
- (2) The portfolio company is performing below expectations and the investment’s risk has increased materially since origination. The portfolio company is generally out of compliance with various covenants; however, payments are generally not more than 120 days past due.
- (3) The portfolio company is performing materially below expectations and the investment risk has substantially increased since origination. Most or all of the covenants are out of compliance and payments are substantially delinquent. Investment is not expected to provide a full repayment of the amount invested.

As of the date of this prospectus, all of our portfolio companies have a rating of (1).

Managerial Assistance

The investment professionals of our Advisor make available, and will provide upon request, significant managerial assistance to our portfolio companies. This assistance may involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings,

consulting with and advising the management teams of our portfolio companies, assisting in the formulation of their strategic plans, and providing other operational, organizational and financial consultation. Involvement with each portfolio company will vary based on a number of factors.

Valuation Process

We value our portfolio in accordance with generally accepted accounting principles and will rely on multiple valuation techniques, reviewed on a quarterly basis by our board of directors. As most of our investments are not expected to have market quotations, our board of directors will undertake a multi-step valuation process each quarter, as described below:

- *Investment Team Valuation.* Each portfolio company or investment will initially be valued by the investment professionals of the Advisor responsible for the portfolio investment. As a part of this process, materials will be prepared containing their supporting analysis.
- *Third Party Valuation Activity.* We expect that our board of directors will retain an independent valuation firm to review, as requested from time to time by the independent directors, the valuation report provided by our investment team.
- *Investment Committee Valuation.* The investment committee of our Advisor will review the investment team valuation report and the analysis of the independent valuation firm, if applicable, and determine valuations to be considered by the board of directors.
- *Final Valuation Determination.* Our board of directors will consider the investment committee valuations, including supporting documentation, and analysis of the independent valuation firm, if applicable, and determine the fair value of each investment in our portfolio in good faith.

Competition

We compete with public and private funds, commercial and investment banks and commercial financing companies to make the types of investments that we plan to make in the U.S. energy infrastructure sector. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act would impose on us as a result of our election to be regulated as a BDC and that we will be required to comply with in order to qualify as a RIC. These competitive conditions may adversely affect our ability to make investments in the energy infrastructure sector and could adversely affect our distributions to stockholders.

Brokerage Allocation and Other Practices

Since we will generally acquire and dispose of our investments in privately negotiated transactions, we infrequently will use brokers in the normal course of our business. Subject to policies established by our board of directors, we do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly on brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if it determines in good faith that such commission is reasonable in relation to the services provided.

Proxy Voting Policies

We, along with our Advisor have adopted proxy voting policies and procedures (“Proxy Policy”), that we believe are reasonably designed to ensure that proxies are voted in our best interests and the best interests of our stockholders. Subject to its oversight, the board of directors has delegated responsibility for implementing the Proxy Policy to our Advisor.

In the event requests for proxies are received with respect to the voting of equity securities, on routine matters, such as election of directors or approval of auditors, the proxies usually will be voted with management unless our Advisor determines it has a conflict or our Advisor determines there are other reasons not to vote with management. On non-routine matters, such as amendments to governing instruments, proposals relating to compensation and stock option and equity compensation plans, corporate governance proposals and stockholder proposals, our Advisor will vote, or abstain from voting if deemed appropriate, on a case by case basis in a manner it believes to be in the best economic interest of our stockholders. In the event requests for proxies are received with respect to debt securities, our Advisor will vote on a case by case basis in a manner it believes to be in the best economic interest of our stockholders.

Our Chief Executive Officer is responsible for monitoring our actions and ensuring that (i) proxies are received and forwarded to the appropriate decision makers, and (ii) proxies are voted in a timely manner upon receipt of voting instructions. We are not responsible for voting proxies we do not receive, but will make reasonable efforts to obtain missing proxies. Our Chief Executive Officer will implement procedures to identify and monitor potential conflicts of interest that could affect the proxy voting process, including (i) significant client relationships, (ii) other potential material business relationships, and (iii) material personal and family relationships. All decisions regarding proxy voting will be determined by our Advisor’s investment committee and will be executed by our Chief Executive Officer. Every effort will be made to consult with the portfolio manager and/or analyst covering the security. We may determine not to vote a particular proxy, if the costs and burdens exceed the benefits of voting (e.g., when securities are subject to loan or to share blocking restrictions).

If a request for proxy presents a conflict of interest between our stockholders on one hand, and our Advisor, the principal underwriters, or any affiliated persons of ours, on the other hand, our management may (i) disclose the potential conflict to the board of directors and obtain consent, or (ii) establish an ethical wall or other informational barrier between the persons involved in the conflict and the persons making the voting decisions.

Staffing

We do not currently have or expect to have any employees. Services necessary for our business will be provided by individuals who are employees of our Advisor, pursuant to the terms of the investment advisory agreement. Each of our executive officers described under “Management” is an employee of our Advisor or Fountain Capital.

Properties

Our office is located at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210.

Legal Proceedings

Neither we nor our Advisor are currently subject to any material legal proceedings.

PORTFOLIO COMPANIES

As of August 24, 2006, we had invested a total of \$22.5 million in three portfolio companies in the U.S. energy infrastructure sector. The following table sets forth a brief description of each portfolio company and a description of the investment we have made in each such company. We may on occasion hold seats on the board of directors of a portfolio company and endeavor to obtain board observation rights with respect to our portfolio companies.

Name of Portfolio Company (Segment)	Nature of its Principal Business	Title of Securities Held by Us	Percentage of Class Held	Funded Investment	Fair Value of Investment as of May 31, 2006
Eagle Rock Pipeline, L.P. (Midstream)	Gatherer and processor of natural gas	LP Interests	1.2%	\$12.5 million	\$12.5 million
Mowood, LLC(1) (Downstream)	Local natural gas distribution	LLC Units	100%	\$1.0 million	N/A
Legacy Reserves LP (Upstream)	Oil and gas exploitation and development	Subordinated Debt LP Interests	100%	\$4.5 million	N/A
			1.5%	\$4.5 million	\$4.5 million

(1) We currently have the right to appoint both members of the Management Committee of Mowood.

Portfolio Company Descriptions

Eagle Rock Pipeline, L.P. (“Eagle Rock”)

Eagle Rock was formed by a management team with significant midstream operating experience in companies such as Enbridge Inc. and Dynegy Inc. and funded by their equity sponsor, Natural Gas Partners, LLC. The Company identifies, purchases and improves under-performing gathering and processing assets. We purchased \$12.5 million of LP Interests in Eagle Rock on March 27, 2006. On June 5, 2006, Eagle Rock filed a registration statement with the SEC to register the sale of its units in an initial public offering. The offering is intended primarily to provide Eagle Rock with liquidity for additional acquisitions, but a portion of the proceeds will be used to fund a distribution to existing unitholders, including us. Contemporaneous with the anticipated closing of its initial public offering, Eagle Rock is expected to merge into a new entity to be called Eagle Rock Energy Partners, L.P. Eagle Rock’s principal office is located at 14950 Heathrow Forest Pkwy., Suite 111, Houston, TX 77032.

Mowood, LLC (“Mowood”)

We purchased 100% ownership in Mowood, a holding company whose sole asset is a wholly-owned operating company, Omega Pipeline, LLC (“Omega”). Omega is a natural gas local distribution company located on Fort Leonard Wood in southwest Missouri. Omega is in the second year of a ten-year contract with the Department of Defense pursuant to which it provides natural gas to Fort Leonard Wood. We invested \$1.0 million in LLC units and purchased a \$4.5 million subordinated debenture on June 1, 2006. Mowood’s principal office is located at P.O. Box 2861, Ordinance Street, Building 2570, Fort Leonard Wood, MO 65473.

Legacy Reserves LP (“Legacy”)

Legacy has purchased, and expects to continue to purchase, mature properties in the Permian Basin that generate stable volumes of oil and natural gas with low rates of decline. Legacy focuses on the exploitation of proved developed reserves, instead of the more risky exploration of undeveloped reserves and has hedged over 60% of production volumes expected over the next five years. We purchased \$4.5 million of LP Interests in Legacy on March 6, 2006. Legacy’s principal office is located at 303 West Wall, Suite 1500, Midland, TX 79701.

PORTFOLIO MANAGEMENT

Our board of directors provides the overall supervision and review of our affairs. Management of our portfolio is the responsibility of our Advisor's investment committee. Our Advisor's investment committee is composed of five senior investment professionals, all of whom are managers of our Advisor. Our Advisor has four senior investment professionals who are responsible for the negotiation, structuring and managing of our investments. Those senior investment professionals are Messrs. Matlack, Mojica, Russell and Schulte, of whom Messrs. Mojica and Russell are exclusively dedicated to our activities. The Advisor's four senior investment professionals have almost 70 years of combined experience in energy, leveraged finance and private equity investing. For biographical information about our Advisor's investment professionals, see "Advisor."

Investment Committee

Management of our portfolio will be the responsibility of our Advisor's investment committee. Our Advisor's investment committee is comprised of its five Managing Directors: H. Kevin Birzer, Zachary A. Hamel, Kenneth P. Malvey, Terry C. Matlack and David J. Schulte. All decisions to invest in a portfolio company must be approved by the unanimous decision of our Advisor's investment committee and any one member of our Advisor's investment committee can require our Advisor to sell a security. Biographical information about each member of our Advisor's investment committee is set forth under "Management — Directors and Officers," below.

The following table provides information about the other accounts managed on a day-to-day basis by each member of our Advisor's investment committee as of July 31, 2006:

<u>Name of Manager</u>	<u>Number of Accounts</u>	<u>Total Assets of Accounts</u>	<u>Number of Accounts Paying a Performance Fee</u>	<u>Total Assets of Accounts Paying a Performance Fee</u>
H. Kevin Birzer				
Registered investment companies	3	\$1,602,084,846	0	
Other pooled investment vehicles	7	\$ 210,659,721	4	\$14,197,279
Other accounts	204	\$1,892,007,501	0	
Zachary A. Hamel				
Registered investment companies	3	\$1,602,084,846	0	
Other pooled investment vehicles	7	\$ 210,659,721	4	\$14,197,279
Other accounts	204	\$1,892,007,501	0	
Kenneth P. Malvey				
Registered investment companies	3	\$1,602,084,846	0	
Other pooled investment vehicles	7	\$ 210,659,721	4	\$14,197,279
Other accounts	204	\$1,892,007,501	0	
Terry C. Matlack				
Registered investment companies	3	\$1,602,084,846	0	
Other pooled investment vehicles	4	\$ 41,197,279	5	\$41,197,279
Other accounts	182	\$ 161,133,011	0	
David J. Schulte				
Registered investment companies	3	\$1,602,084,846	0	
Other pooled investment vehicles	4	\$ 41,197,279	5	\$41,197,279
Other accounts	182	\$ 161,133,011	0	

None of Messrs. Birzer, Hamel, Malvey, Matlack or Schulte receives any direct compensation from the Company or any other of the managed accounts reflected in the table above. All such accounts are managed by the Advisor, Fountain Capital or KCEP. Messrs. Schulte and Matlack are full-time employees of the Advisor and receive a fixed salary for the services they provide. Fountain Capital is paid a fixed monthly fee, subject to adjustment, for the services of Messrs. Birzer, Hamel or Malvey. Each of Messrs. Birzer, Hamel, Malvey, Matlack and Schulte own an equity interest in either KCEP or Fountain Capital, the two entities that control the Advisor, and each thus benefits from increases in the net income of the Advisor, KCEP or Fountain Capital.

MANAGEMENT

Directors and Officers

Our business and affairs are managed under the direction of our board of directors. Accordingly, our board of directors provides broad supervision over our affairs, including supervision of the duties performed by our Advisor. Certain employees of our Advisor are responsible for our day-to-day operations. The names, ages and addresses of our directors and officers and specified employees of our Advisor, together with their principal occupations and other affiliations during the past five years, are set forth below. Each director and officer will hold office for the term to which he is elected and until his successor is duly elected and qualifies, or until he resigns or is removed in the manner provided by law. Unless otherwise indicated, the address of each director and officer is 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210. Our board of directors consists of a majority of directors who are not “interested persons” (as defined in the 1940 Act) of our Advisor or its affiliates. The directors who are “interested persons” (as defined in the 1940 Act) are referred to as “Interested Directors.” Under our Charter, the board is divided into three classes. Each class of directors will hold office for a three year term. However, the initial members of the three classes have initial terms of one, two and three years, respectively. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify.

The directors and officers of the Company and their principal occupations and other affiliations during the past five years are set forth below. Each director and officer will hold office until his successor is duly elected and qualified, or until he resigns or is removed in the manner provided by law. The address of each director and officer is 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210.

<u>Name and Age</u>	<u>Position(s) Held with Company, Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(1)</u>	<u>Other Board Positions Held by Director</u>
Independent Directors Conrad S. Ciccotello, 45	Class III Director since 2005	Tenured Associate Professor of Risk Management and Insurance, Robinson College of Business, Georgia State University (faculty member since 1999); Director of Graduate Personal Financial Planning Programs; Editor, “Financial Services Review,” (an academic journal dedicated to the study of individual financial management); formerly, faculty member, Pennsylvania State University.	4	None

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<u>Name and Age</u>	<u>Position(s) Held with Company, Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(1)</u>	<u>Other Board Positions Held by Director</u>
Independent Directors (continued)				
John R. Graham, 60	Class II Director since 2005	Executive-in-Residence and Professor of Finance, College of Business Administration, Kansas State University (has served as a professor or adjunct professor since 1970); Chairman of the Board, President and CEO, Graham Capital Management, Inc., primarily a real estate development and investment company and a venture capital company; Owner of Graham Ventures, a business services and venture capital firm; formerly, CEO, Kansas Farm Bureau Financial Services, including seven affiliated insurance or financial service companies (1979-2000).	4	Erie Indemnity Company; Erie Family Life Insurance Company; Kansas State Bank
Charles E. Heath, 63	Class I Director since 2005	Retired in 1999. Formerly, Chief Investment Officer, GE Capital's Employers Reinsurance Corporation (1989-1999). Chartered Financial Analyst ("CFA") since 1974.	4	None
Interested Directors and Officers(2)				
H. Kevin Birzer, 46	Class II Director and Chairman of the Board since 2005	Managing Director of the Advisor since 2002; Partner/Senior Analyst, Fountain Capital (1990-present); Vice President, Corporate Finance Department, Drexel Burnham Lambert (1986-1989); formerly, Vice President, F. Martin Koenig & Co., an investment management firm (1983-1986).	4	None
Terry C. Matlack, 50	Class I Director and Chief Financial Officer since 2005	Managing Director of the Advisor since 2002; Managing Director, KCEP (2001-present); formerly, President, GreenStreet Capital, a private investment firm (1998-2001).	4	None
David J. Schulte, 46	President and Chief Executive Officer since 2005	Managing Director of the Advisor since 2002; Managing Director, KCEP (1993-present); CFA since 1992.	N/A	None

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<u>Name and Age</u>	<u>Position(s) Held with Company, Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(1)</u>	<u>Other Board Positions Held by Director</u>
Interested Directors and Officers (2)				
(continued)				
Zachary A. Hamel, 40	Senior Vice President and Secretary since 2005	Managing Director of the Advisor since 2002; Partner/Senior Analyst with Fountain Capital (1997-present).	N/A	None
Kenneth P. Malvey, 41	Senior Vice President and Treasurer since November 2005	Managing Director of the Advisor since 2002; Partner/Senior Analyst, Fountain Capital Management (2002-present); formerly, Investment Risk Manager and member of the Global Office of Investments, GE Capital's Employers Reinsurance Corporation (1996-2002).	N/A	None

(1) This number includes TYG, TYY, TYN and us. Our Advisor also serves as the investment advisor to TYG, TYY and TYN.

(2) As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" within the meaning of the 1940 Act.

Audit Committee

Our board of directors has a standing Audit Committee that consists of three directors of the Company who are not "interested persons" (within the meaning of the 1940 Act) ("Independent Directors"). The Audit Committee's function is to select independent accountants to conduct the annual audit of our financial statements, review with the independent accountants the outline, scope and results of this annual audit and review the performance and approval of all fees charged by the independent accountants for audit, audit-related and other professional services. In addition, the Audit Committee meets with the independent accountants and representatives of management to review accounting activities and areas of financial reporting and control. For purposes of the Sarbanes-Oxley Act, the Audit Committee has at least one member who is deemed to be a financial expert. The Audit Committee operates under a written charter approved by the Board of Directors. The Audit Committee meets periodically, as necessary, but has not yet held a meeting. The Audit Committee members are Mr. Ciccotello (Chairman), Mr. Graham, and Mr. Heath.

Nominating Committee

We have a Nominating Committee that consists exclusively of three Independent Directors. The Nominating Committee's function is to (1) identify individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of stockholders and to fill any vacancies; (2) monitor the structure and membership of Board committees; recommend to the Board director nominees for each committee; (3) review issues and developments related to corporate governance issues and develop and recommend to the Board corporate governance guidelines and procedures, to the extent necessary or desirable; and (4) actively seek individuals who meet the standards for directors set forth in our Bylaws, who meet the requirements of any applicable laws or exchange requirements and who are otherwise qualified to become board members for recommendation to the Board. The Nominating Committee will consider stockholder recommendations for nominees for membership to the Board so long as such recommendations are

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made in accordance with the Company's Bylaws. The Nominating Committee members are Conrad S. Ciccotello, John R. Graham (Chairman), and Charles E. Heath.

Compensation Table

Our directors and officers who are interested persons receive no salary or fees from us. Each Independent Director receives from us an annual retainer of \$20,000 and a fee of \$4,000 (and reimbursement for related expenses) for each meeting of the Board or Audit Committee he or she attends in person (or \$1,000 for each Board or Audit Committee meeting attended telephonically, or for each Audit Committee meeting attended in person that is held on the same day as a Board meeting). Except as noted for Audit Committee members, Independent Director also receives \$1,000 for each other committee meeting attended in person or telephonically. The Chairman of the Audit Committee receives an additional annual retainer of \$10,000.

The table below sets forth the compensation paid to our board of directors by TYG, TYY, TYN and us during fiscal 2006. We do not compensate our officers. No director or officer is entitled to receive pension or retirement benefits from us.

<u>Name and Position with the Company</u>	<u>Aggregate Compensation from the Company(1)</u>	<u>Total Compensation from Fund and Fund Complex Paid to Directors (4 Companies)</u>
Independent Directors		
Conrad S. Ciccotello	\$ 19,030	\$ 101,500
John R. Graham	\$ 16,030	\$ 89,500
Charles E. Heath	\$ 15,030	\$ 85,500
Interested Directors		
H. Kevin Birzer	\$0	\$0
Terry C. Matlack	\$0	\$0

(1) Because we have not completed our first full fiscal year, compensation is estimated based upon payments to be made by us during the current fiscal year.

ADVISOR

Tortoise Capital Advisors, a registered investment advisor, will serve as our investment advisor. Our Advisor was formed in October 2002 and has been managing investments in portfolios of MLPs in the energy infrastructure sector since that time. Our Advisor also manages the investments of TYG, TYY and TYN. TYG is a non-diversified, closed-end management investment company that was created to invest principally in MLPs in the energy infrastructure sector. TYY is a non-diversified, closed-end management investment company that was created to invest primarily in MLPs and their affiliates in the energy infrastructure sector. TYN is a non-diversified, closed-end management investment company that was created to invest primarily in energy infrastructure investments in public companies in the United States and Canada. As of July 31, 2006, our Advisor had client assets under management of approximately \$1.8 billion.

<u>Company Name</u>	<u>Ticker/Private</u>	<u>Inception Date</u>	<u>Targeted Investments</u>	<u>Total Assets (\$ in millions)</u>
Tortoise Capital Resources Corp.	Proposed NYSE: TTO	Dec. 2005	Privately-Held and Micro-Cap U.S. Energy Infrastructure	\$ 43
Tortoise Energy Infrastructure Corp.	NYSE: TYG	Feb. 2004	U.S. Energy Infrastructure, More Diversified in MLPs	\$798
Tortoise Energy Capital Corp.	NYSE: TYY	May 2005	U.S. Infrastructure, More Concentrated	\$628
Tortoise North America Energy Corp.	NYSE: TYN	Oct. 2005	Canadian and U.S. Infrastructure, Diversified	\$174
Separately Managed Accounts and Private Partnerships	Private	Nov. 2002	U.S. Energy Infrastructure	\$161

Our Advisor is controlled equally by KCEP and Fountain Capital.

- KCEP was formed in 1993 and currently manages a private equity fund with committed capital of \$55 million invested in a variety of companies in diverse industries, including a private financing for a propane retail and wholesale company, Inergy, L.P. KCEP I, a start-up and early-stage venture capital fund launched in 1994 and previously managed by KCEP, is in the process of winding down. As a part of that process, KCEP I has entered into a consensual order of receivership, which is necessary to allow KCEP I to distribute its remaining \$1.3 million of assets to creditors and the SBA. The consensual order acknowledges a capital impairment condition and the resulting nonperformance by KCEP I of its agreement with the SBA, both of which are violations of the provisions requiring repayment of capital under the Small Business Investment Act of 1958 and the regulations thereunder. We do not currently expect the consensual order or the performance of KCEP I to prevent the wholly-owned subsidiary we may create from becoming licensed by the SBA as a SBIC or prevent its participation in the SBA-sponsored debenture program.
- Fountain Capital was formed in 1990 and focuses primarily on providing investment advisory services to institutional investors with respect to below investment grade debt. Fountain Capital had approximately \$1.7 billion of client assets under management as of July 31, 2006, of which approximately \$237 million was invested in 29 energy companies.
- Our Advisor was formed by KCEP and Fountain Capital to provide portfolio management services in the energy infrastructure sector in advance of an investment of client funds in Markwest Energy Partner, L.P., a micro-cap public natural gas processing and pipeline company in the midstream segment of the energy infrastructure sector.

Our Advisor currently has four senior investment professionals who are responsible for the origination, negotiation, structuring and managing of our investments. Two of those senior investment professionals are Messrs. Matlack and Schulte, who are also Managing Directors of KCEP. The other two senior investment professionals are Messrs. Mojica and Russell, both of whom are dedicated to our activities. The Advisor's four senior investment professionals have almost 70 years of combined experience in energy, leveraged finance and private equity investing. Their biographical information is set forth below.

- *Terry Matlack* — Mr. Matlack was a founder of, and is a Managing Director of, our Advisor. Since 2001, Mr. Matlack has been a Managing Director of KCEP. Prior to joining KCEP, Mr. Matlack was President of GreenStreet Capital and its affiliates, which invested primarily in the telecommunications service industry. Prior to 1995, he was Executive Vice President and a member of the board of directors of W. K. Communications, Inc., a cable television acquisition company, and Chief Operating Officer of W. K. Cellular, a rural cellular service area operator. Mr. Matlack also serves on the board of directors of Kansas Venture Capital, an SBIC.
- *Abel Mojica III* — Prior to joining our Advisor in 2005 and since 1999, Mr. Mojica was a Principal of KCEP. While at KCEP, Mr. Mojica, together with Mr. Schulte, led KCEP's investment in the private company predecessor to Inergy, L.P., from an early stage of development through its initial public offering and was also involved in the structuring of an investment in MarkWest Energy Partners, L.P. Mr. Mojica has been in the private equity and finance industry since 1996. Mr. Mojica represented the interests of KCEP by serving on the boards of directors of three portfolio companies. Prior to joining KCEP in 1999, Mr. Mojica worked in investment banking at First Chicago Capital Markets (now J.P. Morgan Chase) and in commercial banking at Citicorp (now Citigroup).
- *Edward Russell* — Prior to joining our Advisor in March of 2006, Mr. Russell was a Managing Director in the investment banking department of Stifel, Nicolaus & Company, Inc. ("Stifel Nicolaus") since 1999. While a Managing Director at Stifel Nicolaus, Mr. Russell was responsible for all of the energy and power transactions, including all of the debt and equity transactions for the three closed-end public funds managed by our Advisor, starting with the first public equity offering in February of 2004. Prior to joining Stifel Nicolaus, Mr. Russell worked in commercial banking for over 10 years as a lender with Magna Group and South Side National Bank.
- *David J. Schulte* — Mr. Schulte was a founder of, and is a Managing Director of, our Advisor. Since 1994, Mr. Schulte has been a Managing Director of KCEP. While a partner at KCEP, Mr. Schulte led private financings for two growth MLPs in the energy infrastructure sector, Inergy, L.P., where he served as a director, and MarkWest Energy Partners, L.P., where he was a board observer. Prior to joining KCEP, Mr. Schulte had over five years of experience completing acquisition and public equity financings as an investment banker at the predecessor of Oppenheimer & Co., Inc. Mr. Schulte also serves on the investment committee of Diamond State Ventures, an SBIC. Mr. Schulte is a past President of the Midwest Region of SBICs and a former director of the National Association of SBICs.

Our Advisor has 20 full time employees, but also relies to a significant degree on the officers, employees, and resources of Fountain Capital. Three of the five members of the investment committee of our Advisor are affiliates of, but not employees of, our Advisor, and each has other significant responsibilities with Fountain Capital, which conducts businesses and activities of its own in which our Advisor has no economic interest. If these separate activities are significantly greater than our Advisor's activities, there could be material competition for the efforts of key personnel.

Each of our Advisor's investment decisions will be reviewed and approved for us by its investment committee, which also acts as the investment committee for TYG, TYY and TYN. Our Advisor's investment committee is comprised of its five Managing Directors: H. Kevin Birzer, Zachary A. Hamel, Kenneth P. Malvey, Terry C. Matlack and David J. Schulte. Messrs. Birzer, Hamel and Malvey are each Partners/Senior

Analysts with Fountain Capital. The members of our Advisor's investment committee have an average of over 20 years of financial investment experience.

Conflicts of Interests

Our senior professionals have a conflict of interest in allocating potentially more favorable investment opportunities to us and other funds and clients that pay our Advisor an incentive or performance fee. Performance and incentive fees also create the incentive to allocate potentially riskier, but potentially better performing, investments to us in an effort to increase the incentive fee. Our Advisor may also have an incentive to make investments by one fund, having the effect of increasing the value of a security in the same issuer held by another fund, which in turn may result in an incentive fee being paid to our Advisor by that other fund. However, senior professionals of our Advisor manage potential conflicts of interest by allocating investment opportunities in accordance with written allocation policies and procedures.

Investment Advisory Agreement

Management Services

Pursuant to an investment advisory agreement, our Advisor will be subject to the overall supervision and review of our board of directors, provide us with investment research, advice and supervision and will furnish us continuously with an investment program, consistent with our investment objective and policies. Our Advisor also will determine from time to time what securities we shall purchase, and what securities shall be held or sold, what portions of our assets shall be held uninvested as cash, short duration high yield securities or in other liquid assets, will maintain books and records with respect to all of our transactions, and will report to our board of directors on our investments and performance.

Our Advisor's services to us under the investment advisory agreement will not be exclusive, and our Advisor is free to furnish the same or similar services to other entities, including businesses which may directly or indirectly compete with us, so long as our Advisor's services to us are not impaired by the provision of such services to others. Under the investment advisory agreement and to the extent permitted by the 1940 Act, our Advisor will also provide on our behalf significant managerial assistance to portfolio companies to which we are required to provide such assistance under the 1940 Act and who require such assistance from us.

Administration Services

Pursuant to the investment advisory agreement, our Advisor also furnishes us with office facilities and clerical and administrative services necessary for our operation (other than services provided by our custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). Our Advisor is authorized to cause us to enter into agreements with third parties to provide such services. To the extent we request, our Advisor will (i) oversee the performance and payment of the fees of our service providers and make such reports and recommendations to the board of directors concerning such matters as the parties deem desirable, (ii) respond to inquiries and otherwise assist such service providers in the preparation and filing of regulatory reports, proxy statements, and stockholder communications, and the preparation of materials and reports for the board of directors; (iii) establish and oversee the implementation of borrowing facilities or other forms of leverage authorized by the board of directors and (iv) supervise any other aspect of our administration as may be agreed upon by us and our Advisor. We have agreed, pursuant to the investment advisory agreement, to reimburse our Advisor or its affiliate for all out-of-pocket expenses incurred in providing the foregoing services.

Management Fee

Pursuant to the investment advisory agreement, we will pay our Advisor a fee consisting of two components — a base management fee and an incentive fee in return for the management and administration services described above. For a discussion regarding the basis for our board of director's approval of the investment advisory agreement, see "Advisor — Board Approval of Investment Advisory Agreement." This discussion will also be available in our annual report to stockholders.

The base management fee is 0.375% (1.5% annualized) of our Managed Assets, calculated and paid quarterly in arrears within 15 days of the end of each calendar quarter. The term “Managed Assets” as used in the calculation of the management fee means our average monthly total assets (including any assets purchased with any borrowed funds). The base management fee for any partial quarter will be appropriately prorated.

The incentive fee consists of two parts. The first part, the investment income fee, is calculated and payable quarterly in arrears and will equal 15% of the excess, if any, of our Net Investment Income for the quarter over a quarterly hurdle rate equal to 2% (8% annualized) of our Net Assets at the end of such quarter (defined as our managed assets minus our indebtedness). For purposes of calculating the investment income fee, “Net Investment Income” shall mean interest income, dividend income, and any other income (including any fees such as commitment, origination, syndication, structuring, diligence, monitoring, and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable by us, any interest expense, any tax expense and dividends paid on issued and outstanding preferred stock, if any, but excluding the incentive fees payable to our Advisor). Accordingly, we may pay an incentive fee based partly on accrued interest, the collection of which is uncertain or deferred. Net Investment Income also includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest, and zero coupon securities), accrued income that we have not yet received in cash. Net Investment Income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. The investment income fee is payable within fifteen days of the end of each calendar quarter but no investment income fee will be paid or earned until December 8, 2006. The investment income fee for any partial quarter will be appropriately prorated.

The second part of the incentive fee payable to our Advisor, the capital gains fee, is calculated and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory agreement, as of the termination date), and equals: (i) 15% of (a) our net realized capital gains (realized capital gains less realized capital losses) on a cumulative basis from the closing of this offering to the end of each calendar year, less (b) any unrealized capital depreciation at the end of such calendar year, less (ii) the aggregate amount of all capital gains fees paid to our Advisor in prior years. Realized capital gains on a security will be calculated as the excess of the net amount realized from the sale or other disposition of such security over the original cost for that security. Realized capital losses on a security will be calculated as the amount by which the net amount realized from the sale or other disposition of such security is less than the original cost of such security. Unrealized capital depreciation on a security will be calculated as the amount by which our original cost of such security exceeds the fair value of such security at the end of a calendar year. Our Advisor will use at least 25% of any capital gains fees received from us at any time on or prior to December 8, 2007 to purchase our common shares. We will determine all fiscal year-end valuations in accordance with generally accepted accounting principles, the 1940 Act, and our policies and procedures to the extent consistent therewith. In the event the investment advisory agreement is terminated, the capital gains fee calculation will be undertaken as of, and any resulting capital gains fee will be paid within fifteen days of, the date of termination.

The payment of the investment income fee portion of the incentive compensation on a quarterly basis may lead our Advisor to accelerate or defer interest payable by our portfolio companies in a manner that could result in fluctuations in the timing and amount of dividends.

The following examples are intended to assist in an understanding of the two components of the incentive fee. These examples are not intended as an indication of our expected performance.

Examples of Quarterly Incentive Fee Calculation

Example 1: Income Related Portion of Incentive Fee(1):

Assumptions

- The following calculations only apply from December 8, 2006, as our Advisor is not entitled to any income-related portion of the incentive fee in any earlier period
- Hurdle rate(2) = 2.00%
- Management fee(3) = 0.375%
- Other expenses (legal, accounting, custodian, transfer agent, etc.)(4) = 0.20%

Alternative 1

Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = 1.25%
- Pre-incentive fee net investment income (investment income — (management fee + other expenses)) = 0.675%

Pre-incentive fee net investment income does not exceed hurdle rate, therefore there is no incentive fee.

Alternative 2

Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = 3.50%
- Pre-incentive fee net investment income (investment income — (management fee + other expenses)) = 2.925%

Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an incentive fee.

Incentive Fee	=	15% x (pre-incentive fee net investment income — 2.00%)
	=	15% x (2.925% — 2.00%)
	=	15% x 0.925%
	=	0.13875%

(1) The hypothetical amount of pre-incentive fee net investment income shown is based on a percentage of our net assets.

(2) Represents 8.0% annualized hurdle rate.

(3) Represents 1.5% annualized management fee. For the purposes of this example, we have assumed that we have not incurred any indebtedness and that we maintain no cash or cash equivalents.

(4) Excludes organizational and offering expenses.

Example 2: Capital Gains Portion of Incentive Fee:

Alternative 1

Assumptions

- *Year 1:* \$20 million investment made and November 30 fair market value (“FMV”) of investment determined to be \$20 million
- *Year 2:* November 30 FMV of investment determined to be \$22 million
- *Year 3:* November 30 FMV of investment determined to be \$17 million
- *Year 4:* Investment sold for \$21 million

The impact, if any, on the capital gains portion of the incentive fee would be:

- *Year 1:* No impact
- *Year 2:* No impact
- *Year 3:* Reduce base amount on which the capital gains portion of the incentive fee is calculated by \$3 million
- *Year 4:* Increase base amount on which the capital gains portion of the incentive fee is calculated by \$4 million (less the amount, if any, of the unrealized capital depreciation from Year 3 that did not actually reduce the capital gains portion of the incentive fee that would otherwise have been payable to our Advisor in Year 3)

Alternative 2

Assumptions

- *Year 1:* \$20 million investment made and November 30 FMV of investment determined to be \$20 million
- *Year 2:* November 30 FMV of investment determined to be \$17 million
- *Year 3:* November 30 FMV of investment determined to be \$17 million
- *Year 4:* November 30 FMV of investment determined to be \$21 million
- *Year 5:* November 30 FMV of investment determined to be \$18 million
- *Year 6:* Investment sold for \$15 million

The impact, if any, on the capital gains portion of the incentive fee would be:

- *Year 1:* No impact
- *Year 2:* Reduce base amount on which the second part of the incentive fee is calculated by \$3 million
- *Year 3:* No impact
- *Year 4:* No impact
- *Year 5:* No impact
- *Year 6:* Reduce base amount on which the second part of the incentive fee is calculated by \$2 million (plus the amount, if any, of the unrealized capital depreciation from Year 2 that did not actually reduce the second part of the incentive fee that would otherwise have been payable to our Advisor in prior years)

Alternative 3

Assumptions

- *Year 1:* \$20 million investment made in company A (“Investment A”), and \$20 million investment made in company B (“Investment B”) and November 30 FMV of each investment determined to be \$20 million
- *Year 2:* November 30 FMV of Investment A is determined to be \$21 million, and Investment B is sold for \$18 million
- *Year 3:* Investment A is sold for \$23 million

The impact, if any, on the capital gains portion of the incentive fee would be:

- *Year 1:* No impact
- *Year 2:* Reduce base amount on which the capital gains portion of the incentive fee is calculated by \$2 million (realized capital loss on Investment B)
- *Year 3:* Increase base amount on which the capital gains portion of the incentive fee is calculated by \$3 million (realized capital gain on Investment A)

Alternative 4

Assumptions

- *Year 1:* \$20 million investment made in company A (“Investment A”), and \$20 million investment made in company B (“Investment B”) and November 30 FMV of each investment determined to be \$20 million
- *Year 2:* November 30 FMV of Investment A is determined to be \$21 million and FMV of Investment B is determined to be \$17 million
- *Year 3:* November 30 FMV of Investment A is determined to be \$18 million and FMV of Investment B is determined to be \$18 million
- *Year 4:* November 30 FMV of Investment A is determined to be \$19 million and FMV of Investment B is determined to be \$21 million
- *Year 5:* Investment A is sold for \$17 million and Investment B is sold for \$23 million

The impact, if any, on the capital gains portion of the incentive fee would be:

- *Year 1:* No impact
- *Year 2:* Reduce base amount on which the capital gains portion of the incentive fee is calculated by \$3 million (unrealized capital depreciation on Investment B)
- *Year 3:* Reduce base amount on which the capital gains portion of the incentive fee is calculated by \$2 million (unrealized capital depreciation on Investment A)
- *Year 4:* No impact
- *Year 5:* Increase base amount on which the second part of the incentive fee is calculated by \$5 million (\$6 million of realized capital gain on Investment B partially offset by \$1 million of realized capital loss on Investment A) (less the amount, if any, of the unrealized capital depreciation on Investment A from Year 3 and the unrealized capital depreciation on Investment B from Year 2 that did not actually reduce the capital gains portion of incentive fees that would otherwise have been payable to our Advisor in prior years)

Payment of Our Expenses

We will bear all expenses not specifically assumed by our Advisor and incurred in our operations, we have borne the expenses related to the private placement of our common shares and warrants and we will bear the expenses related to this offering. The compensation and allocable routine overhead expenses of all investment professionals of our Advisor and its staff, when and to the extent engaged in providing us investment advisory services, is provided and paid for by our Advisor and not us. The compensation and expenses borne by us include, but are not limited to, the following:

- other than as provided in the paragraph above, expenses of maintaining and continuing our existence and related overhead, including, to the extent such services are provided by personnel of our Advisor or its affiliates, office space and facilities and personnel compensation, training and benefits,
- commissions, spreads, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments including placement and similar fees in connection with direct placements entered into on our behalf,
- auditing, accounting and legal expenses (including costs associated with the implementation of our Sarbanes-Oxley internal controls and procedures over financial reporting),
- taxes and interest,
- governmental fees,
- expenses of listing our shares with a stock exchange, and expenses of issue, sale, repurchase and redemption (if any) of our interests, including expenses of conducting tender offers for the purpose of repurchasing our securities,
- expenses of registering and qualifying us and our securities under federal and state securities laws and of preparing and filing registration statements and amendments for such purposes,
- expenses of communicating with stockholders, including website expenses and the expenses of preparing, printing and mailing press releases, reports and other notices to stockholders and of meetings of stockholders and proxy solicitations therefor,
- expenses of reports to governmental officers and commissions,
- insurance expenses,
- association membership dues,
- fees, expenses and disbursements of custodians and subcustodians for all services to us (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records, and determination of net asset values),
- fees, expenses and disbursements of transfer agents, dividend and interest paying agents, stockholder servicing agents and registrars for all services to us,
- compensation and expenses of our directors who are not members of our Advisor's organization,
- pricing, valuation and other consulting or analytical services employed in considering and valuing our actual or prospective investments,
- all expenses incurred in leveraging of our assets through a line of credit or other indebtedness or issuing and maintaining preferred shares,
- all expenses incurred in connection with our organization and any offering of our common shares, including our private placement and this offering, and

- such non-recurring items as may arise, including expenses incurred in litigation, proceedings and claims and our obligation to indemnify our directors, officers and stockholders with respect thereto.

Duration and Termination

The investment advisory agreement was approved by our board of directors on September 12, 2005. Unless terminated earlier as described below, it will continue in effect for a period of two years from its effective date. It will remain in effect from year to year thereafter if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, upon approval by a majority of our directors who are not interested persons or parties to the investment advisory agreement. The investment advisory agreement will automatically terminate in the event of its assignment. The investment advisory agreement may be terminated by us without penalty upon not more than 60 days' written notice to our Advisor. The investment advisory agreement may also be terminated by our Advisor without penalty upon not less than 60 days' written notice to us.

Liability of Advisor

The investment advisory agreement provides that our Advisor will not be liable to us in any way for any default, failure or defect in any of the securities comprising our portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth in the investment advisory agreement. However, our Advisor will be liable to us for any loss, damage, claim, cost, charge, expense or liability resulting from our Advisor's willful misconduct, bad faith or gross negligence or disregard by our Advisor of its duties or standard of care, diligence and skill set forth in the investment advisory agreement or a material breach or default of our Advisor's obligations under that agreement.

Board Approval of the Investment Advisory Agreement

Our board of directors, including a majority of the independent directors, reviewed and approved the investment advisory agreement on September 12, 2005.

In considering the approval of the investment advisory agreement, our board of directors evaluated information provided by our Advisor and their legal counsel and considered various factors, including the following:

- *Services.* Our board of directors reviewed the nature, extent and quality of the investment advisory and administrative services proposed to be provided to us by our Advisor and found them sufficient to encompass the range of services necessary for our operation.
- *Comparison of Management Fee to Other Firms.* Our board of directors reviewed and considered to the extent publicly available, the management fee arrangements of companies with similar business models, including business development companies.
- *Experience of Management Team and Personnel.* Our board of directors considered the extensive experience of the members of our Advisor's investment committee with respect to the specific types of investments we propose to make, and their past experience with similar kinds of investments. Our board of directors discussed numerous aspects of the investment strategy with members of our Advisor's investment committee and also considered the potential flow of investment opportunities resulting from the numerous relationships of our Advisor's investment committee and investment professionals within the investment community.
- *Provisions of Investment Advisory Agreement.* Our board of directors considered the extent to which the provisions of the investment advisory agreement (other than the fee structure which is discussed above) were comparable to the investment advisory agreements and administration agreements of companies with similar business models, including, peer group business development companies, and concluded that its terms were satisfactory and in line with market norms. In addition, our board of directors concluded that the services to be provided under the

investment advisory agreement were reasonably necessary for our operations, the services to be provided were at least equal to the nature and quality of those provided by others, and the payment terms were fair and reasonable in light of usual and customary charges.

- *Payment of Expenses.* Our board of directors considered the manner in which our Advisor would be reimbursed for its expenses at cost and the other expenses for which it would be reimbursed under the investment advisory agreement. The board of directors discussed how this structure was comparable to that of companies with similar business models, including existing business development companies.

Based on the information reviewed and the discussions among the members of our board of directors, our board of directors, including all of our independent directors, approved the investment advisory agreement and the administration agreement and concluded that the management fee rates were reasonable in relation to the services to be provided.

License Agreement

Pursuant to the investment advisory agreement, our Advisor has consented to our use on a non-exclusive, royalty-free basis, of the name “Tortoise” in our name. We will have the right to use the “Tortoise” name so long as our Advisor or one of its approved affiliates remains our investment advisor. Other than with respect to this limited right, we will have no legal right to the “Tortoise” name. This right will remain in effect for so long as the investment advisory agreement with our Advisor is in effect and will automatically terminate if the investment advisory agreement were to terminate for any reason, including upon its assignment.

Sub-Advisor Arrangement

The investment advisory agreement authorizes our Advisor to delegate any or all of its rights, duties and obligations to one or more sub-advisors upon receipt of approval of such sub-advisor by our board of directors and stockholders (unless such approval is not required by the relevant statutes, rules, regulations, interpretations, orders, or similar relief). Our Advisor has entered into a sub-advisory agreement with Kenmont.

Kenmont is a Houston, Texas based registered an investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts and enhances the number and range of potential investment opportunities in which we have the opportunity to invest. Kenmont Special Opportunities Master Fund LP purchased 666,666 of our common shares and 166,666 of our warrants in the initial closing of our offering of common shares and warrants on December 8, 2005. Pursuant to the sub-advisory agreement with Kenmont, Kenmont (i) assists in identifying potential investment opportunities, subject to the right of Kenmont to first show investment opportunities that it identifies to other funds or accounts for which Kenmont is the primary advisor, (ii) assists, as requested but subject to a limit of 20 hours per month, in the analysis of investment opportunities as requested by our Advisor, and (iii) if requested by our Advisor, assists in hiring an additional investment professional for the Advisor who will be located in Houston, Texas and for whom Kenmont will make office space available. Kenmont will not make any investment decisions on our behalf, but will recommend potential investments to, and assist in the investment analysis undertaken by, our Advisor. Our Advisor compensates Kenmont for the services it provides to us. Our Advisor indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. Kenmont will be indemnified by us for certain claims related to the services it provides. In addition to any termination rights we may have under the 1940 Act, the sub-advisory agreement between the Advisor and Kenmont may be terminated by our Advisor in limited circumstances.

Kenmont is a Texas limited partnership that serves as investment advisor to pooled investment vehicles and managed accounts. The principals of Kenmont have collectively created and managed private equity portfolios in excess of \$1.5 billion and have over 50 years of experience working for investment banks, commercial banks, accounting firms, operating companies and money management firms.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have entered into the investment advisory agreement with our Advisor, an entity in which certain of our officers and directors have ownership and financial interests. Our Advisor's services under the investment advisory agreement will not be exclusive, and it is free to furnish the same or similar services to other entities, including businesses that may directly or indirectly compete with us so long as its services to us are not impaired by the provision of such services to others. In addition, the publicly traded funds and private accounts managed by our Advisor may make investments similar to investments that we may pursue. Although we currently are not generally targeting similar investment opportunities as other entities advised by our Advisor, this may change in the future. It is thus possible that our Advisor might allocate investment opportunities to other entities, and thus might divert attractive investment opportunities away from us. However, our Advisor intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies, so that we will not be disadvantaged in relation to any other client.

Our independent directors will review any investment decisions that may present potential conflicts of interest among our Advisor and its affiliates and us in accordance with specific procedures and policies adopted by our board of directors.

Pursuant to the investment advisory agreement, our Advisor has consented to our use on a non-exclusive, royalty-free basis, of the name "Tortoise" in our name. We will have the right to use the "Tortoise" name so long as our Advisor or one of its approved affiliates remains our investment advisor. Other than with respect to this limited right, we will have no legal right to the "Tortoise" name. This right will remain in effect for so long as the investment advisory agreement with our Advisor is in effect and will automatically terminate if the investment advisory agreement were to terminate for any reason, including upon its assignment.

Our Advisor has entered into a sub-advisory agreement with Kenmont. Kenmont is an investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts and enhances the number and range of potential investment opportunities in which we have the opportunity to invest. Our Advisor compensates Kenmont for the services it provides to us. Our Advisor also indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. Kenmont will be indemnified by the Advisor for certain claims related to the services it provides and obligations assumed under the sub-advisory agreement. Kenmont Special Opportunities Master Fund LP, an affiliate of Kenmont, purchased 666,666 of our common shares and 166,666 of our warrants in the initial closing of our offering of common shares and warrants on December 8, 2005.

CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS

The following table sets forth certain beneficial ownership information with respect to our common shares for those persons who directly or indirectly own, control or hold with the power to vote, 5% or more of our common shares prior to this offering and all our officers and directors and the managing directors of our Advisor, as a group. One of the beneficial owners of more than 5% of our common shares is Kenmont Special Opportunities Master Fund LP, an affiliate of our sub-advisor Kenmont. Except as otherwise noted, the address for all stockholders in the table below is c/o Tortoise Capital Advisors, 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210.

<u>Name</u>	<u>Common Shares Owned</u>	<u>Warrants Owned</u>	<u>Percentage of Common Shares Outstanding Before Offering(1)</u>	<u>Percentage of Common Shares Outstanding After Offering(2)</u>
<i>Beneficial Owners of more than 5%</i>				
Kenmont Special Opportunities Master Fund, L.P.(3)	666,666	166,666	21.58%	%
Rockbay Capital Management, L.P.(4)	466,666	116,666	15.11%	%
Delta Onshore, LP(5)	182,466	45,616	5.91%	%
<i>Directors and Executive Officers:</i>				
<i>Interested Directors</i>				
H. Kevin Birzer(6)	5,300	1,325	*	*
Terry Matlack(7)	2,467	616	*	*
<i>Independent Directors</i>				
Conrad S. Ciccotello(8)	1,000	250	*	*
John R. Graham(9)	4,000	1,000	*	*
Charles E. Heath(10)	3,000	750	*	*
<i>Executive Officers</i>				
David J. Schulte	4,517	1,128	*	*
Zachary A. Hamel	1,667	416	*	*
Kenneth P. Malvey	1,392	347	*	*
<i>Directors and Executive Officers as a Group (8 persons)</i>	23,343	5,832	*	*

* Indicates less than 1%.

- (1) Based on 3,088,596 common shares and 772,124 warrants outstanding. Each person's percentage includes all warrants owned, which warrants become exercisable upon the completion of this offering.
- (2) Based on common shares and 772,124 warrants outstanding. Each person's percentage includes all warrants owned, which warrants become exercisable upon the completion of this offering.
- (3) The address of Kenmont Special Opportunities Master Fund, L.P. is 711 Louisiana, Suite 1750, Houston, TX 77002.
- (4) Rockbay Capital Management, L.P. is the investment manager for Rockbay Capital Institutional Fund, LLC, Rockbay Capital Offshore Fund, Ltd. and Rockbay Capital Fund, LLC. Rockbay Capital Management, L.P. shares voting and dispositive power with these entities with respect to these securities and, as a result, beneficially owns these securities. The address of Rockbay Capital Management, L.P. is 600 Fifth Avenue, 24th Floor, New York, NY 10020. Rockbay Capital Management, L.P. is controlled by Atul Khanna and Jonathan Baron.
- (5) The address of Delta Onshore, LP is 900 Third Avenue, 5th Floor, New York, NY 10022.
- (6) Of the total number of shares and warrants shown, Mr. Birzer holds 3,600 shares and 900 warrants jointly with his wife, Michele Birzer.
- (7) These shares and warrants are held of record by the Matlack Living Trust dtd 12/30/2004, Terry Matlack, Trustee.

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- (8) Mr. Ciccotello holds these shares and warrants jointly with his wife, Elizabeth Ciccotello.
- (9) These shares and warrants are held of record by the John R. Graham Trust U/A dtd 1/3/92, John R. Graham, Trustee.
- (10) These shares are held of record by the Charles E. Heath Trust No. 1 dtd U/A 2/1/92, Charles E. Heath and Kathleen M. Heath, Trustees.

The following table sets forth the dollar range of equity securities beneficially owned by each of our directors as of May 31, 2006.

<u>Name of Director</u>	<u>Aggregate Dollar Range of Company Securities Beneficially Owned by Director(1)</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director in Family of Investment Companies(2)</u>
Independent Directors		
Conrad S. Ciccotello	\$ 10,001 — \$50,000	Over \$100,000
John R. Graham	\$ 50,001 — \$100,000	Over \$100,000
Charles E. Heath	\$ 10,001 — \$50,000	Over \$100,000
Interested Directors		
H. Kevin Birzer	\$ 50,001 — \$100,000	Over \$100,000
Terry C. Matlack	\$ 10,001 — \$50,000	Over \$100,000

(1) The value of the securities is determined by reference to the net asset value of our common shares on May 31, 2006 (\$13.80 per common share), and includes the net value of all warrants to purchase common shares held by each director.

(2) Includes TYG, TYY and TYN and us. Amounts based on the calculation for us referenced in footnote (1) above and the closing price of the common shares of TYG, TYY and TYN on the NYSE on July 31, 2006.

The following table sets forth the dollar range of equity securities of the Company beneficially owned by each member of our Advisor's investment committee as of May 31, 2006. The value of the securities is determined by reference to the net asset value of our common shares on May 31, 2006 (\$13.80 per common share), and includes the net value of all warrants to purchase common shares held by members of our Advisor's investment committee.

<u>Name</u>	<u>Aggregate Dollar Range of Company Securities Beneficially Owned by Manager</u>
H. Kevin Birzer	\$ 50,001 — \$100,000
Zachary A. Hamel	\$ 10,001 — \$50,000
Kenneth P. Malvey	\$ 10,001 — \$50,000
Terry C. Matlack	\$ 10,001 — \$50,000
David J. Schulte	\$ 50,001 — \$100,000

DIVIDEND REINVESTMENT PLAN

If a stockholder's shares are registered directly with us or with a brokerage firm that participates in our Automatic Dividend Reinvestment Plan ("Plan") through the facilities of DTC and such stockholder's account is coded dividend reinvestment by such brokerage firm, all distributions are automatically reinvested for stockholders by the Plan Agent, Computershare Trust Company, Inc., in additional common shares (unless a stockholder is ineligible or elects otherwise). If a stockholder's shares are registered with a brokerage firm that participates in the Plan through the facilities of DTC, but such stockholder's account is not coded dividend reinvestment by such brokerage firm or if a stockholder's shares are registered with a brokerage firm that does not participate in the Plan through the facilities of DTC, a stockholder will need to ask their investment

executive to determine what arrangements can be made to set up their account to participate in the Plan. In either case, until such arrangements are made, a stockholder will receive distributions in cash.

Stockholders who elect not to participate in the Plan will receive all distributions payable in cash paid by check mailed directly to the stockholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by Computershare Trust Company, Inc., as dividend paying agent. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by giving notice in writing to, or by calling, the Plan Agent; such termination will be effective with respect to a particular distribution if notice is received prior to the record date for the next dividend.

Whenever we declare a distribution payable either in common shares or in cash, non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common shares. The shares are acquired by the Plan Agent for the participant's account, depending upon the circumstances described below, either (i) through receipt of additional common shares from the Company or (ii) by purchase of outstanding common shares on the open market ("open-market purchases") on the NYSE or elsewhere. If, on the payment date, the net asset value per share of the common shares is equal to or less than the market price per common share plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent will receive Additional common shares from the Company for each participant's account. The number of additional common shares to be credited to the participant's account will be determined by dividing the dollar amount of the dividend or distribution by the greater of (i) the net asset value per common share on the payment date, or (ii) % of the market price per common share on the payment date.

If, on the payment date, the net asset value per common share exceeds the market price plus estimated brokerage commissions (such condition being referred to herein as "market discount"), the Plan Agent has until the last business day before the next date on which the shares trade on an "ex-dividend" basis or in no event more than 90 days after the payment date ("last purchase date") to invest the distribution amount in shares acquired in open-market purchases. It is contemplated that we will declare and pay quarterly distributions. Therefore, the period during which open-market purchases can be made will exist only from the payment date on the distribution through the date before the next ex-dividend date. The weighted average price (including brokerage commissions) of all common shares purchased by the Plan Agent as Plan Agent will be the price per common share allocable to each participant. If, before the Plan Agent has completed its open-market purchases, the market price of a common share plus estimated brokerage commissions exceeds the net asset value per share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of our common shares, resulting in the acquisition of fewer common shares than if the distribution had been paid in additional common shares on the payment date. Because of the foregoing difficulty with respect to open-market purchases, the Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Agent will cease making open-market purchases and will invest the uninvested portion of the distribution amount in Additional common shares at the close of business on the last purchase date.

The Plan Agent maintains all stockholders' accounts in the Plan and furnishes written confirmation of each acquisition made for the participant's account as soon as practicable, but in no event later than 60 days after the date thereof. Shares in the account of each Plan participant will be held by the Plan Agent in non-certificated form in the Plan Agent's name or that of its nominee, and each stockholder's proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan first in accordance with the instructions of the participants then with respect to any proxies not returned by such participant, in the same proportion as the Plan Agent votes the proxies returned by the participants.

There will be no brokerage charges with respect to shares issued directly by us as a result of distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open-market purchases in connection with the reinvestment of distributions. If a participant elects to have the Plan Agent sell part or all of his or her

common shares and remit the proceeds, such participant will be charged his or her pro rata share of brokerage commissions on the shares sold plus a \$ transaction fee. The automatic reinvestment of distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such distributions. See "Certain U.S. Federal Income Tax Considerations."

Stockholders participating in the Plan may receive benefits not available to stockholders not participating in the Plan. If the market price plus commissions of our common shares is higher than the net asset value, participants in the Plan will receive common shares at less than they could otherwise purchase such shares and will have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the net asset value, participants will receive distributions of common shares with a net asset value greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the net asset value. Also, because we do not redeem our common shares, the price on resale may be more or less than the net asset value. See "Certain U.S. Federal Income Tax Considerations" for a discussion of tax consequences of the Plan.

Experience under the Plan may indicate that changes are desirable. Accordingly, we reserve the right to amend or terminate the Plan if in the judgment of the Board of Directors such a change is warranted. The Plan may be terminated by the Plan Agent or us upon notice in writing mailed to each participant at least 60 days prior to the effective date of the termination. Upon any termination, the Plan Agent will cause a certificate or certificates to be issued for the full shares held by each participant under the Plan and cash adjustment for any fraction of a common share at the then current market value of the common shares to be delivered to him or her. If preferred, a participant may request the sale of all of the common shares held by the Plan Agent in his or her Plan account in order to terminate participation in the Plan. If such participant elects in advance of such termination to have the Plan Agent sell part or all of his or her shares, the Plan Agent is authorized to deduct from the proceeds a \$15.00 fee plus the brokerage commissions incurred for the transaction. If a participant has terminated his or her participation in the Plan but continues to have common shares registered in his or her name, he or she may re-enroll in the Plan at any time by notifying the Plan Agent in writing at the address below. The terms and conditions of the Plan may be amended by the Plan Agent or us at any time, except when necessary or appropriate to comply with applicable law or the rules or policies of the SEC or any other regulatory authority, only by mailing to each participant appropriate written notice at least 30 days prior to the effective date thereof. The amendment shall be deemed to be accepted by each participant unless, prior to the effective date thereof, the Plan Agent receives notice of the termination of the participant's account under the Plan. Any such amendment may include an appointment by the Plan Agent of a successor Plan Agent, subject to the prior written approval of the successor Plan Agent by us.

All correspondence concerning the Plan should be directed to Computershare Trust Company, Inc. at 2 North LaSalle Street, Chicago, Illinois 60602 or 1-800-727-0254.

DETERMINATION OF NET ASSET VALUE

We will determine our net asset value per common share on a quarterly basis. For purposes of determining the net asset value of our common shares, we will calculate the net asset value, which will equal the value of our total assets (the value of the securities we hold plus cash or other assets, including interest accrued but not yet received) less all of our liabilities, including but not limited to (i) accrued and unpaid interest on any outstanding indebtedness, (ii) the aggregate principal amount of any outstanding indebtedness, and (iii) any distributions payable on our common shares. Our net asset value per common share will equal our net asset value divided by the number of outstanding common shares.

We will use the 1940 Act's definition of value in calculating the value of our total assets. The 1940 Act defines value as (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value as determined in good faith by our board of directors.

Valuation Methodology — Public Finance

Our process for determining the market price of an investment will be as follows. For equity securities, we will first use readily available market quotations and will obtain direct written broker-dealer quotations if a security is not traded on an exchange or quotations are not available from an approved pricing service. For fixed income securities, we will use readily available market quotations based upon the last updated sale price or market value from a pricing service or by obtaining a direct written broker-dealer quotation from a dealer who has made a market in the security. If no sales are reported on any exchange or OTC market, we will use the calculated mean based on bid and asked prices obtained from the primary exchange or OTC market. Other assets will be valued at market value pursuant to written valuation procedures.

Valuation Methodology — Private Finance

Because we expect to invest principally in private companies, there generally will not be a readily available market price for these investments. Therefore, we will value substantially all of our investments at fair value in good faith. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each investment while employing a consistently applied valuation process for the types of investments we make. Unlike banks, we are not permitted to provide a general reserve for anticipated loan losses. Instead, we will specifically value each individual investment on a quarterly basis. We will record unrealized depreciation on investments when we believe that an investment has become impaired, including where collection of a loan or realization of an equity security is doubtful, or when our estimate of the enterprise value of an investment does not currently support the cost of our debt or equity investment. We will record unrealized appreciation if we believe that the underlying company has appreciated in value and, therefore, our equity security also has appreciated in value. Changes in fair value are recorded in our statement of operations as net change in unrealized appreciation or depreciation.

We expect our investments to include many terms governing interest rate, repayment terms, prepayment penalties, financial covenants, operating covenants, ownership parameters, dilution parameters, liquidation preferences, voting rights, and put or call rights. Our investments are generally subject to restrictions on resale and generally have no established trading market. Because of the type of investments that we make and the nature of our business, our valuation process requires an analysis of various factors. Our fair value methodology includes the examination of, among other things, the underlying investment performance, financial condition, and market changing events that impact valuation.

Our process for determining the fair value of a security of a private investment will begin with determining the enterprise value of the company that issued the security. The fair value of our investment will be based on the enterprise value at which a company could be sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale.

There is no one methodology to determine enterprise value and, in fact, for any one company, enterprise value may best be expressed as a range of fair values, from which we will derive a single estimate of enterprise value. To determine the enterprise value of a company, we will analyze its historical and projected financial results. We will generally require companies in which we invest to provide us with annual audited, and quarterly and monthly unaudited, financial statements, as well as annual projections for the upcoming fiscal year. We expect to value companies on discounted cash flow analysis and multiples of EBITDA, cash flow, net income, revenues or, in some instances, book value. We expect to use financial measures such as EBITDA or EBITDAM (Earnings Before Interest, Taxes, Depreciation, Amortization and, in some instances, management fees) in order to assess a portfolio company's financial performance and to value a portfolio company. EBITDA and EBITDAM are not intended to represent cash flow from operations as defined by U.S. generally accepted accounting principles and such information should not be considered as an alternative to net income, cash flow from operations, or any other measure of performance prescribed by U.S. generally accepted accounting principles. When using EBITDA to determine enterprise value, we may adjust EBITDA for non-recurring items. Such adjustments are intended to normalize EBITDA to reflect a

portfolio company's earning power. Adjustments to EBITDA may include acquisition, recapitalization, or restructuring related items or one-time non-recurring income or expense items.

In determining a multiple to use for valuation purposes, we will look to private merger and acquisition statistics, discounted public trading multiples or industry practice. In estimating a reasonable multiple, we will consider not only the fact that the portfolio company may be a private company relative to a peer group of public companies, but we also will consider the size and scope of the company and its specific strengths and weaknesses. If a company is distressed, a liquidation analysis may provide the best indication of enterprise value.

If the portfolio company has an adequate enterprise value to support the repayment of our debt, the fair value of our loan or debt security normally correspond to cost unless the portfolio company's condition or other factors lead to a determination of fair value at a different amount. When we receive nominal cost warrants or free equity securities ("nominal cost equity"), we will allocate our cost basis in our investment between debt securities and nominal cost equity at the time of origination. At that time, the original issue discount basis of the nominal cost equity is recorded by increasing the cost basis in the equity and decreasing the cost basis in the related debt securities. The fair value of equity interests in portfolio companies is determined based on various factors, including the enterprise value remaining for equity holders after the repayment of our debt and other preference capital, and other pertinent factors such as recent offers to purchase a company, recent transactions involving the purchase or sale of the equity securities of the company, or other liquidation events. The determined equity values are generally discounted when we have a minority position, are subject to restrictions on resale, have specific concerns about the receptivity of the capital markets to a specific company at a certain time, or other comparable factors exist.

- *Investment Team Valuation.* Each portfolio company or investment will initially be valued by the investment professionals of the Advisor responsible for the portfolio investment. As a part of this process, materials will be prepared containing their supporting analysis.
- *Third Party Valuation Activity.* We expect that our board of directors will retain an independent valuation firm to review, as requested from time to time by the independent directors, the valuation report provided by our investment team.
- *Investment Committee Valuation.* The investment committee of our Advisor will review the investment team valuation report and the analysis of the independent valuation firm, if applicable, and determine valuations to be considered by the board of directors.
- *Final Valuation Determination.* Our board of directors will consider the investment committee valuations, including supporting documentation, and analysis of the independent valuation firm, if applicable, and determine the fair value of each investment in our portfolio in good faith.

There will typically be no readily available market value for our investments. Because of the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of our investments determined in good faith by our board of directors may be materially different from the values that would have been used had a ready market existed for the investments.

We expect to invest in one or more taxable subsidiaries formed by us to make and hold certain investments in accordance with our investment objective. We will value our investment in such a subsidiary based on the net asset value of the subsidiary. The net asset value of the subsidiary will be computed by subtracting from the value of all of the subsidiary's assets all of its liabilities, including but not limited to taxes. The subsidiary's portfolio securities will be valued in accordance with the same valuation procedures applied to our portfolio companies.

Determination of fair value involves subjective judgments and estimates not susceptible to substantiation by auditing procedures. Accordingly, under current auditing standards, the notes to our financial statements will refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of the material U.S. federal income tax considerations that are applicable to us and to an investment in our common shares by a U.S. stockholder (as defined below). This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, the following discussion does not describe income tax consequences that are assumed to be generally known by U.S. stockholders or certain considerations that may be relevant to certain types of U.S. stockholders subject to special treatment under U.S. federal income tax laws, including tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts and financial institutions. This summary assumes that U.S. stockholders hold our common shares as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not and will not seek any ruling from the Internal Revenue Service (the "Service") regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax and does not discuss any tax consequences to investors that are not U.S. stockholders. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

A "U.S. stockholder" generally is a beneficial owner of our common shares that is, for U.S. federal income tax purposes, any one of the following:

- a citizen or resident of the United States;
- a corporation, partnership or other entity created in or organized under the laws of the United States or any political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust subject to the supervision of a court within the United States and the control of a United States person.

A "Non-U.S. Stockholder" is a beneficial owner of our common shares that is not a U.S. Stockholder.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partnership holding our common shares or a partner of such a partnership should consult his, her or its own tax advisor with respect to the purchase, ownership and disposition of our common shares.

Tax matters are very complicated and the tax consequences to a U.S. stockholder of an investment in our common shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws and the effect of any possible changes in the tax laws.

Current Federal Income Taxation of the Company

We have been formed as a corporation under Maryland law. We currently are, and have always been, treated as a general business corporation for U.S. federal income tax purposes. Thus, we have computed and paid federal income tax on our taxable income without regard to the rules applicable to RICs. Currently, the maximum marginal regular federal income tax rate for a corporation is 35%. We may be subject to a 20% federal alternative minimum tax on our federal alternative minimum taxable income to the extent that our alternative minimum tax exceeds our regular federal income tax.

If we make a distribution on the common shares, the distribution will be treated as a taxable dividend to a U.S. stockholder to the extent of our current or accumulated earnings and profits, whether the distribution

is paid in cash or in additional common shares. If the distribution exceeds our earnings and profits, the distribution will be treated as a tax-free return of capital to the U.S. stockholder, to the extent of the U.S. stockholder's adjusted tax basis in its common shares, and then as capital gain. Generally, our earnings and profits are computed based upon taxable income, with certain specified adjustments. During the periods in which we are taxed as a general business corporation, a corporate U.S. stockholder generally will be eligible for the dividends-received deduction generally allowed U.S. corporations in respect of dividends received from U.S. corporations. During the periods in which we are taxed as a general business corporation, dividends paid by us in taxable years beginning before January 1, 2011 to a non-corporate U.S. stockholder that meet certain holding period and other requirements will be subject to federal income taxation at a reduced rate of 15% or lower.

Intended Election to be Taxed as a RIC

Although we were formed as a general business corporation, we intend to elect to be treated as a RIC effective as of December 1, 2006. If we qualify as a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. From the date hereof through the effective date of our intended RIC election, we will continue to be taxed as a general business corporation as described above. Any capital gains we recognize from now through the effective date of our intended RIC election will, when distributed to our stockholders, be taxed as ordinary income (and not as capital gains, as would have been the case had we been taxed as a RIC as of the date hereof).

To qualify as a RIC, we must, among other things, qualify as a BDC and meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain the benefits of RIC status, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses, reduced by deductible expenses (the "Annual Distribution Requirement").

By the end of our first taxable year as a RIC, we also must eliminate any earnings and profits accumulated while we were taxable as a general business corporation. We intend to accomplish this by paying to our stockholders one or more cash dividends representing substantially all of our accumulated earnings and profits, if any, for the period from our inception through the date on which our intended RIC election becomes effective. The amount of these dividends will be based on a number of factors, including our results of operations through the date on which our intended RIC election becomes effective. We will need to manage our cash or have access to cash to enable us to pay such dividend or dividends. Any dividend of accumulated earnings and profits would be taxable to U.S. stockholders in the manner described above under "Current Federal Income Taxation of the Company." These dividends, if any, would be in addition to the dividends we intend to pay of at least 90% of our investment company taxable income to satisfy the Annual Distribution Requirement.

We anticipate that, on the effective date of that election, we may hold assets (including intangible assets not reflected on the balance sheet, such as goodwill) with "built-in gain," which are assets whose fair market value as of the effective date of the election exceeds their tax basis. In general, a corporation that converts to taxation as a RIC must pay corporate-level federal income tax on any of the net built-in gains it recognizes during the 10-year period beginning on the effective date of its election to be treated as a RIC. Alternatively, the corporation may elect to recognize all of its built-in gain at the time of its conversion and pay such tax on the built-in gain at that time. We may or may not make this election. If we do make this election, we will mark our portfolio to market at the time of our intended RIC election, pay corporate-level federal income tax on any resulting taxable income, and distribute resulting earnings at that time or before the end of the first tax year in which we qualify as a RIC. If we do not make this election, we will pay such corporate-level federal income tax as is payable at the time the built-in gains are recognized (which generally will be the years in which the built-in gain assets are actually sold in taxable transactions). The amount of this tax will vary depending on the assets that are actually sold by us in this 10-year period, the actual amount of the net built-in gain or loss present in those assets as of the effective date of our election to be treated as a

RIC and effective tax rates. Recognized built-in gains that are ordinary in character and the excess of short-term capital gains over long-term capital losses will be included in our investment company taxable income, and generally we must distribute annually at least 90% of any such amounts (net of corporate taxes we pay on those gains) in order to be eligible for RIC tax treatment. Any such amount distributed will be taxable to stockholders as ordinary income. Built-in gains (net of taxes) that are recognized within the 10-year period and that are long-term capital gains will also be distributed (or deemed distributed) annually to our stockholders. Any such amount distributed (or deemed distributed) will be taxable to stockholders as capital gains.

Taxation as a RIC

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement.

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (*i.e.* , net long-term capital gains in excess of net short-term capital losses) we distribute to our stockholders, other than any built-in gain recognized within 10 years after the effective date of our RIC election (as discussed above). We will be subject to U.S. federal income tax at the regular corporate rate on any income or capital gain not distributed (or deemed distributed) to our stockholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on certain of our undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (i) 98% of our ordinary income for each calendar year, (ii) 98% of our capital gain net income for the one-year period ending October 31 in that calendar year (or possibly by November 30, if we so elect), and (iii) any income realized, but not distributed, in prior years (the “Excise Tax Avoidance Requirement”). Following our intended RIC election, we generally will endeavor in each taxable year to make sufficient distributions to satisfy the Excise Tax Avoidance Requirement.

In order to qualify as a RIC for federal income tax purposes, we must, among other things:

- qualify as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to securities loans, gains from the sale of stocks or other securities, other income derived with respect to our business of investing in such stocks or securities or net income derived from an interest in a qualified publicly traded partnership (the “90% Income Test”); and
- diversify our holdings so that at the end of each quarter of the taxable year:
 - at least 50% of the value of our assets consists of cash, cash items, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
 - no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of (i) one issuer, (ii) two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) one or more qualified publicly traded partnerships (the “Diversification Tests”).

Equity securities issued by certain non-traded limited partnerships in which we may invest may not produce qualifying income for purposes of determining our compliance with the 90% gross income test applicable to RICs. As a result, we expect to form one or more wholly owned taxable subsidiaries to make and hold certain investments in accordance with our investment objective. The dividends received from such taxable subsidiaries will be qualifying income for purposes of the 90% gross income test. In general, the

amount of cash received from such wholly owned subsidiaries will equal the amount of cash received from the limited partnerships as reduced by income taxes paid by such subsidiaries.

Although we intend that any investment in such taxable subsidiaries and non-traded limited partnerships will be within the 25% limit set forth above, it is possible that the IRS will not respect our determinations that certain taxable subsidiaries and non-traded limited partnerships are not engaged in the same or similar trades or businesses or related trades or businesses. If any such controlled entities are determined to be engaged in related trades or businesses, our ownership in them would be aggregated, possibly causing a violation of the 25% limit set forth above. Failure to meet the Diversification Tests may result in our having to dispose of certain investments at times we would not consider advantageous in order to prevent the loss of RIC status.

Following our intended RIC election, we may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with payment-in-kind interest or, in certain cases, increasing interest rates, or issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received in the same taxable year. We also may have to include in income other amounts that we have not yet received in cash. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in the amount of that non-cash income in order to satisfy the Annual Distribution Requirement, even though we will not have received any cash representing such income.

Thus, we may be required to borrow funds or sell assets to satisfy distribution requirements. Although we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements, certain limitations may exist on our ability to borrow additional funds or to sell assets due to (i) the illiquid nature of our portfolio and/or (ii) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. See "Regulation." Also, restrictions and provisions in any future credit facilities or debt securities may limit our ability to make distributions. Limits on our payment of dividends may prevent us from meeting the Annual Distribution Requirement and may, therefore, jeopardize our qualification for RIC tax benefits or subject us to the 4% excise tax.

If, following our intended RIC election, we fail to satisfy the Annual Distribution Requirement or otherwise fail to qualify as a RIC in any taxable year, we will be subject to tax in that year on all of our taxable income, regardless of whether we make any distributions to our stockholders. In that case, all of our income will be subject to corporate-level federal income tax, reducing the amount available to be distributed to our stockholders, and all of our distributions to our stockholders will be characterized as ordinary income (to the extent of our current and accumulated earnings and profits), which would be treated as described above under "Current Federal Income Taxation of the Company." In contrast, following the effective date of our intended RIC election, our corporate-level federal income tax should be substantially reduced or eliminated and, as explained below, a portion of our distributions or deemed distributions may be characterized as long-term capital gain in the hands of our stockholders. See "Intended Election to be Taxed as a RIC" above.

The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

Taxation of U.S. Stockholders

Distributions paid from our investment company taxable income, which include realized net short-term capital gain, generally are taxable to U.S. stockholders as ordinary income to the extent of our earnings and profits, whether paid in cash or in common shares. Such distributions (if designated by us) may qualify (provided holding period and certain other requirements are met) (i) for the dividends received deduction available to corporations (treated as received from a non-20% owned corporation), but only to the extent that

our income consists of dividends received from U.S. corporations, excluding distributions from Code section 501 tax-exempt organizations, exempt farmers' cooperatives or REITs and (ii) in the case of non-corporate U.S. stockholders (generally effective for taxable years beginning on or before December 31, 2010), as qualified dividend income eligible to be taxed at the reduced maximum rate of generally 15% (5% for such stockholders in lower tax brackets) to the extent that we receive qualified dividend income. Qualified dividend income is, in general, dividend income from taxable domestic corporations and qualified foreign corporations (generally, foreign corporations incorporated in a possession of the United States or in certain countries with a comprehensive tax treaty with the United States, or the stock of which is readily tradable on an established securities market in the United States). A qualified foreign corporation generally excludes any foreign corporation which for the taxable year of the corporation in which the dividend was paid, or the preceding taxable year, is a passive foreign investment company. We do not know the portion, if any, of such distributions that will qualify for the dividends received deduction or will constitute qualified dividends.

Distributions of our net capital gain (which generally are our realized net long-term capital gains in excess of realized net short-term capital losses), properly designated by us as capital gain dividends, if any, are taxable to U.S. stockholders at rates applicable to long-term capital gain, whether paid in cash or in common shares, and regardless of how long the U.S. stockholder has held the common shares. Capital gain dividends are not eligible for the dividends received deduction. The maximum tax rate on net capital gain of non-corporate U.S. stockholders is generally 15% (5% for such non-corporate stockholders in lower brackets) for such gain recognized before January 1, 2011. Distributions in excess of our earnings and profits first reduce the adjusted tax basis of a U.S. stockholder's common shares and, after such adjusted tax basis is reduced to zero, constitute capital gain to such U.S. stockholder (assuming the stockholder's common shares are held as a capital asset). For non-corporate taxpayers, distributions of investment company taxable income (other than qualified dividend income) will currently be taxed at a maximum rate of 35%. For corporate taxpayers, both investment company taxable income and net capital gain are taxed at a maximum rate of 35%.

We intend to retain for reinvestment some or all of our net capital gains, but designate the retained amount as a "deemed distribution." If any such gain is retained, we will be subject to a federal income tax of 35% of such amount. In that event, we expect to designate the retained amount as undistributed capital gain in a notice to our stockholders, and each U.S. stockholder (i) will be required to include in income for tax purposes as long-term capital gain its share of such undistributed amounts, (ii) will be entitled to credit its proportionate share of the tax paid by us against its U.S. federal income tax liability and to claim a refund to the extent that the credit exceeds such liability and (iii) will increase its basis in its common shares by an amount equal to deemed distribution, less the tax paid by us. Since we expect to pay tax on any retained capital gains at our regular corporate capital gain tax rate, and since that rate is in excess of the maximum rate currently payable by individuals on long-term capital gains, the amount of tax that individual U.S. stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations or may be refunded to the extent it exceeds the U.S. stockholder's liability for federal income tax. A U.S. stockholder that is not subject to U.S. federal income tax or otherwise required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant tax year. Investment company taxable income may not be treated as part of a "deemed distribution."

U.S. stockholders may be entitled to offset their capital gain dividends with capital loss. There are a number of statutory provisions affecting when capital loss may be offset against capital gain, and limiting the use of loss from certain investments and activities. Non-corporate U.S. stockholders with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate U.S. stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. stockholders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years.

For purposes of determining (i) whether the Annual Distribution Requirement is satisfied for any year and (ii) the amount of capital gains dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If such an election is made, the U.S. stockholder will be treated as receiving the dividend in the taxable year in which the distribution is made and any capital gain dividend will be treated as a capital gain dividend to the U.S. stockholder. However, any dividend we declare in October, November, or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

We may be subject to the alternative minimum tax (“AMT”). In determining our AMT liability, any items that are treated differently for AMT purposes must be apportioned between us and our stockholders. Any such items apportioned to our U.S. stockholders must be included by them for purposes of determining their AMT liability and may affect their AMT liabilities. Although regulations providing for the precise apportionment method have not yet been issued by the Service, we intend to apportion these items in the same proportion that dividends paid to each stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless we determine that a different method for a particular item is warranted under the circumstances.

As indicated above, one requirement to qualify as a RIC is that, by the end of our first taxable year as a RIC, we must eliminate the earnings and profits accumulated while we were taxable as a general business corporation. We intend to accomplish this by paying to our stockholders one or more cash dividends representing all of our accumulated earnings and profits, if any, for the period from our inception through the effective date of our intended RIC election. The amount of any such dividends will be treated as ordinary income by our U.S. stockholders, and our U.S. stockholders will include such dividends in their income when received (or constructively received). Such dividends will be treated in the manner described above under “Certain U.S. Federal Income Tax Considerations — Current Federal Income Taxation of the Company.”

The price of our common shares purchased at any time may reflect the amount of a forthcoming distribution. U.S. stockholders purchasing our common shares just prior to a distribution will receive a distribution which may be taxable to them even though it represents, in part, a return of their invested capital.

Upon a sale or exchange of our common shares, a U.S. stockholder will recognize a taxable gain or loss depending upon his, her or its basis in our common shares. Such gain or loss will be treated as long-term capital gain or loss if our common shares have been held for more than one year. All or a portion of any loss recognized on a sale or exchange of our common shares generally will be disallowed if other of our common shares are purchased (whether through reinvestment of distributions or otherwise) within a 61-day period beginning 30 days before and ending 30 days after the date of the sale or exchange. In such a case, the basis of our common shares acquired will be adjusted to reflect the disallowed loss.

Any loss recognized by a U.S. stockholder on the sale of our common shares held by the stockholder for six months or less will be treated for tax purposes as a long-term capital loss to the extent of any capital gain dividends received by the stockholder (or amounts credited to the stockholder as an undistributed capital gain deemed distribution) with respect to such common shares.

We will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing the amounts includible in such U.S. stockholder’s taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year’s distributions generally will be reported to the Service. Distributions may also be subject to additional state, local, and foreign taxes depending on a U.S. stockholder’s particular situation. U.S. stockholders are urged to consult their own tax advisors regarding specific questions about U.S. federal (including the application of the alternative minimum tax rules), state, local or foreign tax consequences to them of investing in our common shares.

We may be required to withhold U.S. federal income tax (“backup withholding”) at a 28%-rate from all taxable distributions to any non-corporate U.S. stockholder (i) who fails to furnish a correct taxpayer

identification number or a certificate that such stockholder is exempt from backup withholding, or (ii) with respect to whom the Service has notified us that such stockholder has failed to properly report certain interest and dividend income to the Service and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's U.S. federal income tax liability, provided that proper information is provided to the Service.

Under Treasury regulations, if a U.S. stockholder recognizes a loss with respect to its common shares of \$2 million or more for a non-corporate U.S. stockholder or \$10 million or more for a corporate U.S. stockholder in any single taxable year (or a greater loss over a combination of years), the stockholder must file with the IRS a disclosure statement on Form 8886. Direct stockholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, stockholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to stockholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. The American Jobs Creation Act of 2004 imposes significant monetary penalties for failure to comply with this reporting requirement. States may also have a similar reporting requirement. U.S. stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Taxation of Non-U.S. Stockholders

Whether an investment in the shares is appropriate for a Non-U.S. stockholder will depend on that person's particular circumstances. An investment in the shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisors before investing in our common shares.

In general, dividend distributions (other than certain distributions derived from net long-term capital gains) paid by us to a Non-U.S. stockholder are subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate) even if they are funded by income or gains (such as portfolio interest, short-term capital gains, or foreign-source dividend and interest income) that, if paid to a Non-U.S. stockholder directly, would not be subject to withholding. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder (and, if an income tax treaty applies, attributable to a permanent establishment in the United States), we will not be required to withhold federal tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to federal income tax at the rates applicable to U.S. stockholders. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisors.)

For taxable years beginning prior to January 1, 2008, except as provided below, we generally will not be required to withhold any amounts with respect to certain distributions of (i) U.S.-source interest income, and (ii) net short-term capital gains in excess of net long-term capital losses, in each case to the extent we properly designate such distributions. We may or may not make any such designations. In respect of distributions described in clause (i) above, we will be required to withhold amounts with respect to distributions to a Non-U.S. stockholder:

- that has not provided a satisfactory statement that the beneficial owner is not a U.S. person;
- to the extent that the dividend is attributable to interest on an obligation if the Non-U.S. stockholder is the issuer or is a 10% stockholder of the issuer;
- that is within certain foreign countries that have inadequate information exchange with the United States; or
- to the extent the dividend is attributable to interest paid by a person that is a related person of the Non-U.S. stockholder and the Non-U.S. stockholder is a "controlled foreign corporation" for United States federal income tax purposes.

The cash dividend(s) we intend to pay to our stockholders representing all of our accumulated earnings and profits, if any, for the period from our inception through the effective date of our election to be treated as a RIC, generally will be taxable to Non-U.S. stockholders in the same manner as other dividend distributions described above.

Actual or deemed distributions of our net capital gains to a Non-U.S. stockholder, and gains realized by a Non-U.S. stockholder upon the sale of our common shares, will not be subject to federal withholding tax and generally will not be subject to federal income tax unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. stockholder (and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. stockholder in the U.S.), or in the case of an individual stockholder, the stockholder is present in the U.S. for a period or periods aggregating 183 days or more during the year of the sale or capital gain dividend and certain other conditions are met.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a Non-U.S. stockholder will be entitled to a federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a federal income tax return. For a corporate Non-U.S. stockholder, distributions (both actual and deemed), and gains realized upon the sale of our common shares that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares may not be appropriate for a Non-U.S. stockholder.

A Non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of federal income tax, may be subject to information reporting and backup withholding of federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute or successor form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Non-U.S. persons should consult their own tax advisors with respect to the United States federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Failure to Qualify as a RIC

If we do not elect to be treated as a RIC, or if after having made such election, we fail to qualify for treatment as a RIC, then we and our U.S. stockholders would be subject to U.S. federal income taxation in the manner discussed above under "Certain U.S. Federal Income Tax Considerations — Current Federal Income Taxation of the Company." In addition, if we were treated as a RIC for at least one taxable year, and then failed to qualify as a RIC for more than two consecutive taxable years and subsequently re-elected to be treated as a RIC, any built-in gain in our assets at the time of the re-election generally would be taxed under the rules discussed above under "Intended Election to be Taxed as a RIC."

REGULATION

We intend to elect to be regulated as a BDC under the 1940 Act and intend to elect to be treated as a RIC under the Code effective as of December 1, 2006. We cannot provide any assurances as to when we will become a BDC or a RIC. Upon our election to be regulated as a BDC, we will be subject to the regulations and restrictions described below.

A BDC is a unique kind of investment company that primarily focuses on investing in or lending to private companies and providing managerial assistance to them. A BDC generally provides stockholders with the ability to retain the liquidity of a publicly-traded security, while sharing in the possible benefits of investing in privately-held or thinly traded public and privately-owned companies. The 1940 Act contains prohibitions and restrictions relating to transactions between business development companies and their directors and officers and principal underwriters and certain other related persons, and the 1940 Act requires that a majority of the directors be persons other than “interested persons” as defined under the 1940 Act.

Qualifying Assets

Under the 1940 Act, we may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, or “qualifying assets,” unless at the time the acquisition is made qualifying assets represent at least 70% of our total assets. The principal categories of qualifying assets relevant to our proposed businesses are the following:

- Securities purchased in transactions not involving any public offering from the issuer of the securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company. An “eligible portfolio company” is defined in the 1940 Act as any issuer that:
 - is organized under the laws of, and has its principal place of business in, the United States; and
 - is not an investment company (other than a SBIC wholly owned by the BDC) or a company that would be an investment company but for certain exceptions under the 1940 Act; and
 - satisfies any of the following:
 - does not have any class of securities with respect to which a broker or dealer may extend margin credit;
 - is controlled by a BDC or a group of companies including a BDC, and the BDC has an affiliated person who is a director of the eligible portfolio company; or
 - is a small and solvent company having total assets of not more than \$4 million and capital and surplus of not less than \$2 million.
- Securities of any eligible portfolio company that we control.
- Securities purchased in a private transaction from a U.S. issuer that is not an investment company and is in bankruptcy and subject to reorganization.
- Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- Securities received in exchange for, or distributed on or with respect to, securities described above, or pursuant to the exercise of warrants or rights relating to such securities.
- Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

We may invest up to 30% of our total assets in assets that are non-qualifying assets and are not subject to the limitations referenced above. These investments may include, among other things, investments in high yield bonds, bridge loans, distressed debt, commercial loans, private equity, securities of public companies or secondary market purchases of otherwise qualifying assets. If the value of non-qualifying assets should at any time exceed 30% of our total assets, we will be precluded from acquiring any additional non-qualifying assets until such time as the value of our qualifying assets again equals at least 70% of our total assets. See “Risk Factors — If our investments are deemed not to be qualifying assets, we could lose our status as a BDC or be precluded from investing according to our current business plan.”

Significant Managerial Assistance

A BDC must be organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, a BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance. Making available significant managerial assistance means, among other things, any arrangement whereby a BDC, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company through monitoring or portfolio company operations, selective participation in board and management meetings, consulting with and advising a portfolio company’s officers, or other organizational or financial guidance. Although not required to do so at this time, we anticipate offering to provide significant managerial assistance to each of our portfolio companies.

Temporary Investments

Pending investments in other types of qualifying assets, as described above, a BDC’s investments may consist of cash, cash equivalents, U.S. government securities or high quality debt securities maturing in one year or less from the time of investment. There is no other percentage restriction on the proportion of our assets that may be so invested, other than the restrictions necessary to meet the diversification tests imposed on us by the Code in order to qualify as a RIC for federal income tax purposes. See “Certain U.S. Federal Income Tax Considerations — Taxation as a RIC.”

Determination of Net Asset Value

The net asset value per security of our outstanding common securities will be determined quarterly, as soon as practicable after, and as of the end of, each calendar quarter. The net asset value per security will be equal to the value of our total assets minus liabilities and any preferred securities outstanding divided by the total number of common shares outstanding at the date as of which such determination is made. Fair value will be determined in good faith by our board of directors pursuant to a valuation policy. See “Determination of Net Asset Value.”

Senior Securities; Coverage Ratio

We are permitted, only under specified conditions, to issue multiple classes of indebtedness and one class of security senior to our common securities if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. For a discussion of the risks associated with the resulting leverage, see “Risk Factors — Risks Related to Our Operations.”

Derivative Securities

The 1940 Act limits the amount of derivative securities that we may issue and the terms of such securities. Apart from our 772,124 warrants issued as part of our private placement, we do not have, and do not anticipate having, outstanding derivative securities relating to our common shares.

Code of Ethics

We are required to maintain a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code of ethics may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code of ethics. Our code of ethics does not permit investments by our employees in securities that we may purchase or hold.

Privacy Principles

We are committed to maintaining the privacy of our stockholders and safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. We do not disclose any non-public personal information about our stockholders or former stockholders to anyone, except as required by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent).

We restrict access to non-public personal information about our stockholders to employees of our Advisor with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of our stockholders.

Affiliate Transactions

Under the 1940 Act, we and our affiliates may be precluded from co-investing in private placements of securities. Our Advisor and TYG have applied to the SEC for exemptive relief to permit TYG, TYY, TYN, us and our and their respective affiliates to make such investments. Unless and until we obtain an exemptive order, we will not co-invest with our affiliates in negotiated private placement transactions. We cannot guarantee that the requested relief will be granted by the SEC. Unless and until we obtain an exemptive order, our Advisor will not co-invest its proprietary accounts or other clients' assets in negotiated private transactions in which we invest. Until we receive exemptive relief, our Advisor will observe a policy for allocating opportunities among its clients that takes into account the amount of each client's available cash and its investment objectives. As a result of one or more of these situations, we may not be able to invest as much as we otherwise would in certain investments or may not be able to liquidate a position as quickly.

Compliance Policies and Procedures

We have written policies and procedures reasonably designed to prevent violation of the federal securities laws, and are required to review these compliance policies and procedures annually for adequacy and effective implementation and to designate a Chief Compliance Officer to be responsible for administering the policies and procedures.

Securities Exchange Act Compliance

Following this offering we will be subject to the reporting and disclosure requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, beginning with our fiscal year ending

November 30, 2007, we will be subject to the provisions of the Sarbanes-Oxley Act of 2002, including its required reports on disclosure controls and procedures and internal control over financial reporting and the required certifications of the Chief Executive Officer and Chief Financial Officer regarding our financial disclosure.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 imposes a wide variety of new regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 of the 1934 Act, our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the 1934 Act, our management must prepare a report regarding its assessment of our internal control over financial reporting, which must be audited by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the 1934 Act, our periodic reports must disclose whether there were significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

Withdrawal

Following our intended election to be regulated as a BDC, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by vote of a “majority of the outstanding voting securities,” as defined in the 1940 Act. The 1940 Act defines “a majority of the outstanding voting securities” as the lesser of (i) 67% or more of the voting securities present at such meeting if the holders of more than 50% of our outstanding voting securities are present or represented by proxy, or (ii) 50% of our voting securities.

Other

Following our intended election to be regulated as a BDC, we will be periodically examined by the SEC for compliance with the 1940 Act.

We maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. We will not protect any director or officer against any liability to our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person’s office.

Small Business Administration Regulations

We have filed an application to have a to-be-formed wholly owned subsidiary be licensed by the SBA as a SBIC under Section 301(c) of the Small Business Investment Act of 1958. The SBA regulations currently limit the amount that is available to borrow by any SBIC controlled by our Advisor to \$124.4 million.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under present regulations, eligible small businesses include businesses that have a tangible net worth not exceeding \$18 million and have average annual fully taxed net income not exceeding \$6 million for the two most recent

fiscal years. In addition, a SBIC must devote 20% of its investment activity to “smaller” concerns as defined by the SBA. A smaller concern is one that has a tangible net worth not exceeding \$6 million and has average annual fully taxed net income not exceeding \$2 million for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross sales. According to SBA regulations, SBICs may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Through our to-be-formed wholly-owned subsidiary, we anticipate providing long-term loans to qualifying small businesses and make related equity investments.

If our to-be-formed subsidiary receives a SBIC license, it will be periodically examined and audited by the SBA’s staff to determine its compliance with SBIC regulations. In addition, it will be subject to any other regulations and restrictions applicable to a SBIC. The SBA prohibits, without prior SBA approval, a “change of control” of a SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of a licensed SBIC.

Although we cannot provide any assurance that we will receive any exemptive relief, we expect to request that the SEC allow us to exclude any indebtedness issued to the SBA by a to-be-formed wholly-owned subsidiary for which we are seeking qualification as a SBIC, from the 200% asset coverage requirements applicable to us as a BDC.

DESCRIPTION OF CAPITAL STOCK

We are authorized to issue up to 100,000,000 shares of common stock, \$.001 par value per share, and up to 10,000,000 shares of preferred stock, \$.001 par value per share. We currently have 3,088,596 of our common shares, 772,124 warrants, and no preferred shares issued and outstanding. Our board of directors may, without any action by our stockholders, amend our Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Additionally, our Charter authorizes our board of directors, without any action by our stockholders, to classify and reclassify any unissued common shares and preferred shares into other classes or series of stock from time to time by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption for each class or series. Although there is no present intention of doing so, we could issue a class or series of stock that could delay, defer or prevent a transaction or a change in control that might otherwise be in our stockholders’ best interests. Under Maryland law, our stockholders generally are not liable for our debts or obligations.

Common Shares

All common shares offered by this prospectus will be duly authorized, fully paid and nonassessable. Our stockholders are entitled to receive dividends if and when authorized by our board of directors and declared by us out of assets legally available for the payment of dividends. Our stockholders are also entitled to share ratably in the assets legally available for distribution to our stockholders in the event of liquidation, dissolution or winding up, after payment of or adequate provision for all known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our capital stock.

In the event that we have preferred shares outstanding, and so long as we remain subject to the 1940 Act, holders of our common shares will not be entitled to receive any net income or other distributions from us unless all accumulated dividends on preferred shares have been paid and the asset coverage (as defined in the 1940 Act) with respect to preferred shares and any outstanding debt is at least 200% after giving effect to such distributions.

Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of our stockholders, including the election of directors. The presence of the holders of shares of our stock entitled to cast a majority of the votes entitled to be cast shall constitute a quorum at a meeting of our stockholders.

Our Charter provides that, except as otherwise provided in our Bylaws, each director shall be elected by the affirmative vote of the holders of a majority of the shares of stock outstanding and entitled to vote thereon. Our Bylaws provide that each director shall be elected by a plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present. There is no cumulative voting in the election of directors. Consequently, at each annual meeting of our stockholders, the holders of a majority of the outstanding shares of capital stock entitled to vote will be able to elect all of the successors of the class of directors whose terms expire at that meeting. Pursuant to our Charter and Bylaws, our board of directors may amend the Bylaws to alter the vote required to elect directors.

Holders of our common shares have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. All of our common shares will have equal dividend, liquidation and other rights.

If we offer additional common shares, the offering will require approval of our board of directors and, so long as we remain subject to the 1940 Act, the offering will be subject to the requirement that shares may not be sold at a price below the then-current net asset value, exclusive of underwriting discounts and commissions, except in limited circumstances, including in connection with an offering to our existing stockholders.

Preferred Shares

We may, but are not required to, issue preferred shares. So long as we remain subject to the 1940 Act, we will be subject to the restriction that currently limits the aggregate liquidation preference of all outstanding preferred stock to 50% of the value of our total assets less our liabilities and indebtedness. We also believe the liquidation preference, voting rights and redemption provisions of the preferred shares will be similar to those stated below.

So long as we remain subject to the 1940 Act, the holders of any preferred shares, voting separately as a single class, will have the right to elect at least two directors at all times. The remaining directors will be elected by holders of common shares and preferred stock, voting together as a single class. In addition, subject to the prior rights, if any, of the holders of any other class of senior securities outstanding, the holders of any preferred stock will have the right to elect a majority of the directors at any time accumulated dividends on any preferred stock have not been paid for at least two years. The 1940 Act also requires that, in addition to any approval by stockholders that might otherwise be required, the approval of the holders of a majority of any outstanding preferred stock, voting separately as a class, would be required to adopt any plan of reorganization that would adversely affect the preferred stock. See “Certain Provisions of Our Charter and Bylaws and the Maryland General Corporation Law.” As a result of these voting rights, our ability to take any such actions may be impeded to the extent that any of our Preferred Shares are outstanding.

The affirmative vote of the holders of a majority of the outstanding preferred shares, voting as a separate class, will be required to amend, alter or repeal any of the preferences, rights or powers of holders of preferred shares so as to affect materially and adversely such preferences, rights or powers. The class vote of holders of preferred shares described above will in each case be in addition to any other vote required to authorize the action in question.

The terms of the preferred shares, if issued, are expected to provide that (i) they are redeemable in whole or in part at the original purchase price per share plus accrued dividends per share, (ii) we may tender for or repurchase our preferred shares and (iii) we may subsequently resell any shares so tendered for or repurchased by us. Any redemption or purchase of our preferred shares will reduce the leverage applicable to our common shares, while any resale of our shares will increase that leverage.

The discussion above describes the possible offering of our preferred shares. If our board of directors determines to proceed with such an offering, the terms of our preferred shares may be the same as, or different from, the terms described above, subject to applicable law and our Charter. Our board of directors, without the approval of the holders of our common shares, may authorize an offering of preferred shares or may determine not to authorize such an offering, and may fix the terms of our preferred shares to be offered.

The information contained under this heading is subject to the provisions contained in our Charter and Bylaws and the laws of the State of Maryland.

Warrants

We have 772,124 warrants issued and outstanding. Each warrant entitles the holder thereof to purchase one common share at the exercise price per common share of the greater of (i) \$15.00 per common share or (ii) the net asset value of our common shares on the date of our intended election to be regulated as a BDC. Warrants are exercisable upon the completion of this offering, subject to a lock-up period with respect to common shares received upon exercise of warrants of 90 calendar days immediately following this offering. All warrants expire on the day before the sixth anniversary of this offering. No fractional warrant shares will be issued upon exercise of the warrants. We will pay to the holder of the warrant at the time of exercise an amount in cash equal to the current market value of any such fractional warrant shares.

The warrants are afforded standard anti-dilution protection. As a part of that protection, the number of common shares issuable upon exercise of the warrants (or any shares of stock or other securities at the time issuable upon exercise of such warrants) and the warrant exercise price shall be appropriately adjusted to reflect any and all stock dividends (other than cash dividends), stock splits, combinations of shares, reclassifications, recapitalizations or other similar events affecting the number of outstanding common shares (or such other stock or securities) so as to cause the holder thereafter exercising warrants to receive the number of common shares or other capital stock such holder would have received if such warrant had been exercised immediately prior to such event.

If we make an extraordinary dividend on the outstanding common shares (excluding any ordinary quarterly cash dividends and cash dividends paid in conjunction with our anticipated election to be treated as a RIC), each holder will be entitled to receive the extraordinary dividend made on the outstanding common shares the holder would have received if such warrant had been exercised immediately prior to such extraordinary dividend. Following our intended RIC election under the Code, we expect to distribute to our stockholders (as an ordinary quarterly cash dividend), with respect to each taxable year, at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses.

In addition, if the common shares issuable upon the exercise of the warrants shall be changed into the same or different number of shares of any class or classes of common shares, whether by capital reorganization, reclassification or otherwise (other than a reorganization, merger, consolidation or sale of assets), then, in and as a condition to the effectiveness of each such event, the holder of a warrant has the right thereafter to exercise such warrant for the kind and amount of common shares and other securities and property receivable upon such reorganization, reclassification or other change by the holder of the number of common shares for which such warrant might have been exercised immediately prior to such reorganization, reclassification or change.

In the case of a dividend or distribution paid pursuant to a plan of consolidation or merger by us with another person (other than a merger or consolidation in which we are the continuing person and the common shares are not exchanged for securities, property or assets issued, delivered or paid by another person), or in case of any lease, sale or conveyance to another person (other than a wholly-owned subsidiary) of all or substantially all of our property or assets, warrants shall thereafter (until the end of the exercise period) evidence the right to receive, upon exercise, in lieu of common shares, deliverable upon such exercise immediately prior to such consolidation, merger, lease, sale or conveyance, the kind and amount of shares and/or other securities and/or property and assets and/or cash that a holder would have been entitled to receive upon such consolidation, merger, lease, sale or conveyance had the holder exercised its warrants immediately prior to such consolidation, merger, lease, sale or conveyance, provided that to the extent a stockholder would have had an opportunity to elect the form of consideration, any holder not exercising its warrants shall be entitled to the same consideration that a holder of such common shares failing to make any such election would have been entitled to receive upon such transaction.

Our warrants are separate instruments from our common shares and are permitted to be transferred independently from our common shares, subject to certain transfer restrictions. The warrants have no voting rights and the common shares underlying the unexercised warrants will have no voting rights until such common shares are received upon exercise of warrants.

CERTAIN PROVISIONS OF OUR CHARTER AND BYLAWS AND THE MARYLAND GENERAL CORPORATION LAW

The following description of certain provisions of our Charter and Bylaws is only a summary. For a complete description, please refer to our Charter and Bylaws, a copy of which are obtainable upon request.

Our Charter and Bylaws include provisions that could delay, defer or prevent other entities or persons from acquiring control of us, causing us to engage in certain transactions or modifying our structure. These provisions, all of which are summarized below, may be regarded as “anti-takeover” provisions. Such provisions could limit the ability of stockholders to sell their shares at a premium over the then-current market prices by discouraging a third party from seeking to obtain control of us. In addition to these provisions, we are incorporated in Maryland and therefore expect to be subject to the Maryland Control Share Acquisition Act and the Maryland General Corporation Law. Also, certain provisions of the 1940 Act may serve to discourage a third party from seeking to obtain control of us.

Number and Classification of our Board of Directors; Election of Directors

Our Charter and Bylaws provide that the number of directors may be established only by our board of directors pursuant to the Bylaws, but may not be less than one. Our Bylaws provide that the number of directors may not be greater than nine. Pursuant to our Charter, our board of directors is divided into three classes: Class I, Class II and Class III. The term of each class of directors expires in a different successive year. Upon the expiration of their term, directors of each class are elected to serve for three-year terms and until their successors are duly elected and qualify. Each year, only one class of directors is elected by the stockholders. The classification of our board of directors should help to assure the continuity and stability of our strategies and policies as determined by our board of directors.

Our classified board provision could have the effect of making the replacement of incumbent directors more time-consuming and difficult. At least two annual meetings of our stockholders, instead of one, will generally be required to effect a change in a majority of our board of directors. Thus, the classification of our board of directors could increase the likelihood that incumbent directors will retain their positions and may delay, defer or prevent a change in control of the board of directors, even though a change in control might be in the best interests of our stockholders.

Vacancies on Board of Directors; Removal of Directors

Our Charter provides that, we have elected to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the board of directors. Accordingly, except as may be provided by the board of directors in setting the terms of any class or series of preferred shares, any and all vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

The Charter provides that, subject to the rights of holders of one or more classes of our preferred stock, a director may be removed only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of our directors. This provision, when coupled with the provisions in our Charter and Bylaws regarding the filling of vacancies on the board of directors, precludes our stockholders from removing incumbent directors, except for cause and by a substantial affirmative vote, and filling the vacancies created by the removal with nominees of our stockholders.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our Charter generally provides for approval of Charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter.

Our Charter and Bylaws provide that the board of directors will have the exclusive power to make, alter, amend or repeal any provision of our Bylaws.

Advance Notice of Director Nominations and New Business

Our Bylaws provide that with respect to an annual meeting of our stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by our stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors or (iii) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the Bylaws. With respect to special meetings of our stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to our board of directors at a special meeting may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors, or (iii) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of our Bylaws, provided that our board of directors has determined that directors will be elected at the meeting.

Limitation of Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our Charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940.

Our Charter authorizes us, and our Bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding.

Maryland law requires a corporation (unless its charter provides otherwise, which our Charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland

corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (i) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (ii) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

These provisions do not limit or eliminate our rights or the rights of any of our stockholders to seek nonmonetary relief such as an injunction or rescission in the event any of our directors or officers breaches his or her duties. These provisions will not alter the liability of our directors or officers under federal securities laws.

Control Share Acquisitions

Following this offering we will be covered by the Maryland Control Share Acquisition Act (the "Control Share Act"), which provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, and by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right to repurchase control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The Control Share Act does not apply (i) to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction or (ii) to acquisitions approved or exempted by our Charter or Bylaws.

Our Bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be otherwise amended or eliminated at any time in the future. However, we will amend our Bylaws to be subject to the Control Share Act only if our board of directors determines that it would be in our best interests and if the staff of the SEC does not object to our determination that our being subject to the Control Share Act does not conflict with the 1940 Act.

Business Combinations

Following this offering we will be covered by the Maryland Business Combination Act (the “Business Combination Act”), which provides that “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation’s shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which such stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has adopted a resolution exempting any business combination between us and any other person from the provisions of the Business Combination Act, provided that the business combination is first approved by our board of directors, including a majority of the directors who are not interested persons as defined in the 1940 Act. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or our board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the completion of this offering, there has been no public market for our common shares. Future sales of a substantial amount of our common shares in the public market, or the perception that such sales may occur, could adversely affect the market price of our common shares and could impair our future ability to raise capital through the sale of our equity securities.

Upon the completion of this offering, as a result of the issuance of common shares, we will have common shares outstanding, of which 3,088,596 shares will be “restricted” securities under the meaning of Rule 144 promulgated under the Securities Act and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including exemptions contained in Rule 144. However, we have agreed, and are permitted pursuant to the terms of the lock-up agreements described below, to file a registration statement covering all of our common shares outstanding prior to this offering and all of our currently outstanding warrants (and all of the common shares underlying the warrants) on or prior to June 8, 2007. See “Shares Eligible for Future Sale — Registration Rights.”

In general, under Rule 144, if one year has elapsed since the date of acquisition of restricted securities from us or any of our affiliates, the holder of such restricted securities can sell such securities; provided that the number of securities sold by such person within any three-month period cannot exceed the greater of:

- 1% of the total number of securities then outstanding, or
- the average weekly trading volume of our securities during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 also are subject to certain manner of sale provisions, notice requirements and the availability of current public information about us. If two years have elapsed since the date of acquisition of restricted securities from us or any of our affiliates and the holder is not one of our affiliates at any time during the three months preceding the proposed sale, such person can sell such securities in the public market under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements. No assurance can be given as to (1) the likelihood that an active market for our common shares will develop, (2) the liquidity of any such market, (3) the ability of our stockholders to sell our securities or (4) the prices that stockholders may obtain for any of our securities. No prediction can be made as to the effect, if any, that future sales of securities, or the availability of securities for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of our securities, or the perception that such sales could occur, may affect adversely prevailing market prices of our common shares. See “Risk Factors — Risks Related to this Offering.”

Lock-Up Agreements

Our directors and executive officers and each member of our Advisor’s senior investment professionals have agreed with the underwriters not to sell any common shares they own for a period of 180 days from the date of this offering, subject to extension in certain circumstances. This agreement, referred to as a “lock-up agreement,” may be waived by Merrill Lynch as representative of the underwriters. In addition, our current stockholders have separately agreed not to sell any common shares for a period of 90 days from the date of this offering. After the lock-up agreements expire, an aggregate of additional common shares will be eligible for sale in the public market in accordance with Rule 144 under the Securities Act. The lock-up agreements provide that these persons will not offer, sell, contract to sell, pledge (other than to us), hedge or otherwise dispose of our common shares or any securities convertible into or exchangeable for our common shares, owned by them for a period specified in the agreement without the prior written consent of our underwriters. The filing of the registration statement described above pursuant to the registration rights agreement will be an exception to our lock-up agreement, although certain stockholders whose shares are registered in the registration statement may still be subject to lock-up agreements.

Registration Rights

We have entered into registration rights agreements with each of our current stockholders. The registration rights agreements provide, among other things, that, after we consummate this offering, we will use our best efforts to file with the SEC on or prior to June 8, 2007, a shelf registration statement to cover resales of our common shares held by our current stockholders, including our common shares into which the warrants are exercisable, and to use our best efforts to keep such registration statement effective until all securities covered thereby have been sold pursuant to such registration statement, the date on which the securities covered thereby are no longer held by the parties thereto or the date on which such securities are no longer required to be registered.

UNDERWRITING

We intend to offer the common shares through the underwriters named below. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Stifel, Nicolaus & Company, Incorporated and Wachovia Capital Markets, LLC are acting as representatives of the underwriters. Subject to the terms and conditions described in a purchase agreement among us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the number of common shares listed opposite their names below.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Stifel, Nicolaus & Company, Incorporated	
Wachovia Capital Markets, LLC	—
Total	==

The underwriters have agreed that they must purchase all of the common shares sold under the purchase agreement if they purchase any of them. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ overallotment option described below. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the common shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the common shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer’s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the common shares to the public at the public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$ per share to other dealers. After the public offering, the public offering price, concession and discount may be changed.

The following table shows the per share and total underwriting discounts and commissions we will pay to the underwriters assuming both no exercise and full exercise of the underwriters’ overallotment option to purchase up to an additional shares.

	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$	\$	\$
Underwriting discount (sales load)	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

We estimate that the total expenses of the offering payable by us, not including underwriting discounts and commissions, will be approximately \$.

Overallotment Option

We have granted an option to the underwriters to purchase up to additional common shares at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option,

each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional common shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and directors, our Advisor and our Advisor's senior investment professionals have agreed, with exceptions, not to sell or transfer any common shares for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch. Specifically, we and these other individuals and entities have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common shares;
- sell any option or contract to purchase any common shares;
- purchase any option or contract to sell any common shares;
- grant any option, right or warrant for the sale of any common shares other than pursuant to our contractual requirements under our existing registration rights agreements;
- lend or otherwise dispose of or transfer any common shares;
- request or demand that we file a registration statement related to the common shares; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common shares whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

The 180-day restricted period will be automatically extended if (1) during the last 17 days of the 180-day restricted period the Company issues an earning release to material news or a material event relating to the Company occurs or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day restricted period, in which case the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

This lockup provision applies to common shares and to securities convertible into or exchangeable or exercisable for or repayable with common shares. It also applies to common shares owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

New York Stock Exchange Listing

We intend to apply for listing of our common shares on the New York Stock Exchange under the symbol "TTO." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Price Stabilization and Short Positions

Until the distribution of the common shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common shares. However, the representatives may engage in transactions that stabilize the price of the common shares, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in our common shares in connection with the offering, i.e., if they sell more common shares than are listed on the cover of this prospectus, the representatives may reduce that short position by purchasing common shares in the open market. The representatives may also elect to reduce any short position by exercising all of part of the overallotment option described above. Purchases of

the common shares to stabilize price or to reduce a short position may cause the price of our common shares to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common shares. In addition, neither we nor any of the representatives makes any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

Merrill Lynch will be facilitating electronic distribution for this offering to certain of its Internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on a web site maintained by Merrill Lynch. Other than the prospectus in electronic format, the information on the Merrill Lynch website is not part of this prospectus.

Other Relationships

Certain of the underwriters and their affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business, certain commercial banking, financial advisory, investment banking and other services to our Advisor, Tortoise Capital or our portfolio companies for which they will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with Tortoise Capital or on behalf of Tortoise Capital or any of our portfolio companies.

The underwriters or their respective affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account of others and may extend loans or financing directly or through derivative transactions to Tortoise Capital or any of our portfolio companies.

We may purchase securities of third parties from some of the underwriters or their respective affiliates after the offering. However, we have not entered into any agreement or arrangement regarding the acquisition of any such securities, and we may not purchase any such securities. We would only purchase any such securities if — among other things — we identified securities that satisfied our investment needs and completed our due diligence review of such securities.

After the date of this prospectus, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by these underwriters and their respective affiliates in the ordinary course of their business and not in connection with the offering of our common shares. In addition, after the offering period for the sale of our common shares, the underwriters or their affiliates may develop analyses or opinions related to Tortoise Capital or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding Tortoise Capital to our stockholders.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is 4 World Financial Center, New York, New York 10080.

The principal business address of Stifel, Nicolaus & Company, Incorporated is 501 North Broadway, St. Louis, Missouri 63102.

The principal business address of Wachovia Capital Markets, LLC is 301 South College Street, Charlotte, North Carolina 28288.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, 1200 Main Street, Kansas City, Missouri 64105, serves as our independent registered public accounting firm. Ernst & Young LLP will provide audit and audit-related services, tax return preparation and assistance and consultation in connection with review of our filings with the SEC.

ADMINISTRATOR, CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

We have engaged _____ to serve as the Company's administrator. The address of the administrator is _____. Our common shares are held under a custody agreement with U.S. Bank National Association, 425 Walnut Street, Cincinnati, Ohio 45202. The transfer agent and registrar for our common shares is Computershare Investor Services, LLC, 2 North LaSalle Street, Chicago, Illinois 60602. Computershare Trust Company, Inc., 2 North LaSalle Street, Chicago, Illinois 60602, serves as our dividend paying agent and Plan Agent for our Dividend Reinvestment Plan.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Blackwell Sanders Peper Martin LLP, Kansas City, Missouri and Sutherland Asbill & Brennan LLP, Washington, D.C. Certain legal matters in connection with the offering will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York. Certain matters of Maryland law will be passed upon by Venable LLP.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our common shares offered by this prospectus. The registration statement contains additional information about us and our common shares being offered by this prospectus.

Upon completion of this offering, we will file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement of which this prospectus forms a part and the related exhibits and schedules, at the Public Reference Room of the SEC at 100 F. Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's Internet website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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TORTOISE CAPITAL RESOURCES CORPORATION
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TORTOISE CAPITAL RESOURCES CORPORATION

SCHEDULE OF INVESTMENTS

	<u>May 31, 2006</u>	
	<u>Shares</u>	<u>Value</u>
	(Unaudited)	
Limited Partnerships — 39.9%(1)		
Natural Gas Gathering/Processing — 29.3%(1)		
Eagle Rock Pipeline, L.P.(3)	693,674	\$12,500,006
Natural Gas and Oil Exploitation — 10.6%(1)		
Legacy Reserves, L.P.(3)	264,705	\$ 4,499,985
Total Limited Partnerships (Cost \$16,999,991)		<u>\$16,999,991</u>
Short-Term Investments — 60.5%(1)		
First American Prime Obligations Money Market Fund —		
Class Z, 4.86% (Cost \$25,758,402)(2)	25,758,402	\$25,758,402
Total Investments — 100.4%(1) (Cost \$42,758,393)		<u>42,758,393</u>
Liabilities in Excess of Cash and Other Assets — (.4%)(1)		<u>(146,878)</u>
Total Net Assets Applicable to Common Stockholders — 100.0%(1)		<u>\$42,611,515</u>

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) Rate indicated is the 7-day effective yield.

(3) Fair valued securities have a total market value of \$16,999,991, which represents 39.9% of net assets.

See Accompanying Notes to the Financial Statements

TORTOISE CAPITAL RESOURCES CORPORATION

STATEMENT OF ASSETS & LIABILITIES

May 31, 2006
(Unaudited)

ASSETS	
Investments at value (cost \$42,758,393)	\$42,758,393
Dividends receivable	104,941
Prepaid expenses and other assets	19,789
Total assets	<u>42,883,123</u>

LIABILITIES	
Payable to Adviser	106,802
Current Tax liability	95,955
Accrued expenses and other liabilities	68,851
Total liabilities	<u>271,608</u>
Net assets applicable to common stockholders	<u>\$42,611,515</u>

Net Assets Applicable to Common Stockholders Consist of

Warrants, no par value; 772,124 issued and outstanding (5,000,000 authorized)	
Capital stock, \$0.001 par value; 3,088,596 shares issued and outstanding (100,000,000 shares authorized)	\$ 3,089
Additional paid-in capital	42,533,453
Accumulated net investment income	74,973
Net assets applicable to common stockholders	<u>\$42,611,515</u>
Net Asset Value per common share outstanding (net assets applicable to common shares, divided by common shares outstanding)	<u>\$ 13.80</u>

See Accompanying Notes to the Financial Statements

TORTOISE CAPITAL RESOURCES CORPORATION
STATEMENT OF OPERATIONS

	Period from December 8, 2005(1) through May 31, 2006 (Unaudited)
Total Investment Income	\$ 751,001
Expenses	
Advisory fees	306,163
Professional fees	83,597
Directors' fees	43,743
Reports to stockholders	15,810
Fund accounting fees	12,409
Stock transfer agent fees	10,009
Custodian fees and expenses	3,438
Other expenses	10,849
Total Expenses	486,018
Net Investment Income, before income taxes	264,983
Current tax expense	(95,955)
Net Investment Income	169,028
Net Increase in Net Assets Applicable to Common Stockholders Resulting from Operations	\$ 169,028

(1) Commencement of operations.

See Accompanying Notes to the Financial Statements

TORTOISE CAPITAL RESOURCES CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

	Period from December 8, 2005(1) through May 31, 2006 <u>(Unaudited)</u>
Operations	
Net investment income	\$ 169,028
Net increase in net assets applicable to common stockholders resulting from operations	<u>169,028</u>
Capital Share Transactions	
Proceeds from initial offering of 3,066,667 common shares	46,000,005
Underwriting discounts and offering expenses associated with the issuance of common shares	<u>(3,769,372)</u>
Net increase in net assets, applicable to common stockholders, from capital share transactions	<u>42,230,633</u>
Total increase in net assets applicable to common stockholders	42,399,661
Net Assets	
Beginning of period	211,854
End of period	<u>\$ 42,611,515</u>
Accumulated net investment income, at end of period	<u>\$ 74,973</u>

(1) Commencement of operations.

See Accompanying Notes to the Financial Statements

TORTOISE CAPITAL RESOURCES CORPORATION

STATEMENT OF CASH FLOWS

Period from
December 8, 2005(1)
through May 31,
2006
(Unaudited)

Cash Flows From Operating Activities	
Dividend income received	\$ 646,060
Purchases of long-term investments	(16,999,991)
Net purchases of short-term investments	(25,758,402)
Operating expenses paid	(424,210)
Net cash used in operating activities	<u>(42,536,543)</u>
Cash Flows from Financing Activities	
Issuance of common stock	46,000,005
Common stock issuance costs	(3,769,372)
Net cash provided by financing activities	<u>42,230,633</u>
Net decrease in cash	(305,910)
Cash — beginning of period	(305,910)
Cash — end of period	<u>\$ —</u>
Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash used in operating activities	
Net increase in net assets applicable to common stockholders resulting from operations	\$ 169,028
Adjustments to reconcile net increase in net assets applicable to common stockholders resulting from operations to net cash used in operating activities	
Purchases of long-term investments	(16,999,991)
Net purchases of short term investments	(25,758,402)
Changes in operating assets and liabilities	
Increase in dividend receivable	(104,941)
Increase in prepaid expenses and other assets	(19,789)
Increase in payable to Adviser	106,802
Increase in current tax liability	95,955
Decrease in accrued expenses and other liabilities	(25,205)
Total adjustments	<u>(42,705,571)</u>
Net cash used in operating activities	<u>\$ (42,536,543)</u>

(1) Commencement of operations.

See Accompanying Notes to the Financial Statements

TORTOISE NORTH AMERICAN ENERGY CORPORATION

FINANCIAL HIGHLIGHTS

	Period from December 8, 2005(1) through May 31, 2006
Per Common Share Data(2)	
Net Asset Value, beginning of period	\$ —
Initial offering price	15.00
Underwriting discounts and offering costs on initial offering	(1.22)
Income from Investment Operations:	
Net investment income	0.01
Net Asset Value, end of period	<u>\$ 13.79</u>
Supplemental Data and Ratios	
Net assets applicable to common stockholders, end of period (000's)	\$ 42,597
Ratio of expenses (including current income tax expense) to average net assets:(3)(4)	2.88%
Ratio of expenses (excluding current income tax expense) to average net assets:(3)(4)	2.40%
Ratio of net investment income to average net assets before current income tax expense:(3)(4)	1.31%
Ratio of net investment income to average net assets after current income tax expense:(3)(4)	0.84%
Portfolio turnover rate	0.00%

(1) Commencement of operations.

(2) Information presented relates to a share of common stock outstanding for the entire period.

(3) Annualized for periods less than one full year.

(4) The Company accrued \$95,955 for the period ended May 31, 2006 in current income tax expense.

See Accompanying Notes to the Financial Statements

TORTOISE CAPITAL RESOURCES CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited)

May 31, 2006

1. Organization

Tortoise Capital Resources Corp. (the “Company”), organized as a Maryland corporation on September 8, 2005, was created to invest primarily in privately-held and micro-cap public companies in the U.S. energy infrastructure sector. The Company plans to elect to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), and to be treated as a Regulated Investment Company (“RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”). Until such time as these elections are made, the Company will be taxed as a general business corporation under the Code.

2. Significant Accounting Policies

A. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

B. Investment Valuation

The Company intends to invest primarily in illiquid securities including debt and equity securities of privately-held companies. The investments generally will be subject to restrictions on resale, will have no established trading market and will be fair valued, on a quarterly basis. Fair value is intended to be the amount for which an investment could be exchanged in an orderly disposition over a reasonable period of time between willing parties other than in a forced liquidation or sale. Because of the inherent uncertainty of valuation, the fair values of such investments, which will be determined in accordance with procedures approved by the Company’s Board of Directors, may differ materially from the values that would have been used had a ready market existed for the investments.

The process for determining the fair value of a security of a private investment begins with determining the enterprise value of the company that issued the security. The fair value of the investment will be based on the enterprise value at which a company could be sold in an orderly disposition over a reasonable period of time between willing parties. There is no one methodology to determine enterprise value and for any one company, enterprise value may best be expressed as a range of fair values, from which a single estimate of enterprise value will be derived.

If the portfolio company has an adequate enterprise value to support the repayment of our debt, the fair value of our loan or debt security will normally correspond to cost unless the portfolio company’s condition or other factors lead to a determination of fair value at a different amount. When receiving nominal cost warrants or free equity securities (“nominal cost equity”), we will allocate the cost basis in the investment between debt securities and nominal cost equity at the time of origination. The fair value of equity interests in portfolio companies is determined based on various factors, including the enterprise value remaining for equity holders after repayment of debt and other preference capital, and other pertinent factors such as recent offers to purchase a company, recent transactions involving the purchase or sale of equity securities, or other liquidation events. The determined equity values are generally discounted when holding a minority position, when restrictions on resale are present, when there are specific concerns about the receptivity of the capital markets to a specific company at a certain time, or when other factors are present.

The equity investments in Eagle Rock Pipeline, L.P. and Legacy Reserves, LP were valued at cost as of May 31, 2006.

TORTOISE CAPITAL RESOURCES CORPORATION
NOTES TO FINANCIAL STATEMENTS (Unaudited) — (Continued)

For equity and equity-related securities that are listed on a securities exchange, the Company will value those securities at the closing price on that exchange on the valuation date.

The Company's Board of Directors may consider other methods of valuing investments as appropriate and in conformity with accounting principles generally accepted in the United States. The Company may engage an independent valuation firm from time to time to assist in determining the fair value of investments.

C. Interest and Fee Income

Interest income will be recorded on the accrual basis to the extent that such amounts are expected to be collected. When investing in instruments with an original issue discount or payment-in-kind interest, the Company will accrue interest income during the life of the investment, even though the Company will not necessarily be receiving cash as the interest is accrued. Fee income will include fees, if any, for due diligence, structuring, commitment and facility fees, transaction services, consulting services and management services rendered to portfolio companies and other third parties. Commitment and facility fees generally will be recognized as income over the life of the underlying loan, whereas due diligence, structuring, transaction service, consulting and management service fees generally will be recognized as income when services are rendered.

D. Security Transactions

Security transactions will be accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses will be reported on an identified cost basis.

E. Dividends to Stockholders

The amount of any quarterly dividends will be determined by the Board of Directors. Distributions to stockholders are recorded on the ex-dividend date. The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes.

F. Federal and State Income Taxation

Initially, the Company will be treated as a general business corporation for U.S. federal and state income tax purposes. Thus, the Company will compute and pay federal and state income tax on its taxable income without regard to the rules applicable to RICs. Currently, the maximum marginal regular federal income tax rate for a corporation is 35 percent. The Company may be subject to a 20 percent federal alternative minimum tax on its federal alternative minimum taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax.

The Company's tax expense or benefit will be included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Although the Company was formed as a general business corporation, it intends to elect to be regulated as a BDC under the 1940 Act and to be treated as a RIC.

If the Company qualifies as a RIC and satisfies the annual distribution requirement, then it will not be subject to U.S. federal and state income tax on the portion of its investment company taxable income and net capital gain (i.e., net long-term capital gains in excess of net short-term capital losses) it distributes to its stockholders, other than any built-in gain recognized within 10 years after the effective date of its RIC election. It will be subject to U.S. federal income tax at the regular corporate rate on any income or capital

TORTOISE CAPITAL RESOURCES CORPORATION
NOTES TO FINANCIAL STATEMENTS (Unaudited) — (Continued)

gain not distributed (or deemed distributed) to its stockholders. The Company will be subject to a 4 percent nondeductible U.S. federal excise tax on certain undistributed income unless the Company makes sufficient distributions to satisfy the excise tax avoidance requirement.

G. Organization Expenses and Offering Costs

The Company is responsible for paying all organization and offering expenses. Offering costs paid by the Company were charged as a reduction of paid-in capital at the completion of the Company's initial offering, and amounted to \$549,372 (excluding initial purchasers' discount and placement fees). Organizational costs were expensed as incurred, and in total amounted to \$88,906.

H. Indemnifications

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business, the Company may enter into contracts that provide general indemnification to other parties. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred, and may not occur.

3. Concentration of Risk

The Company's investment objective is to provide stockholders with current income and capital appreciation. The Company anticipates focusing investments on unsecured, subordinated debt securities and equity securities within the U.S. energy infrastructure sector that will generally be expected to pay interest or dividends on a current basis. The Company intends to seek to obtain enhanced returns through warrants or other equity conversion features within certain subordinated debt securities in which the Company intends to invest and from growth in dividends from its equity investments. The Company may, for defensive purposes, temporarily invest all or a significant portion of its assets in investment grade securities, short-term debt securities and cash or cash equivalents. To the extent the Company uses this strategy, it may not achieve its investment objectives.

4. Agreements

The Company has entered into an Investment Advisory Agreement with Tortoise Capital Advisors, LLC (the "Adviser"). Under the terms of the agreement, the Adviser will be paid a fee consisting of two components: a base management fee and an incentive fee.

The base management fee will be a quarterly fee of 0.375 percent (1.5 percent annualized) of the Company's Managed Assets at the end of each quarter. "Managed Assets" means the total assets of the Company (including any assets purchased with or attributable to any borrowed funds). The base management fee will be calculated and paid quarterly in arrears within 15 days of the end of each calendar quarter. The Company's Managed Assets shall be computed in accordance with any applicable policies and determinations of the Board of Directors. The base management fee for any partial quarter will be appropriately prorated.

The incentive fee consists of two parts. The first part, the investment income fee, is equal to 15 percent of the excess, if any, of the Company's Net Investment Income for the quarter over a quarterly hurdle rate equal to 2 percent (8 percent annualized), and multiplied, in either case, by the Company's Net Assets at the end of the quarter. "Net Assets" means the Managed Assets less indebtedness of the Company. "Net Investment Income" means interest income, dividend income and any other income (including any fees such as commitment, origination, syndication, structuring, diligence, monitoring and consulting fees or other fees that the Company is entitled to receive from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses accrued for such quarter (including the Base Management Fee, any

TORTOISE CAPITAL RESOURCES CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) — (Continued)

interest expense, any tax expense, and dividends paid on issued and outstanding preferred stock, if any, but excluding the Incentive Fee payable hereunder). Net Investment Income also includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest, and zero coupon securities), accrued income that the Company has not yet received in cash. Net Investment Income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. The Investment Income Fee shall be calculated and payable quarterly in arrears within fifteen (15) days of the end of each calendar quarter, with the fee accruing from the first anniversary of the day the Company receives the proceeds from its initial offering of common shares (the “Commencement of Operations”). The Investment Income Fee calculation shall be adjusted appropriately on the basis of the number of calendar days in the first quarter the fee accrues or the calendar quarter during which the Agreement is in effect in the event of termination of the Agreement during any calendar quarter.

The second part of the fee, the capital gains fee, is equal to (a) 15 percent of (i) the Company’s net realized capital gains (realized capital gains less realized capital losses) on a cumulative basis from the Commencement of Operations to the end of each calendar year, less (ii) any unrealized capital depreciation at the end of such calendar year, less (b) the aggregate amount of all capital gains fees paid to the Advisor in prior fiscal years. Except as set forth below, the capital gains fee shall be calculated and payable annually within fifteen (15) days of the end of each calendar year. For the purposes of this section, realized capital gains on a security will be calculated as the amount by which the net amount realized from the sale or other disposition of such security is less than the original cost of such security. Unrealized capital depreciation on a security will be calculated as the amount by which the Company’s original cost of such security exceeds the fair value of such security at the end of a fiscal year. All fiscal year-end valuations will be determined by the Company in accordance with accounting principles generally accepted in the United States, the 1940 Act (even if such valuation is made prior to the date on which the Company has elected to be regulated as a BDC), and the policies and procedures of the Company to the extent consistent therewith.

If the Company’s common stock becomes listed on any national securities exchange or automated dealer quotation system, then the Advisor will use at least 25 percent of any capital gains fee received on or prior to the second anniversary of the day it receives the proceeds from the initial private offering to purchase such common stock in the open market. In the event the investment advisory agreement is terminated, the capital gains fee calculation will be undertaken as of, the date of termination. The Advisor may, from time to time waive or defer all or any part of the base management fee or the incentive fee.

The Advisor has entered into a sub-advisory agreement with Fountain Capital, an affiliated entity, pursuant to which Fountain Capital will provide investment advisory services relating to the portion of liquid assets that are expected from time to time to be invested in short duration high yield bonds in the Company. The Advisor is responsible for all fees and expenses payable to Fountain Capital as a result of such agreement. The Company is not a party to such agreement and will not be responsible for any fees payable to Fountain Capital for providing such services.

The Advisor has also entered into a sub-advisory agreement with Kenmont Investments Management, L.P. (“Kenmont”), an investment adviser with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont will (i) assist in identifying potential investment opportunities, subject to the right of Kenmont to first show investment opportunities that it identifies to other funds or accounts for which Kenmont is the primary adviser, (ii) assist, as requested but subject to a limit of 20 hours per month, in the analysis of investment opportunities as requested by the Adviser, and (iii) if requested by the Adviser, assist in hiring an additional investment professional for the Adviser who will be located in Houston, Texas and for whom Kenmont will make office space available. Kenmont will not make any investment decision on the Company’s behalf, but will recommend potential investments to, and assist in the investment analysis undertaken by, the Adviser. The Adviser is responsible for all fees and expenses payable to Kenmont as a result of such agreement. The Company is not a party to such agreement and will not be responsible for

TORTOISE CAPITAL RESOURCES CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) — (Continued)

any fees payable to Kenmont for providing such services. Kenmont Special Opportunities Fund, L.P., an affiliated entity of Kenmont, is an interested owner in the Company and owns greater than 5% of the Company's outstanding shares.

The Company has engaged U.S. Bancorp Fund Services, LLC to serve as the Company's fund accounting services provider. The Company pays the provider a monthly fee computed at an annual rate of \$24,000 on the first \$50 million of the Company's Managed Assets, 1.25 percent on the next \$200 million of Managed Assets and 0.75 percent on the balance of the Company's Managed Assets.

Computershare Investor Services, LLC serves as the Company's transfer agent, dividend paying agent, and will serve as agent for the automatic dividend reinvestment plan following the initial public offering of the Company's common shares.

U.S. Bank, N.A. serves as the Company's custodian. The Company pays the custodian a monthly fee computed at an annual rate of 0.015 percent on the first \$200 million of the Company's Managed Assets and 0.01 percent on the balance of the Company's Managed Assets, subject to a minimum annual fee of \$4,800.

5. Investment Transactions

For the period ended May 31, 2006, the Company purchased (at cost) and sold securities (at proceeds) in the amount of \$16,999,991 and \$0 (excluding short-term debt securities), respectively.

6. Common Stock

The Company has 100,000,000 shares authorized and 3,088,596 shares outstanding at May 31, 2006. For every four common shares purchased in the initial offering, one warrant was issued. At May 31, 2006, there were 772,124 warrants issued and outstanding. Warrants will be exercisable on the earlier of the Company's initial public offering of common shares or 18 months from the date of the initial offering, subject in each case to a lock-up period with respect to common shares. If the warrants become exercisable prior to the BDC election, the exercise price per share of each warrant will be \$15.00. If the warrants become exercisable after the BDC election, each warrant will entitle the holder thereof to purchase one common share at the exercise price per common share of the greater of (i) \$15.00 per common share or (ii) the net asset value of the common shares on the date of the BDC election. Warrants are issued as separate instruments from common shares and are permitted to be transferred independently from the common shares. Until the BDC election, the warrants will be subject to significant restrictions on resale and transfer in addition to those traditionally associated with securities sold pursuant to Rule 144A, Regulation D and other exemptions from registration under the Securities Act. The warrants have no voting rights and the common shares underlying the unexercised warrants will have no voting rights until such common shares are received upon exercise of the warrants.

Through and including _____, 2006 (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 the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares



Tortoise Capital Resources Corporation

Common Stock

PROSPECTUS

Merrill Lynch & Co.

Stifel Nicolaus

Wachovia Securities

, 2006

Part C — Other Information

Item 25. Financial Statements and Exhibits

1. Financial Statements:

The Registrant’s unaudited financial statements dated May 31, 2006 and notes thereto are filed herein.

2. Exhibits:

<u>Exhibit No.</u>	<u>Description of Document</u>
a.	Articles of Incorporation*
b.	Bylaws*
c.	Inapplicable
d.	Form of Stock Certificate(1)
e.	Dividend Reinvestment Plan(1)
f.	Inapplicable
g.1.	Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C.*
g.2.	Sub-Advisory Agreement with Kenmont Investments Management, L.P.*
h.1.	Form of Underwriting Agreement(1)
h.2.	Form of Standard Dealer Agreement(1)
h.3.	Form of Agreement Among Underwriters(1)
i.	Inapplicable
j.	Custody Agreement with U.S. Bank National Association*
k.1.	Stock Transfer Agency Agreement with Computershare Investor Services, LLC*
k.2.	Form of Administration Agreement(1)
k.3.	Warrant Agreement with Computershare Investor Services, LLC as Warrant Agent*
k.4.	Registration Rights Agreements with Merrill Lynch & Co; Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Stifel, Nicolaus & Company, Incorporated*
l.	Opinion of Venable LLP(1)
m.	Inapplicable
n.	Consent of Independent Registered Public Accounting Firm(1)
o.	Inapplicable
p.1.	Form of Investment Representation, Transfer and Market Stand-Off Agreement*
p.2.	Form of Subscription Agreement*
q.	Inapplicable
r.1.	Code of Ethics of the Company(1)
r.2.	Code of Ethics of the Tortoise Capital Advisors, L.L.C.*

(*) Filed herewith.

(1) To be filed by amendment.

Item 26. Marketing Arrangements

Reference is made to the underwriting agreement as Exhibit h.1. hereto.

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Item 27. *Other Expenses and Distribution*

The following table sets forth the estimated expenses to be incurred in connection with the offering described in this Registration Statement:

NASD filing fee	\$ 8,000
Securities and Exchange Commission fees	\$ 8,025
New York Stock Exchange listing fee	\$ *
Directors' fees and expenses	\$ *
Accounting fees and expenses	\$ *
Legal fees and expenses	\$ *
Printing expenses	\$ *
Transfer Agent's fees	\$ *
Miscellaneous	\$ *
Total	<u>\$16,025</u>

* To be filed by amendment

Item 28. *Persons Controlled by or Under Common Control*

None.

Item 29. *Number of Holders of Securities*

As of August 24, 2006, the number of record holders of each class of securities of the Registrant was:

<u>Title of Class</u>	<u>Number of Record Holders</u>
Common Stock (\$0.001 par value)	100

Item 30. *Indemnification*

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty which is established by a final judgment as being material to the cause of action. The Charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law and the 1940 Act.

The Charter authorizes the Company, to the maximum extent permitted by Maryland law and the 1940 Act, to obligate itself to indemnify any present or former director or officer or any individual who, while a director or officer of the Company and at the request of the Company, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her status as a present or former director or officer of the Company or as a present or former director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise, and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The Bylaws obligate the Company, to the maximum extent permitted by Maryland law and the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director of the Company and at the request of the Company, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her status as a present or former director or officer of the Company and

to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The Charter and Bylaws also permit the Company to indemnify and advance expenses to any person who served a predecessor of the Company in any of the capacities described above and any employee or agent of the Company or a predecessor of the Company.

Maryland law requires a corporation (unless its charter provides otherwise, which the Company's Charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he is made, or threatened to be made, a party by reason of his service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or on his behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Item 31. *Business and Other Connections of Investment Advisor*

The information in the Statement of Additional Information under the caption "Management — Directors and Officers" is hereby incorporated by reference.

Item 32. *Location of Accounts and Records*

All such accounts, books, and other documents are maintained at the offices of the Registrant, at the offices of the Registrant's investment adviser, Tortoise Capital Advisors, L.L.C., 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210, at the offices of the custodian, U.S. Bank National Association, 425 Walnut Street, Cincinnati, Ohio 45202, at the offices of the transfer agent, Computershare Investor Services, LLC, 2 North LaSalle Street, Chicago, Illinois 60602 or at the offices of the administrator.

Item 33. *Management Services*

Not applicable.

Item 34. *Undertakings*

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

2. Not applicable.

3. Not applicable.

4. Not applicable.

5. The Registrant is filing this Registration Statement pursuant to Rule 430A under the 1933 Act and undertakes that: (a) for the purposes of determining any liability under the 1933 Act, the information omitted from the form of Prospectus filed as part of a registration statement in reliance upon Rule 430A and contained

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in the form of Prospectus filed by the Registrant under Rule 497(h) under the 1933 Act shall be deemed to be part of the Registration Statement as of the time it was declared effective; (b) for the purpose of determining any liability under the 1933 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 the securities at that time shall be deemed to be the initial bona fide offering thereof.

6. Not applicable.

7. Insofar as indemnification for liability arising under the Securities Act of 1933, as amended (the "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 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 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 against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in this City of Overland Park and State of Kansas on the 28th day of August, 2006.

Tortoise Capital Resources Corporation

By: /s/ David J. Schulte

 David J. Schulte,
 President & CEO

The undersigned directors and officers of Tortoise Capital Resources Corporation hereby constitute and appoint David J. Schulte our true and lawful attorney-in-fact with full power to execute in our name and behalf, in the capacities indicated below, this Registration Statement on Form N-2 and any and all amendments thereto, including post-effective amendments to the Registration Statement and to sign any and all additional registration statements relating to the same offering of securities as this Registration Statement that are filed pursuant to Rule 462 (b) of the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and thereby ratify and confirm that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
_____ /s/ Terry C. Matlack Terry C. Matlack	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	August 28, 2006
_____ /s/ David J. Schulte David J. Schulte	Chief Executive Officer (Principal Executive Officer)	August 28, 2006
_____ /s/ Conrad S. Ciccotello Conrad S. Ciccotello	Director	August 28, 2006
_____ /s/ John R. Graham John R. Graham	Director	August 28, 2006
_____ /s/ Charles E. Heath Charles E. Heath	Director	August 28, 2006
_____ /s/ H. Kevin Birzer H. Kevin Birzer	Director	August 28, 2006

Exhibit Index

<u>Exhibit No.</u>	<u>Description of Document</u>
a.	Articles of Incorporation*
b.	Bylaws*
c.	Inapplicable
d.	Form of Stock Certificate(1)
e.	Dividend Reinvestment Plan(1)
f.	Inapplicable
g.1.	Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C.*
g.2.	Sub-Advisory Agreement with Kenmont Investments Management, L.P.*
h.1.	Form of Underwriting Agreement(1)
h.2.	Form of Standard Dealer Agreement(1)
h.3.	Form of Agreement Among Underwriters(1)
i.	Inapplicable
j.	Custody Agreement with U.S. Bank National Association*
k.1.	Stock Transfer Agency Agreement with Computershare Investor Services, LLC*
k.2.	Form of Administration Agreement(1)
k.3.	Warrant Agreement with Computershare Investor Services, LLC as Warrant Agent*
k.4.	Registration Rights Agreements with Merrill Lynch & Co; Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Stifel, Nicolaus & Company, Incorporated*
l.	Opinion of Venable LLP(1)
m.	Inapplicable
n.	Consent of Independent Registered Public Accounting Firm(1)
o.	Inapplicable
p.1.	Form of Investment Representation, Transfer and Market Stand-Off Agreement*
p.2.	Form of Subscription Agreement*
q.	Inapplicable
r.1.	Code of Ethics of the Company(1)
r.2.	Code of Ethics of the Tortoise Capital Advisors, L.L.C.*

(*) Filed herewith.

(1) To be filed by amendment.

TORTOISE CAPITAL RESOURCES CORPORATION

ARTICLES OF INCORPORATION

THIS IS TO CERTIFY THAT:

**ARTICLE I
INCORPORATOR**

The undersigned, H. Kevin Birzer, whose address is 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210, being at least 18 years of age, does hereby form a corporation under the general laws of the State of Maryland.

**ARTICLE II
NAME**

The name of the corporation (the "Corporation") is:

Tortoise Capital Resources Corporation

**ARTICLE III
PURPOSE**

The purposes for which the Corporation is formed are to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force, including, without limitation or obligation, and subject to making an election under the Investment Company Act of 1940, as amended (the "1940 Act"), conducting the business of a business development company under the 1940 Act.

**ARTICLE IV
PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT**

The address of the principal office of the Corporation in this State is c/o The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202. The name and address of the resident agent of the Corporation are The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 5.1 Number, Classification and Election of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation is one, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws of the Corporation (the "Bylaws"), but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL"). The name of the director who shall serve until his successor is duly elected and qualifies is Terry C. Matlack.

The directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of Preferred Stock (as hereinafter defined), any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is duly elected and qualifies.

On the first date on which there are at least three directors, the directors (other than any director elected solely by holders of one or more classes or series of Preferred Stock in connection with dividend arrearages) shall be classified, with respect to the terms for which they severally hold office, into three classes as determined by the Board of Directors, with Class I directors to hold office initially for a term expiring at the first annual meeting of stockholders subsequent to their election, Class II directors to hold office initially for a term expiring at the second annual meeting of stockholders subsequent to their election, and Class III directors to hold office initially for a term expiring at the third annual meeting of stockholders subsequent to their election, with each director to hold office until her or his successor is duly elected and qualifies. At each annual meeting of the stockholders, commencing with the first annual meeting of stockholders subsequent to the classification of directors, the successors to the class of directors whose term expires at such meeting shall be elected to hold office for a term expiring at the third succeeding annual meeting of stockholders following the meeting at which they were elected and until their successors are duly elected and qualify.

Except as otherwise provided in the Bylaws, each director shall be elected by the affirmative vote of the holders of a majority of the shares of stock outstanding and entitled to vote thereon.

Section 5.2 Extraordinary Actions. Except as specifically provided in Section 5.6 (relating to removal of directors), and in Section 7.2 (relating to certain actions and

certain amendments to the Charter (as defined herein)), notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 Authorization by Board of Stock Issuance . The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration, if any, as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter of the Corporation (the “Charter”) or the Bylaws.

Section 5.4 Preemptive Rights and Appraisal Rights . Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.4 or as may otherwise be provided by contract, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. No holder of stock of the Corporation shall be entitled to exercise the rights of an objecting stockholder under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the entire Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, or any proportion of the shares thereof, to a particular transaction or all transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 5.5 Determinations by Board . The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class or series of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 5.6 Removal of Directors. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. For the purpose of this paragraph, “cause” shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

ARTICLE VI

STOCK

Section 6.1 Authorized Shares. The Corporation has authority to issue 110,000,000 shares of stock, consisting of 100,000,000 shares of Common Stock, \$.001 par value per share (“Common Stock”), and 10,000,000 shares of Preferred Stock, \$.001 par value per share (“Preferred Stock”). The aggregate par value of all authorized shares of stock having par value is \$110,000. If shares of one class or series of stock are classified or reclassified into shares of another class or series of stock pursuant to this Article VI, the number of authorized shares of the former class or series shall be automatically decreased and the number of shares of the latter class or series shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes or series that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 Common Stock. Each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 6.3 Preferred Stock. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, in one or more classes or series of stock.

Section 6.4 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland (“SDAT”). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 6.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the

Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other charter document filed with the SDAT.

Section 6.5 Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws. The Board of Directors of the Corporation shall have the exclusive power to make, alter, amend or repeal the Bylaws.

ARTICLE VII

AMENDMENTS; CERTAIN EXTRAORDINARY TRANSACTIONS

Section 7.1 Amendments Generally. The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation.

Section 7.2 Approval of Certain Extraordinary Actions and Charter Amendments.

(a) Required Votes. The affirmative vote of the holders of shares entitled to cast at least 80 percent of the votes entitled to be cast on the matter, each voting as a separate class, shall be necessary to effect:

(i) Any amendment to the Charter to make the Corporation's Common Stock a "redeemable security" or to convert the Corporation, whether by merger or otherwise, from a "closed-end company" to an "open-end company" (as such terms are defined in the 1940 Act);

(ii) The liquidation or dissolution of the Corporation and any amendment to the Charter to effect any such liquidation or dissolution; and

(iii) Any amendment to Section 5.1, Section 5.2, Section 5.6, Section 7.1 or this Section 7.2;

provided, however, that, if the Continuing Directors (as defined herein), by a vote of at least two-thirds of such Continuing Directors, in addition to approval by the Board of Directors, approve such proposal or amendment, the affirmative vote of the holders of a majority of the votes entitled to be cast shall be sufficient to approve such matter.

(b) Continuing Directors. "Continuing Directors" means the director identified in Article V, Section 5.1 and any director elected before the first annual meeting of the stockholders in the manner provided in the Bylaws and the directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the Continuing Directors then on the Board.

ARTICLE VIII

LIMITATION OF LIABILITY; INDEMNIFICATION AND ADVANCE OF EXPENSES

Section 8.1 Limitation of Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages.

Section 8.2 Indemnification and Advance of Expenses. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 8.3 1940 Act. At such time as the Corporation elects to be a business development company under the 1940 Act, the provisions of this Article VIII shall be subject to the limitations of the 1940 Act.

Section 8.4 Amendment or Repeal. Neither the amendment nor repeal of this Article VIII, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article VIII, shall apply to or affect in any respect the applicability of the preceding sections of this Article VIII with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, I have signed these Articles of Incorporation and acknowledge the same to be my act on this 8th day of September, 2005.

H. Kevin Birzer, Incorporator

TORTOISE CAPITAL RESOURCES CORPORATION

BYLAWS

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set by the Board of Directors and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. Commencing with the 2006 annual meeting of stockholders of the Corporation, an annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time during the month of April in each year set by the Board of Directors.

Section 3. SPECIAL MEETINGS.

(a) General. The chairman of the board, the president, the chief executive officer or the Board of Directors may call a special meeting of the stockholders. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary of the Corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting

(b) Stockholder Requested Special Meetings. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an

election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting, one or more written requests for a special meeting signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority (the "Special Meeting Percentage") of all of the votes entitled to be cast at such meeting (the "Special Meeting Request") shall be delivered to the secretary. In addition, the Special Meeting Request (a) shall set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (b) shall bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) shall set forth the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed) and the class, series and number of all shares of stock of the Corporation which are owned by each such stockholder, and the nominee holder for, and number of, shares owned by such stockholder beneficially but not of record, (d) shall be sent to the secretary by registered mail, return receipt requested, and (e) shall be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Corporation's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the secretary receives payment of such reasonably estimated cost prior to the mailing of any notice of the meeting.

(4) Except as provided in the next sentence, any special meeting shall be held at such place, date and time as may be designated by the chairman of the board, the president, the chief executive officer or the Board of Directors, whoever has called the meeting. In the case of any special meeting called by the secretary upon the request of stockholders (a "Stockholder Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; provided, however, that the date of any Stockholder Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and provided further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "Delivery Date"), a date and time for a Stockholder Requested Meeting.

then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any special meeting, the chairman of the board, the president, the chief executive officer or the Board of Directors may consider such factors as he, she or it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(5) If written revocations of requests for the special meeting have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary, the secretary shall: (i) if the notice of meeting has not already been mailed, refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been mailed and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting written notice of any revocation of a request for the special meeting and written notice of the secretary's intention to revoke the notice of the meeting, revoke the notice of the meeting at any time before ten days before the commencement of the meeting. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The chairman of the board, the chief executive officer, the president or the Board of Directors may appoint independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent at least the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Kansas are authorized or obligated by law or executive order to close.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 5. ORGANIZATION AND CONDUCT. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting: the vice chairman of the board, if any, the president, the vice presidents in their order of rank and seniority, the secretary, the treasurer or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary, or, in the secretary's absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the stockholders, an assistant secretary, or in the absence of assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions

or comments by participants; (e) determining when the polls should be opened and closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (h) recessing or adjourning the meeting to a later date and time and place announced at the meeting; and (i) concluding the meeting. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. QUORUM. The presence in person or by proxy of the holders of shares of stock of the Corporation entitled to cast a majority of the votes entitled to be cast (without regard to class) shall constitute a quorum at any meeting of the stockholders, except with respect to any such matter that, under applicable statutes or regulatory requirements or the charter of the Corporation (the “Charter”), requires approval by a separate vote of one or more classes of stock, in which case the presence in person or by proxy of the holders of shares entitled to cast a majority of the votes entitled to be cast by each such class on such a matter shall constitute a quorum.

If, however, such quorum shall not be present at any meeting of the stockholders, the chairman of the meeting shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and convened, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 7. VOTING. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter. Unless otherwise provided in the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Voting on any question or in any election may be viva voce unless the chairman of the meeting shall order that voting be by ballot.

Section 8. PROXIES. A stockholder may cast the votes entitled to be cast by the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder’s duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 9. VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his or her name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. INSPECTORS. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more individual inspectors or one or more entities that designate individuals as inspectors to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the chairman of the meeting. The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, and determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. Each such report shall be in writing and signed by him or her or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or

inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 11. ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS.

(a) Annual Meetings of Stockholders. (1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with this Section 11(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting nor later than 5:00 p.m., Central Time, on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting (and in the case of the first annual meeting of stockholders), notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Central Time, on the later of the 120th day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such individual, (B) the class, series and number of any shares of stock of the Corporation that are beneficially owned by such individual, (C) the date such shares were acquired and the investment intent of such acquisition, (D) whether such stockholder believes any such individual is, or is not, an "interested person" of the Corporation, as defined in the Investment Company Act of 1940, as amended, and the rules promulgated thereunder (the "1940 Act") and information regarding such individual that is sufficient, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Corporation, to make such determination, (E) sufficient information, with appropriate verification of the accuracy thereof, to enable the Nominating Committee of the Board of Directors, or in the absence thereof, the entire Board of Directors, to make the determination as to the individual's qualifications required under Article III, Section 2(b) of these Bylaws and (F) all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation

14A (or any successor provision) under the Exchange Act and the rules thereunder (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the reasons for proposing such business at the meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder and the Stockholder Associated Person therefrom; (iii) as to the stockholder giving the notice and any Stockholder Associated Person, the class, series and number of all shares of stock of the Corporation which are owned by such stockholder and by such Stockholder Associated Person, if any, and the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by any such Stockholder Associated Person; (iv) as to the stockholder giving the notice and any Stockholder Associated Person covered by clauses (ii) or (iii) of this paragraph (2) of this Section 11(a), the name and address of such stockholder, as they appear on the Corporation's stock ledger and current name and address, if different, and of such Stockholder Associated Person; and (v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(3) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Central Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(4) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a

director as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (2) of this Section 11(a) shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day prior to such special meeting and not later than 5:00 p.m., Central Time, on the later of the 120th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General. (1) Upon written request by the secretary or the Board of Directors or any committee thereof, any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) For purposes of this Section 11, (a) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (b) "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act or the 1940 Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, nor the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

Section 12. CONTROL SHARE ACQUISITION ACT . Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law (the "MGCL"), or any successor statute, shall not apply to any acquisition by any person of

shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior to subsequent control share acquisition.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS.

(a) Number and Tenure. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the MGCL, nor more than 9, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

(b) Qualifications. To qualify as a nominee for a directorship, an individual, at the time of nomination, (i)(A) shall be at least 21 years of age and have substantial expertise, experience or relationships relevant to the business of the Corporation, and (B) shall have a master's degree in economics, finance, business administration or accounting, a graduate professional degree in law from an accredited university or college in the United States or the equivalent degree from an equivalent institution of higher learning in another country, or a certification as a public accountant in the United States, or be deemed an "audit committee financial expert" as such term is defined in Item 401 of Regulation S-K (or any successor provision) promulgated by the Securities and Exchange Commission or (ii) shall be a current director of the Corporation. The Nominating Committee of the Board of Directors, or in the absence thereof, the entire Board of Directors, in its sole discretion, shall determine whether an individual satisfies the foregoing qualifications. Any individual who does not satisfy the qualifications set forth under this subsection (b) shall not be eligible for nomination or election as a director.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings of the Board of Directors without notice other than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board, the chief executive officer, the

president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, United States mail or courier to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws. If enough directors have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws.

Section 8. ORGANIZATION. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, if any, shall act as chairman of the meeting. In the absence of both the chairman and vice chairman of the board, the chief executive officer or in the absence of the chief executive officer, the president or in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in his or her absence, an assistant secretary of the Corporation, or in the absence of the secretary and all assistant secretaries, a person appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 9. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. CONSENT BY DIRECTORS WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent to such action is given in writing or by electronic transmission by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Prior to the effectiveness of the Corporation's election in Article V of the Charter, any vacancy on the Board of Directors may be filled in the manner otherwise permitted by the MGCL. Upon the effectiveness of the Corporation's election in Article V of the Charter, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, (a) any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum and (b) any director elected to fill a vacancy shall serve for the remainder of the full term of the class in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. RESIGNATIONS . Any director may resign from the Board of Directors or any committee thereof at any time by giving written notice of his or her resignation to the Board of Directors. Any resignation shall take effect immediately upon its receipt or at such later time specified in the notice of resignation.

Section 13. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but

nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. LOSS OF DEPOSITS. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.

Section 15. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his or her duties.

Section 16. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

ARTICLE IV COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Nominating Committee and other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the Committee) may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other

at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. CONSENT BY COMMITTEES WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent to such action is given in writing or by electronic transmission by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee. Subject to the power of the Board of Directors, the members of a committee shall have the power to fill any vacancies on such committee.

ARTICLE V OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chief executive officer, one or more vice presidents, a chief operating officer, a chief financial officer, a chief compliance officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as they shall deem necessary or desirable. The Board of Directors may designate a chairman of the Board and a vice chairman of the Board, who shall not, solely by reason of such designation, be officers of the Corporation but shall have such powers and duties as determined by the Board of Directors from time to time. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries and assistant treasurers or other officers. Each officer shall hold office until his or her successor is duly elected and qualifies or until his or her death, or his or her resignation, or removal in the manner provided herein. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Board of Directors, the chairman of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the notice of resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate a chief executive officer. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument in the name of the Corporation, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 7. CHIEF COMPLIANCE OFFICER. The Board of Directors may designate a chief compliance officer. The chief compliance officer shall have the responsibilities and duties as may be assigned to him or her by the Board of Directors or the chief executive officer.

Section 8. PRESIDENT. In the absence of a designation of a chief executive officer by the Board of Directors, the president shall be the chief executive officer and in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He may execute any deed, mortgage, bond, contract or other instrument in the name of the Corporation, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the chief executive officer, the president or by the Board of Directors. The Board of Directors may designate one or more vice

presidents as executive vice president, senior vice president, or as vice president for particular areas of responsibility.

Section 10. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 11. TREASURER. The treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors, the chief executive officer and the president at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the chief executive officer, the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors, the Executive Committee or another committee of the Board of Directors within the scope of its delegated authority

may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors or the Executive Committee or such other committee and executed by an authorized person.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII

STOCK

Section 1. CERTIFICATES; REQUIRED INFORMATION. Except as may be otherwise provided by the Board of Directors, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be signed by the officers of the Corporation in the manner permitted by the MGCL and contain the statements and information required by the MGCL. In the event that the Corporation issues shares of stock without certificates, the Corporation shall provide to record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

Section 2. TRANSFERS WHEN CERTIFICATES ARE ISSUED. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. The president, the secretary or the treasurer or any officer designated by the Board of Directors may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to

have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Board of Directors may, in his or her discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he or she shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

**ARTICLE VIII
ACCOUNTING YEAR**

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

**ARTICLE IX
DISTRIBUTIONS**

Section 1. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve.

**ARTICLE X
SEAL**

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Incorporated Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XI

INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law, in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of such corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity. The Corporation may, with the approval of its Board of Directors or any duly authorized committee thereof, provide such indemnification and advance for expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. Any indemnification or advance of expenses made pursuant to this Article shall be subject to applicable requirements of the 1940 Act (if the Corporation has elected to be regulated as a business development company). The indemnification and payment of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment of expenses may be or may become entitled under any bylaw, regulation, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or charter of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIII
INSPECTION OF RECORDS

A stockholder that is otherwise eligible under applicable law to inspect the Corporation's books of account, stock ledger, or other specified documents of the Corporation shall have no right to make such inspection if the Board of Directors determines that such stockholder has an improper purpose for requesting such inspection.

ARTICLE XIV
1940 ACT

If and to the extent that any provision of the MGCL, including, without limitation, Subtitle 6 and, if then applicable, Subtitle 7, of Title 3 of the MGCL, or any provision of the Charter or these Bylaws conflicts with any provision of the 1940 Act then applicable to the Corporation, such provision of the 1940 Act shall control.

ARTICLE XV
AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

INVESTMENT ADVISORY AGREEMENT

AGREEMENT made as of this 1st day of September, 2005 by and between Tortoise Capital Resources Corporation, a Maryland corporation having its principal place of business in Overland Park, Kansas (the "Company"), and Tortoise Capital Advisors, L.L.C., a Delaware limited liability company having its principal place of business in Overland Park, Kansas (the "Advisor").

WHEREAS, the Company is a newly organized, non-diversified management investment company that is not at this time registered under the Investment Company Act of 1940, as amended (the "1940 Act");

WHEREAS, the Advisor is registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), as an investment advisor and engages in the business of acting as an investment advisor;

WHEREAS, the Company and the Advisor desire to enter into an agreement to provide for investment advisory services to the Company upon the terms and conditions hereinafter set forth; and

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Appointment of Advisor.

The Company appoints the Advisor to act as manager and investment advisor to the Company for the period and on the terms herein set forth. The Advisor accepts such appointment and agrees to render the services herein set forth, for the compensation herein provided.

2. Duties of the Advisor.

Subject to the overall supervision and review of the Board of Directors of the Company ("Board"), the Advisor will regularly provide the Company with investment research, advice and supervision and will furnish continuously an investment program for the Company, consistent with the investment objective and policies of the Company. The Advisor will provide, on behalf of the Company, any managerial assistance requested by the portfolio companies of the Company. The Advisor will determine from time to time what securities shall be purchased for the Company, what securities shall be held or sold by the Company and what portion of the Company's assets shall be held uninvested as cash or in other liquid assets, subject always to the provisions of the Company's Articles of Incorporation, Bylaws, Confidential Offering Memorandum for the initial private offering of its common shares (the "Memorandum"), and any subsequent registration statement of the Company under the 1940 Act and under the Securities Act of 1933 (the "1933 Act") covering the Company's shares, as filed with the Securities and Exchange Commission (the "Commission"), as any of the same may be amended from time to time, and to the investment objectives of the Company, as each of the same shall be from time to time in effect, and subject, further, to such policies and instructions as the Board may from time to time establish. To carry out such determinations, the Advisor will exercise full discretion and act for the Company in the same manner and with the same

force and effect as the Company itself might or could do with respect to purchases, sales or other transactions, as well as with respect to all other things necessary or incidental to the furtherance or conduct of such purchases, sales or other transactions. Without limiting the generality of the foregoing, the Advisor shall, during the term and subject to the provisions of this Agreement, (i) determine the composition of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identify, evaluate and negotiate the structure of the investments made by the Company; (iii) perform due diligence on prospective portfolio companies; (iv) close and monitor the Company's investments; (v) provide the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds.

3. Administrative Duties of the Advisor.

The Advisor agrees to furnish office facilities and clerical and administrative services necessary to the operation of the Company (other than services provided by the Company's custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). The Advisor is authorized to conduct relations with custodians, depositories, underwriters, brokers, dealers, placement agents, banks, insurers, accountants, attorneys, pricing agents, and other persons as may be deemed necessary or desirable. To the extent requested by the Company, the Advisor shall (i) oversee the performance of, and payment of the fees to, the Company's service providers, and make such reports and recommendations to the Company's Board of Directors (the "Board") concerning such matters as the parties deem desirable; (ii) respond to inquiries and otherwise assist such service providers in the preparation and filing of regulatory reports, proxy statements, shareholder communications and the preparation of Board materials and reports; (iii) establish and oversee the implementation of borrowing facilities or other forms of leverage authorized by the Board; and (iv) supervise any other aspect of the Company's administration as may be agreed upon by the Company and the Advisor. The Company shall reimburse the Advisor or its affiliate for all out-of-pocket expenses incurred in providing the services set forth in this Section 3.

4. Delegation of Responsibilities.

The Advisor is authorized to delegate any or all of its rights, duties and obligations under this Agreement to one or more sub-advisors, and may enter into agreements with sub-advisors, and may replace any such sub-advisors from time to time in its discretion, in accordance with the 1940 Act, the Advisers Act, and rules and regulations thereunder, as such statutes, rules and regulations are amended from time to time or are interpreted from time to time by the staff of the Commission, and if applicable, exemptive orders or similar relief granted by the Commission, and upon receipt of approval of such sub-advisors by the Board and by shareholders (unless any such approval is not required by such statutes, rules, regulations, interpretations, orders or similar relief). The Company hereby acknowledges that the Advisor intends to retain Fountain Capital Management, LLC ("Fountain") to invest a portion of the assets of the Company for at least the initial period of the operations of the Company. The Advisor shall compensate Fountain for the services so provided. The Company also hereby acknowledges that the Advisor intends to retain Kenmont Investments Management, L.P. ("Kenmont") to provide certain services for the benefit of the Company. The Advisor shall compensate Kenmont for the services so provided. The Advisor hereby indemnifies and agrees to hold harmless the Company from any obligation to pay Fountain, Kenmont, or any other

sub-advisor or reimburse Fountain, Kenmont, or any other sub-advisor for any fees or expenses incurred by such party in providing services to or for the benefit of the Company. The Company hereby agrees to indemnify and hold harmless Fountain, Kenmont, or any other sub-advisor for any claim against any such person based on information provided in the Offering Memorandum of the Company dated September 13, 2005, the Supplement to such Offering Memorandum dated November 21, 2005, or the Closing Supplement to such Offering Memorandum dated December 1, 2005 (collectively, the "Disclosure") other than any claim resulting from information provided by such indemnified party for inclusion in the Disclosure.

5. Independent Contractors.

The Advisor and any sub-advisors shall for all purposes herein be deemed to be independent contractors and shall, unless otherwise expressly provided or authorized, have no authority to act for or represent the Company in any way or otherwise be deemed to be an agent of the Company.

6. Compliance with Applicable Requirements.

In carrying out its obligations under this Agreement, the Advisor shall at all times conform to:

- a. all applicable provisions of the 1940 Act and the Advisers Act and any applicable rules and regulations adopted thereunder;
- b. the provisions of the Memorandum or any subsequent registration statement of the Company, as the same may be amended from time to time under the 1933 Act, including without limitation, the investment objectives set forth therein;
- c. the provisions of the Company's Articles of Incorporation, as the same may be amended from time to time;
- d. the provisions of the Bylaws of the Company, as the same may be amended from time to time
- e. all policies, procedures and directives adopted by the Board; and
- f. any other applicable provisions of state, federal or foreign law.

7. Policies and Procedures .

The Advisor shall adopt and implement within a reasonable period of time prior to February 15, 2006, written policies and procedures reasonably designed to prevent violation of the Federal Securities laws by the Advisor. The Advisor shall provide the Company, at such times as the Company shall reasonably request, with a copy of such policies and procedures and a report of such policies and procedures; such report shall be of sufficient scope and in sufficient detail as may reasonably be required to comply with Rule 38a-1 under the 1940 Act and to provide reasonable assurance that any material inadequacies would be disclosed by such examination, and, if there are no such inadequacies, the reports shall so state.

8. Brokerage.

The Advisor is responsible for decisions to buy and sell securities for the Company, broker-dealer selection, and negotiation of brokerage commission rates. The Advisor's primary consideration in effecting a security transaction will be to obtain the best execution. In selecting a broker-dealer to execute a particular transaction, the Advisor will take the following into consideration: the best net price available; the reliability, integrity and financial condition of the broker-dealer; the size of and the difficulty in executing the order; and the value of the expected contribution of the broker-dealer to the investment performance of the Company on a continuing basis. Accordingly, the price to the Company in any transaction may be less favorable than that available from another broker-dealer if the difference is reasonably justified by other aspects of the execution services offered.

Subject to such policies as the Board may from time to time determine, the Advisor shall not be deemed to have acted unlawfully, or to have breached any duty created by this Agreement or otherwise, solely by reason of its having caused the Company to pay a broker or dealer that provides brokerage and research services to the Advisor an amount of commission for effecting a Company investment transaction in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if the Advisor determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Advisor's overall responsibilities with respect to the Company and to other clients of the Advisor as to which the Advisor exercises investment discretion. The Advisor is further authorized to allocate the orders placed by it on behalf of the Company to such brokers and dealers who also provide research or statistical material or other services to the Company, the Advisor or to any sub-advisor. Such allocation shall be in such amounts and proportions as the Advisor shall determine and the Advisor will report on said allocations regularly to the Board indicating the brokers to whom such allocations have been made and the basis therefore.

9. Books and Records.

The Advisor will maintain complete and accurate records in respect of all transactions relating to the Company's portfolio. The Advisor will keep or will cause to be kept records in respect of all such portfolio transactions executed on behalf of the Company. To the extent permitted by applicable law, the Advisor shall provide access to its books and records relating to the Company as the Company may reasonably request. The Advisor shall have access at all reasonable times to books and records maintained for the Company to the extent necessary for the Advisor to comply with all applicable securities or other laws to which it is subject, and further provided that the Company shall produce copies of such records and books whenever reasonably required to do so by the Advisor for the purpose of legal proceedings or dealings with any governmental or regulatory authorities or for its internal compliance procedures.

10. Compensation.

For the services, payments and facilities to be furnished hereunder by the Advisor, the Advisor shall receive from the Company the following compensation:

- a. Base Management Fee. The Advisor shall receive quarterly a base management fee (the “Base Management Fee”) equal to .375% of the Company’s Managed Assets at the end of such quarter. “Managed Assets” means the total assets of the Company (including any assets purchased with or attributable to any borrowed funds). The Base Management Fee shall be calculated quarterly and paid quarterly in arrears within fifteen (15) days of the end of each calendar quarter. The Company’s Managed Assets shall be computed in accordance with any applicable policies and determinations of the Board of Directors. In case of the initiation or termination of the Agreement during any calendar quarter, the Base Management Fee for that quarter shall be reduced proportionately on the basis of the number of calendar days during which the Agreement is in effect, and the fee shall be computed upon the basis of the average Managed Assets for the business days the Agreement is in effect for that quarter.
- b. Incentive Fee. The Advisor shall receive an incentive fee (the “Incentive Fee”). The Incentive Fee shall consist of two parts, as follows:
- (i) Investment Income Fee. The Advisor shall receive an investment income fee (the “Investment Income Fee”) equal to 15% of the excess, if any, of the Company’s Net Investment Income for the quarter over a quarterly hurdle rate equal to 2% (8% annualized), multiplied, in either case, by the Company’s Net Assets at the end of the quarter. “Net Assets” means the Managed Assets less indebtedness of the Company. “Net Investment Income” means interest income, dividend income, and any other income (including any fees such as commitment, origination, syndication, structuring, diligence, monitoring, and consulting fees or other fees that the Company is entitled to receive from portfolio companies) accrued during the calendar quarter, minus the Company’s operating expenses for such quarter (including the Base Management Fee, expenses payable pursuant to Section 11 below, any interest expense, any tax expense, and dividends paid on issued and outstanding preferred stock, if any, but excluding the Incentive Fee payable hereunder). Net Investment Income also includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest, and zero coupon securities), accrued income that the Company has not yet received in cash. Net Investment Income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. The Investment Income Fee shall be calculated and payable quarterly in arrears within fifteen (15) days of the end of each calendar quarter, with the fee first accruing from the first anniversary of the day the Company receives the proceeds from its initial offering of common shares (the “Commencement of Operations”). The Investment Income Fee calculation shall be adjusted appropriately on the basis of the number of calendar days in the first quarter the fee accrues or the calendar quarter during which the Agreement is in effect in the event of termination of the Agreement during any calendar quarter.
- (ii) Capital Gains Fee. The Advisor shall receive a capital gains fee (the “Capital Gains Fee”) equal to: (A) 15% of (i) the Company’s net realized capital gains (realized capital gains less realized capital losses) on a cumulative basis from the

Commencement of Operations to the end of each calendar year, less (ii) any unrealized capital depreciation at the end of such calendar year, less (B) the aggregate amount of all Capital Gains Fees paid to the Advisor in prior fiscal years. Except as set forth in the last sentence of this paragraph, the Capital Gains Fee shall be calculated and payable annually within fifteen (15) days of the end of each calendar year. For the purposes of this paragraph, realized capital gains on a security will be calculated as the excess of the net amount realized from the sale or other disposition of such security over the original cost for the security. Realized capital losses on a security will be calculated as the amount by which the net amount realized from the sale or other disposition of such security is less than the original cost of such security. Unrealized capital depreciation on a security will be calculated as the amount by which the Company's original cost of such security exceeds the fair value of such security at the end of a fiscal year. All fiscal year-end valuations will be determined by the Company in accordance with generally accepted accounting principles, the 1940 Act (even if such valuation is made prior to the date on which the Company has elected to be regulated as a business development company), and the policies and procedures of the Company to the extent consistent therewith. If the Company's shares of common stock become listed on any national securities exchange or automated dealer quotation system, then the Advisor shall use at least 25% of any Capital Gains Fee received on or prior to the second anniversary of the Commencement of Operations to purchase the Company's common stock in the open market. In the event this Agreement is terminated, the Capital Gains Fee calculation shall be undertaken as of, and any resulting Capital Gains Fee shall be paid within fifteen (15) days of, the date of termination.

The Advisor may, from time to time, waive or defer all or any part of the compensation described in this Section 10. The parties do hereby expressly authorize and instruct the Company's administrator, or its successors, to calculate the fee payable hereunder and to remit all payments specified herein to the Advisor.

11. Expenses of the Advisor.

The compensation and allocable routine overhead expenses of all investment professionals of the Advisor and its staff, when and to the extent engaged in providing investment advisory services required to be provided by the Advisor under Section 2 hereof, will be provided and paid for by the Advisor and not by the Company. It is understood that the Company will pay all expenses other than those expressly stated to be payable by the Advisor hereunder, which expenses payable by the Company shall include, without limitation the following:

(i) other than as set forth in the first sentence of this Section 10 above, expenses of maintaining the Company and continuing its existence and related overhead, including, to the extent such services are provided by personnel of the Advisor or its affiliates, office space and facilities and personnel compensation, training and benefits,

(ii) commissions, spreads, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments including placement and similar fees in connection with direct placements entered into on behalf of the Company,

- (iii) auditing, accounting and legal expenses,
- (iv) taxes and interest,
- (v) governmental fees,
- (vi) expenses of listing shares of the Company with a stock exchange, and expenses of issue, sale, repurchase and redemption (if any) of interests in the Company, including expenses of conducting tender offers for the purpose of repurchasing Company securities,
- (vii) expenses of registering and qualifying the Company and its securities under federal and state securities laws and of preparing and filing registration statements and amendments for such purposes,
- (viii) expenses of communicating with shareholders, including website expenses and the expenses of preparing, printing, and mailing press releases, reports and other notices to shareholders and of meetings of shareholders and proxy solicitations therefor,
- (ix) expenses of reports to governmental officers and commissions,
- (x) insurance expenses,
- (xi) association membership dues,
- (xii) fees, expenses and disbursements of custodians and subcustodians for all services to the Company (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records, and determination of net asset values),
- (xiii) fees, expenses and disbursements of transfer agents, dividend and interest paying agents, shareholder servicing agents and registrars for all services to the Company,
- (xiv) compensation and expenses of directors of the Company who are not members of the Advisor's organization,
- (xv) pricing, valuation, and other consulting or analytical services employed in considering and valuing the actual or prospective investments of the Company,
- (xvi) all expenses incurred in leveraging of the Company's assets through a line of credit or other indebtedness or issuing and maintaining preferred shares,
- (xvii) all expenses incurred in connection with the organization of the Company and any offering of common shares, and

(xviii) such non-recurring items as may arise, including expenses incurred in litigation, proceedings and claims and the obligation of the Company to indemnify its directors, officers and shareholders with respect thereto.

12. Covenants of the Advisor.

The Advisor covenants that it is registered as an investment adviser under the Investment Advisers Act of 1940. The Advisor agrees that its activities will at all times be in compliance in all material respects with all applicable federal and state laws governing its operations and investments.

13. Non-Exclusivity.

The Company understands that the persons employed by the Advisor to assist in the performance of the Advisor's duties under this Agreement may not devote their full time to such service and nothing contained in this Agreement shall be deemed to limit or restrict the right of the Advisor or any affiliate of the Advisor to engage in and devote time and attention to other businesses or to render services of whatever kind or nature, so long as the Advisor's services to the Company are not impaired by the provision of such services to others. The Company further understands and agrees that managers of the Advisor may serve as officers or directors of the Company, and that officers or directors of the Company may serve as managers of the Advisor to the extent permitted by law; and that the managers of the Advisor are not prohibited from engaging in any other business activity or from rendering services to any other person, or from serving as partners, officers or directors of any other firm or company, including other investment advisory companies.

14. Consent to the Use of Name.

The Advisor hereby consents to the royalty free use by the Company of the name "Tortoise" as part of the Company's name and consents to the royalty free use of the related "Tortoise" logo; provided, however, that such consents shall be conditioned upon the employment of the Advisor or one of its approved affiliates as the investment advisor of the Company. The name "Tortoise" and the related "Tortoise" logo or any variation thereof may be used from time to time in other connections and for other purposes by the advisor and its affiliates and other investment companies that have obtained consent to the use of the name "Tortoise". The Advisor shall have the right to require the Company to cease using the name "Tortoise" as part of the Company's name and the related "Tortoise" logo if the Company ceases, for any reason, to employ the Advisor or one of its approved affiliates as the Company's investment advisor. Future names adopted by the Company for itself, insofar as such names include identifying words requiring the consent of the Advisor, shall be the property of the Advisor and shall be subject to the same terms and conditions.

15. Effective Date, Term and Approval.

This Agreement shall become effective with respect to the Company, as of the Commencement of Operations. This Agreement shall continue in force and effect for two years from the date of this Agreement, and may be continued from year to year thereafter, provided that the continuation of the Agreement is specifically approved at least annually:

- a. (i) by the Board or (ii) by the vote of “a majority of the outstanding voting securities” of the Company (as defined in Section 2(a)(42) of the 1940 Act); and
- b. by the affirmative vote of a majority of the directors who are not parties to this Agreement or “interested persons” (as defined in the 1940 Act) of a party to this Agreement (other than as directors of the Company), by votes cast in person at a meeting specifically called for such purpose.

16. Termination.

This Agreement may be terminated by the Company at any time, without the payment of any penalty by the Company, by vote of the Board or by vote of a majority of the outstanding voting securities of the Company, on no more than sixty (60) days’ written notice to the Advisor. This Agreement may be terminated by the Advisor at any time, without the payment of any penalty by the Advisor, on no less than sixty (60) days’ written notice to the Company. The notice provided for herein may be waived by the party entitled to receipt thereof. This Agreement shall automatically terminate in the event of its assignment, the term “assignment” for purposes of this paragraph having the meaning defined in Section 2(a)(4) of the 1940 Act. Upon termination pursuant to this Section 14, the Advisor, at the Company’s request, must deliver all copies of books and records maintained in accordance with this Agreement and applicable law.

17. Amendment.

No amendment of this Agreement shall be effective unless it is in writing and signed by the party against which enforcement of the amendment is sought. No amendment to Section 10 or Section 11 of this Agreement shall be effective unless it is approved by the vote of a majority of the outstanding voting securities of the Company.

18. Liability of Advisor.

The Advisor will not be liable in any way for any default, failure or defect in any of the securities comprising the Company’s portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth in this Agreement. However, the Advisor shall be liable to the Company for any loss, damage, claim, cost, charge, expense or liability resulting from the Advisor’s willful misconduct, bad faith or gross negligence or disregard by the Advisor of the Advisor’s duties or standard of care, diligence and skill set forth in this Agreement or a material breach or default of the Advisor’s obligations under this Agreement.

19. Third Party Beneficiaries

The Company acknowledges and agrees that Fountain and Kenmont are permitted third party beneficiaries of Sections 4 and 10 hereof for the limited purposes of: (i) enforcing the indemnification offered to each by the Company in Section 4 and (ii) enforcing, on behalf of the Advisor, the payment obligations owed to the Advisor pursuant to Section 10.

20. Notices.

Any notices under this Agreement shall be in writing, addressed and delivered, telecopied or mailed postage paid, to the other party entitled to receipt thereof at such address as such party may designate for the receipt of such notice. Until further notice to the other party, it is agreed that the address of the Company and that of the Advisor shall be 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210.

21. Questions of Interpretation.

Any question of interpretation of any term or provision of this Agreement having a counterpart in or otherwise derived from a term or provision of the 1940 Act or the Advisers Act shall be resolved by reference to such term or provision of the 1940 Act or the Advisers Act and to interpretations thereof, if any, by the United States courts or in the absence of any controlling decision of any such court, by rules, regulations or orders of the Commission issued pursuant to said Acts. In addition, where the effect of a requirement of the 1940 Act or the Advisers Act reflected in any provision of the Agreement is revised by rule, regulation or order of the Commission, such provision shall be deemed to incorporate the effect of such rule, regulation or order. Subject to the foregoing, this Agreement shall be governed by and construed in accordance with the laws (without reference to conflicts of law provisions) of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their respective duly authorized officers on the day and year first written above.

TORTOISE CAPITAL RESOURCES CORPORATION

By: _____
Name: _____
Title: _____

TORTOISE CAPITAL ADVISORS, L.L.C.

By: _____
Name: _____
Title: _____

SUB-ADVISORY AGREEMENT

This Sub-Advisory Agreement (the "Agreement") is dated as of December 1, 2005 and is entered into by and between Tortoise Capital Advisors, LLC, a Delaware limited liability company ("Tortoise"), and Kenmont Investments Management, L.P., a Texas limited partnership (the "Manager).

1. Appointment of Manager. Tortoise and the Manager agree that the Manager will provide investment management services (the "Designated Services") to Tortoise for the benefit of Tortoise Capital Resources Corporation ("the Company"), an entity for which Tortoise provides investment management and other services pursuant to an Investment Advisory Agreement (the "Client Agreement"). The parties acknowledge the offering of common shares currently being undertaken by the Company, as reflected in a September 13, 2005 Offering Memorandum and a November 21 Supplement to such Offering Memorandum (the "Disclosure").
 2. Designated Services. The Manager shall provide the following Designated Services to Tortoise for the benefit of the Company: (i) subject to the understanding that the Manager will first show all investment opportunities identified by it to Kenmont Special Opportunities Master Fund, L.P. and/or any other funds or accounts managed by the Manager, the Manager shall actively search for and assist Tortoise in identifying potential investment opportunities for the Company; (ii) assist Tortoise, as reasonably requested, in the analysis of investment opportunities for the Company; provided, that, in no event will the Manager be required to provide more than 20 hours of service per month to Tortoise under this clause (ii); and (iii) if requested by Tortoise, assist Tortoise in hiring an additional investment professional who will be employed by Tortoise but will be provided office space in the Houston, Texas office of the Manager. In the event an additional investment professional is hired as contemplated in the foregoing sentence, Tortoise shall be responsible for the compensation and benefits of such person and shall pay to the Manager an agreed upon allocation for rent and other overhead office expenses attributable to the presence of such investment professional in the office of the Manager. Tortoise and the Manager further agree, in the event such investment professional is hired, to adopt procedures intended to ensure the confidentiality of information relating to the Company and to protect from disclosure to Tortoise any confidential information of the other clients, funds, accounts or other business activities of the Manager. The Manager will not have the right or responsibility to make investment decisions on behalf of the Company. Tortoise acknowledges and agrees that the Manager is primarily engaged in the business of providing investment advice to clients for which it serves as the primary investment advisor and the Manager's services hereunder will be subject to such primary engagement.
 3. Possession of Assets. The Manager shall not at any time be the custodian of, and shall have no access to, either funds or securities of the Company. The Manager will not have the authority to place orders for the execution of transactions involving the assets of the Company through any brokers, dealers, or banks. The Manager shall have no authority to commit the Company to any contract, liability, or other obligation.
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4. Management Fee and Expenses. During the term of this Agreement, Tortoise shall pay to the Manager, for services rendered under this Agreement, an amount equal to ten percent (10%) of the base management fee paid quarterly to Tortoise by the Company pursuant to the Client Agreement; provided, however, that no such fee shall be payable by Tortoise to the Manager until the “Managed Assets” initially exceed \$75,000,000 as of the end of that particular calendar quarter. The term “Managed Assets” means the total assets of the Company (including any assets purchased with any borrowed funds). The management fee for each calendar quarter shall be calculated and paid in arrears within thirty days of the end of each calendar quarter. In case of the initiation or termination of this Agreement during any calendar quarter, the management fee for that quarter shall be reduced proportionately on the basis of the number of calendar days during which this Agreement is in effect. In addition to payment of any management fee, the Manager shall be reimbursed on a quarterly basis for all out-of-pocket expenses reasonably incurred by the Manager in providing the Designated Services. The Manager shall submit to Tortoise an itemized list within fifteen days after the end of each calendar quarter reflecting the items as to which the Manager anticipates reimbursement. Unless any request for reimbursement is disputed by Tortoise in good faith, Tortoise shall reimburse the Manager for all such itemized expenses within fifteen days after the receipt by Tortoise of the list of such expenses. In the event of a dispute, the parties shall negotiate in good faith to resolve such dispute promptly.
5. Incentive Fee. The Client Agreements entitles Tortoise to receive an incentive fee that consists of two parts. To the extent Tortoise receives an incentive fee payment for either component of the incentive fee calculation at any time during the term of this Agreement, the Manager shall be entitled to receive twenty percent (20%) of the amount received by Tortoise from the Company. Such fee shall be paid to Manager within fifteen (15) days after the receipt by Tortoise of the incentive fee payment from the Company. In case of the termination of this Agreement during any period in which an incentive fee payment is received from the Company by Tortoise, the incentive fee owed to the Manager for that period shall be reduced proportionately on the basis of the number of calendar days during which this Agreement is in effect. Tortoise agrees that it will not waive or reduce any fees payable by the Company as described in Section 4 and this Section 5 without the consent of the Manager.
6. Representations and Warranties.
- (a) Each of the Manager and Tortoise represents and warrants to the other that:
- (i) This Agreement constitutes a valid and binding obligation of such party enforceable against such party in accordance with its terms.
 - (ii) Such party is a registered investment adviser under the Investment Advisers Act of 1940.
 - (iii) This Agreement does not conflict with or result in a violation of default under any material agreement to which such party is subject.

- (b) The Manager represents and warrants to Tortoise that:
 - (i) the Manager has delivered to Tortoise a copy of Part II of the Manager's Form ADV, as amended, which is current as of the date of this Agreement.
 - (ii) the Manager has reviewed the Disclosure and warrants and represents that the information set forth therein concerning the Manager is accurate and discloses all material information about the Manager and such disclosure does not omit any material information about the Manager as it relates to the Company or the Designated Services.
 - (c) Tortoise represents and warrants to the Manager that:
 - (i) Tortoise has delivered to the Company a copy of Part II of the Manager's Form ADV, as amended, as provided to Tortoise by the Manager.
 - (ii) Tortoise has delivered to the Manager a copy of the Client Agreement.
 - (iii) All the information set forth in the Disclosure (other than information provided by the Manager for inclusion therein) is accurate and discloses all material information about Tortoise and such Disclosure does not omit any material information about Tortoise.
7. Agreements with Clients. The Manager acknowledges that Tortoise has entered into the Client Agreement, a copy of which was received and reviewed by the Manager. In performing its services hereunder, the Manager agrees, subject to the limitations set forth herein, to be bound by, and comply with, all of the terms, conditions and provisions of the Client Agreement that are binding on Tortoise and that could relate in any way to the Designated Services.
8. Indemnification. Each party hereto (the "Indemnifying Party") shall defend, indemnify and hold harmless the other party hereto and such party's members, managers, affiliates, employees, agents, successors and assigns (collectively, the "Indemnitees") from and against any and all claims, suits, actions, losses, liabilities, damages, costs and expenses (including, but not limited to, costs of investigation and reasonable attorneys' fees) (collectively "claims") incurred by any of the Indemnitees based upon, arising out of, attributable to or resulting from (i) the Indemnifying Party's gross negligence, malfeasance or violation of applicable law in the performance of its services hereunder, (ii) the Indemnifying Party's failure to comply with any term, condition or provision of the Client Agreement (in the case of the Manager, to the extent the terms of the Client Agreement are applicable to the Manager pursuant to Section 7 above), (iii) in the case of Tortoise, claims based on information about Tortoise provided in the Disclosure, or (iv) in the case of the Manager, information provided by the Manager which is included in the Disclosure. In the event information is not available for any claim under this Section 8, the parties will contribute to such claim based on the relative fault and benefit of the parties. The provisions of this Section 8 and the party's obligations hereunder shall survive the termination of the term of this Agreement.

9. Release. The Manager acknowledges and agrees that all obligations owed to it hereunder are obligations of Tortoise, and the Manager hereby releases and forever discharges the Company from any and all liabilities, claims, charges, and expenses arising hereunder; provided, however, that this release shall not limit or in any way impair the rights expressly accorded the Manager in the Client Agreement.
10. Term of Agreement; Termination. This Agreement shall be effective as of the offering of securities reflected in the Supplement; provided, however, that this Agreement shall be of no force or effect if the obligation set forth in Section 11(f) below is not satisfied. Thereafter, this Agreement shall continue in effect for two years from the effective date of the Client Agreement, and shall be continued from year to year thereafter, to the extent Tortoise continues to serve as the advisor to the Company. This Agreement may be terminated at any time that the Kenmont Special Opportunities Master Fund, L.P. or its agreed upon affiliated entity no longer hold at least 51% of the common shares of the Company purchased by such entity pursuant to Section 11(f) of this Agreement. Further, this Agreement may be terminated by Tortoise or the Manager in the event the Manager discontinues the provision of the Designated Services. Finally, and to the extent required by the Investment Company Act of 1940, as amended (the “1940 Act”), the continuation of this Agreement after the initial two year term is contingent on this Agreement being specifically approved at least annually by (i) the Board of Directors of the Company, or the vote of “a majority of the outstanding voting securities” of the Company (as defined in Section 2(a)(42) of the 1940 Act), and (ii) the affirmative vote of a majority of the directors of the Company who are not parties to this Agreement or “interested persons” (as defined in the 1940 Act) of a party to this Agreement (other than as directors of the Company), by votes cast in person at a meeting specifically called for such purpose. To the extent required by the 1940 Act, this Agreement may also be terminated at any time, without the payment of any penalty, by the Board of Directors of the Company or by vote of a majority of the outstanding voting securities of the Company on not more than 60 days’ written notice to the Manager. This Agreement shall automatically terminate in the event of its assignment, the term “assignment” for purposes of this paragraph having the meaning defined in Section 2(a)(4) of the 1940 Act. In the event this Agreement is terminated other than as a result of (i) Kenmont Special Opportunities Master Fund, L.P. or its agreed upon affiliated entity ceasing to hold 51% of the common shares of the Company purchased by such party pursuant to Section 11(f) of this Agreement or (ii) Manager discontinuing the provision of the Designated Services described in clauses (i) or (ii) of Section 2, but Tortoise provides investment advisory services to the Company, the Manager will continue to be paid by Tortoise pursuant to Sections 4 and 5 as if this Agreement had not been terminated.
11. Miscellaneous .
- (a) Any notice required or permitted to be given under this Agreement must be in writing and shall be effective when delivered personally (or by facsimile transmission), to the parties at their respective address set forth below:

If to Tortoise:

Tortoise Capital Advisors, LLC
10801 Mastin Blvd.
Suite 220
Overland Park, KS 66210

Fax No.: (913) 981-1021
Attention: Terry Matlack

If to the Manager:

Kenmont Investments Management, L.P.
711 Louisiana Street
Suite 1750
Houston, TX 77002

Fax No.: (713) 223-0930
Attention: Donald R. Kendall, Jr.
John T. Harkrider

or to such other address as either party may designate by delivery of notice as set for the above.

- (b) This Agreement may not be amended or changed except by an instrument in writing executed by each of the parties to this Agreement and, to the extent required by law, approved by: (i) the affirmative vote of a majority of the directors of the Company who are not parties to this Agreement or “interested persons” of a party to this Agreement (other than as directors of the Company), by votes cast in person at a meeting specifically called for such purpose, and (ii) a majority of outstanding voting securities of the Company, if required by the 1940 Act. It shall be construed in accordance with, and any dispute arising in connection herewith shall be governed by, the laws of the State of Delaware.
- (c) This Agreement may be executed in any number of counterparts, each of which when taken together shall constitute an original.
- (d) The Company is a third party beneficiary of this Agreement.
- (e) Tortoise agrees to reimburse the Manager for up to \$25,000 of out-of-pocket expenses incurred by the Manager in reviewing this Agreement or performing due diligence of the Company and Tortoise reasonably deemed necessary by the Manager.
- (f) The Manager shall cause Kenmont Special Opportunities Master Fund, L.P., or an affiliated entity, to purchase at least \$10 million of common shares of the Company at the initial closing for the offering described in the Disclosure.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their representatives thereunto duly authorized.

TORTOISE CAPITAL ADVISORS, LLC

By: _____
Authorized Representative

KENMONT INVESTMENTS MANAGEMENT, L.P.

By: /s/ John T. Harkrider
Authorized Representative

CUSTODY AGREEMENT

THIS AGREEMENT is made and entered into as of this 13th day of September, 2005, by and between **TORTOISE CAPITAL RESOURCES CORPORATION**, a Maryland corporation (the “Company” or “Fund”) and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association (the “Custodian”).

WHEREAS, the Company desires to retain U.S. Bank National Association to act as Custodian for the Company;

WHEREAS, the Company desires that the Fund’s Securities (defined below) and cash be held and administered by the Custodian pursuant to this Agreement; and

WHEREAS, the Custodian is a bank having the qualifications prescribed in Section 26(a)(1) of the Investment Company Act of 1940 (the “1940 Act”);

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I
DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

- 1.1 “Authorized Person” means any Officer or other person duly authorized by resolution of the Board of Directors to give Oral Instructions and Written Instructions on behalf of the Fund and named in Exhibit A hereto or in such resolutions of the Board of Directors, certified by an Officer, as may be received by the Custodian from time to time.
- 1.2 “Board of Directors” shall mean the Directors from time to time serving under the Company’s Articles of Incorporation, as from time to time amended.
- 1.3 “Book-Entry System” shall mean a federal book-entry system as provided in Subpart O of Treasury Circular No. 300, 31 CFR 306, in Subpart B of 31 CFR Part 350, or in such book-entry regulations of federal agencies as are substantially in the form of such Subpart O.
- 1.4 “Business Day” shall mean any day recognized as a settlement day by The New York Stock Exchange, Inc., and any other day for which the Company computes the net asset value of Shares of the Fund.
- 1.5 “Fund Custody Account” shall mean any of the accounts in the name of the Company, which is provided for in Section 3.2 below.

- 1.6 “NASD” shall mean The National Association of Securities Dealers, Inc.
- 1.7 “Officer” shall mean the Chairman, President, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, the Treasurer, or any Assistant Treasurer of the Company.
- 1.8 “Oral Instructions” shall mean instructions orally transmitted to and accepted by the Custodian because such instructions are: (i) reasonably believed by the Custodian to have been given by any two Authorized Persons, (ii) recorded and kept among the records of the Custodian made in the ordinary course of business and (iii) orally confirmed by the Custodian. The Company shall cause all Oral Instructions to be confirmed by Written Instructions prior to the end of the next Business Day. If such Written Instructions confirming Oral Instructions are not received by the Custodian prior to a transaction, it shall in no way affect the validity of the transaction or the authorization thereof by the Company. If Oral Instructions vary from the Written Instructions that purport to confirm them, the Custodian shall notify the Company of such variance but such Oral Instructions will govern unless the Custodian has not yet acted.
- 1.9 “Proper Instructions” shall mean Oral Instructions or Written Instructions. Proper Instructions may be continuing Written Instructions when deemed appropriate by both parties.
- 1.10 “Securities Depository” shall mean The Depository Trust Company and any other clearing agency registered with the Securities and Exchange Commission under Section 17A of the Securities Exchange Act of 1934, as amended (the “1934 Act”), which acts as a system for the central handling of Securities where all Securities of any particular class or series of an issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the Securities.
- 1.11 “Securities” shall include, without limitation, common and preferred stocks, bonds, call options, put options, debentures, notes, bank certificates of deposit, bankers’ acceptances, mortgage-backed securities or other obligations, and any certificates, receipts, warrants or other instruments or documents representing rights to receive, purchase or subscribe for the same, or evidencing or representing any other rights or interests therein, or any similar property or assets that the Custodian has the facilities to clear and to service.
- 1.12 “Shares” shall mean, with respect to the Fund, the units of common stock issued by the Company on account of the Fund.
- 1.13 “Sub-Custodian” shall mean and include (i) any branch of a “U.S. Bank,” as that term is defined in Rule 17f-5 under the 1940 Act, (ii) any “Eligible Foreign Custodian,” as that term is defined in Rule 17f-5 under the 1940 Act, having a contract with the Custodian which the Custodian has determined will provide reasonable care of assets of the Fund based on the standards specified in Section

3.3 below. Such contract shall include provisions that provide: (i) for indemnification or insurance arrangements (or any combination of the foregoing) such that the Fund will be adequately protected against the risk of loss of assets held in accordance with such contract; (ii) that the Fund's assets will not be subject to any right, charge, security interest, lien or claim of any kind in favor of the Sub-Custodian or its creditors except a claim of payment for their safe custody or administration, in the case of cash deposits, liens or rights in favor of creditors of the Sub-Custodian arising under bankruptcy, insolvency, or similar laws; (iii) that beneficial ownership for the Fund's assets will be freely transferable without the payment of money or value other than for safe custody or administration; (iv) that adequate records will be maintained identifying the assets as belonging to the Fund or as being held by a third party for the benefit of the Fund; (v) that the Fund's independent public accountants will be given access to those records or confirmation of the contents of those records; and (vi) that the Fund will receive periodic reports with respect to the safekeeping of the Fund's assets, including, but not limited to, notification of any transfer to or from the Fund's account or a third party account containing assets held for the benefit of the Fund. Such contract may contain, in lieu of any or all of the provisions specified above, such other provisions that the Custodian determines will provide, in their entirety, the same or a greater level of care and protection for Fund assets as the specified provisions, in their entirety.

- 1.14 "Written Instructions" shall mean (i) written communications actually received by the Custodian and signed by any two Authorized Persons, or (ii) communications by telex or any other such system from one or more persons reasonably believed by the Custodian to be Authorized Persons, or (iii) communications between electro-mechanical or electronic devices provided that the use of such devices and the procedures for the use thereof shall have been approved by resolutions of the Board of Directors, a copy of which, certified by an Officer, shall have been delivered to the Custodian.

ARTICLE II **APPOINTMENT OF CUSTODIAN**

- 2.1 Appointment. The Company hereby appoints the Custodian as custodian of all Securities and cash owned by or in the possession of the Fund at any time during the period of this Agreement, on the terms and conditions set forth in this Agreement, and the Custodian hereby accepts such appointment and agrees to perform the services and duties set forth in this Agreement.
- 2.2 Documents to be Furnished. The following documents, including any amendments thereto, will be provided contemporaneously with the execution of the Agreement to the Custodian by the Company:
- (a) A copy of the Articles of Incorporation certified by the Secretary;
 - (b) A copy of the Bylaws of the Company certified by the Secretary;

- (c) A copy of the resolution of the Board of Directors of the Company appointing the Custodian, certified by the Secretary;
 - (d) A copy of the then current Prospectus of the Fund; and
 - (e) A certification of the Chairman and Secretary of the Company setting forth the names and signatures of the current Officers of the Company and other Authorized Persons.
- 2.3 Notice of Appointment of Dividend and Transfer Agent. The Company agrees to notify the Custodian in writing of the appointment, termination or change in appointment of any Dividend and Transfer Agent of the Fund.

ARTICLE III
CUSTODY OF CASH AND SECURITIES

- 3.1 Segregation. All Securities and non-cash property held by the Custodian for the account of the Fund (other than Securities maintained in a Securities Depository or Book-Entry System) shall be physically segregated from other Securities and non-cash property in the possession of the Custodian and shall be identified as subject to this Agreement.
- 3.2 Fund Custody Accounts. As to the Fund, the Custodian shall open and maintain in its trust department a custody account in the name of the Company, subject only to draft or order of the Custodian, in which the Custodian shall enter and carry all Securities, cash and other assets of the Fund which are delivered to it.
- 3.3 Appointment of Agents.
- (a) In its discretion, the Custodian may appoint one or more Sub-Custodians to act as Securities Depositories or as sub-custodians to hold Securities and cash of the Fund and to carry out such other provisions of this Agreement as it may determine, provided, however, that the appointment of any such agents and maintenance of any Securities and cash of the Fund shall be at the Custodian's expense and shall not relieve the Custodian of any of its obligations or liabilities under this Agreement.
 - (b) If, after the initial approval of Sub-Custodians by the Board of Directors in connection with this Agreement, the Custodian wishes to appoint other Sub-Custodians to hold property of the Fund, it will so notify the Company and provide it with information reasonably necessary to determine any such new Sub-Custodian's eligibility under Rule 17f-5 under the 1940 Act, including a copy of the proposed agreement with such Sub-Custodian. The Company shall at the meeting of the Board of Directors next following receipt of such notice and information give a written approval or disapproval of the proposed action.
 - (c) The Agreement between the Custodian and each Sub-Custodian acting hereunder shall contain the required provisions set forth in Rule 17f-5(c)(2).

- (d) At the end of each calendar quarter, the Custodian shall provide written reports notifying the Board of Directors of the placement of the Securities and cash of the Fund with a particular Sub-Custodian and of any material changes in the Fund's arrangements. The Custodian shall promptly take such steps as may be required to withdraw assets of the Fund from any Sub-Custodian that has ceased to meet the requirements of Rule 17f-5 under the 1940 Act.
 - (e) With respect to its responsibilities under this Section 3.3, the Custodian hereby warrants to the Company that it agrees to exercise reasonable care, prudence and diligence such as a person having responsibility for the safekeeping of property of the Fund would be expected to exercise. The Custodian further warrants that the Fund's assets will be subject to reasonable care, based on the standards applicable to custodians in the relevant market, if maintained with each Sub-Custodian, after considering all factors relevant to the safekeeping of such assets, including, without limitation: (i) the Sub-Custodian's practices, procedures, and internal controls, for certificated securities (if applicable), the method of keeping custodial records, and the security and data protection practices; (ii) whether the Sub-Custodian has the requisite financial strength to provide reasonable care for Fund assets; (iii) the Sub-Custodian's general reputation and standing and, in the case of a Securities Depository, the Securities Depository's operating history and number of participants; and (iv) whether the Fund will have jurisdiction over and be able to enforce judgments against the Sub-Custodian, such as by virtue of the existence of any offices of the Sub-Custodian in the United States or the Sub-Custodian's consent to service of process in the United States.
 - (f) The Custodian shall establish a system to monitor the appropriateness of maintaining the Fund's assets with a particular Sub-Custodian and the contract governing the Fund's arrangements with such Sub-Custodian.
- 3.4 Delivery of Assets to Custodian. The Company shall deliver, or cause to be delivered, to the Custodian all of the Fund's Securities, cash and other assets, including (a) all payments of income, payments of principal and capital distributions received by the Fund with respect to such Securities, cash or other assets owned by the Fund at any time during the period of this Agreement, and (b) all cash received by the Fund for the issuance, at any time during such period, of Shares. The Custodian shall not be responsible for such Securities, cash or other assets until actually received by it.
- 3.5 Securities Depositories and Book-Entry Systems. The Custodian may deposit and/or maintain Securities of the Fund in a Securities Depository or in a Book-Entry System, subject to the following provisions:
- (a) The Custodian, on an on-going basis, shall deposit in a Securities Depository or Book-Entry System all Securities eligible for deposit therein and shall make use of such Securities Depository or Book-Entry System to

the extent possible and practical in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of collateral consisting of Securities.

- (b) Securities of the Fund kept in a Book-Entry System or Securities Depository shall be kept in an account (“Depository Account”) of the Custodian in such Book-Entry System or Securities Depository which includes only assets held by the Custodian as a fiduciary, custodian or otherwise for customers.
- (c) The records of the Custodian with respect to Securities of the Fund maintained in a Book-Entry System or Securities Depository shall, by book-entry, identify such Securities as belonging to the Fund.
- (d) If Securities purchased by the Fund are to be held in a Book-Entry System or Securities Depository, the Custodian shall pay for such Securities upon (i) receipt of advice from the Book-Entry System or Securities Depository that such Securities have been transferred to the Depository Account, and (ii) the making of an entry on the records of the Custodian to reflect such payment and transfer for the account of the Fund. If Securities sold by the Fund are held in a Book-Entry System or Securities Depository, the Custodian shall transfer such Securities upon (i) receipt of advice from the Book-Entry System or Securities Depository that payment for such Securities has been transferred to the Depository Account, and (ii) the making of an entry on the records of the Custodian to reflect such transfer and payment for the account of the Fund.
- (e) The Custodian shall provide the Company with copies of any report (obtained by the Custodian from a Book-Entry System or Securities Depository in which Securities of the Fund are kept) on the internal accounting controls and procedures for safeguarding Securities deposited in such Book-Entry System or Securities Depository.
- (f) Anything to the contrary in this Agreement notwithstanding, the Custodian shall be liable to the Company for any loss or damage to the Fund resulting (i) from the use of a Book-Entry System or Securities Depository by reason of any negligence or willful misconduct on the part of Custodian or any Sub-Custodian appointed pursuant to Section 3.3 above or any of its or their employees, or (ii) from failure of Custodian or any such Sub-Custodian to enforce effectively such rights as it may have against a Book-Entry System or Securities Depository. At its election, the Company shall be subrogated to the rights of the Custodian with respect to any claim against a Book-Entry System or Securities Depository or any other person from any loss or damage to the Fund arising from the use of such Book-Entry System or Securities Depository, if and to the extent that the Fund has not been made whole for any such loss or damage.

- (g) With respect to its responsibilities under this Section 3.5 and pursuant to Rule 17f-4 under the 1940 Act, the Custodian hereby warrants to the Company that it agrees to (i) exercise due care in accordance with reasonable commercial standards in discharging its duty as a securities intermediary to obtain and thereafter maintain such assets; (ii) provide, promptly upon request by the Company, such reports as are available concerning the Custodian's internal accounting controls and financial strength; and (iii) require any Sub-Custodian to exercise due care in accordance with reasonable commercial standards in discharging its duty as a securities intermediary to obtain and thereafter maintain assets corresponding to the security entitlements of its entitlement holders.

3.6 Disbursement of Moneys from Fund Custody Account. Upon receipt of Proper Instructions, the Custodian shall disburse moneys from the Fund Custody Account but only in the following cases:

- (a) For the purchase of Securities for the Fund but only in accordance with Section 4.1 of this Agreement and only (i) in the case of Securities (other than options on Securities, futures contracts and options on futures contracts), against the delivery to the Custodian (or any Sub-Custodian appointed pursuant to Section 3.3 above) of such Securities registered as provided in Section 3.9 below or in proper form for transfer, or if the purchase of such Securities is effected through a Book-Entry System or Securities Depository, in accordance with the conditions set forth in Section 3.5 above; (ii) in the case of options on Securities, against delivery to the Custodian (or such Sub-Custodian) of such receipts as are required by the customs prevailing among dealers in such options; (iii) in the case of futures contracts and options on futures contracts, against delivery to the Custodian (or such Sub-Custodian) of evidence of title thereto in favor of the Fund or any nominee referred to in Section 3.9 below; and (iv) in the case of repurchase or reverse repurchase agreements entered into between the Company and a bank which is a member of the Federal Reserve System or between the Company and a primary dealer in U.S. Government securities, against delivery of the purchased Securities either in certificate form or through an entry crediting the Custodian's account at a Book-Entry System or Securities Depository with such Securities;
- (b) In connection with the conversion, exchange or surrender, as set forth in Section 3.7(f) below, of Securities owned by the Fund;
- (c) For the payment of any dividends, return on capital or capital gain distributions declared by the Fund;
- (d) In payment of the redemption or repurchase price of Shares as provided in Section 5.1 below;
- (e) For the payment of any expense or liability incurred by the Fund, including but not limited to the following payments for the account of the Fund:

interest; taxes; administration, investment advisory, accounting, auditing, transfer agent, custodian, director and legal fees; and other operating expenses of the Fund; in all cases, whether or not such expenses are to be in whole or in part capitalized or treated as deferred expenses;

- (f) For transfer in accordance with the provisions of any agreement among the Company, the Custodian and a broker-dealer registered under the 1934 Act and a member of the NASD, relating to compliance with rules of The Options Clearing Corporation and of any registered national securities exchange (or of any similar organization or organizations) regarding escrow or other arrangements in connection with transactions by the Fund;
- (g) For transfer in accordance with the provision of any agreement among the Company, the Custodian, and a futures commission merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Commodity Futures Trading Commission and/or any contract market (or any similar organization or organizations) regarding account deposits in connection with transactions by the Fund;
- (h) For the funding of any uncertificated time deposit or other interest-bearing account with any banking institution (including the Custodian), which deposit or account has a term of one year or less; and
- (i) For any other proper purpose, but only upon receipt, in addition to Proper Instructions, of a copy of a resolution of the Board of Directors, certified by an Officer, specifying the amount and purpose of such payment, declaring such purpose to be a proper corporate purpose, and naming the person or persons to whom such payment is to be made.

3.7 Delivery of Securities from Fund Custody Account. Upon receipt of Proper Instructions, the Custodian shall release and deliver Securities from the Fund Custody Account but only in the following cases:

- (a) Upon the sale of Securities for the account of the Fund but only against receipt of payment therefor in cash, by certified or cashiers check or bank credit;
- (b) In the case of a sale effected through a Book-Entry System or Securities Depository, in accordance with the provisions of Section 3.5 above;
- (c) To an offeror's depository agent in connection with tender or other similar offers for Securities of the Fund; provided that, in any such case, the cash or other consideration is to be delivered to the Custodian;
- (d) To the issuer thereof or its agent (i) for transfer into the name of the Fund, the Custodian or any Sub-Custodian appointed pursuant to Section 3.3 above, or of any nominee or nominees of any of the foregoing, or (ii) for exchange for a different number of certificates or other evidence

representing the same aggregate face amount or number of units; provided that, in any such case, the new Securities are to be delivered to the Custodian;

- (e) To the broker selling Securities, for examination in accordance with the “street delivery” custom;
- (f) For exchange or conversion pursuant to any plan or merger, consolidation, recapitalization, reorganization or readjustment of the issuer of such Securities, or pursuant to provisions for conversion contained in such Securities, or pursuant to any deposit agreement, including surrender or receipt of underlying Securities in connection with the issuance or cancellation of depository receipts; provided that, in any such case, the new Securities and cash, if any, are to be delivered to the Custodian;
- (g) Upon receipt of payment therefor pursuant to any repurchase or reverse repurchase agreement entered into by the Fund;
- (h) In the case of warrants, rights or similar Securities, upon the exercise thereof, provided that, in any such case, the new Securities and cash, if any, are to be delivered to the Custodian;
- (i) For delivery in connection with any loans of Securities of the Fund, but only against receipt of such collateral as the Company shall have specified to the Custodian in Proper Instructions;
- (j) For delivery as security in connection with any borrowings by the Fund requiring a pledge of assets by the Company, but only against receipt by the Custodian of the amounts borrowed;
- (k) Pursuant to any authorized plan of liquidation, reorganization, merger, consolidation or recapitalization of the Company;
- (l) For delivery in accordance with the provisions of any agreement among the Company, the Custodian and a broker-dealer registered under the 1934 Act and a member of the NASD, relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange (or of any similar organization or organizations) regarding escrow or other arrangements in connection with transactions by the Fund;
- (m) For delivery in accordance with the provisions of any agreement among the Company, the Custodian, and a futures commission merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Commodity Futures Trading Commission and/or any contract market (or any similar organization or organizations) regarding account deposits in connection with transactions by the Fund; or

- (n) For any other proper corporate purpose, but only upon receipt, in addition to Proper Instructions, of a copy of a resolution of the Board of Directors, certified by an Officer, specifying the Securities to be delivered, setting forth the purpose for which such delivery is to be made, declaring such purpose to be a proper corporate purpose, and naming the person or persons to whom delivery of such Securities shall be made.
- 3.8 Actions Not Requiring Proper Instructions . Unless otherwise instructed by the Company, the Custodian shall with respect to all Securities held for the Fund:
- (a) Subject to Section 7.4 below, collect on a timely basis all income and other payments to which the Fund is entitled either by law or pursuant to custom in the securities business;
 - (b) Present for payment and, subject to Section 7.4 below, collect on a timely basis the amount payable upon all Securities which may mature or be called, redeemed, or retired, or otherwise become payable;
 - (c) Endorse for collection, in the name of the Fund, checks, drafts and other negotiable instruments;
 - (d) Surrender interim receipts or Securities in temporary form for Securities in definitive form;
 - (e) Execute, as custodian, any necessary declarations or certificates of ownership under the federal income tax laws or the laws or regulations of any other taxing authority now or hereafter in effect, and prepare and submit reports to the Internal Revenue Service (“IRS”) and to the Company at such time, in such manner and containing such information as is prescribed by the IRS;
 - (f) Hold for the Fund, either directly or, with respect to Securities held therein, through a Book-Entry System or Securities Depository, all rights and similar securities issued with respect to Securities of the Fund; and
 - (g) In general, and except as otherwise directed in Proper Instructions, attend to all non-discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with Securities and assets of the Fund.
- 3.9 Registration and Transfer of Securities . All Securities held for the Fund that are issued or issuable only in bearer form shall be held by the Custodian in that form, provided that any such Securities shall be held in a Book-Entry System if eligible therefor. All other Securities held for the Fund may be registered in the name of the Fund, the Custodian, or any Sub-Custodian appointed pursuant to Section 3.3 above, or in the name of any nominee of any of them, or in the name of a Book-Entry System, Securities Depository or any nominee of either thereof. The Company shall furnish to the Custodian appropriate instruments to enable the

Custodian to hold or deliver in proper form for transfer, or to register in the name of any of the nominees hereinabove referred to or in the name of a Book-Entry System or Securities Depository, any Securities registered in the name of the Fund.

3.10 Records.

- (a) The Custodian shall maintain, for the Fund, complete and accurate records with respect to Securities, cash or other property held for the Fund, including (i) journals or other records of original entry containing an itemized daily record in detail of all receipts and deliveries of Securities and all receipts and disbursements of cash; (ii) ledgers (or other records) reflecting (A) Securities in transfer, (B) Securities in physical possession, (C) monies and Securities borrowed and monies and Securities loaned (together with a record of the collateral therefor and substitutions of such collateral), (D) dividends and interest received, and (E) dividends receivable and interest receivable; and (iii) canceled checks and bank records related thereto. The Custodian shall keep such other books and records of the Fund as the Company shall reasonably request, or as may be required by the 1940 Act, including, but not limited to, Section 31 of the 1940 Act and Rule 31a-2 promulgated thereunder.
- (b) All such books and records maintained by the Custodian shall (i) be maintained in a form acceptable to the Company and in compliance with rules and regulations of the Securities and Exchange Commission, (ii) be the property of the Company and at all times during the regular business hours of the Custodian be made available upon request for inspection by duly authorized officers, employees or agents of the Company and employees or agents of the Securities and Exchange Commission, and (iii) if required to be maintained by Rule 31a-1 under the 1940 Act, be preserved for the periods prescribed in Rule 31a-2 under the 1940 Act.

3.11 Fund Reports by Custodian. The Custodian shall furnish the Company with a daily activity statement and a summary of all transfers to or from the Fund Custody Account on the day following such transfers. At least monthly and from time to time, the Custodian shall furnish the Company with a detailed statement of the Securities and moneys held by the Custodian and the Sub-Custodians for the Fund under this Agreement.

3.12 Other Reports by Custodian. The Custodian shall provide the Company with such reports, as the Company may reasonably request from time to time, on the internal accounting controls and procedures for safeguarding Securities, which are employed by the Custodian or any Sub-Custodian appointed pursuant to Section 3.3 above.

3.13 Proxies and Other Materials. The Custodian shall cause all proxies relating to Securities which are not registered in the name of the Fund, to be promptly executed by the registered holder of such Securities, without indication of the manner in which such proxies are to be voted, and shall promptly deliver to the

Company such proxies, all proxy soliciting materials and all notices relating to such Securities.

- 3.14 Information on Corporate Actions. The Custodian shall promptly deliver to the Company all information received by the Custodian and pertaining to Securities being held by the Fund with respect to optional tender or exchange offers, calls for redemption or purchase, or expiration of rights as described in the Standards of Service Guide attached as Exhibit B. If the Company desires to take action with respect to any tender offer, exchange offer or other similar transaction, the Company shall notify the Custodian at least five Business Days prior to the date on which the Custodian is to take such action. The Company will provide or cause to be provided to the Custodian all relevant information for any Security which has unique put/option provisions at least five Business Days prior to the beginning date of the tender period.

ARTICLE IV
PURCHASE AND SALE OF INVESTMENTS OF THE FUND

- 4.1 Purchase of Securities. Promptly upon each purchase of Securities for the Fund, Written Instructions shall be delivered to the Custodian, specifying (a) the name of the issuer or writer of such Securities, and the title or other description thereof, (b) the number of shares, principal amount (and accrued interest, if any) or other units purchased, (c) the date of purchase and settlement, (d) the purchase price per unit, (e) the total amount payable upon such purchase, and (f) the name of the person to whom such amount is payable. The Custodian shall upon receipt of such Securities purchased by the Fund pay out of the moneys held for the account of the Fund the total amount specified in such Written Instructions to the person named therein. The Custodian shall not be under any obligation to pay out moneys to cover the cost of a purchase of Securities for the Fund, if in the Fund Custody Account there is insufficient cash available to the Fund for which such purchase was made.
- 4.2 Liability for Payment in Advance of Receipt of Securities Purchased. In any and every case where payment for the purchase of Securities for the Fund is made by the Custodian in advance of receipt of the Securities purchased but in the absence of specified Written Instructions to so pay in advance, the Custodian shall be liable to the Fund for such Securities to the same extent as if the Securities had been received by the Custodian.
- 4.3 Sale of Securities. Promptly upon each sale of Securities by the Fund, Written Instructions shall be delivered to the Custodian, specifying (a) the name of the issuer or writer of such Securities, and the title or other description thereof, (b) the number of shares, principal amount (and accrued interest, if any), or other units sold, (c) the date of sale and settlement, (d) the sale price per unit, (e) the total amount payable upon such sale, and (f) the person to whom such Securities are to be delivered. Upon receipt of the total amount payable to the Fund as specified in such Written Instructions, the Custodian shall deliver such Securities to the person

specified in such Written Instructions. Subject to the foregoing, the Custodian may accept payment in such form as shall be satisfactory to it, and may deliver Securities and arrange for payment in accordance with the customs prevailing among dealers in Securities.

- 4.4 Delivery of Securities Sold . Notwithstanding Section 4.3 above or any other provision of this Agreement, the Custodian, when instructed to deliver Securities against payment, shall be entitled, if in accordance with generally accepted market practice, to deliver such Securities prior to actual receipt of final payment therefor. In any such case, the Fund shall bear the risk that final payment for such Securities may not be made or that such Securities may be returned or otherwise held or disposed of by or through the person to whom they were delivered, and the Custodian shall have no liability for any for the foregoing.
- 4.5 Payment for Securities Sold, etc. In its sole discretion and from time to time, the Custodian may credit the Fund Custody Account, prior to actual receipt of final payment thereof, with (i) proceeds from the sale of Securities which it has been instructed to deliver against payment, (ii) proceeds from the redemption of Securities or other assets of the Fund, and (iii) income from cash, Securities or other assets of the Fund. Any such credit shall be conditional upon actual receipt by Custodian of final payment and may be reversed if final payment is not actually received in full. The Custodian may, in its sole discretion and from time to time, permit the Fund to use funds so credited to the Fund Custody Account in anticipation of actual receipt of final payment. Any such funds shall be repayable immediately upon demand made by the Custodian at any time prior to the actual receipt of all final payments in anticipation of which funds were credited to the Fund Custody Account.
- 4.6 Advances by Custodian for Settlement . The Custodian may, in its sole discretion and from time to time, advance funds to the Company to facilitate the settlement of the Fund's transactions in the Fund Custody Account. Any such advance shall be repayable immediately upon demand made by Custodian.

ARTICLE V **REDEMPTION OF FUND SHARES**

- 5.1 Transfer of Funds . From such funds as may be available for the purpose in the relevant Fund Custody Account, and upon receipt of Proper Instructions specifying that the funds are required to redeem or repurchase Shares of the Fund, the Custodian shall wire each amount specified in such Proper Instructions to or through such bank or broker-dealer as the Company may designate with respect to such amount in such Proper Instructions.

- 5.2 No Duty Regarding Paying Banks . Once the Custodian has wired amounts to a bank or broker-dealer pursuant to Section 5.1 above, the Custodian shall not be under any obligation to effect any further payment or distribution by such bank or broker-dealer.

ARTICLE VI
SEGREGATED ACCOUNTS

Upon receipt of Proper Instructions, the Custodian shall establish and maintain a segregated account or accounts for and on behalf of the Fund, into which account or accounts may be transferred cash and/or Securities, including Securities maintained in a Depository Account,

- (a) in accordance with the provisions of any agreement among the Company, the Custodian and a broker-dealer registered under the 1934 Act and a member of the NASD (or any futures commission merchant registered under the Commodity Exchange Act), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange (or the Commodity Futures Trading Commission or any registered contract market), or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Fund,
- (b) for purposes of segregating cash or Securities in connection with securities options purchased or written by the Fund or in connection with financial futures contracts (or options thereon) purchased or sold by the Fund,
- (c) which constitute collateral for loans of Securities made by the Fund,
- (d) for purposes of compliance by the Fund with requirements under the 1940 Act for the maintenance of segregated accounts by registered investment companies in connection with reverse repurchase agreements and when-issued, delayed delivery and firm commitment transactions, and
- (e) for other proper corporate purposes, but only upon receipt of, in addition to Proper Instructions, a certified copy of a resolution of the Board of Directors, certified by an Officer, setting forth the purpose or purposes of such segregated account and declaring such purposes to be proper corporate purposes.

Each segregated account established under this Article VI shall be established and maintained for the Fund only.

ARTICLE VII
CONCERNING THE CUSTODIAN

- 7.1 Standard of Care . The Custodian shall be held to the exercise of reasonable care in carrying out its obligations under this Agreement, and shall be without liability

to the Company for any loss, damage, cost, expense (including attorneys' fees and disbursements), liability or claim unless such loss, damage, cost, expense, liability or claim arises from negligence, bad faith or willful misconduct on its part or on the part of any Sub-Custodian appointed pursuant to Section 3.3 above. The Custodian shall be entitled to rely on and may act upon advice of counsel on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice. The Custodian shall promptly notify the Company of any action taken or omitted by the Custodian pursuant to advice of counsel. The Custodian shall not be under any obligation at any time to ascertain whether the Company is in compliance with the 1940 Act, the regulations thereunder, the provisions of the Company's charter documents or by-laws, or its investment objectives and policies as then in effect.

- 7.2 Actual Collection Required. The Custodian shall not be liable for, or considered to be the custodian of, any cash belonging to the Fund or any money represented by a check, draft or other instrument for the payment of money, until the Custodian or its agents actually receive such cash or collect on such instrument.
- 7.3 No Responsibility for Title, etc. So long as and to the extent that it is in the exercise of reasonable care, the Custodian shall not be responsible for the title, validity or genuineness of any property or evidence of title thereto received or delivered by it pursuant to this Agreement.
- 7.4 Limitation on Duty to Collect. Custodian shall not be required to enforce collection, by legal means or otherwise, of any money or property due and payable with respect to Securities held for the Fund if such Securities are in default or payment is not made after due demand or presentation.
- 7.5 Reliance Upon Documents and Instructions. The Custodian shall be entitled to rely upon any certificate, notice or other instrument in writing received by it and reasonably believed by it to be genuine. The Custodian shall be entitled to rely upon any Oral Instructions and any Written Instructions actually received by it pursuant to this Agreement.
- 7.6 Express Duties Only. The Custodian shall have no duties or obligations whatsoever except such duties and obligations as are specifically set forth in this Agreement, and no covenant or obligation shall be implied in this Agreement against the Custodian.
- 7.7 Co-operation. The Custodian shall cooperate with and supply necessary information to the entity or entities appointed by the Company to keep the books of account of the Fund and/or compute the value of the assets of the Fund. The Custodian shall take all such reasonable actions as the Company may from time to time request to enable the Company to obtain, from year to year, favorable opinions from the Company's independent accountants with respect to the Custodian's activities hereunder in connection with (a) the preparation of the

Company's reports on Form N-2, Form N-CSR and Form N-SAR and any other reports required by the Securities and Exchange Commission, and (b) the fulfillment by the Company of any other requirements of the Securities and Exchange Commission.

ARTICLE VIII
INDEMNIFICATION

- 8.1 Indemnification by Company. The Company shall indemnify and hold harmless the Custodian and any Sub-Custodian appointed pursuant to Section 3.3 above, and any nominee of the Custodian or of such Sub-Custodian, from and against any loss, damage, cost, expense (including attorneys' fees and disbursements), liability (including, without limitation, liability arising under the Securities Act of 1933, the 1934 Act, the 1940 Act, and any state or foreign securities and/or banking laws) or claim arising directly or indirectly (a) from the fact that Securities are registered in the name of any such nominee, or (b) from any action or inaction by the Custodian or such Sub-Custodian (i) at the request or direction of or in reliance on the advice of the Company, or (ii) upon Proper Instructions, or (c) generally, from the performance of its obligations under this Agreement or any sub-custody agreement with a Sub-Custodian appointed pursuant to Section 3.3 above, provided that neither the Custodian nor any such Sub-Custodian shall be indemnified and held harmless from and against any such loss, damage, cost, expense, liability or claim arising from the Custodian's or such Sub-Custodian's negligence, bad faith or willful misconduct.
- 8.2 Indemnification by Custodian. The Custodian shall indemnify and hold harmless the Company from and against any loss, damage, cost, expense (including attorneys' fees and disbursements), liability (including without limitation, liability arising under the Securities Act of 1933, the 1934 Act, the 1940 Act, and any state or foreign securities and/or banking laws) or claim arising from the negligence, bad faith or willful misconduct of the Custodian or any Sub-Custodian appointed pursuant to Section 3.3 above, or any nominee of the Custodian or of such Sub-Custodian.
- 8.3 Indemnity to be Provided. If the Company requests the Custodian to take any action with respect to Securities, which may, in the opinion of the Custodian, result in the Custodian or its nominee becoming liable for the payment of money or incurring liability of some other form, the Custodian shall not be required to take such action until the Company shall have provided indemnity therefor to the Custodian in an amount and form satisfactory to the Custodian.
- 8.4 Security. If the Custodian advances cash or Securities to the Fund for any purpose, either at the Company's request or as otherwise contemplated in this Agreement, or in the event that the Custodian has not received payment due for its services under this Agreement, then, in any such event, any property at any time held for the account of the Fund shall be security therefor, and should the Fund

fail promptly to repay or indemnify the Custodian, the Custodian shall be entitled to utilize available cash of such Fund and to dispose of other assets of such Fund to the extent necessary to obtain reimbursement or indemnification.

ARTICLE IX
FORCE MAJEURE

Neither the Custodian nor the Company shall be liable for any failure or delay in performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; strikes; epidemics; riots; power failures; computer failure and any such circumstances beyond its reasonable control as may cause interruption, loss or malfunction of utility, transportation, computer (hardware or software) or telephone communication service; accidents; labor disputes; acts of civil or military authority; governmental actions; or inability to obtain labor, material, equipment or transportation; provided, however, that the Custodian in the event of a failure or delay (i) shall not discriminate against the Fund in favor of any other customer of the Custodian in making computer time and personnel available to input or process the transactions contemplated by this Agreement and (ii) shall use its best efforts to ameliorate the effects of any such failure or delay.

ARTICLE X
EFFECTIVE PERIOD; TERMINATION

- 10.1 Effective Period. This Agreement shall become effective as of its execution and shall continue in full force and effect until terminated as hereinafter provided.
- 10.2 Termination. Either party hereto may terminate this Agreement by giving to the other party a notice in writing specifying the date of such termination, which shall be not less than sixty (60) days after the date of the giving of such notice. If a successor custodian shall have been appointed by the Board of Directors, the Custodian shall, upon receipt of a notice of acceptance by the successor custodian, on such specified date of termination (a) deliver directly to the successor custodian all Securities (other than Securities held in a Book-Entry System or Securities Depository) and cash then owned by the Fund and held by the Custodian as custodian, and (b) transfer any Securities held in a Book-Entry System or Securities Depository to an account of or for the benefit of the Fund at the successor custodian, provided that the Company shall have paid to the Custodian all fees, expenses and other amounts to the payment or reimbursement of which it shall then be entitled. Upon such delivery and transfer, the Custodian shall be relieved of all obligations under this Agreement. The Company may at any time immediately terminate this Agreement in the event of the appointment of a conservator or receiver for the Custodian by regulatory authorities or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction.

10.3 Failure to Appoint Successor Custodian. If a successor custodian is not designated by the Company on or before the date of termination specified pursuant to Section 10.1 above, then the Custodian shall have the right to deliver to a bank or trust company of its own selection, which (a) is a “bank” as defined in the 1940 Act and (b) has aggregate capital, surplus and undivided profits as shown on its then most recent published report of not less than \$25 million, all Securities, cash and other property held by Custodian under this Agreement and to transfer to an account of or for the Fund at such bank or trust company all Securities of the Fund held in a Book-Entry System or Securities Depository. Upon such delivery and transfer, such bank or trust company shall be the successor custodian under this Agreement and the Custodian shall be relieved of all obligations under this Agreement.

ARTICLE XI
COMPENSATION OF CUSTODIAN

The Custodian shall be entitled to compensation as agreed upon from time to time by the Company and the Custodian. The fees and other charges in effect on the date hereof and applicable to the Fund are set forth in Exhibit C attached hereto.

ARTICLE XII
LIMITATION OF LIABILITY

It is expressly agreed that the obligations of the Company hereunder shall not be binding upon any of the Directors, shareholders, nominees, officers, agents or employees of the Company personally, but shall bind only the property of the Company as provided in the Company’s Articles of Incorporation, as from time to time amended. The execution and delivery of this Agreement have been authorized by the Directors, and this Agreement has been signed and delivered by an authorized officer of the Company, acting as such, and neither such authorization by the Directors nor such execution and delivery by such officer shall be deemed to have been made by any of them individually or to impose any liability on any of them personally, but shall bind only the property of the Company as provided in the above-mentioned Articles of Incorporation.

ARTICLE XIII
NOTICES

Any notice required or permitted to be given by either party to the other shall be in writing and shall be deemed to have been given on the date delivered personally or by courier service, or three (3) days after sent by registered or certified mail, postage prepaid, return receipt requested, or on the date sent and confirmed received by facsimile transmission to the other party’s address set forth below:

Notice to the Company shall be sent to:

Tortoise Capital Advisors
233 West 47th Street
Kansas City, MO 64112

and notice to the Custodian shall be sent to:

U.S. Bank National Association
425 Walnut Street, M.L. CN-OH-W6TC
Cincinnati, Ohio 45202
Attention: Mutual Fund Custody Services
Facsimile: (651) 767-9164

or at such other address as either party shall have provided to the other by notice given in accordance with this Article XIII.

ARTICLE XIV
MISCELLANEOUS

- 14.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.
- 14.2 References to Custodian. The Company shall not circulate any printed matter which contains any reference to Custodian without the prior written approval of Custodian, excepting printed matter contained in the prospectus or statement of additional information for the Fund and such other printed matter as merely identifies Custodian as custodian for the Fund. The Company shall submit printed matter requiring approval to Custodian in draft form, allowing sufficient time for review by Custodian and its counsel prior to any deadline for printing.
- 14.3 No Waiver. No failure by either party hereto to exercise, and no delay by such party in exercising, any right hereunder shall operate as a waiver thereof. The exercise by either party hereto of any right hereunder shall not preclude the exercise of any other right, and the remedies provided herein are cumulative and not exclusive of any remedies provided at law or in equity.
- 14.4 Amendments. This Agreement cannot be changed orally and no amendment to this Agreement shall be effective unless evidenced by an instrument in writing executed by the parties hereto.
- 14.5 Counterparts. This Agreement may be executed in one or more counterparts, and by the parties hereto on separate counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same instrument.

- 14.6 Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.
- 14.7 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by either party hereto without the written consent of the other party hereto.
- 14.8 Headings. The headings of sections in this Agreement are for convenience of reference only and shall not affect the meaning or construction of any provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a duly authorized officer on one or more counterparts as of the date first above written.

**TORTOISE CAPITAL RESOURCES
CORPORATION**

U.S. BANK NATIONAL ASSOCIATION

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT B

USBank Institutional Custody Services Standards of Service Guide

USBank, N.A. is committed to providing superior quality service to all customers and their agents at all times. We have compiled this guide as a tool for our clients to determine our standards for the processing of security settlements, payment collection, and capital change transactions. Deadlines recited in this guide represent the times required for USBank to guarantee processing. Failure to meet these deadlines will result in settlement at our client's risk. In all cases, USBank will make every effort to complete all processing on a timely basis.

USBank is a direct participant of the Depository Trust Company, a direct member of the Federal Reserve Bank of Cleveland, and utilizes the Bank of New York as its agent for ineligible and foreign securities.

For corporate reorganizations, USBank utilizes SEI's Reorg Source, Financial Information, Inc., XCITEK, DTC Important Notices, Capital Changes Daily (CCH) and the Wall Street Journal.

For bond calls and mandatory puts, USBank utilizes SEI's Bond Source, Kenny Information Systems, Standard & Poor's Corporation, XCITEK, and DTC Important Notices. USBank will not notify clients of optional put opportunities.

Any securities delivered free to USBank or its agents must be received three (3) business days prior to any payment or settlement in order for the USBank standards of service to apply.

Should you have any questions regarding the information contained in this guide, please feel free to contact your account representative.

The information contained in this Standards of Service Guide is subject to change. Should any changes be made USBank will provide you with an updated copy of its Standards of Service Guide.

USBank Security Settlement Standards

<i>Transaction Type</i>	<i>Instructions Deadlines *</i>	<i>Delivery Instructions</i>
DTC	1:30 P.M. on Settlement Date	DTC Participant #2803 Agent Bank ID 27895 Institutional # _____ For Account # _____
Federal Reserve Book Entry	12:30 P.M. on Settlement Date	Federal Reserve Bank of Cleveland for Firststar Bank, N.A. ABA# 042000013 CINTI/1050 For Account # _____
Federal Reserve Book Entry (Repurchase Agreement Collateral Only)	1:00 P.M. on Settlement Date	Federal Reserve Bank of Cleveland for Firststar Bank, N.A. ABA# 042000013 CINTI/1040 For Account # _____
PTC Securities (GNMA Book Entry)	12:00 P.M. on Settlement Date	PTC For Account BYORK Firststar Bank / 117612
Physical Securities	9:30 A.M. EST on Settlement Date (for Deliveries, by 4:00 P.M. on Settlement Date minus 1)	Bank of New York One Wall Street- 3 rd Floor – Window A New York, NY 10286 For account of Firststar Bank / Cust #117612 Attn: Donald Hoover
CEDEL/EURO-CLEAR	11:00 A..M. on Settlement Date minus 2	Cedel a/c 55021 FFC: a/c 387000 Firststar Bank /Global Omnibus Euroclear a/c 97816 FFC: a/c 387000 Firststar Bank/Global Omnibus
Cash Wire Transfer	3:00 P.M.	Firststar Bank, N.A. Cinti/Trust ABA# 042000013 Credit Account #112950027 Account of Firststar Trust Services Further Credit to _____ Account # _____

* All times listed are Eastern Standard Time.

USBank Payment Standards

<i>Security Type</i>	<i>Income</i>	<i>Principal</i>
Equities	Payable Date	
Municipal Bonds*	Payable Date	Payable Date
Corporate Bonds*	Payable Date	Payable Date
Federal Reserve Bank Book Entry*	Payable Date	Payable Date
PTC GNMA's (P&I)	Payable Date + 1	Payable Date + 1
CMOs *		
DTC	Payable Date + 1	Payable Date + 1
Bankers Trust	Payable Date + 1	Payable Date + 1
SBA Loan Certificates	When Received	When Received
Unit Investment Trust Certificates*	Payable Date	Payable Date
Certificates of Deposit*	Payable Date + 1	Payable Date + 1
Limited Partnerships	When Received	When Received
Foreign Securities	When Received	When Received
*Variable Rate Securities		
Federal Reserve Bank Book Entry	Payable Date	Payable Date
DTC	Payable Date + 1	Payable Date + 1
Bankers Trust	Payable Date + 1	Payable Date + 1

NOTE : If a payable date falls on a weekend or bank holiday, payment will be made on the immediately following business day.

USBank Corporate Reorganization Standards

<i>Type of Action</i>	<i>Notification to Client</i>	<i>Deadline for Client Instructions to USBank</i>	<i>Transaction Posting</i>
Rights, Warrants, and Optional Mergers	Later of 10 business days prior to expiration or receipt of notice	5 business days prior to expiration	Upon receipt
Mandatory Puts with Option to Retain	Later of 10 business days prior to expiration or receipt of notice	5 business days prior to expiration	Upon receipt
Class Actions	10 business days prior to expiration date	5 business days prior to expiration	Upon receipt
Voluntary Tenders, Exchanges, and Conversions	Later of 10 business days prior to expiration or receipt of notice	5 business days prior to expiration	Upon receipt
Mandatory Puts, Defaults, Liquidations, Bankruptcies, Stock Splits, Mandatory Exchanges	At posting of funds or securities received	None	Upon receipt
Full and Partial Calls	Later of 10 business days prior to expiration or receipt of notice	None	Upon receipt

NOTE: Fractional shares/par amounts resulting from any of the above will be sold.

STOCK TRANSFER AGENCY AGREEMENT

This STOCK TRANSFER AGENCY AGREEMENT (the “Agreement”), effective as of September 13, 2005 (the “Effective Date”), is between Tortoise Capital Resources Corporation (the “Company”), a Maryland corporation, with its principal office at 10801 Mastin Boulevard, Overland Park, Kansas, and Computershare Investor Services, LLC (“Computershare”), a Delaware limited liability company, with its principal office at Two North LaSalle Street, Chicago, Illinois.

WHEREAS, the Company desires to enter into an agreement with Computershare to provide transfer agent, registrar and other administrative services as set forth in this Agreement and the Schedules and Exhibits attached hereto; and

WHEREAS, Computershare desires to provide such services to the Company;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties agree as follows:

1. DEFINITIONS

(a) Whenever used in this Agreement, the following words and phrases shall have the following meanings:

(i) “Affiliate” means, with respect to any party to this Agreement, any other person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such party. As used herein, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

(ii) “Board” means the Board of Directors of the Company, and where a committee thereof is authorized to take action on behalf of the Board, it shall also mean such committee.

(iii) “Business Day” means any day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is authorized or obligated by law or executive order to close.

(iv) “Officer” means the Company’s President, Senior Vice Presidents, Vice Presidents, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer, or any other employee of the Company duly authorized (which authorization shall be certified by the Company’s Secretary) to execute any certificate, instruction, notice or other instrument on behalf of the Company.

(v) “Out-of-Pocket Expense” means any expense reasonably incurred by Computershare pursuant to this Agreement, including but not limited to the items listed in Schedule B, attached.

(vi) “Shares” mean any or all of each class of the shares of capital stock of the Company which from time-to-time are authorized or issued by the Company and identified in a Certificate of the Secretary of the Company.

2. APPOINTMENT OF COMPUTERSHARE

(a) The Company hereby appoints Computershare to perform the services described herein and in the Schedule A attached hereto (the “Services”), and Computershare hereby accepts such

appointment and agrees to perform the Services on a non-exclusive basis in accordance with the terms hereinafter set forth.

(b) The initial term of this Agreement shall commence as of the Effective Date, and shall end on the day that is 1 year from the Effective Date, unless otherwise terminated in accordance with this Agreement (the "Initial Term"). Following the Initial Term, this Agreement shall automatically renew for additional 1 year periods (each a "Renewal Term"), unless either party provides written notice to the other party not less than sixty (60) days prior to the expiration of such period of its election not to renew the Agreement.

(c) The Company shall pay Computershare for the Services in accordance with the fees set forth on Schedule B (the "Fees"). The Company agrees that, upon notice to the Company, the Fees may be modified from time to time; provided, however, that such Fees shall not be modified during the first year of this Agreement.

(d) The Company shall deliver immediately to Computershare the following documents, each of which shall be certified by the Company's Secretary or Assistant Secretary:

(i) A Board resolution in the form attached as Exhibit I in which the Company appoints Computershare to serve in the designated capacity;

(ii) A Corporate Information Schedule in the form attached as Exhibit II and any amendments thereof;

(iii) A copy of the Company's Articles of Incorporation, by-laws and any amendments thereto;

(iv) A list of the Officers authorized to provide instructions to Computershare, with specimen signatures of such Officers and any amendments thereto;

(v) Specimen certificate text for each class of Shares and high resolution graphic files of the company seal and each officer's signature on the stock certificate;

(vi) Any final listing application for additional amounts of listed securities;

(vii) Any registration statement relating to the Company's securities; and

(viii) Any other information reasonably requested from time to time.

(e) Computershare shall adopt as part of its records all lists of holders of record of the Company's Shares, books, documents, and records that have been employed by any former agent of the Company for the maintenance of the ledgers for the Shares; provided, however, such ledger is certified as authentic, complete and correct by an Officer or the Company's former transfer agent. Such records shall include, among other things, a complete list of certificates upon which stop transfer orders have been placed, the name and address of each shareholder of record of such certificate, the number of shares held by each such shareholder and the date of issuance of each such certificate.

(f) The Company shall promptly notify Computershare in writing as to:

(i) the existence or termination of any restrictions on the transfer of any Shares;

(ii) the application or removal of a legend restricting the transfer of any certificate;

- (iii) the substitution of a Share certificate without such legend with a Share certificate bearing a legend restricting such Share's transfer;
- (iv) any authorized but unissued Shares reserved for specific purposes;
- (v) outstanding shares that are exchangeable for Shares and the basis for exchange;
- (vi) instructions regarding, among other things, dividends for foreign holders; and
- (vii) the requirement for a stop transfer order to attach to any Shares or for any other notation or transfer restriction to attach to any Shares.

3. ISSUANCE AND TRANSFER OF SHARES

(a) Except where a stop transfer order has been entered for an account, Computershare shall transfer, pursuant to its normal operating procedures, Shares upon: (i) the presentation to Computershare of Share certificates properly endorsed for transfer if such shares are in certificate form; or (ii) upon the presentation to Computershare of stock transfer instructions properly endorsed if Shares are in uncertificated form. Such endorsed Shares and transfer instructions shall be accompanied by such documents as are reasonably necessary to evidence the authority of the person making the transfer, and bearing satisfactory evidence of the payment of applicable stock transfer taxes and subject to such additional requirements as may be required by Computershare from time to time. With respect to any transfer, Computershare will require a medallion guarantee of signature by a bank, trust company or other financial institution that is a qualified member of the Medallion Guarantee Program. Computershare may refuse to transfer Shares until it is satisfied that the requested transfer is legally authorized, and Computershare shall incur no liability for its refusal in good faith to make transfers that Computershare, in its sole judgment, deems improper, unauthorized, or not in compliance with its procedures.

(b) With respect to Shares in certificate form, certificates representing Shares that are subject to restrictions on transfer (e.g., securities acquired pursuant to an investment representation, securities held by controlling persons and securities subject to stockholders' agreements) shall be stamped with a legend describing the extent and conditions of the restrictions or referring to the source of such restrictions. With respect to any proposed transfer of control or exempt securities, Computershare may request a legal opinion from the Company's counsel, which legal opinion shall be satisfactory to Computershare in its sole discretion, and Computershare assumes no responsibility with respect to the transfer of restricted securities in accordance with such opinion.

(c) Computershare is hereby authorized and directed to issue and register, without notice or approval by the Company, new Share certificates to replace certificates reported lost, stolen, mutilated or destroyed, upon compliance with Computershare's policies, which includes receipt by Computershare of: (i) an affidavit of non-receipt; and (ii) an open penalty bond of indemnity in a form and substance and from a surety company satisfactory to Computershare. In each such case, the shareholder shall be solely responsible for the payment of any premium.

(d) In the event that a certificate is, for any reason, in the possession of Computershare and has not been claimed by the registered holder or cannot be delivered to the registered holder through customary channels, Computershare shall continue to hold such certificate for the registered holder subject to applicable abandoned property regulations or other laws.

(e) Computershare shall not be responsible for the payment of any original issue or other taxes, fees or imposts required to be paid by the Company or a purchaser of Shares in connection with the issuance or purchase of any Shares.

4. DIVIDENDS AND DISTRIBUTIONS

(a) In the event that the Company pays dividends to shareholders, the Company and Computershare (through its Affiliate, Computershare Trust Co., Inc.), shall proceed as follows and in accordance with Schedule A:

(i) The Company shall furnish to Computershare a copy of a Board resolution setting forth the following: (A) the date of the declaration of a dividend or distribution; (B) the date of dividend accrual or payment; (C) the record date for the determination as of which shareholders shall be entitled to payment, or accrual; and (D) the amount per Share of such dividend or distribution.

(ii) Computershare shall not be liable for any improper payment made in accordance with a certificate, resolution or instruction of the Company or shareholder. Furthermore, Computershare shall in no way be responsible for the determination of the rate or form of dividends or distributions due to the shareholders.

(iii) At its sole discretion, Computershare is authorized to stop payment of any dividend payment check it issues when such check has not been presented for payment and the payee notifies Computershare that such check has not been received, has been lost, stolen or destroyed, or is unavailable to the payee for any other cause beyond his control. In such instances, Computershare is authorized to debit the Company's checking account to replace a replacement check.

5. LIMITATION OF LIABILITY/CONCERNING COMPUTERSHARE

(a) The Company agrees that Computershare shall not be liable for any action taken or omitted to be taken in connection with this Agreement, except that Computershare shall be liable for direct losses incurred by the Company arising out of Computershare's gross negligence or willful misconduct. Any liability of Computershare shall be limited to the amount of fees paid by the Company to Computershare in the preceding thirty six (36) months for the Services, it being understood that the Services could not be provided to the Company by Computershare at the prices set forth herein without the foregoing liability limitation. The parties hereto agree that, in light of the unique characteristics of each instance in which Services are to be performed, Computershare makes no representation or warranty that any of the Services shall be performed at any set time or under any deadline, and Computershare shall not be liable for any change in the market value of any security at any time. Under no circumstances shall either party be liable for any special, indirect, incidental, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if such party has been advised of the possibility of such loss or damage.

(b) Notwithstanding anything to the contrary, Computershare shall not be liable in connection with:

(i) The legality of the issue, sale or transfer of any Shares, the sufficiency of the amount to be received in connection therewith, or the authority of the Company to request such issuance, sale or transfer;

(ii) The legality of the purchase of any Shares, the sufficiency of the amount to be paid in connection therewith, or the authority of the Company to request such purchase;

- (iii) The legality of the declaration of any dividend by the Company, or the legality of the issue of any Shares in payment of any stock dividend;
- (iv) The legality of any recapitalization or readjustment of the Shares;
- (v) Acting upon any oral instruction, writing or document reasonably believed by Computershare to be genuine and to have been given, signed or made by an Officer; and
- (vi) Processing Share certificates that it reasonably believes bear the proper manual or facsimile signatures of an Officer and the proper counter-signature of Computershare or the prior transfer agent or registrar.

(c) In providing Services under this Agreement, Computershare may rely upon any listing applications, letters, or other written instruments executed by an Officer and directed to the Exchange and upon any opinions submitted to the Exchange by counsel for the Company as though such letters, instruments, or opinions had been addressed or submitted to Computershare itself, and with the same rights of indemnification set forth in Section 7 hereof.

(d) At any time, Computershare may apply to the Company for oral or written instructions with respect to any matter arising in connection with the provision of the Services and Computershare's duties and obligations under this Agreement. Computershare shall not be liable for any action taken or omitted to be taken by Computershare in good faith in accordance with such instructions.

(e) Computershare shall maintain: (i) a record of all Share ownership by the Company's shareholders of record; (ii) a record of all Share transactions, including all issuances of Shares, transfers, and Share replacements, performed by Computershare (iii) a record of all dividend activity; (iv) a record of restrictions on any Shares of which it has been informed; and (v) a record of all other matters relating to the services provided by Computershare hereunder. At the Company's expense, Computershare shall maintain on the Company's behalf, for safekeeping or disposition by the Company in accordance with law, such records, papers, Share certificates that have been canceled in transfer or exchange, and other documents accumulated in the execution of its duties hereunder. Computershare may, in its discretion, return canceled Share certificates to the Company and the Company shall be obligated to retain the certificates as required by law. The records maintained by Computershare pursuant to this paragraph shall be considered to be the property of the Company and shall be made available during normal business hours upon three (3) business days notice to Computershare by an Officer.

(f) Computershare shall use its reasonable efforts to safeguard the inventory of blank stock certificates maintained by Computershare and shall maintain insurance coverage protecting Computershare and its clients against foreseeable losses, costs and expenses arising out of the loss or theft of any such certificates.

(g) In the event of any Officer that shall have signed manually or whose facsimile signature shall have been affixed to blank Share certificates dies, resigns or removed prior to issuance of such Share certificates, unless otherwise instructed by the Company, Computershare may issue such Share certificates as the Share certificates of the Company notwithstanding such death, resignation or removal, and the Company shall promptly deliver to Computershare such approvals, adoptions or ratification as may be required by law.

6. TERMINATION

- (a) Upon providing written notice, either party may immediately terminate this agreement upon the occurrence of any of the following:
 - (i) any breach of any material provision of this Agreement

and, where the breach is capable of remedy, failure to remedy the breach within thirty (30) days after receiving written notice of such breach; (ii) any breach of any material provision of this agreement that is not capable of remedy; (iii) any party: (A) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it; (B) makes any assignment or general arrangement for the benefit of creditors; or (C) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (iv) any failure to make, when due, any payment required to be made under the Agreement if such failure is not remedied within thirty (30) Business Days after written notice.

7. INDEMNIFICATION

(a) The Company agrees to defend, indemnify and hold harmless Computershare and its Affiliates and each of their directors, officers, employees, attorneys and agents (collectively, the “Indemnified Parties”), from and against all demands, claims, liabilities, losses, damages, settlements, awards, judgments, fines, penalties, costs or expenses (including, without limitation, reasonable attorneys’ fees) (collectively, “Losses”) incurred by Computershare as a result (directly or indirectly) of or relating to: (i) Computershare’s acceptance of this Agreement or provision of Services under this Agreement; (ii) any actions taken or not taken by any former agent of the Company; and (iii) the validity of stock issued by the Company, unless finally determined by a court of competent jurisdiction that such Losses have resulted directly from the gross negligence or willful misconduct of such Indemnified Party.

(b) This Section 7 shall survive the termination of this Agreement or the removal or resignation of Computershare hereunder.

8. REPRESENTATIONS AND WARRANTIES.

(a) The Company represents and warrants that: (i) it has full power, authority and capacity to execute and deliver this Agreement and perform its obligations hereunder, and that this Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors’ rights generally; and (ii) the Company is, and shall remain, in compliance with the rules and regulations of the securities exchange or market upon which its Shares are listed (the “Exchange”) for the listing of additional shares sufficiently in advance to permit Computershare, upon receipt of such authorizations as may be required by the Exchange, to execute timely issuance and delivery as transfer agent and as registrar of certificates representing such additional shares.

(b) Computershare represents and warrants that it has full power, authority and capacity to execute and deliver this Agreement and perform its obligations hereunder, and that this Agreement constitutes a legal, valid and binding obligation of Computershare, enforceable against Computershare in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors’ rights generally.

(c) This Section 8 shall survive the termination of this Agreement or the removal or resignation of Computershare hereunder.

9. BILLING AND PAYMENT

(a) Computershare shall bill the Company monthly in arrears for the Fees incurred during the previous month. The Company shall pay Computershare the full amount of each such invoice within thirty (30) days from the date of the invoice.

(b) In the event the Company does not make payment in full within thirty (30) days of the date of each invoice, the Company shall pay interest of 1.0% per month (12% per annum) on the outstanding balance of the Fees.

10. CONFIDENTIALITY

(a) The information contained in this Agreement is confidential and proprietary in nature. Except as otherwise provided herein, each of the Company and Computershare agrees that it will not divulge or make accessible to any third party (which shall not include any Affiliate, attorney or accountant of the Company or Computershare) any part of this Agreement without the prior written consent of the other party.

(b) Under this Agreement, each party shall have access to certain confidential information belonging to the other party, which information shall include all nonpublic information pertaining to the disclosing party, its parent, subsidiaries, affiliates, employees, customers, representatives and vendors (including without limitation all information furnished prior to the date of this Agreement) furnished by or on behalf of the disclosing party to the receiving party, directly or indirectly, by any means ("Confidential Information").

(c) The parties acknowledge that except as necessary for Computershare to service the account or for either party to perform its obligations under the Agreement: (i) all Confidential Information is confidential; (ii) the parties will keep all Confidential Information confidential and will not disclose the same; (iii) the parties will use Confidential Information only as required by this Agreement; (iv) the parties will not create a list or other compilation containing any Confidential Information for any purpose other than to perform under this Agreement; (v) except as expressly provided for herein, the parties will not provide, directly or indirectly, the Confidential Information to any other party for any purpose.

(d) In the event that either party receives a request or becomes legally compelled to disclose any Confidential Information belonging to the other party, recipient will provide the other party with prompt notice of the request and shall disclose only that portion of the Confidential Information that recipient is legally obligated to disclose.

(e) The parties agree that all Confidential Information is proprietary to the disclosing party. Except for (i) any information initially provided by the Company to Computershare and (ii) Personal Data (as defined herein), all information or materials, including all microfiche, electronic mails, hard or soft documentation, computer or data system information, financial information, customer or vendor information, business operations, lists, files, records, source documents, and other materials provided by Computershare to the Company under this Agreement shall be the sole and exclusive property of Computershare.

(f) The Company hereby acknowledges that Computershare Trust Co., Inc., an Affiliate of Computershare that is involved in the provision of certain Services hereunder, is subject to the privacy regulations under Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. § 6801 et seq. (the "Act"). To the extent that a shareholder establishes a relationship with Computershare, Computershare is required by the Act to maintain the privacy of shareholder nonpublic personal financial information ("Personal Data"). Computershare agrees that, except as necessary to fulfill its obligations hereunder or to service the account, Computershare shall keep all Personal Data confidential. Furthermore, Computershare is required to obtain an undertaking from the Company regarding its protection and use of Personal Data received from Computershare. Therefore, the Company agrees that: (i) Personal Data received from Computershare will not be disclosed or used except to the extent necessary to carry out its obligations under this Agreement; (ii) the Company shall use such security measures necessary to protect Personal

Data from intentional or accidental unauthorized disclosure or use; and (iii) the Company shall promptly notify Computershare regarding any failure of such security measures or any security breach related to the Personal Data. If a shareholder is also a “customer” (as defined in the Act) of the Company, or if the Company otherwise is entitled by law to the Personal Data, the limitations contained in this paragraph shall not apply to the portion of Personal Data to which the Company is so entitled.

(g) This Section 10 shall survive the termination of this Agreement or the removal or resignation of Computershare hereunder.

11. ADDITIONAL PROVISIONS

(a) **Force Majeure.** Neither party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in performance or observance of any provision contained herein by reason of act of God, riots, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar cause (including, but not limited to, mechanical, electronic or communications interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

(b) **Severability.** If any part of this Agreement, for any reason, is declared invalid, it shall be deemed restated to reflect as nearly as possible in accordance with applicable law the original intentions of the parties. The remainder of this Agreement shall continue in effect as if the Agreement had been entered into without the invalid portion.

(c) **Status of Parties.** The relationship of the parties to each other in the execution and performance of the Agreement shall be that of independent contractors. Nothing in the Agreement or with respect to the obligations or services of Computershare in connection with the Agreement shall constitute Computershare a fiduciary of the Company or any other person.

(d) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be an original hereof, and it will not be necessary in making proof of this Agreement to produce or account for more than one counterpart hereof.

(e) **Entire Agreement.** This Agreement sets forth the full understanding between the parties with respect to its subject matter and integrates all prior agreements, discussions and understandings.

(f) **Notices.** Any notice or document required or permitted to be given under this Agreement shall be given in writing and shall be deemed received (i) when personally delivered to the relevant party at such party’s address as set forth below, (ii) if sent by mail (which must be certified or registered mail, postage prepaid) or overnight courier, when received or rejected by the relevant party at such party’s address indicated below, or (iii) if sent by facsimile, when confirmation of delivery is received by the sending party:

If to the Company:

Tortoise Capital Resources Corporation
10801 Mastin Boulevard, Suite 222
Overland Park, Kansas 66210
Attn: Brad Adams
Fax: 913-981-1021

If to Computershare:

Computershare Investor Services, LLC
Two North LaSalle Street
Chicago, Illinois 60602
Attn: Charlie Zade
Fax: 312-762-1531

with a copy to:

Computershare Investor Services, LLC
Two North LaSalle Street
Chicago, Illinois 60602
Attn: Client Services Manager
Fax: 312-601-4348

(g) **Modification.** This Agreement may not be amended or modified in any manner except by a written agreement duly authorized and executed by both parties. Any duly authorized Officer may amend any certificate naming Officers authorized to execute and deliver certificates, instructions, notices or other instruments, provided such amendment is certified by the Company's Secretary, and the Secretary may amend any certificate listing the shares of capital stock of the Company for which Computershare performs services hereunder.

(h) **Successors and Assigns.** This Agreement shall extend to and shall be binding upon the parties hereto and their respective successors and assigns.

(i) **Assignment.** Neither party may assign this Agreement without the prior written consent of the other party, except that either party may, without the consent of the other party, assign the Agreement to an Affiliate of that party or a purchaser of all or substantially all of that party's assets used in connection with performing this Agreement.

(j) **Absence of Third-Party Beneficiaries.** The provisions of the Agreement are intended to benefit only Computershare and the Company, and no rights shall be granted to any other person by virtue of this Agreement.

(k) **Applicable Law and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois (without reference to choice of law principles), and the parties hereby consent to the exclusive jurisdiction of courts in Illinois (whether state or federal) over all matters relating to this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

TORTOISE CAPITAL RESOURCES CORPORATION

By: _____

Name: _____

Title: _____

COMPUTERSHARE INVESTOR SERVICES, LLC

By: _____

Name: _____

Title: _____

SCHEDULE A

SCOPE OF SERVICES

Pursuant to Section 2(a) of the Agreement, Computershare agrees to provide the Services set forth below. Any service not specifically set forth below is not within the scope of Services and shall be subject to additional fees.

TRANSFER PROCESSING AND ACCOUNT MAINTENANCE

- Provide services of administrative team led by a Relationship Manager based in the Chicago office;
- Maintain records of: (i) Share ownership by the Company's shareholders of record; (ii) Share transactions, including all issuances of Shares, transfers, and Share replacements performed by Computershare; (iii) restrictions on any Shares of which it has been informed; and (iv) all other matters relating to the Services;
- Process transfer requests by issuing certificates or, if applicable, through the Direct Registration System;
- Process legal and restricted stock transfers;
- Place and remove stop transfers orders;
- Replace lost, stolen or destroyed securities in accordance with UCC guidelines and Computershare policy (subject to shareholder-paid fee and bond premium);
- Process stock option exercises;
- Process and post address changes;
- Obtain W-9 and W8-BEN certifications;
- Comply with SEC mandated annual lost shareholder search; and
- Perform OFAC (Office of Foreign Asset Control) and Patriot Act reporting.

SHAREHOLDER SERVICES AND COMMUNICATIONS

- Provide Company specific shareholder contact number;
- Provide IVR 24/7 (subject to system maintenance);
- Respond to shareholder inquiries (written, e-mail and web);
- Record all shareholder calls;
- Scan and image incoming correspondence from shareholders;
- Provide via the web, shareholder account information, transaction capabilities; and downloadable forms and FAQ's.

ANNUAL MEETING SERVICES

- Provide certified shareholder list;
- Address and mail proxy materials to shareholders of record (billed as an out-of-pocket expense);
- Provide affidavit of mailing;
- Tabulate returned proxies;
- Maintain ADP link to receive broker/bank vote transmissions;
- Provide solicitor with access to tabulation results;
- Provide copies of shareholder comments;
- Re-mail conflicting vote proxies and improperly executed proxies;
- Serve as Inspector of Election and provide on-site proxy voting;

- Provide Final Vote certification; and
- Provide final voted proxy list.

PREMIUM ANNUAL MEETING SERVICES (SUBJECT TO ADDITIONAL FEES)

- Provide for internet and telephone voting;
- Electronic delivery of proxy material via Computershare Shareholder Communications;
- Provide financial printing of 10ks, proxy statements and other related documents;
- Accept and load other related proxy files, 401K, ESPP and other stock issues not on our record keeping system;
- Match loaded related proxy files to registered shareholder base to eliminate duplicate mailings;

DIVIDEND DISBURSEMENT

- Make payment of cash dividends to the shareholders of record as of the record date by mailing a check, payable to the registered shareholder, to the address of record or mailing address. Dividends are to be funded by the day checks are placed in the mail;
- Alternatively, upon proper request by a registered shareholder, and provided that funds are on hand at Computershare on or prior to the payment date, make payment to such shareholder through the Automated Clearing House (subject to additional fees) in accordance with the instructions provided by the shareholder; and
- File with the proper federal, state and local authorities such appropriate information returns as are required by law to be filed by the Company concerning the payment of dividends and distributions.

DIVIDEND REINVESTMENT PLAN SERVICES

- Perform services per the terms and conditions in the specific plan document, attached hereto and made a part of, including:
 - o Administer and maintain plan accounts;
 - o Enroll new participants;
 - o Process shareholder requests;
 - o Distribute plan literature;
 - o Reinvest dividends;
 - o Provide for ACH investments (subject to additional fees), if applicable; and
 - o Send detailed plan statements to participants after every transaction.

GENERIC CERTIFICATES

- Design and produce Generic Stock Certificates. (Subject to the Company providing required information pursuant to section 3(d)(v) of the agreement.)

ESCHEATMENT SERVICES

- Complete required due diligence prior to each filing;
- Update account records with new addresses and reunite shareholders with their property;
- Prepare and file annual abandoned/unclaimed property reports in accordance with each state's abandoned property laws;
- Maintain records of each state filing and update shareholder files accordingly; and
- Assist shareholders in recovering property that has been escheated.

ADDITIONAL ITEMS

- Computershare may perform additional services upon request for an additional fee. Such additional fees shall be based upon the nature of the work required (e.g., stock splits, secondary offerings, additional stock class offerings, etc.); programming and staff time will be billed at the then current rates.

SCHEDULE B
STATEMENT OF FEES

FEES

Annual Management Fee:

Monthly administrative fee for our services as transfer agent will be US \$875.00.

Dividend Disbursement / Reinvestment Fee:

To administer the calculation, payment or reinvestment of the regular dividend an administrative fee of \$1.00 per disbursement will be charged.

Additional Transaction Based Fees:

Generic Certificates

- One time set-up fee US \$150.00
- Per certificate issued US \$0.75

OUT-OF-POCKET EXPENSES

- Out-of-pocket expenses shall include, but not be limited to the following: (i) postage (paid in advance of mailing); (ii) overnight delivery charges; (iii) Mail house costs – printing, insertion, freight and couriers; (iv) broker, registrar, bank and stock exchange fees; (v) telephone line charges; (vi) Proxy tabulation and printing and (vii) supplies (such as envelopes, checks, proxy materials, statements, etc.).

ADDITIONAL SERVICES

- Separate fee estimates for services such as escheatment, corporate actions, dividends, reinvestment and other services not included in this proposal will be provided upon request by and discussion with you prior to Computershare taking any action.

EXHIBIT I
RESOLUTION
OF THE
BOARD OF DIRECTORS OF TORTOISE CAPITAL RESOURCES CORPORATION

APPOINTMENT OF COMPUTERSHARE

WHEREAS , it is deemed desirable and in the best interests of Tortoise Capital Resources Corporation (the “Company”) that the following actions be taken by the Board of Directors of the Company.

NOW, THEREFORE BE IT:

RESOLVED , that Computershare Investor Services, LLC (“Computershare”) is hereby appointed Transfer, Dividend Disbursement and Plan Agent for the shares set forth below, to act in accordance with its general practice and pursuant to the terms and conditions set forth in the Stock Transfer Agency Agreement, dated September 13, 2005, between the Company and Computershare (the “Agreement”), which Agreement has been submitted to the Company, approved by the Company and is incorporated herein by reference:

<u>Class of Stock and Par Value</u>	<u>Shares Covered by this Appointment</u>
Common Shares, \$.001 par value	Up to 20 million Common Shares

FURTHER RESOLVED , that Computershare shall be entitled to rely and act upon any written orders or directions regarding the issuance and delivery of certificates for the above-described shares signed by any of the following: President, Senior Vice President, Vice President, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary of this Company.

FURTHER RESOLVED , that the Company shall indemnify and hold harmless Computershare and its affiliates from and against all demands, claims, liabilities, losses, damages, settlements, awards, judgments, fines, penalties, costs or expenses (including, without limitation, reasonable attorneys’ fees) they may incur resulting from their reliance upon any of the information or representations set forth on the attached Corporate Information Schedule (Exhibit II) provided pursuant to this Resolution of Appointment, in accordance with the Agreement, the terms and conditions of which are hereby incorporated by reference and made a part hereof.

FURTHER RESOLVED , that the Secretary or Assistant Secretary of this Company shall file with Computershare a certified copy of these resolutions under the seal of this Company and shall certify to Computershare from time to time the names of the officers of this Company authorized by these resolutions to act, together with the specimen signatures of such officers; and Computershare shall be entitled to presume that the persons so certified as officers continue, respectively, to act as such and that each of the foregoing resolutions continue in force until otherwise notified in writing by the Secretary or other officer of this Company.

GENERAL AUTHORITY

FURTHER RESOLVED , that the officers of the Company be, and hereby are, authorized, empowered and directed, in the name of the Company and on its behalf, to execute such further papers or documents or take such further actions as each of them may deem necessary, appropriate or desirable to carry out the intent of any and all of the foregoing resolutions; and

FURTHER RESOLVED , that any and all actions heretofore or hereafter taken by any such officer within the terms of the foregoing resolutions hereby are ratified, confirmed and approved as the act and deed of the Company.

* * *

I, the undersigned Secretary of the Company, do hereby certify that the foregoing is a true copy of the resolutions adopted by the Board of Directors of the Company by unanimous consent as of September 12, 2005 in lieu of a meeting of the Board of Directors, and that said resolutions remain in full force and effect;

By: _____

Name: _____

(Corporate Seal)

EXHIBIT II

CORPORATE INFORMATION SCHEDULE

Tortoise Capital Resources Corporation (the "Company") hereby represents and warrants that the authorized and issued stock of the Company is as follows:

Class of Stock and Par Value	Shares Authorized by the Articles or Certificate of Incorporation	(1) Total Shares Now Authorized by the Board of Directors	(2) Shares Issued and Outstanding, Including Treasury Shares	(3) Reserved Shares*
Common Shares	100,000,000	20,000,000	None	N/A
Preferred Shares	10,000,000	None	None	N/A

Note: The sum of columns 2 and 3 should equal the number in Column 1.

* If shares have been reserved, identify purpose(s):

Purpose of Reservation:	Number of Shares in Reserve (as of Effective Date):
_____	_____
_____	_____
_____	_____

The issued shares above are represented by the following number of shares of issued old or reclassified stock (if none, so indicate): NONE

The Employer Identification Number of the Company is: 20-3431375.

The following persons are duly elected and qualified officers of the Company, presently holding the offices indicated, and their signatures as shown below are genuine:

Title	Name	Signature
Chief Executive Officer and President	David J. Schulte	_____
Chief Financial Officer	Terry C. Matlack	_____
Senior Vice President and Secretary	Zachary A. Hamel	_____
Senior Vice President and Treasurer	Kenneth P. Malvey	_____

The name and address of legal counsel for the Company is:

Blackwell Sanders Peper Martin LLP, 4801 Main Street, Suite 1000, Kansas City, Missouri 64108

* * *

I, the undersigned Secretary of the Company, hereby certify that the Company is, and at the time of issuance of all of its stock has been, duly incorporated and in good standing in the state of Maryland, and that all shares of stock listed above, including but not limited to all issued, outstanding, and reserved shares, have been properly and legally issued and properly registered in accordance with appropriate state, federal and any applicable non-U.S. laws.

Witness my hand and seal of the Company this ____day of September, 2005.

Secretary

Corporate Seal

WARRANT AGREEMENT

By And Between

TORTOISE CAPITAL RESOURCES CORPORATION

And

COMPUTERSHARE INVESTOR SERVICES, LLC

As Warrant Agent

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WARRANT AGREEMENT

This Warrant Agreement (this “Agreement”), dated as of December 8, 2005, is by and between Tortoise Capital Resources Corporation, a Maryland corporation (the “Company”), and Computershare Investor Services, LLC, a Delaware limited liability company (the “Warrant Agent”).

RECITALS

WHEREAS, The Company has authorized the issuance of up to 100,000,000 Common Shares, par value \$.001 per common share (the “Common Shares”) and 733,695 Warrants to purchase Common Shares (the “Warrants”). Each Warrant will entitle the Holder thereof to purchase one Common Share. Warrants will be separate instruments from our Common Shares and will be permitted to be transferred independently from our Common Shares.

WHEREAS, 2,912,852 Common Shares and 728,194 Warrants were offered by the Company pursuant to that certain Preliminary Offering Memorandum, dated as of September 13, 2005, as supplemented by the Supplemental Offering Memorandum, dated November 21, 2005, and the Final Offering Memorandum Closing Supplement, dated as of December 2, 2005 (collectively, the “Offering Memorandum”) and (i) purchased by the Initial Purchasers named in that certain Purchase Agreement (the “Purchase Agreement”) among the Company, Tortoise Capital Advisors LLC (the “Advisor”) and the Initial Purchasers dated as of December 2, 2005 and thereafter, subject to the terms thereof, offered to Qualified Institutional Buyers (“QIBs”) (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and (ii) placed by the Company to a limited number of “accredited investors” (“Accredited Investors”) (as defined in Rule 501(a)(3), (4), (5), (6), (7) or (8) under the Securities Act) pursuant to that certain Placement Agreement (the “Placement Agreement”) among the Company, the Advisor and the Placement Agents dated as of December 2, 2005 and pursuant to those certain Subscription Agreements accepted by the Company as of December 2, 2005, in each case with respect to (i) and (ii) to QIBs or Accredited Investors who are also “qualified purchasers” (“Qualified Purchasers”) (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”).

WHEREAS, the Warrants will be exercisable on the date that is the earlier of (i) the effective date of the registration statement for the Company’s initial public offering of Common Shares or (ii) 18 months from the date hereof, subject in each case to a lock-up period with respect to the Common Shares received upon exercise of Warrants of 90 calendar days immediately following our initial public offering of Common Shares as set forth in Section 3.4.

WHEREAS, the Warrants will expire at 5:00 p.m. New York City time on the date (the “Warrant Expiration Date”) that is the earlier of (i) the day before the sixth anniversary of the Company’s initial public offering of Common Shares or (ii) the date that is 10 years after the date hereof.

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, transfer, exchange, replacement and exercise of the Warrants.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

ARTICLE 1.
DEFINITIONS

SECTION 1.1. DEFINITIONS; CERTAIN RULES OF CONSTRUCTION.

For the purposes hereof, (i) words in the singular shall be held to include the plural and *vice versa* and words of one gender shall be held to include the other gender as the context requires; (ii) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the appendices and exhibits hereto) and not to any particular provision of this Agreement, and Article, Section, paragraph, and Exhibit references are to the Articles, Sections, paragraphs, and Exhibits to this Agreement unless otherwise specified; (iii) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation” unless the context otherwise requires or unless otherwise specified; and (v) all references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified.

Certain capitalized terms are used in this Agreement with the specific meanings defined below:

“*1940 Act*” shall have the meaning set forth in the Recitals.

“*Accredited Investors*” shall have the meaning set forth in the Recitals.

“*Agreement*” shall have the meaning set forth in the Recitals.

“*BDC Election*” shall have the meaning set forth in Section 4.6.1.

“*BDC/Registration Statement Notice Date*” shall have the meaning set forth in Section 4.6.1.

“*Business Day*” shall mean each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the City of New York are authorized or obligated by federal, state or local law or executive order to close.

“*Charter*” shall mean the Company’s Articles of Incorporation, as amended and then in effect.

“*Common Shares*” shall have the meaning set forth in the Recitals.

“*Company*” shall have the meaning set forth in the Recitals

“*Corporate Trust Office*” shall mean the principal office of the Warrant Agent at Computershare Investor Services, LLC, 2 N. LaSalle St., Chicago IL 60602, Attention: Charles Zade, or such other address at which at any particular time its corporate trust business shall be administered.

“*Custodian*” shall mean the Warrant Agent or such other entity that is a “fast agent” meeting the requirements of the Depository as the Warrant Agent shall designate from time to time, to act as custodian with respect to the Warrants in global form, or any successor entity thereto.

“*Definitive Warrant Certificate*” shall mean a Warrant Certificate issued pursuant to Section 3.3.5 which is in substantially the form of the Global Warrant Certificate in respect of which such Definitive Warrant Certificate was issued but excluding the information required by legends set forth in the last three paragraphs of the reverse side of the applicable Global Warrant Certificate.

“*Depository*” shall mean The Depository Trust Company as the depository with respect to the Warrants issuable or issued in whole or in part in global form, until a successor shall have been appointed and become such pursuant to the applicable provision of this Agreement, and thereafter “*Depository*” shall mean or include such successor.

“*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended.

“*Form N-6F*” shall have the meaning set forth in Section 4.6.1.

“*Form N-54A*” shall have the meaning set forth in Section 4.6.1.

“*Global Accredited Investor Common Share Certificate*” shall mean a common share certificate representing the Common Shares purchased by Accredited Investors in the form set forth in Exhibit D to this Agreement.

“*Global Accredited Investor Warrant Certificate*” shall mean a warrant certificate that is in the form set forth in Exhibit B to this Agreement.

“*Global Common Share Certificate*” shall mean each of the Global Accredited Investor Common Share Certificate and the Global QIB Common Share Certificate.

“*Global QIB Common Share Certificate*” shall mean a common share certificate representing the Common Shares purchased by QIBs in the form set forth in Exhibit C to this Agreement.

“*Global QIB Warrant Certificate*” shall mean a warrant certificate that is in the form set forth in Exhibit A to this Agreement.

“*Global Warrant Certificate*” shall mean each of the Global QIB Warrant Certificate and the Global Accredited Investor Warrant Certificate.

“*Holder*” shall mean a Person in whose name a Warrant Certificate is registered in the Warrant Register.

“*Initial Purchasers*” shall have the meaning set forth in the Purchase Agreement.

“*Net Asset Value Per Common Share*” shall have the meaning set forth in Section 4.6.1.

“*Notice of Exercise*” shall have the meaning set forth in Section 4.3.1.

“*Offering Memorandum*” shall have the meaning set forth in the Recitals.

“*Person*” shall mean an individual, limited or general partnership, corporation, association, company, joint-stock company, business trust, joint venture, trust or unincorporated organization, or any other entity, including a government or agency or political subdivision thereof.

“*Placement Agents*” shall have the meaning set forth in the Placement Agreement.

“*Placement Agreement*” shall have the meaning set forth in the Recitals.

“*Purchase Agreement*” shall have the meaning set forth in the Recitals.

“*QIBs*” shall have the meaning set forth in the Recitals.

“ *Qualified Purchasers* ” shall have the meaning set forth in the Recitals.

“ *Responsible Officer* ” shall have the meaning set forth in Section 2.2(c).

“ *Registration Rights Agreement* ” shall mean the Registration Rights Agreement, dated as of the date hereof, among the Company and the Initial Purchasers and the Placement Agents.

“ *Registration Statement Filing* ” shall have the meaning set forth in Section 4.6.1.

“ *Registration Statement Notice* ” shall have the meaning set forth in Section 4.6.1.

“ *Securities Act* ” shall have the meaning set forth in the Recitals.

“ *Warrants* ” shall have the meaning set forth in the Recitals.

“ *Warrant Agent* ” shall mean Computershare Investor Services, LLC until a successor Warrant Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter “Warrant Agent” shall mean such successor Warrant Agent.

“ *Warrant Certificate* ” shall mean each Global Warrant Certificate and each Definitive Warrant Certificate issued under this Agreement.

“ *Warrant Exercise Period* ” shall have the meaning set forth in Section 4.1.1.

“ *Warrant Exercise Price* ” shall have the meaning set forth in Section 4.2.1.

“ *Warrant Expiration Date* ” shall have the meaning set forth in the Recitals.

“ *Warrant Register* ” shall have the meaning set forth in Section 3.3.2.

ARTICLE 2.

THE WARRANT AGENT

SECTION 2.1. APPOINTMENT OF WARRANT AGENT.

The Company hereby appoints the Warrant Agent as its agent in respect of the Warrants and the Warrant Certificates, upon the terms and subject to the conditions set forth herein, and subject to resignation or removal of the Warrant Agent as provided herein. The Warrant Agent agrees to accept such appointment, upon the terms and subject to the conditions set forth herein. The Warrant Agent shall have the powers and authority granted to it by this Agreement and such further powers and authority to act on behalf of the Company as the Company may hereafter grant to or confer upon it.

SECTION 2.2. DUTIES OF WARRANT AGENT.

The Warrant Agent accepts its obligations set forth herein upon the terms and conditions hereof, including the following, to all of which the Company agrees and to all of which the rights hereunder of the Holders from time to time of the Warrant Certificates shall be subject:

(a) The Warrant Agent shall act hereunder as agent and in a ministerial capacity for the Company, and its duties shall be determined solely by the provisions hereof. In acting under this Agreement and with respect to the Warrant Certificates, the Warrant Agent does not assume any obligation or relationship

of agency or trust for or with any Holder.

(b) The Warrant Agent shall be obligated to perform such duties as are specifically set forth herein and in the Warrant Certificates and no implied duties or obligations shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained in this Agreement or the Warrant Certificates or in the case of the receipt of any written demand from any Holder with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceeding at law or otherwise, or to make any demand upon the Company.

(c) The Warrant Agent is hereby authorized and directed to accept written instructions with respect to the performance of its duties hereunder from any one of the Chief Executive Officer, the Chief Legal Officer of the Company or from any other officer of the Company authorized by resolutions duly adopted by the Board of Directors of the Company to give such instructions (each a “Responsible Officer”) and to apply to such Responsible Officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions from any Responsible Officer with respect to any matter arising in connection with the Warrant Agent’s duties and obligations arising under this Agreement.

(d) The Warrant Agent shall not be liable for any action taken, suffered or omitted to be taken by it in good faith in accordance with any notice, statement, instruction, request, direction, order or demand of a Responsible Officer of the Company believed by it to be genuine. Any such notice, statement, instruction, request, direction, order or demand of the Company shall be sufficiently evidenced by an instrument signed by a Responsible Officer.

(e) Whenever in the performance of its duties under this Agreement, the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Responsible Officer, and such certificate shall be full authorization to the Warrant Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(f) The Warrant Agent, to the extent permitted by applicable law, may engage or be interested in any financial or other transaction with the Company and may act on, or as depository, trustee or agent for, any committee or body of holders of shares or other obligations of the Company as freely as if it were not the Warrant Agent hereunder. Nothing in this Agreement shall be deemed to prevent the Warrant Agent from acting in any other capacity for the Company.

(g) The Warrant Agent shall not, by countersigning or delivering Warrant Certificates or by any other act hereunder, be deemed to make any representations as to the validity, value or authorization of the Warrant Certificates or the Warrants represented thereby or of any securities or other property issued or issuable upon exercise of any Warrant or whether any stock issued upon exercise of any Warrant is fully paid and nonassessable.

(h) The Warrant Agent shall not at any time be under any duty or responsibility to any Holder to determine whether any fact exists that may require any adjustment to the Warrant Exercise Price, or with respect to the nature or extent of any adjustment, when made, or with respect to the method employed in making any adjustment to the Warrant Exercise Price.

(i) The Warrant Agent shall not be liable for any act or omission in connection with this Agreement except for its own gross negligence, willful misconduct or bad faith.

(j) The Warrant Agent may at any time consult with counsel satisfactory to it and shall incur no liability or responsibility in respect of any action taken, suffered or omitted to be taken by it in good faith in accordance with the opinion or advice of such counsel.

(k) The Company agrees that it will perform, execute, acknowledge and deliver, or cause to be performed, executed, acknowledged and delivered, all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing by the Warrant Agent of the provisions of this Agreement.

(l) The Warrant Agent shall not be required to risk or expend its own funds in the performance of its obligations and duties hereunder unless it has obtained an indemnity reasonably satisfactory to it to reimburse it for such expenditure.

(m) The Warrant Agent shall not be under any liability for interest on, and shall not be required to invest, any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Warrant Certificates. The Warrant Agent shall not be accountable for the use or application by the Company of the proceeds of the exercise of any Warrant.

SECTION 2.3. COMPENSATION; INDEMNIFICATION.

2.3.1. Compensation. The Company agrees to pay the Warrant Agent from time to time such compensation as shall be agreed upon by the Company and the Warrant Agent, and the Company agrees to reimburse the Warrant Agent for its reasonable out-of-pocket expenses and disbursements incurred without gross negligence, willful misconduct or bad faith on its part in connection with the services rendered by it hereunder.

2.3.2. Indemnification. The Company also agrees to indemnify the Warrant Agent for, and to hold it harmless against, any loss, liability or expense, including judgments, costs and reasonable counsel fees, incurred without gross negligence, willful misconduct or bad faith on the part of the Warrant Agent, arising out of or in connection with its acting as Warrant Agent hereunder. The obligations of the Company under this Section 2.3.2 shall survive the exercise and the expiration of the Warrants and the resignation and removal of the Warrant Agent.

2.3.3. Limitation on Liability. Except for liability arising from the gross negligence, willful misconduct or bad faith on the part of the Warrant Agent, the Company agrees to reimburse Computershare Investor Services, LLC (“Computershare”) as the Warrant Agent so any liability of Computershare shall be limited to the amount of fees paid by the Company to Computershare in the preceding thirty-six (36) months for the services rendered pursuant to this agreement, it being understood that such services could not be provided to the Company by Computershare at the prices set forth herein without the foregoing liability limitation. Under no circumstances shall either party be liable to one another for any special, indirect, incidental, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if such party has been advised of the possibility of such loss or damage.

SECTION 2.4. RESIGNATION AND REMOVAL; SUCCESSOR WARRANT AGENTS.

2.4.1. Resignation. The Warrant Agent may at any time resign as Warrant Agent and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the

Warrant Agent's own gross negligence, willful misconduct or bad faith), by giving written notice to the Company and each Holder of Warrants of such resignation, specifying the date on which such resignation shall be effective; *provided, that* such notice shall be given no less than 90 days prior to such effective date. Upon receiving such notice of resignation, the Company shall promptly appoint a successor Warrant Agent by written instrument in duplicate signed on behalf of the Company by a Responsible Officer, one copy of which shall be delivered to the resigning Warrant Agent and one copy to the successor Warrant Agent. Such resignation shall become effective upon the acceptance of the appointment by the successor Warrant Agent.

2.4.2. Removal. The Company may, at any time and for any reason, remove the Warrant Agent and appoint a successor Warrant Agent by written instrument in duplicate, specifying such removal and the date on which it is to become effective, signed by a Responsible Officer of the Company, one copy of which shall be delivered to the Warrant Agent being removed and one copy to the successor Warrant Agent.

2.4.3. Successor Warrant Agent. If a successor Warrant Agent does not take office within 90 days after the resignation or removal of the Warrant Agent, the Warrant Agent resigning or being removed, the Company or the Holders of at least 10% of the Warrants (other than affiliates of the Company) then outstanding may petition any court of competent jurisdiction for the appointment of a successor to the Warrant Agent at the expense of the Company. Pending appointment of a successor to the Warrant Agent, either by the Company or by such a court, the duties of the Warrant Agent shall be carried out by the Company. Any appointment of a successor Warrant Agent shall become effective upon acceptance of appointment by the successor Warrant Agent as provided in this Section 2.4. As soon as practicable after the appointment of the successor Warrant Agent, the Company shall cause written notice of the change in the Warrant Agent to be given to each Holder. Each successor Warrant Agent shall execute and deliver to its predecessor and to the Company an instrument accepting such appointment hereunder and all the provisions of this Agreement, and thereupon such successor Warrant Agent shall, without any further act, deed or conveyance, become vested with the same powers, rights, duties and responsibilities of its predecessor hereunder, with like effect as if it had been originally named herein, and the Warrant Agent shall thereupon become obligated to transfer, deliver and pay over, and such successor Warrant Agent shall be entitled to receive, all moneys, securities, records or other property on deposit with or held by the Warrant Agent under this Agreement. Any Person into which the Warrant Agent may be converted or merged, or any corporation resulting from any consolidation to which the Warrant Agent shall be a party, or any corporation succeeding to the trust business of the Warrant Agent, shall be a successor Warrant Agent under this Agreement without any further act on the part of any party. Any such successor Warrant Agent shall promptly cause notice of its succession as Warrant Agent to be mailed to the Company and to each Holder.

ARTICLE 3.

THE WARRANTS

SECTION 3.1. NUMBER OF WARRANTS.

The number of Warrants that may be issued and delivered under this Agreement is limited to (i) the 728,194 Warrants offered and sold by the Company pursuant to the Purchase Agreement and Placement Agreement, (ii) the 3,482 Warrants that have been issued to certain existing investors of the Company prior to the date hereof, (iii) up to an additional 600,000 Warrants to be offered and sold by the Company after the date hereof, provided that such issuance has been duly authorized by the Company's Board of Directors and the Company delivers an officer's certificate to such effect to the Warrant Agent setting forth the number of such additional Warrants no later than February 1, 2006, and (iv) such

additional number of Warrants as shall be mutually agreed upon by the Warrant Agent and the Company following receipt by the Warrant Agent of a satisfactory officer's certificate; except, in each case, for Warrants issued and delivered in connection with any transfer of, in exchange for, or in lieu of, other Warrants (which other Warrants shall be cancelled) in accordance with the terms of this Agreement.

SECTION 3.2. ISSUANCE OF WARRANTS; CERTIFICATES REPRESENTING WARRANTS.

3.2.1. Warrant Certificate .

(a) Beneficial ownership of Warrants offered and sold to QIBs will be issued in the form of a single, permanent Global QIB Warrant Certificate in definitive, fully registered form, in substantially the form set forth in Exhibit A to this Agreement, which will be deposited with the Custodian and registered in the name of the Depositary or a nominee of the Depositary.

(b) Beneficial ownership of Warrants offered and sold to Accredited Investors will be issued in the form of a single, permanent Global Accredited Investor Warrant Certificate in definitive, fully registered form, in substantially the form set forth in Exhibit B to this Agreement, which will be deposited with the Custodian and registered in the name of the Depositary or a nominee of the Depositary.

(c) Each Global Warrant Certificate shall represent such of the outstanding Warrants as shall be specified therein and each shall provide that it shall represent the aggregate number of outstanding Warrants from time to time endorsed thereon and that the aggregate amount of outstanding Warrants represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, transfers and exercises. Any endorsement of a Global Warrant Certificate to reflect the amount of any increase or decrease in the amount of outstanding Warrants represented thereby shall be made by the Warrant Agent or the Custodian, at the direction of the Warrant Agent.

3.2.2. Global Common Share Certificate .

(a) The Common Shares underlying Warrants that were offered and sold to QIBs will be issued in the form of a single, permanent Global QIB Common Share Certificate in definitive, fully registered form, in substantially the form set forth in Exhibit C to this Agreement, which will be deposited with the Custodian and registered in the name of the Depositary or a nominee of the Depositary.

(b) The Common Shares underlying Warrants that were offered and sold to Accredited Investors will be issued in the form of a single, permanent Global Accredited Investor Common Share Certificate in definitive, fully registered form, in substantially the form set forth in Exhibit D to this Agreement, which will be deposited with the Custodian and registered in the name of the Depositary or a nominee of the Depositary.

(c) Each Global Common Share Certificate shall represent such of the outstanding Common Shares as shall be specified therein and each shall provide that it shall represent the aggregate number of outstanding Common Shares from time to time endorsed thereon and that the aggregate amount of outstanding Common Shares represented thereby may from time to time be reduced or increased to reflect exercises of Warrant Certificates. Any endorsement of a Global Common Share Certificate to reflect the amount of any increase or decrease in the amount of outstanding Common Shares represented thereby shall be made by the Warrant Agent or the Custodian, at the direction of the Warrant Agent.

SECTION 3.3. RESTRICTION ON TRANSFER REGISTRATION OF TRANSFER AND EXCHANGE.

3.3.1. Transfer Restrictions.

(a) The Warrants have not been registered under the Securities Act or the securities laws of any jurisdiction and may not be transferred except in transactions that are exempt from registration under the Securities Act and the applicable securities laws of other jurisdictions and are otherwise subject to the transfer restrictions as set forth in the Offering Memorandum. Any transferee of the Warrants will be subject to and required to complete the Investment Representation, Transfer and Market Stand-Off Agreement attached hereto as Exhibit E.

3.3.2. General. The Company shall cause to be kept at the Corporate Trust Office of the Warrant Agent a register (the register maintained in such office and in any other office or agency designated pursuant to Section 6.5 of this Agreement being herein collectively referred to as the “Warrant Register”) in which the Warrant Agent shall provide for the registration of Warrant Certificates and of transfers and exchanges of Warrants; provided that so long as such Warrants are subject to restrictions on transfer or exchange, transfers or exchanges of Warrants may only be made following the satisfactory review by the Company as to compliance with such restrictions on transfer or exchange.

3.3.3. Transfer of a Beneficial Interest in a Global Warrant Certificate. The transfer and exchange of a beneficial interest in a Global Warrant Certificate shall be effected through the Depository in accordance with this Agreement (including the restrictions on transfer set forth herein) and the procedures of the Depository therefor.

3.3.4. Restrictions on Transfer of Global Certificates. Notwithstanding any other provisions of this Agreement, a Global Warrant Certificate may not be transferred except as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

3.3.5. Issuance of Definitive Warrant Certificates in the Absence of a Depository. If at any time the Depository notifies the Company that the Depository is unwilling or unable to continue as Depository for the Global Warrant Certificates and a successor Depository for the Global Warrant Certificates is not appointed by the Company within 90 days after delivery of such notice, then the Custodian, in accordance with the standing instructions and procedures existing among the Depository and the Custodian, will cancel the Global Warrant Certificates, the Company will execute Definitive Warrant Certificates representing an aggregate number of Warrants equal to the aggregate number of Warrants evidenced by the Global Warrant Certificates, and the Warrant Agent will countersign and deliver to each Person designated by the Depository as a Holder of a beneficial interest in the Global Warrant Certificates a Definitive Warrant Certificate evidencing a number of Warrants equal to such interest.

3.3.6. Legends. Each Definitive Warrant Certificate issued pursuant to Section 3.3.5 shall bear legends substantially similar to the legends set forth on the Global Warrant Certificate (as set forth in Annex A hereto) in respect of which such Definitive Warrant Certificate was issued.

3.3.7. Cancellation and/or Adjustment of Global Warrant Certificate and Global Common Share Certificate. At such time as all interests in a Global Warrant Certificate have been exercised for Common Shares or cancelled, such Global Warrant Certificate shall be returned to or retained and cancelled by the Warrant Agent. At any time prior to such cancellation, if any beneficial interest in a Global Warrant Certificate is exercised for Common Shares, the number of Warrants represented by such Global Warrant

Certificate shall be reduced and an endorsement shall be made on such Global Warrant Certificate, by the Warrant Agent or the Custodian, at the direction of the Warrant Agent, to reflect such reduction, and the number of Common Shares represented by the Global Common Share Certificate shall be proportionately increased and an endorsement shall be made on such Global Common Share Certificate, by the Warrant Agent or the Custodian, at the direction of the Warrant Agent, to reflect such increase.

3.3.8. Taxes. No service charge shall be payable by any Holder for any registration of transfer or exchange of Warrant Certificates, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Warrant Certificates other than exchanges not involving any transfer.

SECTION 3.4. REGISTRATION RIGHTS AND MARKET STAND-OFF.

The Warrants shall be entitled to the registration rights as set forth in the Registration Rights Agreement and shall be subject to the market stand-off provisions contained therein.

SECTION 3.5. EXECUTION AND DELIVERY.

The Warrant Certificates shall be executed on behalf of the Company by its Chairman, Chief Executive Officer, President or Chief Financial Officer and by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Warrant Certificates may be manual or facsimile. Warrant Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Warrant Certificates or the date they are countersigned by the Warrant Agent. No Warrant Certificate or the Warrants represented thereby shall be valid or be entitled to any benefit under this Agreement unless such Warrant Certificate has been countersigned by an authorized officer of the Warrant Agent by manual signature. All Warrant Certificates shall be dated the date they are countersigned by the Warrant Agent.

At any time and from time to time after the execution and delivery of this Agreement, the Company shall deliver Warrant Certificates executed by the Company in accordance with this Section 3.5 to the Warrant Agent. Subject to Section 3.1 of this Agreement, the Warrant Agent shall, upon the written request of a Responsible Officer of the Company, countersign and deliver Warrant Certificates representing such number of Warrants, registered in such names and bearing such legends as may be specified in such request. The Warrant Agent shall also countersign and deliver Warrant Certificates as otherwise provided in this Agreement.

SECTION 3.6. DESTROYED, LOST, MUTILATED OR STOLEN WARRANT CERTIFICATES.

If there shall be delivered to the Company and the Warrant Agent evidence to their satisfaction of the destruction, loss, mutilation or theft of any Warrant Certificate and such security and indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Warrant Agent that such Warrant Certificate has been acquired by a bona fide purchaser, and in the case of mutilation, upon surrender of such Warrant Certificate to the Warrant Agent for cancellation, the Company shall execute and the Warrant Agent shall countersign and deliver, in lieu of or in exchange for any such destroyed, lost, mutilated or stolen Warrant Certificate, a new Warrant Certificate for a like number of Warrants, bearing a certificate number not contemporaneously outstanding.

Upon the issuance of any new Warrant Certificate under this Section 3.6, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be

imposed in relation thereto and any other expenses (including the fees and expenses of the Warrant Agent) connected therewith.

Every substitute Warrant Certificate issued and delivered pursuant to this Section 3.6 in lieu of any destroyed, lost or stolen Warrant Certificate shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Warrant Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of, and be subject to all the limitations of rights set forth in, this Agreement equally and proportionately with any and all other Warrant Certificates duly issued and delivered hereunder.

The provisions of this Section 3.6 are exclusive and shall preclude (to the extent lawful) any and all other rights and remedies with respect to the replacement of destroyed, lost, mutilated or stolen Warrant Certificates notwithstanding any law or statute existing or hereafter enacted to the contrary.

SECTION 3.7. PERSONS DEEMED OWNERS.

The Company and the Warrant Agent, and any agent of the Company or the Warrant Agent, may deem and treat the Person in whose name a Warrant Certificate is registered in the Warrant Register as the absolute, true and lawful owner of such Warrant Certificate and the Warrants represented thereby (notwithstanding any notation of ownership or other writing thereon made by any Person) for all purposes, and neither the Company nor the Warrant Agent nor any of their respective agents shall be affected by any notice or knowledge to the contrary.

SECTION 3.8. CANCELLATION OF WARRANT CERTIFICATES.

All Warrant Certificates surrendered for registration of transfer, exchange or exercise shall be delivered to the Warrant Agent and shall be promptly cancelled by the Warrant Agent. The Company may at any time deliver to the Warrant Agent for cancellation any Warrant Certificates previously delivered hereunder that the Company may have acquired in any manner whatsoever, and all Warrant Certificates so delivered shall be promptly cancelled by the Warrant Agent. No Warrant Certificates shall be delivered in lieu of or in exchange for any Warrant Certificates cancelled by the Warrant Agent, except as expressly permitted by this Agreement.

SECTION 3.9. NO RIGHTS AS STOCKHOLDERS.

Nothing contained in this Agreement or in the Warrant Certificates shall be construed as conferring upon the Holders or any transferees any of the rights of stockholders of the Company, including without limitation, the right to vote or to receive dividends or to receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the Company or any other matter. Nothing contained in this Agreement shall be construed as imposing any liabilities on such Holder to purchase any securities or as a stockholder of the Company, whether such liabilities are assumed by the Company or by creditors or stockholders of the Company or otherwise.

ARTICLE 4.

EXERCISE OF WARRANTS

SECTION 4.1. EXERCISE PERIOD.

4.1.1. Warrant Exercise Period. Subject to and upon compliance with the provisions of this Agreement, at the option of the Holder thereof, a Warrant may be exercised at the Warrant Exercise Price

in effect at the time of exercise, at any time on any Business Day during the period (the “Warrant Exercise Period”) commencing on the earlier of (i) the effective date of the registration statement for the Company’s initial public offering of its common shares or (ii) 18 months from the date hereof, and ending at 5:00 P.M., New York City time, on the Warrant Expiration Date, unless the Warrant Exercise Period is extended by the Company. Following the Warrant Expiration Date, any Warrant not previously exercised shall expire and be null and void, and all rights of the Holder under the Warrant Certificate evidencing such Warrant and under this Agreement shall cease.

SECTION 4.2. SHARES ISSUABLE UPON EXERCISE; EXERCISE PRICE.

4.2.1. Shares and Exercise Price Under Warrants . Subject to and upon compliance with the provisions of this Agreement, each Warrant shall entitle the Holder thereof to purchase from the Company one Common Share of the Company at an exercise price (the “Warrant Exercise Price”) of the greater of \$15.00 per Common Share or (ii) the Net Asset Value per Common Share as set forth in Section 4.6.1; provided that prior to the BDC/Registration Statement Notice Date, the Warrant Exercise Price will be \$15.00. The Warrant Exercise Price and the number and kind of securities or other property issuable upon exercise of the Warrants shall be adjusted in certain instances as provided in Section 4.6 of this Agreement.

SECTION 4.3. METHOD OF EXERCISE.

4.3.1. Method of Exercise . Each Warrant may be exercised in whole or in part. In order to exercise any Warrant, the Holder thereof shall deliver to the Warrant Agent at the office or agency of the Company maintained for that purpose pursuant to Section 6.5, a notice of exercise in the form attached to Exhibit F hereto (the “Notice of Exercise”) duly completed and executed by the Holder or by the Holder’s legal representative or attorney duly authorized in writing to the satisfaction of the Warrant Agent, and accompanied by payment in full of the aggregate Warrant Exercise Price for the number of Common Shares specified in the Notice of Exercise, and of any other amounts required to be paid in connection with such exercise, (i) by cash or certified or official bank check or (ii) by such other means as is acceptable to the Company in the lawful currency of the United States of America which as of the time of payment is legal tender for payment of public or private debts. Warrants shall be deemed to have been exercised immediately prior to the close of business on the date of delivery of the Notice of Exercise and payment in accordance with the foregoing provisions, and at such time the Person or Persons entitled to receive the Common Shares issuable upon exercise shall be treated for all purposes as the record holder or holders of such Common Shares at the close of business on the date of such surrender, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Common Shares shall not then be actually delivered to such Person or Persons. Notwithstanding the foregoing, to the extent required by the Warrant Agent upon advice of counsel, prior to any exercise of Warrants, and so long as any such Warrants to be exercised or the Common Shares to be provided upon exercise of such Warrants have not been registered under the Securities Act, the Warrant Agent shall be provided satisfactory evidence by any such Holder as to such Holder’s status as an Accredited Investor or as a QIB or any similar such classification.

SECTION 4.4. ISSUANCE OF COMMON SHARES.

Upon the exercise of any Warrants, the Warrant Agent shall (i) cause an amount equal to the amount paid by the Holder upon exercise to be paid to the Company by depositing the same in an account designated by the Company for that purpose or delivering such payment in such other manner as is acceptable to the Company, and (ii) immediately inform the Company in writing of such exercise and deposit or delivery, including the number of Warrants exercised and the instructions of the exercising Holder with respect to delivery of the Common Shares issuable upon such exercise. Within five Business

Days of the Company's receipt of notice from the Warrant Agent pursuant to clause (ii) in the immediately preceding sentence, the Company shall direct the Warrant Agent to effect such issuance in the Global Common Share Certificates, or if otherwise permitted, shall issue and deliver or cause to be delivered at such office or agency maintained pursuant to Section 6.5 a certificate or certificates evidencing the number of full Common Shares issuable upon exercise of such Warrants, registered in such name or names as may be directed by such Holder in the Notice of Exercise, in each case together with a check for payment in lieu of any fractional share, as provided in Section 4.5 of this Agreement.

SECTION 4.5. FRACTIONS OF SHARES.

No fractional Common Shares shall be issued upon exercise of any Warrants. If more than one Warrant shall be exercised at one time by the same Holder, the number of full shares which shall be issuable upon exercise thereof shall be computed on the basis of the aggregate number of Common Shares issuable under the Warrants so exercised. In lieu of any fractional Common Shares that would otherwise be issuable upon exercise of any Warrant or Warrants, the Company shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the market price per Common Share (as determined by the Board of Directors of the Company or in any manner prescribed by the Board of Directors) at the close of business on the day such exercise is deemed to have occurred.

SECTION 4.6. ADJUSTMENT OF NUMBER OF SHARES AND EXERCISE PRICE.

4.6.1. Adjustment to Exercise Price of Warrant upon Business Development Company Election. The Company shall deliver to the Holders a notice of the Company's intention to file a registration statement under the Securities Act covering the Company's Common Shares (a "Registration Statement Filing") (a "Registration Statement Notice") or to file with the Securities and Exchange Commission a Form N-54A under the 1940 Act to be regulated as a business development company under the 1940 Act ("Form N-54A") or, if available, a notice on Form N-6F under the 1940 Act of the Company's intention to be regulated as a business development company under the 1940 Act ("Form N-6F") (the "BDC Election"), which such notice shall specify that an adjustment to the exercise price of the Warrants pursuant to Section 4.6.1 of this Agreement is expected to occur, within no earlier than 10 days following delivery of such notice and no later than 30 days following delivery of such notice (the date of delivery of such notice by the Company, the "BDC/Registration Statement Notice Date"). On the date of the BDC Election, the Warrant Exercise Price then in effect will be adjusted to a price equal to the greater of (x) \$15.00 and (y) the then Net Asset Value Per Common Share; *provided, however*, that if after any such adjustment the Registration Statement Filing or Form N-6F or Form N-54A filing that triggered such adjustment is abandoned by the Company prior to its effectiveness, the Warrant Exercise Price will revert to the Warrant Exercise Price in effect immediately prior to such adjustment. For purposes of this Section 4.6.1, the Company's "Net Asset Value Per Common Share" as of the date of the BDC Election shall mean the total net asset value of the Company on such date as certified by the Chief Financial Officer of the Company, divided by the number of Common Shares of the Company outstanding as of such date, assuming the conversion into Common Shares of all shares of convertible preferred stock of the Company, if any, then outstanding.

4.6.2. Stock Dividends, Splits, Etc. The number of Common Shares issuable upon exercise of the Warrants (or any shares of stock or other securities at the time issuable upon exercise of such Warrants) and the Warrant Exercise Price shall be appropriately adjusted to reflect any and all stock dividends (other than cash dividends), stock splits, combinations of shares, reclassifications, recapitalizations or other similar events affecting the number of outstanding Common Shares (or such other stock or securities) so that the Holder thereafter exercising Warrants shall be entitled to receive the number of Common Shares or other capital stock which the Holder would have received if such Warrant had been exercised immediately prior to such event.

Whenever the number of Common Shares issuable upon exercise of a Warrant is adjusted pursuant to this Section 4.6.2, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price immediately prior to such adjustment by a fraction the numerator of which is the number of shares issuable upon exercise of the Warrant prior to such adjustment and the denominator of which is the number of shares issuable upon exercise of such Warrant after such adjustment.

4.6.3. Extraordinary Dividends. Notwithstanding Section 4.6.2, in case the Company shall at any time during the term of this Agreement make an extraordinary dividend on the outstanding Common Shares (excluding any ordinary quarterly cash dividends paid during the term of the Warrants and cash dividends paid in conjunction with the Company's anticipated election to be treated as a Registered Investment Company under the Internal Revenue Code), each Holder will be entitled to receive the extraordinary dividend made on the outstanding Common Shares which the Holder would have received if such Warrant had been exercised immediately prior to such extraordinary dividend.

4.6.4. Capital Reorganization or Reclassification. If the Common Shares issuable upon the exercise of the Warrants shall be changed into the same or different number of shares of any class or classes of Common Shares, whether by capital reorganization, reclassification or otherwise (other than a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Agreement), then, in and as a condition to the effectiveness of each such event, the Holder of a Warrant shall have the right thereafter to exercise such Warrant for the kind and amount of Common Shares and other securities and property receivable upon such reorganization, reclassification or other change by the holder of the number of Common Shares for which such Warrant might have been exercised immediately prior to such reorganization, reclassification or change, all subject to further adjustment as provided herein.

4.6.5. Merger. In case of a dividend or distribution paid pursuant to a plan of consolidation or merger of the Company with another Person (other than a merger or consolidation in which the Company is the continuing Person and the Common Shares are not exchanged for securities, property or assets issued, delivered or paid by another Person), or in case of any lease, sale or conveyance to another Person (other than to a wholly owned domestic subsidiary of the Company so long as such subsidiary continues to be wholly owned) of all or substantially all of the property or assets of the Company, the Warrants shall thereafter (until the end of the Warrant Exercise Period) evidence the right to receive, upon its exercise, in lieu of Common Shares deliverable upon such exercise, immediately prior to such consolidation, merger, lease, sale or conveyance the kind and amount of shares and/or other securities and/or property and assets and/or cash that the Holder would have been entitled to receive upon such consolidation, merger, lease, sale or conveyance had the Holder exercised the Warrants immediately prior to such consolidation, merger, lease, sale or conveyance; *provided, however*, to the extent a stockholder would have had an opportunity to elect the form of consideration in such a transaction, any holder not exercising its warrants shall be entitled to the same consideration that a holder of such Common Shares failing to make any such election would have been entitled to receive upon such transaction.

The Company shall not consummate any transaction that effects or permits any such event or occurrence unless each Person whose shares of stock, securities or assets will be issued, delivered or paid to the holders of the Common Shares (including the Company with respect to clause (ii) below), prior to or simultaneously with the consummation of the transaction, (i) is a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and (ii) expressly assumes, or in the case of the Company, acknowledges, by a Warrant supplement or other document in a form substantially similar hereto, executed and delivered to the Holder thereof, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions of this Section 4.6.5, such Holder is entitled to purchase, and all other obligations and liabilities under this Warrant, including the obligations and liabilities in respect of subsequent adjustments that are required under this Warrant and the registration rights under Section 3.4 hereof.

4.6.6. Certificate Regarding Adjustment. The certificate of any independent firm of public accountants of recognized national standing selected by the Board of Directors of the Company shall be evidence of the correctness of any computations under Sections 4.6.1 through 4.6.5 of this Agreement.

4.6.7. Minimum Adjustment. No adjustment of the Warrant Exercise Price shall be required under this Section 4.6 if the amount of such adjustment is less than 1% of the Warrant Exercise Price then in effect; *provided, however*, that any adjustments that by reason of the foregoing are not required at the time to be made shall be carried forward and taken into account and included in determining the amount of any subsequent adjustment. If the Company shall take a record of holders of Common Shares for the purpose of entitling them to receive any dividend or distribution and thereafter and before the distribution to stockholders of any such dividend or distribution, legally abandons its plan to pay or deliver such dividend or distribution, then no adjustment of the Warrant Exercise Price shall be required by reason of the taking of such record. All calculations under this Section 4.6 shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

4.6.8. Certificate of Authorized Officer. Whenever a Warrant Exercise Price is adjusted pursuant to this Section 4.6, the Company shall promptly file with the Warrant Agent and with each transfer agent for the Common Shares a certificate signed by the Chief Executive Officer, President or Chief Financial Officer and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company setting forth in reasonable detail the events requiring the adjustment, the method by which such adjustment was calculated, and specifying the Warrant Exercise Price and the number or kind or class of shares or other securities or property purchasable upon exercise of the Warrants after giving effect to such adjustment, and will cause to be mailed, first class, postage prepaid a summary thereof to the registered Holders of the Warrant Certificates at their last addressees as they appear on the registry books of the Warrant Agent.

SECTION 4.7. NOTICE OF CERTAIN CORPORATE ACTION.

In case:

(a) the Company shall declare a dividend (or any other distribution) on the Common Shares, including any extraordinary dividend (but other than ordinary quarterly cash dividends paid during the term of the Warrants and cash dividends paid in conjunction with the Company's anticipated election to be treated as a Registered Investment Company under the Internal Revenue Code); or

(b) the Company shall authorize the granting to the holders of the Common Shares of pro rata rights, options or warrants to subscribe for or purchase any shares of capital stock of the Company; or

(c) of any reclassification of the Common Shares of the Company (other than a merger which is effected solely to change the jurisdiction of incorporation of the Company), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company (other than to a wholly owned domestic subsidiary of the Company so long as such subsidiary continues to be wholly owned); or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company shall cause to be filed at each office or agency maintained pursuant to Section 6.5 of this Agreement for the purpose of exercising Warrants and shall cause to be mailed to all registered Holders at their last addresses as they shall appear in the Warrant Register, no later than ten (10) Business Days prior to the event specified in (a), (b), (c) or (d) above, a notice stating (i) the date on which a record

is to be taken for the purpose of such dividend, distribution, rights, options or warrants, or, if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such dividend, distribution, rights, options or warrants are to be determined, or (ii) the date on which such reclassification, consolidation, merger, transfer, dissolution, liquidation or winding up (or amendment thereto) is expected to become effective, and the date as of which it is expected that holders of record of such class of Common Shares shall be entitled to exchange their Common Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, transfer, dissolution, liquidation or winding up. The Warrant Agent shall not be responsible for giving such notice or for the contents of any such notice to the Holders.

SECTION 4.8. COMPANY TO RESERVE COMMON SHARES.

The Company shall at all times during the Warrant Exercise Period, reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Shares, for the purpose of effecting the exercise of Warrants, the full number of Common Shares then issuable upon the exercise of all outstanding Warrants.

SECTION 4.9. TAXES ON EXERCISES.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of Common Shares on exercise of Warrants pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of (i) income of the Holder or (ii) any transfer involved in the issue and delivery of Common Shares in a name other than that of the Holder of the Warrant or Warrants to be exercised, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such taxes or has established to the satisfaction of the Company that such tax has been paid.

SECTION 4.10. COVENANT AS TO COMMON SHARES.

The Company covenants that all Common Shares that may be issued upon exercise of any Warrants will, upon issue and payment of the Warrant Exercise Price therefor, be validly issued, fully paid and nonassessable and free and clear from all taxes, liens, charges, security interests, encumbrances and other restrictions created by or through the Company, other than those set forth in the Company's Charter.

SECTION 4.11. NO CHANGE OF WARRANT NECESSARY.

Irrespective of any adjustment in a Warrant Exercise Price or in the number or kind of shares or other property issuable upon exercise of the Warrants, the Warrant Certificates theretofore or thereafter issued may continue to express the same Warrant Exercise Price and number and kind of shares issuable upon exercise per Warrant as are stated in the Warrant Certificates initially issued pursuant to this Agreement.

SECTION 4.12. ENFORCEMENT OF RIGHTS.

Notwithstanding any of the provisions of this Agreement, any Holder, without the consent of the Warrant Agent or any other Holder, may enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce such Holder's right to exercise the Warrants evidenced by such Holder's Warrant Certificate in the manner provided in such Warrant Certificate and this Agreement.

SECTION 4.13. AVAILABLE INFORMATION

The Company shall promptly file with the Warrant Agent (and cause the Warrant Agent to deliver to the Holders of the Warrants upon request to the Company) copies of its annual reports and of the information, documents and other reports delivered or made available to stockholders of the Company.

ARTICLE 5.

AMENDMENTS

SECTION 5.1. AMENDMENT OF AGREEMENT.

The Warrant Agent and the Company may, without the consent of any Holders, amend this Agreement in such manner as they shall deem appropriate to cure any ambiguity, to correct any defective or inconsistent provision or manifest mistake or error herein contained, or in any other manner that they may deem necessary or desirable and which shall not adversely affect the rights of the Holders of Warrants. This Agreement shall not otherwise be modified, supplemented or amended in any respect by the Warrant Agent and the Company, except with the consent in writing of the Holders of outstanding Warrants representing not less than a majority of the Warrants then outstanding; *provided, however* that the consent in writing of each and every Holder of Warrants shall be required for any such modification, supplement or amendment which changes the Warrant Exercise Period (except to extend the expiration of the Warrant Exercise Period to a later date), increases the Warrant Exercise Price (except as otherwise expressly contemplated by this Agreement) or reduces the number of Common Shares issuable upon the exercise of the Warrants (except as otherwise expressly contemplated by this Agreement).

Any modification, supplement or amendment pursuant to this Section 5.1 shall be binding upon all present and future Holders, whether or not they have consented to such modification, supplement or amendment, and whether or not notation of such modification, supplement or amendment is made upon any Warrant Certificate issued to such Holder.

Notwithstanding anything herein to the contrary, upon advice of external counsel, the Warrants may be modified to the extent any changes to the terms of the Warrants are deemed necessary to comply with the rules and regulations of the 1940 Act as interpreted by the Securities and Exchange Commission.

SECTION 5.2. RECORD DATE.

The Company may set a record date for purposes of determining the identity of Holders entitled to consent to any modification, supplement or amendment to this Agreement. If the Company does not set a record date, the record date shall be 30 days prior to the first solicitation of such consent.

ARTICLE 6.

MISCELLANEOUS PROVISIONS

SECTION 6.1. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute the same instrument.

SECTION 6.2. GOVERNING LAW.

THIS AGREEMENT AND THE WARRANT CERTIFICATES ISSUED HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW PROVISIONS THEREOF.

SECTION 6.3. DESCRIPTIVE HEADINGS.

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

SECTION 6.4. NOTICES.

Any notice, request or other document permitted or required hereunder to be given to any Holder shall be sufficiently given if in writing and mailed first-class postage prepaid, to each Holder affected by such event, at its address as it appears in the Warrant Register. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holders shall affect the sufficiency of such notice with respect to other Holders. Any notice required hereunder to be given to any Holder may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Warrant Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, waiver, consent or other document provided or permitted by this Agreement to be given to (i) the Warrant Agent by any Holder or by the Company shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid or sent by facsimile, to and received by the Warrant Agent at its Corporate Trust Office, and (ii) the Company by the Warrant Agent or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid or sent by facsimile, to the Company at the address or facsimile number of its principal office specified in the first paragraph of this Agreement or at any other address or facsimile number previously furnished in writing to the Warrant Agent by the Company.

In the event the Warrant Agent shall receive any notice, demand or other document addressed to the Company by any Holder, the Warrant Agent shall promptly forward such notice or demand to the Company.

SECTION 6.5. MAINTENANCE OF OFFICE.

So long as any of the Warrants remain outstanding, the Company shall designate and maintain in the State of Kansas an office or agency where Warrant Certificates may be surrendered for registration of transfer or for exchange, where Warrants may be surrendered for exercise and where notices and demands to or upon the Company in respect of the Warrants and this Warrant Agreement may be served. The Company may from time to time change or rescind such designation as it may deem desirable or expedient. The Company will give prompt written notice to the Warrant Agent of the location, and any change in the location, of such office or agency. The Company hereby designates the Corporate Trust Office of the Warrant Agent as the initial agency maintained for each such purpose. If at any time the Company shall fail to maintain any such required office or agency or shall fail to notify the Warrant Agent of the location thereof or of any change in the location thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Warrant Agent, and the

Company hereby appoints the Warrant Agent as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside the State of Kansas) where Warrant Certificates may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the State of Kansas for such purposes. The Company shall give prompt written notice to the Warrant Agent of any such designation or rescission, and of any change in the location of, any such other office or agency.

SECTION 6.6. SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Agreement by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 6.7. SEPARABILITY.

In case any provision in this Agreement or in the Warrant Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 6.8. PERSONS HAVING RIGHTS UNDER AGREEMENT.

Nothing in this Agreement or in the Warrant Certificates, expressed or implied, is intended, or shall be construed, to give any Person, other than the parties hereto and their successors hereunder, and the Holders of Warrants, any benefit, right, remedy or claim under or by reason of this Agreement.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Company and the Warrant Agent have caused this Agreement to be executed by their duly authorized officers as of the date set forth below.

TORTOISE CAPITAL RESOURCES CORPORATION

By: _____
Name:
Title:

COMPUTERSHARE INVESTOR SERVICES, LLC

By: _____
Name:
Title:

Dated: December 8, 2005

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, UNTIL SUCH TIME AS THE CORPORATION’S COMMON SHARES ARE REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE “EXCHANGE ACT”), THE CORPORATION HAS ELECTED TO BE REGULATED AS A BUSINESS DEVELOPMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “1940 ACT”), AND THE CORPORATION’S WARRANTS QUALIFY AS “PUBLICLY OFFERED SECURITIES” (WITHIN THE MEANING OF THE PLAN ASSET REGULATIONS OF THE DEPARTMENT OF LABOR AT 29 C.F.R § 2510.3-101 (THE “PLAN ASSET REGULATIONS”)), THIS SECURITY MAY NOT BE OFFERED, SOLD, OR PLEDGED EXCEPT AS SET FORTH IN THIS PARAGRAPH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS (X) A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (Y) AN “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(3), (4), (5), (6), (7) OR (8) UNDER THE SECURITIES ACT), (2) REPRESENTS THAT IT IS NOT A BENEFIT PLAN INVESTOR (WITHIN THE MEANING OF THE PLAN ASSET REGULATIONS), WHETHER OR NOT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, OR SECTION 4975 OF THE INTERNAL REVENUE CODE, (3) REPRESENTS THAT IT IS A “QUALIFIED PURCHASER” AS DEFINED IN SECTION 2(A)(51) OF THE 1940 ACT, (4) AGREES THAT HE, SHE OR IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SECURITIES OR AN AVAILABLE EXEMPTION THEREFROM, IN EACH CASE SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE INVESTMENT REPRESENTATION, TRANSFER AND MARKET STAND-OFF AGREEMENT AND DESCRIBED ABOVE, AND (5) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOLLOWING THE EFFECTIVENESS OF THE CORPORATION’S EXCHANGE ACT REGISTRATION WITH RESPECT TO ITS COMMON STOCK AND THE CORPORATION’S ELECTION TO BE REGULATED AS A BUSINESS DEVELOPMENT COMPANY UNDER THE 1940 ACT, THE RESTRICTION ON TRANSFER IN CLAUSE (3) OF THE PRECEDING PARAGRAPH WILL NO LONGER APPLY TO TRANSFERS OF THIS SECURITY. IN ADDITION, FOLLOWING THE DATE THAT THE CORPORATION’S WARRANTS QUALIFY AS “PUBLICLY OFFERED SECURITIES” UNDER THE PLAN ASSET REGULATIONS, THE RESTRICTION ON TRANSFER IN CLAUSE (2) OF THE PRECEDING PARAGRAPH WILL NO LONGER APPLY.

IF ANY RESALE OR OTHER TRANSFER OF THE SECURITIES IS PROPOSED TO BE MADE OTHER THAN PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR RULE 144 UNDER THE SECURITIES ACT, THE TRANSFEROR SHALL DELIVER TO THE CORPORATION AND THE TRANSFER AGENT, AN AGREEMENT (OBTAINABLE FROM THE COMPANY) FROM THE TRANSFEREE SUBSTANTIALLY IN THE FORM OF APPENDIX A TO THE WARRANT AGREEMENT (“THE INVESTMENT REPRESENTATION, TRANSFER AND MARKET STAND-OFF AGREEMENT”) RELATING TO THESE SECURITIES WHICH SHALL PROVIDE, AS APPLICABLE, AMONG OTHER THINGS, THAT THE TRANSFEREE IS A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AND THAT SUCH TRANSFEREE IS ACQUIRING THE WARRANTS FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION IN

VIOLATION OF THE SECURITIES ACT. THE CORPORATION RESERVES THE RIGHT PRIOR TO ANY OFFER, SALE OR OTHER TRANSFER OTHER THAN TO A QUALIFIED INSTITUTIONAL BUYER OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE CORPORATION.

ONLY WHOLE SECURITIES WILL BE ISSUED AND MAY BE TRANSFERRED. ANY TRANSFER IN VIOLATION OF THE FOREGOING OR ANY TRANSFER OF FRACTIONAL SECURITIES SHALL BE DEEMED TO BE VOID AND OF NO LEGAL EFFECT WHATSOEVER. ANY SUCH PURPORTED TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH SECURITIES FOR ANY PURPOSE, INCLUDING, BUT NOT LIMITED TO THE RECEIPT OF DIVIDENDS ON THE COMMON STOCK, AND SUCH PURPORTED TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH SECURITIES.

SO LONG AS THESE SECURITIES ARE "RESTRICTED SECURITIES" (AS SUCH TERM IS DEFINED IN RULE 144(a)(3) UNDER THE SECURITIES ACT), THE CORPORATION AGREES TO MAKE AVAILABLE TO EACH HOLDER AND EACH PROSPECTIVE PURCHASER OF THE SECURITIES DESIGNATED BY A HOLDER, UPON REQUEST, THE INFORMATION REQUIRED TO BE PROVIDED PURSUANT TO RULE 144A(d)(4) UNDER THE SECURITIES ACT.

THE WARRANTS EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO AND ENTITLED TO THE OBLIGATIONS AND BENEFITS OF A CERTAIN REGISTRATION RIGHTS AGREEMENT, DATED AS OF DECEMBER 8, 2005.

Global QIB Warrant Certificate

Global Accredited Investor Warrant Certificate

Global QIB Common Share Certificate

Global Accredited Investor Common Share Certificate

Investment Representation, Transfer and Market Stand-Off Agreement

To: Tortoise Capital Resources Corporation
 c/o Tortoise Capital Advisors, LLC
 10801 Mastin Boulevard, Suite 222
 Overland Park, Kansas 66210

A. REPRESENTATION AND TRANSFER

I. The undersigned certifies that it is either a QIB (as defined) or an Accredited Investor (as defined):

- (i) For QIBs: The undersigned certifies that it is familiar with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and represents and warrants that:
 - (a) it is a Qualified Institutional Buyer (“QIB”) as described in Annex A hereto;
 - (b) as of _____, _____,¹ the undersigned owned or invested on a discretionary basis \$ _____² in eligible “securities” (as defined and calculated as set forth in Annex A);
 - (c) if the undersigned decides to purchase Rule 144A securities for the accounts of others, it will only purchase Rule 144A securities for accounts that independently qualify as QIBs as defined in Rule 144A (unless the undersigned is an insurance company (as described in Annex A) and is purchasing for the account of one or more of its “separate accounts” (as defined in Annex A));
 - (d) The undersigned has listed below those of its accounts that are QIBs and if the undersigned is an insurance company (as described in Annex A), those of its accounts that are separate accounts (as defined in Annex A), and for which it intends to purchase Rule 144A securities; the undersigned has accurately provided the information requested for each of the accounts listed below; and the undersigned agrees that any of the accounts listed below for which it purchases Rule 144A securities will be deemed to be a part of and subject to the representations contained in this certification; and
 - (e) The undersigned’s current fiscal year ends on _____, _____;
- or
- (ii) For Accredited Investors: The undersigned certifies that it is familiar with Regulation D under the Securities Act, and represents and warrants that:
 - (a) The undersigned is an Accredited Investor as defined in Rule 501(a)(3), (4), (5), (6), (7) or (8) under the Securities Act and has completed Annex B hereto indicating its qualifications thereby.

II. The undersigned certifies that it has read Annex C, “Restrictions on Sales of Book-Entry Securities Designated QIB/QP or 3(c)(7)” attached hereto, and the undersigned certifies that it is

¹ Insert a specific date on or since the end of the undersigned’s most recent fiscal year.

² The amount must be a *specific* amount in excess of \$100 million or such lesser amount as contemplated by paragraph (b), (j) or (o) of Annex A.

a “Qualified Purchaser” as defined in Section 2(a)(51) of, and the related rules under, the Investment Company Act of 1940, as amended, and the undersigned represents and warrants that (if the undersigned certifies that it is unable to make the representations and warranties contained in II(i), it should so indicate on the signature line below):

- (i) it is not a:
 - “dealer” described in (j) of Annex A that owns and invests on a discretionary basis less than \$25,000,000 in eligible “securities” (excluding securities constituting the whole or part of an unsold allotment to or subscription as a participant in a public offering);
 - “plan” described in (f) or (g) of Annex A or a “trust fund” described in (h) of Annex A;
- (ii) the undersigned has indicated with a check mark each of the sub-accounts listed below which can independently make each of the representations and warranties in this Section II. If the undersigned decides to purchase securities designated QIB/QP or 3(c)(7) for the accounts of others, it will only purchase for accounts which are checked below, and those accounts will be deemed to make the representations and warranties in I(i) and this Section II. (An insurance company may purchase for one or more of its separate accounts, without regard to whether the account could independently make those representations and warranties);
- (iii) it is not an entity that was formed for the specific purpose of investing in Section 3(c)(7) securities (or if it was formed for such purpose, then each beneficial owner of its securities is a QP);
- (iv) it is not an entity that was formed or is operated as a device for facilitating individual investment decisions of its participants or securityholders;
- (v) if it was formed prior to April 30, 1996 and is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof, then its treatment as a Qualified Purchaser has been consented to (in the manner required by Section 2(a)(51)(C) of the Investment Company Act and rules thereunder) by its beneficial owners who acquired their interests on or before April 30, 1996; and
- (vi) except as set forth in (ii) above, it will not hold Section 3(c)(7) securities for the benefit of any other person, and it will not sell participation interests in the securities to any other person or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the securities.

The undersigned is aware that the registrar and transfer agent for the Company’s warrants (the “Warrants”) will not be required to accept for registration of transfer the Warrants acquired by the undersigned except upon presentation of evidence satisfactory to the Company and the transfer agent that the transferee would satisfy the definition of a “qualified purchaser.” The undersigned is also aware that any certificates representing Warrants will bear a legend reflecting the substance of this paragraph.

III. The undersigned hereby acknowledges and agrees that none of its assets consist of assets of an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or a plan within the meaning of Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), whether or not subject to Title I of ERISA or Section 4975 of the Code, including without limitation, public and private employee benefit plans, IRAs, Keoghs, church plans, and entities which hold, or are deemed to hold, such assets under the Department of Labor Regulations at 29 C.F.R. § 2510.3-101 (the “Plan Asset Regulations”). The undersigned understands and acknowledges that it cannot make a transfer to any party unless the foregoing representation is made by such party. The undersigned is aware

that the registrar and transfer agent for the Warrants will not be required to accept for registration of transfer of the Warrants acquired by the undersigned, except upon presentation of evidence satisfactory to the Company and the transfer agent that the foregoing representation would be complied with upon any such transfer; provided that completing and executing a copy of this Agreement and furnishing it to the Company shall satisfy such requirement. The undersigned is also aware that any certificates representing Warrants will bear a legend reflecting the substance of this paragraph.

- IV. The undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Company and in the Warrants. The undersigned recognizes that an investment in the Company involves a high degree of risk.
- V. The undersigned is acquiring the Warrants for investment purposes and not with a view to distribution thereof or with any present intention of offering or selling the Warrants in violation of the Securities Act.
- VI. The undersigned is aware that the undersigned must bear the economic risk of the undersigned's investment in the Company for an indefinite period of time because the Warrants have not been registered in the United States under the Securities Act, or under the securities laws of any state, and therefore, cannot be sold unless they are subsequently registered under the Securities Act and any applicable state securities laws or an exemption from registration is available. Further, the undersigned understands that only the Company can take action to register the Warrants and that the only obligations the Company has undertaken to register the Warrants are set forth in the Registration Rights Agreement dated as of December 8, 2005, among the Company and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Stifel, Nicolaus & Company, Incorporated. The undersigned also understands that the Company has no obligation to assist in obtaining any exemption(s) from registration.
- VII. The undersigned has received all information regarding the financial condition and the proposed business and operations of the Company or otherwise that the undersigned has requested in order to evaluate its investment in the Company.
- VIII. [*Intentionally Omitted*].
- IX. The undersigned hereby acknowledges that the Company seeks to comply with all applicable laws concerning money laundering and related activities. In furtherance of such efforts, the undersigned hereby represents, warrants and agrees that to the best of the undersigned's knowledge based upon reasonable diligence and investigation:
 - (i) no consideration that the undersigned has contributed or will contribute to the Company has been or shall be derived from, or related to, any activity that is deemed criminal under United States law; and
 - (ii) no consideration that the undersigned has contributed or will contribute to the Company shall cause the Company or any officer or director of the Company to be in violation of the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorism Financing Act of 2001.

The undersigned agrees to provide the Company any additional information regarding the undersigned that the Company deems necessary or appropriate to ensure compliance with all applicable laws concerning money laundering and similar activities. The undersigned understands and agrees that if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering or similar activities, the Company may, in its sole discretion, undertake

appropriate actions to ensure compliance with applicable law or regulation, including but not limited to freezing, segregating or requiring the sale of the undersigned's Warrants. The undersigned further understands that the Company may release confidential information about the undersigned, and, if applicable, any underlying beneficial ownership, to proper authorities if the Company, in its sole discretion, determines that it is the best interests of the Company in light of relevant laws, rules and regulations concerning money laundering and similar activities.

- X. The undersigned further hereby acknowledges and agrees that until such time as the Company files an election to be regulated as a business development company under the Investment Company Act of 1940 (the "'40 Act") or otherwise becomes a registered investment company pursuant to the '40 Act (any such event constituting a "'40 Act Event"), the undersigned shall not sell or transfer its Warrants to any transferee until such time as such transferee makes the representations and warranties contained herein and agrees to be governed by the provisions hereby; provided that completing and executing a copy of this Agreement and furnishing it to the Company shall satisfy such requirement. **Moreover, the undersigned acknowledges that any sale or transfer of the Company's Warrants in the absence of complying with the preceding sentence is prohibited and any such transfer shall be deemed null and void by the Company.**
- XI. Notwithstanding the foregoing, until such time as the undersigned's Warrants are registered under the Securities Act, such Warrants may only be transferred in a transaction that is exempt from registration under the Securities Act and the applicable securities laws of other jurisdictions and the undersigned acknowledges that any transfer of its Warrants of the Company can only be made in accordance with the Securities Act or in accordance with a valid exemption thereunder. To the extent that such Warrants are not purchased on The PORTAL sm Market, the undersigned shall not sell or transfer its Warrants to any transferee until such time as such transferee makes the representations and warranties contained in paragraph I herein and agrees to be governed by the provisions hereby; provided that completing and executing a copy of this Agreement and furnishing it to the addressees hereto shall satisfy such requirement and provided that the transferee acknowledges the following by executing a copy of this Agreement:

THE WARRANTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE WARRANTS MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THE WARRANTS, BY ITS ACCEPTANCE OF THE WARRANTS, AGREES NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH WARRANTS, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE DATE OF THE INITIAL SALE THEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF ANY SUCH WARRANTS (THE "RESALE RESTRICTION TERMINATION DATE"), EXCEPT THAT THE WARRANTS MAY BE TRANSFERRED (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE WARRANTS ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) TO OTHER INVESTORS WITH RESPECT TO WHICH AN EXEMPTION FROM THE

REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE, SUBJECT TO THE COMPANY'S AND THE TRANSFER AGENT'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER IN EACH OF THE FOREGOING CASES, TO REQUIRE DELIVERY BY THE TRANSFEROR TO THE TRANSFER AGENT OF APPROPRIATE CONFIRMATION OF THE FOREGOING.

- XII. Notwithstanding anything herein, this Agreement shall be modified so as to delete: (a) following a '40 Act Event, paragraphs II and X and any transferee shall be required to comply solely with all other items of this Section A and Section B below, (b) following such time as the Warrants constitute "publicly offered securities" under the Plan Asset Regulations, paragraph III and any transferee shall be required to comply with all other items of this Section A and Section B below, and (c) following such time as the Warrants shall have been registered pursuant to an effective registration statement under the Securities Act, paragraphs I, V and XI and any transferee shall be required to comply with all other items of this Section A and Section B below. In case of any modification of this Agreement pursuant to clause (a), (b) or (c) of this paragraph, the Company shall either post such information on its website or it shall provide written notice that such an event has occurred to all holders of its Warrants. Subject to any modifications as a result of this paragraph XII, any transferee of Warrants shall be required to execute and agree to the provisions contained herein and to make such representations and warranties as are applicable hereunder.
- XIII. The undersigned agrees to promptly advise the Company (c/o Tortoise Capital Advisors, LLC at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210) if, after giving effect to paragraph XII, any of the representations or warranties in this certificate relating to it or any identified accounts ceases to be true.

B. MARKET STAND-OFF

The undersigned hereby agrees that it shall not, to the extent requested by the Company or an underwriter or proposed underwriter of securities of the Company, without the prior written consent of the Company and such underwriter(s), directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's common shares (the "Common Shares") or any securities convertible into or exchangeable or exercisable for Common Shares (including the Warrants), whether now owned or hereafter acquired by the undersigned (excluding Common Shares acquired in an initial public offering or acquired in the open market following such an initial public offering) or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Shares, whether any such swap or transaction is to be settled by delivery of Common Shares or other securities, in cash or otherwise sell (other than in any such case to bona fide donees of the undersigned, in each case, who agree to be similarly bound by completing and executing a copy of this Agreement and furnishing it to the Company at the above address or via fax to: (913) 981-1021) within the ninety (90) days following the effective date of a registration statement with respect to an initial public offering of the Company's equity securities filed under the Securities Act (an "IPO Registration Statement").

In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the securities subject to this Section B and to impose stop transfer instructions with respect to the Warrants of the undersigned (and the securities of every other person subject to the foregoing restriction) until the end of such period. The provisions of this Section B shall remain in full force and effect for all holders of the Warrants until such time as a holder receives Warrants pursuant to a valid registration statement under the Securities Act of 1933.

The foregoing covenant shall be for the benefit of the Company as well as for the benefit of any underwriter retained by the Company in connection with an initial public offering of the Company's shares.

Dated: _____

Name of Institution

Name of Contact at Above Institution for Questions and Updates

By: _____³

Mailing Address

Title of Executive Officer⁴

Telephone Number

Account Number

List of Accounts and Sub-Accounts (other than Separate Accounts of an Insurance company)
(attach separate sheet as necessary)

<u>Name of Entity</u>	<u>Account Number</u>	<u>vCheck Box if Applicable, see II(ii) Above</u>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

(List of Separate Accounts of an Insurance company)
(attach separate sheet as necessary)

<u>Name of Entity</u>	<u>Account Number</u>
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³ If the undersigned is unable to make the representations and warranties contained in II(i), it should clearly so state below the signature line.

⁴ Certification must be signed by the institution's chief financial officer or another executive officer, except that if the institution is a member of a "family of investment companies," the certification must be signed by an executive officer of such institution's investment advisor.

ANNEX A

- I. Rule 144A provides that a “Qualified Institutional Buyer” (“QIB”) can be any of the following institutions, provided that such institution owns and/or invests on a discretionary basis at least \$100 million in eligible “securities” (defined in II below).
- (a) an ***insurance company*** as defined in Section 2(13) of the Securities Act of 1933 (the “Act”);
 - (b) an ***investment company*** registered under the Investment Company Act of 1940, acting for its own account or for accounts of other QIBs that are part of a ***family of investment companies*** (as defined in Rule 144A) which family of investment companies owns in aggregate at least \$100 million in eligible securities;
 - (c) an ***investment adviser*** registered under the Investment Advisers Act of 1940;
 - (d) a ***corporation*** (other than a bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Act or a foreign bank or savings and loan association or equivalent institution);
 - (e) a ***partnership*** or Massachusetts or similar ***business trust***;
 - (f) a ***plan established and maintained by a state***, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;
 - (g) an ***employee benefit plan*** within the meaning of Title I of the Employee Retirement Income Security Act of 1974;
 - (h) any ***trust fund*** whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (f) or (g) above, except ***trust funds*** that include as participants individual retirement accounts or H.R. 10 plans.
 - (i) a ***not-for-profit organization*** described in Section 501(c)(3) of the Internal Revenue Code;
 - (j) a ***dealer*** registered pursuant to Section 15 of the Securities Exchange Act of 1934 (a dealer only is required to own and/or invest at least \$10 million in eligible “securities,” excluding securities constituting whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering);
 - (k) a ***bank*** as defined in Section 3(a)(2) of the Act, a savings and loan association or other institution as referred to in Section 3(a)(5)(A) of the Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it, and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial statements;
 - (l) a ***business development company*** as defined in Section 2(a)(48) of the Investment Company Act of 1940;
 - (m) a ***business development company*** as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
 - (n) a ***Small Business Investment Company*** licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
 - (o) any entity, all of the equal owners of which are QIBs.
-

- II. Eligible “Securities” – in determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be *excluded*: securities issued by issuers that are affiliated with the purchaser or, if the purchaser is an investment company, are part of that purchaser’s “family of investment companies”; bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The value of eligible securities must be calculated based on cost (or on the basis of market value if the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published).

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under Section 13 or 15(d) of the Securities Exchange Act of 1934, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in consolidated financial statements of another enterprise.

- III. “Separate account” for purposes of this certification means a separate account as defined by Section 2(a)(37) of the Investment Company Act of 1940 that is neither registered under Section 8 of such Act nor required to be so registered.
-

ANNEX B

Accredited Investor Status for Individual Investors and Certain Investors that are Entities

(Please check all applicable boxes):

- (1) I am a director, executive officer or general partner of the issuer of the securities being offered or sold, or a director, executive officer or general partner of a general partner of that issuer; or
- (2) I am a natural person whose individual net worth or joint net worth with my spouse, at the time of purchase, exceeds \$1,000,000; or
- (3) Any organization described in 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Common Shares and Warrants, with total assets in excess of \$5,000,000; or
- (4) I am a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with my spouse in excess of \$300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year; or
- (5) A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Shares and Warrants, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; or
- (6) An entity in which all of the equity owners are accredited investors.

If other than natural person, check one:

- General Partnership
- Limited Partnership
- Limited Liability Company
- Corporation
- Subchapter S Corporation
- "Grantor" Trust
- Trust
- Estate

If Joint Ownership, check one:

- Joint Tenants w/Rights of Survivorship
 - Tenants-in-Common
 - Community Property
-

ANNEX C

Restrictions on Sales of Book-Entry Securities Designated QIB/QP or 3(c)(7)

The Investment Company Act of 1940, as amended (the “Investment Company Act”) requires that all holders of the outstanding securities of an issuer relying on Section 3(c)(7) (or, in the case of a non-U.S. issuer, all holders that are U.S. Persons) be “qualified purchasers” (“QPs”) as defined in Section 2(a)(51)(A) of the Investment Company Act and related rules. Under the rules, the issuer or an agent acting on its behalf must have a “reasonable belief” that all holders of its outstanding securities (or, in the case of a non-U.S. issuer, all holders that are U.S. Persons), including transferees, are QPs. Consequently, all sales and resales of the securities (or, in the case of non-U.S. issuers, all sales and resales in the United States or to U.S. Persons) must be made pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), solely to purchasers that are “qualified institutional buyers” (“QIBs”) within the meaning of Rule 144A and are also QPs (“QIB/QPs”). Each purchaser of a security designated QP or 3(c)(7) will be deemed to represent at the time of purchase that: (i) the purchaser is a QIB/QP; (ii) the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iii) the purchaser is not a participant-directed employee plan such as a 401(k) plan; (iv) the QIB/QP is acting for its own account, or the account of another QIB/QP; (v) the purchaser is not formed for the purpose of investing in the issuer; (vi) the purchaser, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of securities; and (vii) the purchaser will provide notice of the transfer restrictions to any subsequent transferees.

A “qualified purchaser” as defined in Section 2(a)(51)(A) of the Investment Company Act is (i) any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in an issuer that is excepted under section 3(c)(7) with that person’s qualified purchaser spouse) who owns not less than \$5,000,000 in investments, as defined by the Commission; (ii) any company that owns not less than \$5,000,000 in investments and that is owned directly or indirectly by or for 2 or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons; (iii) any trust that is not covered by clause (ii) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause (i), (ii), or (iv); or (iv) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in investments.

NOTICE OF EXERCISE

The undersigned hereby irrevocably elects to exercise _____ of the Warrants represented by the Global Warrant Certificate dated December 8, 2005 issued by Tortoise Capital Resources Corporation and registered in the name of Cede & Co., as nominee of The Depository Trust Company, and purchase the whole number of shares issuable and deliverable upon exercise of such Warrants, and herewith tenders payment for such shares in accordance with the terms of the Warrant Agreement. The undersigned hereby directs that the certificate or certificates for the shares issuable and deliverable upon exercise, together with any check in payment for fractional shares, be issued in the name of and delivered to the undersigned, unless a different name is indicated below. The undersigned will pay any transfer taxes or other governmental charge payable with respect to any such shares to be issued in the name of a person other than the undersigned.

INSTRUCTIONS FOR REGISTRATION OF SHARES
(please typewrite or print)

Name: _____

Address: _____

Social Security or Other Taxpayer Identification Number: _____

Dated: _____

Signature: _____

Note: Signature must conform to name of Holder appearing on face hereof. Signature must be guaranteed by a member of an accepted medallion guarantee program if Common Shares are to be issued, or Warrant Certificate(s) are to be delivered, other than to and in the name of the Holder.

Signature Guarantee

Fill in for registration of Common Shares and Warrant Certificate(s) if to be issued otherwise than to the Holder:

	Social Security or other Taxpayer Identification Number:
(name)	
(name)	

Please print name and address
(including zip code)

TORTOISE CAPITAL RESOURCES CORPORATION
(a Maryland corporation)
153,815 Common Shares
38,449 Warrants

REGISTRATION RIGHTS AGREEMENT

Dated: January 9, 2006

TORTOISE CAPITAL RESOURCES CORPORATION
(a Maryland corporation)
153,815 Common Shares
38,449 Warrants
REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the “*Agreement*”) is made and entered into as of January 9, 2006, by and among Tortoise Capital Resources Corporation, a Maryland corporation (the “*Company*”), and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Stifel, Nicolaus & Company, Incorporated (the “*Placement Agents*”) pursuant to that certain Placement Agreement, dated January 4, 2006 (the “*Placement Agreement*”), by and among the Company, the Placement Agents and Tortoise Capital Advisors, LLC (“*Tortoise Capital Advisors*”).

In order to induce the investors who are purchasing the Common Shares and Warrants (as defined herein) to purchase such Common Shares and Warrants and the Placement Agents to enter into the Placement Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing of the transactions contemplated by the Placement Agreement. As used in this Agreement, the terms “herein,” “hereof,” “hereto,” “hereinafter” and similar terms shall, in each case, refer to this Agreement as a whole and not to any particular section, paragraph, sentence or other subdivision of this Agreement.

The Company agrees with the Placement Agents (i) for their benefit as Placement Agents and (ii) for the benefit of the beneficial owners from time to time of the Securities (as defined herein) and the Additional Securities (as defined herein), as follows:

1. *Definitions.* Capitalized terms used herein without definition shall have the respective meanings set forth in the Placement Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Additional Securities*” means Common Shares or other securities issued in respect of the Securities by reason of or in connection with any stock dividend, stock distribution, stock split, purchase in any rights offering or in connection with any exchange for or replacement of such shares or any combination of shares, recapitalization, merger or consolidation, or any other equity securities issued pursuant to any other pro rata distribution with respect to the Common Shares or Warrants.

(b) “*Affiliate*” means, with respect to any specified person, an “affiliate,” as defined in Rule 144, of such person.

(c) “*Agreement*” has the meaning set forth in the preamble hereto.

(d) “*Business Day*” means with respect to any act to be performed hereunder, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York, New York or other applicable place where such act is to occur are authorized or obligated by applicable law, regulation or order to close.

(e) “*Claim*” has the meaning set forth in Section 10(n) hereof.

(f) “*Comfort Letter*” has the meaning set forth in Section 4(t) hereof.

- (g) “ *Common Shares* ” means the shares of common stock, \$0.001 par value per share, of the Company.
- (h) “ *Company* ” has the meaning set forth in the preamble hereto.
- (i) “ *End of Suspension Notice* ” has the meaning set forth in Section 5(b) hereof.
- (j) “ *Exchange Act* ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.
- (k) “ *Free Writing Prospectus* ” shall have the meaning set forth in Rule 405 of the Securities Act.
- (l) “ *Holder* ” means each Participant, including where appropriate the Qualifying Holders, and its direct or indirect transferees, so long as such Participant or transferee owns any Registrable Securities.
- (m) “ *IPO* ” means the sale of Common Shares in an underwritten initial public offering registered under the Securities Act.
- (n) “ *Investment Advisory Agreement* ” means that certain Investment Advisory Agreement, dated September 1, 2005, by and between the Company and Tortoise Capital Advisors.
- (o) “ *Investment Representation, Transfer and Market Stand-Off Agreement* ” means the Investment Representation, Transfer and Market Stand-Off Agreements required to be executed and delivered to the Company by any transferee of the Securities.
- (p) “ *IPO Registration Statement* ” has the meaning set forth in Section 2(b) hereof.
- (q) “ *NASD* ” means the National Association of Securities Dealers, Inc.
- (r) “ *Opinion* ” has the meaning set forth in Section 4(t) hereof.
- (s) “ *Participants* ” means the purchasers in the offering of the Securities from the Company.
- (t) “ *Placement Agents* ” has the meaning set forth in the preamble hereto.
- (u) “ *Placement Agreement* ” has the meaning set forth in the preamble hereof.
- (v) “ *Prospectus* ” means the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 415 under the Securities Act), as amended or supplemented by any amendment or prospectus supplement, including post-effective amendments and any prospectus filed with respect to any Registration Statement pursuant to Rule 424 under the Securities Act, and all materials incorporated by reference or deemed to be incorporated by reference in such Prospectus.
- (w) “ *Qualifying Holder* ” means a Holder which at the time of the initial filing of the IPO Registration Statement after giving effect to the Common Shares to be sold therein beneficially owns more than 5% of the Company’s outstanding Common Shares (as determined

under Rule 13d-3 of the Exchange Act).

(x) “*Registrable Securities*” means each of the Securities and any Additional Securities, upon original issuance thereof, and at all times subsequent thereto, including upon the transfer thereof by the original holder or any subsequent holder, until, in the case of any such Securities or Additional Securities, as applicable, the earliest to occur of:

(i) the second anniversary of the initial effective date of the Shelf Registration Statement or, in the case of any Additional Securities for which tacking under Rule 144A is not available and which are not included in the Shelf Registration Statement, until the second anniversary of the issuance of the Additional Securities;

(ii) the date on which all such shares have been sold pursuant to a Registration Statement or distributed to the public pursuant to Rule 144;

(iii) the date on which, in the opinion of counsel to the Company, all such shares not held by Affiliates of the Company are eligible for sale without registration under the Securities Act pursuant to subparagraph (k) of Rule 144 and any applicable legend restricting further transfer of such shares has been removed; or

(iv) the date on which all such shares are sold to the Company or any of its subsidiaries.

(y) “*Registration Expenses*” means all fees and expenses incurred in connection with the performance by the Company of its obligations under this Agreement whether or not any of the Registration Statements are filed or declared effective under the Securities Act, including, without limitation: (i) all registration and filing fees and expenses (including, without limitation, fees and expenses (x) with respect to filings required to be made with the NASD and (y) of compliance with federal securities laws and state securities or “blue sky” laws (including, without limitation, reasonable fees and disbursements of counsel in connection with “blue sky” qualification of any of the Registrable Securities and the preparation of a “blue sky” memorandum, if any)), (ii) all printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company, if any, and printing Prospectuses), (iii) all duplication and mailing expenses relating to copies of any Registration Statement or Prospectus delivered to any Holder hereunder, (iv) all fees and disbursements of counsel for the Company and the fees and disbursements of Selling Holders’ Counsel, if any, in connection with the Registration Statement, (v) all fees and disbursements of the registrar and transfer agent for the Common Shares, (vi) Securities Act liability insurance obtained by the Company in its sole discretion, (vii) the internal expenses of the Company and its Affiliates (including, without limitation, all salaries and expenses of officers and employees performing legal or accounting duties), (viii) the expenses of any special audit, annual audit or quarterly review and “cold comfort” letters required by or incident to such performance, (ix) the fees and expenses incurred in connection with the listing by the Company of the Registrable Securities on any securities exchange or quotation system and (x) the fees and expenses of any person, including, without limitation, special experts, retained by the Company.

(z) “*Registration Statement*” means any Shelf Registration Statement, Subsequent Shelf Registration Statement, Additional Shelf Registration Statement or IPO Registration Statement (to the extent that it covers the resale of any Registrable Securities), or other registration statement of the Company that covers the resale of any Registrable Securities, including the Prospectus, amendments and supplements to such registration statement or

Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

(aa) “ *Regulation D* ” means Regulation D (Rules 501-508) under the Securities Act, as such Rules may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(bb) “ *Rule 144* ” means Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(cc) “ *Rule 144A* ” means Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(dd) “ *Rule 158* ” means Rule 158 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(ee) “ *Rule 415* ” means Rule 415 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(ff) “ *Rule 424* ” means Rule 424 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(gg) “ *Rule 429* ” means Rule 429 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(hh) “ *SEC* ” means the Securities and Exchange Commission.

(ii) “ *Securities Act* ” means the Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

(jj) “ *Selling Holders’ Counsel* ” means one counsel for the Holders that is selected by the Holders holding a majority of the Registrable Securities included in any Registration Statement, with such selection being effective by written consent of Holders holding a majority of the Registrable Securities, whether record or beneficial Holders; *provided* , that if no such counsel is selected prior to the time any activity is required hereunder relating to such counsel, upon appointment of any such counsel in the manner set forth herein, the Company will at such point treat such counsel as the Selling Holders’ Counsel; *provided further* , that in the event Holders have not made any such selection, the Company will use its good faith efforts to facilitate Holders making such a selection and shall at such time fulfill any obligations as would have been required in this Agreement with respect to such counsel.

(kk) “ *Securities* ” means shares of Common Shares and Warrants initially sold by the Company in accordance with the Placement Agreement and Regulation D and pursuant to a Subscription Agreement.

(ll) “ *Shelf Registration Statement* ” has the meaning set forth in Section 2(a) hereof.

(mm) “ *Subscription Agreement* ” means the subscription agreements entered into by each Participant purchasing Securities.

(nn) “ *Subsequent Shelf Registration Statement* ” has the meaning set forth in Section 2(c) hereof.

(oo) “ *Suspension Event* ” has the meaning set forth in Section 5(a) hereof.

(pp) “ *Suspension Notice* ” has the meaning set forth in Section 5(a) hereof.

(qq) “ *Tortoise Capital Advisors* ” has the meaning set forth in the preamble hereto.

(rr) “ *Trigger Date* ” has the meaning set forth in Section 2(g) hereof.

(ss) “ *Underwritten Offering* ” means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

(tt) “ *Warrants* ” means the warrants of the Company which entitle the holder to purchase one common share of the Company upon exercise.

2. *Registration Rights.*

(a) *Mandatory Shelf Registration.* As set forth in Section 4 hereof, the Company agrees to use its best efforts to file with the SEC as soon as reasonably practicable, but in no event later than 18 months from December 8, 2005, a Shelf Registration Statement on Form N-2 or such other form under the Securities Act then available to the Company providing for the resale, pursuant to Rule 415, from time to time by the Holders of any and all Registrable Securities (including for the avoidance of doubt any Additional Securities that are issued prior to the effectiveness of such shelf Registration Statement) (such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, the “ *Shelf Registration Statement* ”). The Company shall use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the SEC as promptly as practicable but in any event on or prior to the 75th day following such filing. Upon the consummation of an IPO, the Company shall be required to (a) use its best efforts to file the Shelf Registration Statement referred to above on or prior to the earlier of (i) 18 months from December 8, 2005 and (ii) nine (9) months following the consummation of such IPO and (b) use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the SEC as promptly as practicable but in any event on or prior to the 75th day following such filing. Any Shelf Registration Statement shall provide for the resale, from time to time and pursuant to any method or combination of methods legally available (including, without limitation, an Underwritten Offering, a direct sale to purchasers, a sale through brokers or agents or a sale over the internet) by the Holders, of any and all Registrable Securities.

(b) *IPO Registration.* If, prior to the Shelf Registration Statement described above in Section 2(a) being declared effective by the SEC, the Company proposes to file with the SEC a registration statement on Form N-2 or such other form under the Securities Act providing for the initial public offering of its Common Shares (such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, the “ *IPO Registration Statement* ”), the Company will notify each Holder in writing of the filing (including notifying each Holder of the identity of the managing underwriters of such initial

public offering), within five Business Days after the filing thereof, and afford each Qualifying Holder an opportunity within the 15-Business Day period designated in such notice to include in such IPO Registration Statement all or any part of the Registrable Securities then held by such Holder, in a maximum amount of Registrable Securities the sale of which would result in such Holder being the beneficial owner of fewer than 5% of the Company's outstanding Common Shares following such IPO (as determined under Rule 13d-3 of the Exchange Act). Each Qualifying Holder desiring to include in any such IPO Registration Statement the Registrable Securities held by such Qualifying Holder in a maximum amount as set forth in the preceding sentence shall, within 15 Business Days after receipt of the above-described notice by the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Qualifying Holder wishes to include in such IPO Registration Statement. Any election by any Qualifying Holder to include any Registrable Securities in such IPO Registration Statement will not affect the inclusion of such Registrable Securities in the Shelf Registration Statement until such Registrable Securities have been sold under the IPO Registration Statement; *provided, however*, that at such time of sale, the Company shall have the right to remove from the Shelf Registration Statement the Registrable Securities sold pursuant to the IPO Registration Statement. For the avoidance of doubt, if the Shelf Registration Statement is declared effective by the SEC prior to the filing of an IPO Registration Statement, Registrable Securities will not be entitled to be included in the IPO Registration Statement.

(c) *Subsequent Registration.* If, following an IPO, the Company proposes to file with the SEC at any time a registration statement on Form N-2 or such other form under the Securities Act providing for a follow-on public offering of Common Shares (any such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, a “*Subsequent Shelf Registration Statement*”) then the Company will notify each Holder in writing of the filing (including notifying each Holder of the identity of the managing underwriters of such subsequent public offering), within five Business Days after the filing thereof, and afford each Holder an opportunity within the 15-Business Day period designated in such notice to include in such Subsequent Shelf Registration Statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such Subsequent Shelf Registration Statement all or part of the Registrable Securities held by such Holder shall, within 15 Business Days after receipt of the above-described notice by the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such Subsequent Shelf Registration Statement. Any election by any Holder to include any Registrable Securities in such Subsequent Shelf Registration Statement will not affect the inclusion of such Registrable Securities in the Shelf Registration Statement until such Registrable Securities have been sold under the Subsequent Shelf Registration Statement; *provided, however*, that at such time of sale, the Company shall have the right to remove from the Shelf Registration Statement the Registrable Securities sold pursuant to the Subsequent Shelf Registration Statement. For the avoidance of doubt, if the Shelf Registration Statement is declared effective by the SEC prior to the filing of a Subsequent Shelf Registration Statement, Registrable Securities will not be entitled to be included in the Subsequent Shelf Registration Statement.

(d) *Provisions Applicable to IPO Registration Statement or Subsequent Shelf Registration Statement.*

(i) *Right to Terminate IPO Registration Statement or Subsequent Shelf Registration Statement.* At any time, the Company shall have the right to terminate or withdraw the IPO Registration Statement or any Subsequent Shelf Registration Statement referred to in Section 2(b) or Section 2(c) whether or not any Qualifying Holder or Holder, as applicable, has elected to include Registrable Securities in such registration; *provided, however,* that the Company must provide each Qualifying Holder or Holder, as applicable, that elected to include any Registrable Securities in such IPO Registration Statement or Subsequent Shelf Registration Statement prompt notice of such termination. Furthermore, in the event the IPO Registration Statement or Subsequent Shelf Registration Statement is not declared effective by the SEC within 75 days following the initial filing of the IPO Registration Statement or Subsequent Shelf Registration Statement, unless a road show for the Underwritten Offering pursuant to the IPO Registration Statement or Subsequent Shelf Registration Statement is in progress at such time, the Company shall promptly provide a new notice in writing substantially the same as the original notice described above to all Qualifying Holders or Holders, as applicable, giving the Qualifying Holders or Holders, as applicable, a further opportunity to elect to include Registrable Securities in the pending IPO Registration Statement or Subsequent Shelf Registration Statement. Each Qualifying Holder or Holder, as applicable, desiring to include in any such IPO Registration Statement or Subsequent Shelf Registration Statement all or part of the Registrable Securities held by such Qualifying Holder or Holder, as applicable, shall, within 15 Business Days after receipt of the above-described notice by the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Qualifying Holder or Holder, as applicable, wishes to include in such IPO Registration Statement or Subsequent Shelf Registration Statement.

(ii) *Shelf Registration not Impacted by IPO Registration Statement or Subsequent Shelf Registration Statement.* The Company's obligation to file the Shelf Registration Statement pursuant to Section 2(a) hereof and keep effective such Shelf Registration Statement shall not be affected by the filing or effectiveness of the IPO Registration Statement or a Subsequent Shelf Registration Statement, except to the extent Registrable Securities are sold pursuant to the IPO Registration Statement or a Subsequent Shelf Registration Statement, in which case, the Company shall have the right to remove from such Shelf Registration Statement the Registrable Securities sold pursuant to the IPO Registration Statement or Subsequent Shelf Registration Statement.

(iii) *Selection of Underwriter.* The Company shall have the sole right to select the managing or co-lead underwriter(s) for its IPO or any follow-on public offering, regardless of whether any Registrable Securities are included in the IPO Registration Statement or a Subsequent Shelf Registration Statement as provided above. The right of any such Qualifying Holder's or Holder's Registrable Securities, as applicable, to be included in the IPO Registration Statement or any Subsequent Shelf Registration Statement, as applicable, pursuant to Section 2(b) or 2(c) shall be conditioned upon such Qualifying Holder's or Holder's participation, as applicable, in such Underwritten Offering and the inclusion of such Qualifying Holder's or Holder's Registrable Securities, as applicable, in the Underwritten Offering to the extent provided herein. All Qualifying Holders or Holders, as applicable, proposing to distribute their Registrable Securities through such Underwritten Offering shall enter into an underwriting agreement in customary form with the managing underwriters selected by the Company for such underwriting and complete and execute any questionnaires, powers-of-attorney, indemnities, securities escrow agreements and other documents

reasonably required under the terms of such underwriting, and furnish to the Company such information in writing as the Company may reasonably request for inclusion in the IPO Registration Statement or any Subsequent Shelf Registration Statement, as applicable; *provided, however*, that no Qualifying Holder or Holder who is not an affiliate of the Company or Tortoise Capital Advisors shall be required to make any representations or warranties to or agreements (including indemnities) with the Company or the underwriters other than representations, warranties or agreements (including indemnities) as are customary and reasonably requested by the Company or the underwriters with the understanding that the foregoing shall be several, not joint and several, and no such agreement (including indemnities) shall require any Qualifying Holder or Holder to be liable for an amount in excess of the gross proceeds received by such Qualifying Holder or Holder through such Underwritten Offering. Notwithstanding any other provision of this Agreement, if the managing underwriters determine in good faith that marketing factors require a limitation on the number of shares to be included, then the managing underwriters may exclude shares (including Registrable Securities) from the IPO Registration Statement or a Subsequent Shelf Registration Statement and any Common Shares included in the IPO Registration Statement or a Subsequent Shelf Registration Statement shall be allocated, *first*, to the Company, and *second*, to each of the Qualifying Holders or Holders or holders pursuant to the registration rights agreement dated December 8, 2005, between the Company and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Stifel, Nicolaus & Company, Incorporated (the “December 8, 2005 Registration Rights Agreement”), as applicable, requesting inclusion of their Registrable Securities (or registrable securities under the December 8, 2005 Registration Rights Agreement) in such IPO Registration Statement or Subsequent Shelf Registration Statement, as applicable, on a pro rata basis based on the total number of Registrable Securities then held by each such Holder (or registrable securities under the December 8, 2005 Registration Rights Agreement then held by a holder thereunder) which is requesting inclusion).

If any Qualifying Holder or Holder, as applicable, disapproves of the terms of any Underwritten Offering that is undertaken by the Company in accordance with the terms hereof, such Qualifying Holder or Holder, as applicable, may elect to withdraw therefrom by written notice to the Company and the managing underwriter(s), delivered at least five (5) Business Days prior to the effective date of the IPO Registration Statement or such Subsequent Shelf Registration Statement, as applicable; *provided, however*, that if, in the opinion of counsel, such withdrawal would necessitate a re-circulation of the Prospectus to investors, such Qualifying Holder or Holder, as applicable, shall be required to deliver such written notice at least 10 Business Days prior to the effective date of the IPO Registration Statement or such Subsequent Shelf Registration Statement, as applicable. Any Registrable Securities excluded or withdrawn from such Underwritten Offering shall be excluded and withdrawn from the IPO Registration Statement or such Subsequent Shelf Registration Statement.

(iv) *Hold-Back Agreement.* By electing to include Registrable Securities in the IPO Registration Statement or a Subsequent Shelf Registration Statement, if any, each Qualifying Holder or Holder, as applicable, shall be deemed to have agreed with the Placement Agents not to effect any sale or distribution of securities of the Company of the same or similar class or classes of the securities included in the IPO Registration Statement or such Subsequent Shelf Registration Statement or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 or Rule 144A, during such periods as reasonably requested by the managing

underwriter(s) of the Underwritten Offering pursuant to the IPO Registration Statement or a Subsequent Shelf Registration Statement, as applicable, (but in no event for a period longer than 180 days or 90 days following the effective date of the IPO Registration Statement or such Subsequent Shelf Registration Statement, respectively), *provided* that each of Tortoise Capital Advisors and its Affiliates and each executive officer, director, stockholder, member, partner or manager of any of the foregoing that hold Common Shares or securities convertible into or exchangeable or exercisable for Common Shares are subject to the same restriction for the entire time period required of the Holders hereunder.

(e) *Registrable Securities not Included under Subsequent Shelf Registration Statement.* If Registrable Securities were otherwise not included in a Subsequent Shelf Registration Statement because (i) a Subsequent Shelf Registration Statement is withdrawn prior to the distribution of all Registrable Securities registered thereunder, (b) the underwriters exercise their right to exclude any Registrable Securities from such Subsequent Shelf Registration Statement, or (c) any Registrable Securities are otherwise not offered an opportunity to be registered under and distributed pursuant to such Subsequent Shelf Registration Statement, then the Company will be obligated to file an additional shelf registration statement relating to any Registrable Securities not included in and distributed pursuant to such Subsequent Shelf Registration Statement (y) within thirty (30) days of the withdrawal or abandonment of the offering pursuant to such Subsequent Shelf Registration Statement or (z) within one hundred eighty (180) days of the consummation of the offering pursuant to such Subsequent Shelf Registration Statement, providing for the resale of the Registrable Securities pursuant to Rule 415 from time to time by the Holders (such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, a “ *Additional Shelf Registration Statement* ”) in the same manner, and subject to the same provisions in this Agreement as the Shelf Registration Statement, *provided* that the provisions of Sections 2(a), 2(c) and 2(d) shall not apply to any Additional Shelf Registration Statement.

(f) *Expenses.* The Company shall pay all Registration Expenses in connection with the registration of the Registrable Securities pursuant to this Agreement. Each Qualifying Holder or Holder, as applicable, participating in a registration pursuant to this Section 2 shall bear such Qualifying Holder’s or Holder’s proportionate share (based on the total number of Registrable Securities sold in such registration) of all discounts and commissions payable to underwriters or brokers and all transfer taxes and transfer fees in connection with a registration of Registrable Securities pursuant to this Agreement and any other expense of the Qualifying Holders or Holders, as applicable, not specifically allocated to the Company pursuant to this Agreement relating to the sale or disposition of such Qualifying Holder’s or Holder’s Registrable Securities pursuant to any Registration Statement.

(g) *Investment Advisory Agreement.* In the event (i) the Shelf Registration Statement is not filed with the SEC within 18 months from December 8, 2005 or is not declared effective by the SEC on or prior to the 75th day following the filing date of such Shelf Registration Statement or (ii) upon the consummation of an IPO, the Company does not (A) file the Shelf Registration Statement referred to above on or prior to the earlier of (i) 18 months from December 8, 2005 or (ii) nine (9) months following the consummation of such IPO and (B) such Shelf Registration Statement is not declared effective by the SEC on or prior to the 75th day following such filing (any such date a “ *Trigger Date* ”), Tortoise Capital Advisors shall defer one-sixth of the Base Management Fee (as defined in the Investment Advisory Agreement) it is entitled to receive

pursuant to the Investment Advisory Agreement for a period commencing from and after the Trigger Date until the earlier of (i) the date the Shelf Registration Statement is declared effective and (ii) two (2) years following the date hereof.

3. *Rules 144 and 144A Reporting.*

With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, until such date as no Holder owns any Registrable Securities, the Company agrees to:

(a) at all times after the effective date of the first registration statement under the Securities Act filed by the Company for an offering of its securities to the general public, use its commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144(c);

(b) use its commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required to be filed by the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) if the Company is not required to file reports and other documents under the Securities Act and the Exchange Act, make available other information as required by, and so long as necessary to permit sales of Registrable Securities pursuant to, Rule 144 and Rule 144A and in any event shall provide to each Holder a copy of:

(i) the Company's annual consolidated financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders' equity and statements of cash flows) prepared in accordance with U.S. generally accepted accounting principles, accompanied by an audit report of the Company's independent accountants, no later than 90 days after the end of each fiscal year of the Company, and

(ii) the Company's unaudited quarterly financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders' equity and statements of cash flows) prepared in a manner consistent with the preparation of the Company's annual financial statements, no later than 45 days after the end of each fiscal quarter of the Company.

(d) take such further actions consistent with this Section 3, as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing a Holder to sell any such Registrable Securities without registration.

4. *Registration Procedures.*

In connection with the obligations of the Company with respect to any registration pursuant to this Agreement, the Company shall use its commercially reasonable efforts to effect or cause to be effected the registration of the Registrable Securities under the Securities Act to permit the public resale of such Registrable Securities by the Holder or Holders in accordance with the Holders' intended method or methods of resale and distribution (which methods shall be commercially reasonable), and the Company shall:

(a) notify Selling Holders' Counsel, if any, in writing, at least 20 Business Days prior to filing a Registration Statement (other than an IPO Registration Statement or Subsequent

Shelf Registrant Statement notice which is set forth in Section 2), of its intention to file such Registration Statement with the SEC and, at least 15 Business Days prior to filing, provide a copy of the Registration Statement to Selling Holders' Counsel, if any, for review and comment, which comments shall be provided within 10 Business Days of delivering such Registration Statement; prepare and file with the SEC, as specified in this Agreement, a Registration Statement, which Registration Statement shall comply in all material respects as to form with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use its best efforts to reflect in such Registration Statement, when so filed with the SEC, such comments as Selling Holders' Counsel, if any, may reasonably propose; notify Selling Holders' Counsel, if any, in writing, at least two Business Days prior to the filing of any amendment or supplement to a Registration Statement, and within a reasonable time prior to filing, provide a copy of such amendment or supplement to Selling Holders' Counsel, if any, for review and comment and use its best efforts to reflect in such amendment or supplement, when so filed with the SEC, such comments as Selling Holders' Counsel, if any, may reasonably propose; and use its commercially reasonable efforts to cause such Registration Statement to become effective as promptly as practicable following such filing (and in any event as provided in Section 2(a)) and to remain effective, subject to Section 5 hereof, until the earlier of (i) such time as all Registrable Securities covered thereby have been sold in accordance with the intended methods of distribution of such Registrable Securities, and (ii) the date on which no Holder holds Registrable Securities; *provided, however*, that the Company shall not be required to cause the IPO Registration Statement or any Subsequent Shelf Registration Statement to become effective; *provided, further*, that if the Company has an effective Shelf Registration Statement, Subsequent Shelf Registration Statement or Additional Shelf Registration Statement on Form N-2 under the Securities Act and becomes eligible to use a short-form Registration Statement under the Securities Act, the Company may, upon 30 days' prior written notice to all Holders of Registrable Securities, register any Registrable Securities registered but not yet distributed under the effective Shelf Registration Statement, Subsequent Shelf Registration Statement or Additional Shelf Registration Statement on such short-form Shelf Registration Statement and, once the short-form Shelf Registration Statement is declared effective, de-register such shares under the previous Shelf Registration Statement, any Subsequent Shelf Registration Statement or Additional Shelf Registration Statement or transfer filing fees from the previous Shelf Registration Statement, Subsequent Shelf Registration Statement or Additional Shelf Registration Statement (such transfer pursuant to Rule 429, if applicable) unless the Holders holding at least a majority of the shares registered by the Holders under the initial Shelf Registration Statement, any Subsequent Shelf Registration Statement or Additional Shelf Registration Statement notify the Company within 10 days of receipt of the Company notice that such a registration under a new Registration Statement and de-registration of the initial Shelf Registration Statement, any Subsequent Shelf Registration Statement or Additional Shelf Registration Statement would materially interfere with such Holders' distribution of Registrable Securities already in progress, in which case the Company shall delay the effectiveness of the short-form Shelf Registration Statement and de-registration for a period of not less than 20 days from the date that the Company receives the notice from such Holders requesting a delay;

(b) subject to Section 4(i) hereof, (i) prepare and file with the SEC such amendments and post-effective amendments to each such Registration Statement as may be necessary to keep such Registration Statement effective for the period described in Section 4(a) hereof, (ii) cause each Prospectus contained therein to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 and (iii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the method or methods of distribution set forth in the "Plan of Distribution" section of the Prospectus;

(c) furnish to the Holders, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities; the Company consents, subject to Section 5, to the lawful use of such Prospectus, including each preliminary Prospectus, by the Holders, if any, in connection with the offering and sale of the Registrable Securities covered by any such Prospectus;

(d) use its commercially reasonable efforts to register or qualify, or obtain exemption from registration or qualification for, all Registrable Securities by the time the applicable Registration Statement is declared effective by the SEC under all applicable state securities or “blue sky” laws of such United States jurisdictions as any Holder with Registrable Securities covered by a Registration Statement shall reasonably request in writing, keep each such registration or qualification or exemption effective during the period such Registration Statement is required to be kept effective pursuant to Section 4(a) and do any and all other acts and things that may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities covered by the Registration Statement; *provided, however*, that the Company shall not be required to take any action to comply with this Section 4(d) if it would require the Company or any of its subsidiaries to (i) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 4(d) and except as may be required by the Securities Act, (ii) subject itself to taxation in any such jurisdiction or (iii) submit to the general service of process in any such jurisdiction;

(e) use its commercially reasonable efforts to cause all Registrable Securities covered by such Registration Statement to be registered and approved by such other governmental agencies or authorities in the United States, if any, as may be necessary to enable the Holders thereof to consummate the disposition of such Registrable Securities; *provided, however*, that the Company shall not be required to take any action to comply with this Section 4(e) if it would require the Company or any of its subsidiaries to (i) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 4(e) and except as may be required by the Securities Act, (ii) subject itself to taxation in any such jurisdiction or (iii) submit to the general service of process in any such jurisdiction;

(f) notify Selling Holders’ Counsel, if any, and each Holder with Registrable Securities covered by a Registration Statement promptly and, if requested by Selling Holders’ Counsel, if any, or any such Holder, confirm such advice in writing at the address determined in accordance with Section 10(d), (i) when such Registration Statement has become effective and when any post-effective amendments thereto become effective or upon the filing of a supplement to any Prospectus, (ii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for that purpose, (iii) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to such Registration Statement or related Prospectus or for additional information and (iv) of the happening of any event during the period such Registration Statement is effective as a result of which such Registration Statement or the related Prospectus or any document incorporated by reference therein contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of the Prospectus, contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which

they were made, not misleading (which information shall be accompanied by an instruction to suspend the use of the Registration Statement and the Prospectus (such instruction to be provided in the same manner as a Suspension Notice) until the requisite changes have been made, at which time notice of the end of suspension shall be delivered in the same manner as an End of Suspension Notice);

(g) during the period of time referred to in Section 4(a) above, use commercially reasonable efforts to avoid the issuance of, or if issued, to obtain the withdrawal of, any order enjoining or suspending the use or effectiveness of a Registration Statement or suspending the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as promptly as practicable;

(h) upon request, furnish to Selling Holders' Counsel, if any, and each requesting Holder with Registrable Securities covered by a Registration Statement, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment or supplement thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(i) except as provided in Section 5, upon the occurrence of any event contemplated by Section 4(f)(iv) hereof, use its commercially reasonable efforts to promptly prepare a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that such Registration Statement or related Prospectus or document incorporated therein by reference will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of the Prospectus, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) if requested by the representative of the underwriters, if any, or any Holder of Registrable Securities being sold in connection with an Underwritten Offering, (i) as promptly as practicable incorporate in a Prospectus supplement or post-effective amendment such material information as the representative of the underwriters, if any, or such Holder indicates in writing relates to them and (ii) use its commercially reasonable efforts to make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received written notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(k) enter into customary agreements (including in the case of an Underwritten Offering, an underwriting agreement in customary form and reasonably satisfactory to the Company) and take all other reasonable action in connection therewith in order to expedite or facilitate the distribution of the Registrable Securities included in such Registration Statement and, in the case of an Underwritten Offering, make representations and warranties to the Holders of Registrable Securities covered by such Registration Statement and to the underwriters in such form and scope as are customarily made by issuers to selling stockholders and underwriters in underwritten offerings, respectively, and confirm the same to the extent customary if and when requested;

(l) use its commercially reasonable efforts to make available for inspection by one representative selected by the Holders holding a majority of the Registrable Securities included in any Registration Statement and, with respect to an Underwritten Offering, the representative

underwriters participating in any disposition pursuant to a Registration Statement and any one law firm retained by each of the Holders and the underwriters, respectively, during normal business hours and upon reasonable notice, all financial and other records, pertinent corporate documents and properties of the Company and cause the respective officers, directors and employees of the Company and/or Tortoise Capital Advisors to supply all information reasonably requested by such parties in connection with a Registration Statement and the due diligence review of the Registration Statement and the information contained or incorporated therein; *provided, however*, that such records, documents or information that the Company determines, in good faith, to be confidential and notifies the foregoing parties of such confidential nature shall not be disclosed by the foregoing parties unless (i) the disclosure of such records, documents or information is necessary to avoid or correct a material misstatement or omission in a Registration Statement or Prospectus, (ii) the release of such records, documents or information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, or (iii) such records, documents or information have been generally made available to the public by the Company; *provided, further*, that to the extent practicable, the foregoing inspection and information gathering shall be coordinated on behalf of the Holders and the other parties entitled thereto by one law firm designated by and on behalf of the Holders and the other parties;

(m) use its commercially reasonable efforts (including, without limitation, seeking to cure in the Company's listing or inclusion application any deficiencies cited by the exchange or market) to list or include all Registrable Securities on the New York Stock Exchange or the Nasdaq Stock Market;

(n) use its commercially reasonable efforts to prepare and file in a timely manner all documents and reports required by the Exchange Act and, to the extent the Company's obligation to file such reports pursuant to Section 15(d) of the Exchange Act expires prior to the expiration of the effectiveness period of the Registration Statement as required by Section 4(a) hereof, the Company shall register the Registrable Securities under the Exchange Act and shall maintain such registration through the effectiveness period required by Section 4 (a) hereof;

(o) provide a CUSIP number for all Registrable Securities, not later than the effective date of the Registration Statement;

(p) (i) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the SEC, (ii) make generally available to its stockholders, as soon as reasonably practicable, earnings statements covering at least 12 months that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 (or any similar rule promulgated under the Securities Act), no later than 90 days after the end of each fiscal year of the Company and (iii) delay the effectiveness of any Registration Statement or Prospectus or not file any amendment or supplement to such Registration Statement or Prospectus to which Selling Holders' Counsel, if any, or any Holder of Registrable Securities covered by such Registration Statement shall have, based upon the written opinion of counsel, objected on the grounds that such Registration Statement or Prospectus or amendment or supplement does not comply in all material respects with the requirements of the Securities Act, *provided* that the Company may file and request effectiveness of such Registration Statement following such time as the Company shall have used its commercially reasonable efforts to resolve any such issue with Selling Holder's Counsel, if any, or such objecting Holder and shall have advised Selling Holder's Counsel, if any, or such Holder in writing of its reasonable belief that such filing complies with the requirements of the Securities Act;

(q) provide and cause to be maintained a registrar and transfer agent for all

Registrable Securities covered by any Registration Statement from and after a date not later than the effective date of such Registration Statement;

(r) in connection with any sale or transfer of the Registrable Securities (whether or not pursuant to a Registration Statement) that will result in the securities being delivered no longer being Registrable Securities, cooperate with the Holders and the managing underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be sold, which certificates shall not bear any transfer restrictive legends (other than as required by the Company's charter) and to enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriter(s), if any, or the Holders may reasonably request at least three Business Days prior to any sale of the Registrable Securities;

(s) upon effectiveness of the first Registration Statement filed by the Company, take such actions and make such filings as are necessary to effect the registration of the Common Shares under the Exchange Act simultaneously with or as soon as practicable following the effectiveness of the Registration Statement to the extent such registration has not already taken place;

(t) in the case of an Underwritten Offering, use its best efforts to furnish or cause to be furnished to the underwriters a signed counterpart, addressed to the underwriters, of: (i) an opinion of counsel for the Company, dated the date of each closing under the underwriting agreement, in customary form and reasonably satisfactory to the underwriters (an "*Opinion*"); and (ii) a "cold comfort" letter, dated the effective date of the Registration Statement and the date of each closing under the underwriting agreement, signed by the independent public accountants who have certified the Company's financial statements included in such Registration Statement (and the Prospectus included therein) and with respect to events subsequent to the date of such financial statements, as are customarily covered in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other financial matters as the underwriters may reasonably request and are customarily obtained by underwriters in underwritten public offerings (a "*Comfort Letter*");

(u) at a reasonable time prior to the filing of any Prospectus, any amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to Selling Holders' Counsel, if any, and make representatives of the Company as shall be reasonably requested by Selling Holders' Counsel, if any, available for discussion of such document; and

(v) in connection with the initial filing of a Registration Statement and each amendment thereto with the SEC, prepare and timely file with the NASD all forms and information required or requested by the NASD.

The Company may require the Holders to furnish to the Company such information regarding the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing or as shall be required to effect the registration of the Registrable Securities and no Holder shall be entitled to be named as a selling stockholder in any Registration Statement and no Holder shall be entitled to use the Prospectus forming a part thereof if such Holder does not provide such information to the Company. Any Holder that sells Registrable Securities pursuant to a Registration Statement shall be required to be named as a selling stockholder in the related Prospectus and to deliver or cause to be delivered a Prospectus to purchasers. Each Holder further agrees to furnish

promptly to the Company in writing all information required from time to time to make the information previously furnished by such Holder not misleading.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(f)(ii), 4(f)(iii) or 4(f)(iv) hereof, such Holder will immediately discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of copies of the supplemented or amended Prospectus. If so directed by the Company, such Holder will deliver to the Company (at the reasonable expense of the Company) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. *Black-Out Period.*

(a) Subject to the provisions of this Section 5, the Company shall have the right, but not the obligation, from time to time, to suspend the use of a Registration Statement following the effectiveness of the Registration Statement (and the filings with any international, federal or state securities commissions), if a Suspension Event (as defined herein) occurs. If the Company elects to suspend the effectiveness and/or use of a Registration Statement following the occurrence of a Suspension Event, the Company, by written notice to Selling Holders' Counsel, if any, and the Holders (a "*Suspension Notice*"), shall notify such parties in writing that the effectiveness of the Registration Statement has been suspended and shall direct the Holders to suspend sales of the Registrable Securities pursuant to the Registration Statement until the Suspension Event has ended. A "*Suspension Event*" shall be deemed to have occurred if: (i) the managing underwriter (s) of an Underwritten Offering has advised the Company that the offer or sale of Registrable Securities pursuant to the Registration Statement would have a material adverse effect on the Company's Underwritten Offering; (ii) the Board of Directors of the Company in good faith has determined that the offer or sale of any Registrable Securities would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other significant transaction involving the Company; or (iii) the Board of Directors of the Company has determined in good faith, that it is required by law, or that it is in the best interests of the Company, to supplement the Registration Statement or file a post-effective amendment to the Registration Statement in order to ensure that the Prospectus included in the Registration Statement (1) contains the information required under Section 10(a)(3) of the Securities Act; (2) discloses any fundamental change in the information included in the Prospectus; or (3) discloses any material information with respect to the plan of distribution not disclosed in the Registration Statement or any material change to such information. Upon the occurrence of any Suspension Event, the Company shall use its best efforts to cause the Registration Statement to become effective or to promptly amend or supplement the Registration Statement or to take such action as is necessary to make resumed use of the Registration Statement compatible with the Company's best interests, as applicable, so as to permit the Holders to resume sales of the Registrable Securities as soon as practicable. In no event shall the Company be permitted to suspend the use of a Registration Statement in any 12-month period for more than 30 consecutive days or for more than an aggregate of 60 days, except as a result of a refusal by the SEC to declare any post-effective amendment to the Registration Statement effective after the Company has used its best efforts to cause such post-effective amendment to be declared effective, in which case the Company shall terminate the suspension of the use of the Registration Statement immediately following the effective date of the post-effective amendment.

(b) If the Company gives a Suspension Notice to Selling Holders' Counsel, if any, and the Holders to suspend sales of the Registrable Securities following a Suspension Event, the Holders shall not effect any sales of the Registrable Securities pursuant to such Registration

Statement (or such filings) at any time after it has received a Suspension Notice from the Company and prior to receipt of an End of Suspension Notice (as defined herein). If so directed by the Company in writing, each Holder will deliver to the Company (at the expense of the Company) all copies other than permanent file copies then in such Holder's possession of the Prospectus covering the Registrable Securities at the time of receipt of the Suspension Notice. The Holders may recommence effecting sales of the Registrable Securities pursuant to the Registration Statement (or such filings) upon delivery by the Company of a notice in writing that the Suspension Event or its potential effects are no longer continuing (an "End of Suspension Notice"), which End of Suspension Notice shall be given by the Company to Selling Holders' Counsel, if any, and the Holders in the same manner as the Suspension Notice promptly following the conclusion of any Suspension Event and its effect.

(c) Notwithstanding any provision herein to the contrary, if the Company shall give a Suspension Notice with respect to any Registration Statement pursuant to this Section 5, the Company agrees that it shall extend the period of time during which such Registration Statement shall be maintained effective pursuant to this Agreement by one times the number of days during the period from the date of receipt by the Holders of the Suspension Notice to and including the date of receipt by the Holders of the End of Suspension Notice and provide copies of the supplemented or amended Prospectus necessary to resume sales, with respect to each Suspension Event; and, if applicable, the period for which the shares of Common Shares covered by such Registration Statement remain Registrable Securities shall be commensurately extended.

6. *Indemnification, Contribution.*

(a) The Company agrees to indemnify and hold harmless the Placement Agents, each Holder, each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Holder or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or any Free Writing Prospectus or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or arising out of any material misstatement or omission in the information conveyed to an investor at the time it made its investment decision;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by any indemnified party), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Holder or Underwriter expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto) or any Free Writing Prospectus.

(b) Each Holder severally, but not jointly, agrees to indemnify and hold harmless the Company, the Placement Agents, each Underwriter and the other selling Holders, and each of their respective directors and officers, and each Person, if any, who controls the Company, the Placement Agents, any Underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 6 (a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in a Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) or any Free Writing Prospectus in reliance upon and in conformity with written information with respect to such Holder furnished to the Company by such Holder expressly for use in such Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto) or any Free Writing Prospectus; *provided, however*, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in this Section 6 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Holders and the Placement Agents on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the Holders and the Placement Agents on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Holders or the Placement Agents and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Holders and the Placement Agents agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Placement Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 6 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 6, no Placement Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it were offered exceeds the amount of any damages which such Placement Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 6, each Person, if any, who controls a Placement Agent or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Placement Agent or Holder, and each director of the Company, and each Person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Placement Agents' respective obligations to contribute pursuant to this Section 6 are several in proportion to the principal amount of Securities placed by each such Placement Agent pursuant to the Placement Agreement and not joint.

7. *Market Stand-Off Agreement.*

Notwithstanding anything to the contrary in the Subscription Agreements, each Holder agrees that it shall not, to the extent requested by the Company or an underwriter of the Company's Common Shares, without the prior written consent of the Company and such underwriter(s), directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Shares or any securities convertible into or exchangeable or exercisable for Common Shares (including the Warrants), whether now owned or hereafter acquired by the undersigned (excluding Common Shares acquired in the IPO or acquired in the open market following the IPO) or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Common Shares, whether any such swap or transaction is to be settled by delivery of Common Shares or other securities, in cash or otherwise sell (other than in any such case to bona fide donees of the purchaser, in each case, who agree to be similarly bound by completing and executing a copy of the Investment Representation, Transfer and Market Stand-Off Agreement and furnishing it to the Company) within the ninety (90) days following the effective date of the IPO Registration Statement. The provisions of this Section 7 shall remain in full force and effect for all Holders of the Common Shares until such time as a Holder receives Common Shares pursuant to a Registration Statement.

8. *Termination of the Company's Obligations.*

The Company shall have no further obligations pursuant to this Agreement at such time as no Registrable Securities are outstanding; *provided*, *however*, that the Company's obligations under Sections 3, 6 and 10(a) through and including 10(n) of this Agreement shall remain in full force and effect following such time.

9. *Underwritten Offerings.*

(a) If any of the Registrable Securities covered by the Shelf Registration Statement or any Additional Shelf Registration Statement are to be offered and sold in an Underwritten Offering, the investment bank or investment banks and manager or managers that will administer the offering shall be selected by the Holders of a majority of such Registrable Securities to be included in such offering.

(b) No Holder may participate in any Underwritten Offering proposed under the Shelf Registration Statement or any Additional Shelf Registration Statement unless such Holder (i) agrees to sell such Holder's Registrable Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers-of-attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

10. *Miscellaneous.*

(a) *Remedies.* The Company acknowledges and agrees that any failure by the Company to comply with its obligations under this Agreement may result in material irreparable

injury to the Placement Agents and the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, any Placement Agent or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under this Agreement. The Company further agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) *No Conflicting Agreements.* The Company is not, as of the date hereof, a party to, nor shall it, on or after the date of this Agreement, enter into, any agreement with respect to the Company's securities that conflicts with the rights granted to the Holders in this Agreement. The Company represents and warrants that the rights granted to the Holders hereunder do not in any way conflict with the rights granted to the holders of the Company's securities under any other agreements. The Company will not take any action with respect to the Registrable Securities which would adversely affect the ability of any of the Holders to include such Registrable Securities in a registration undertaken pursuant to this Agreement. The Company represents and covenants that it has not granted, and shall not grant, to any of its security holders (other than the Holders in such capacity) the right to include any of the Company's securities in any Registration Statement filed pursuant to this Agreement.

(c) *Amendments and Waivers.* The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, without the written consent of the Company and Holders of a majority of outstanding Registrable Securities; *provided, however*, that, no consent is necessary from any of the Holders in the event that this Agreement is amended, modified or supplemented for the purpose of curing any ambiguity, defect or inconsistency that does not adversely affect the rights of any Holders. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Registrable Securities may be given by such Holder; *provided, however*, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 10(c), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(d) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, by telecopier, by courier guaranteeing overnight delivery or by first-class mail, return receipt requested, and shall be deemed given (A) when made, if made by hand delivery, (B) upon confirmation, if made by telecopier, (C) one Business Day after being deposited with such courier, if made by overnight courier or (D) on the date indicated on the notice of receipt, if made by first-class mail, to the parties as follows:

- (i) if to a Holder, at the most current address given by the registrar and transfer agent of the Securities to the Company;
- (ii) if to the Company, to:

Tortoise Capital Resources Corporation
c/o Tortoise Capital Advisors, LLC
10801 Mastin Boulevard, Suite 222
Overland Park, Kansas 66210
Attention: Terry Matlack
Telecopy No: (913) 981-1021

with a copy to (for informational purposes only):

Blackwell Sanders Peper Martin, L.L.P.
4801 Main Street, Suite 1000
Kansas City, MO 64112
Attention: Steve Carman, Esq.
Telecopy No.: (816) 983-8080

(iii) if to the Placement Agents, to:

c/o Merrill Lynch & Co., Merrill Lynch,
Pierce, Fenner & Smith Incorporated
One Houston Center
1221 McKinney, Suite 2700
Houston, TX 77010
Attention: Robert Pacha
Telecopy No.: (713) 759-2539

with a copy to (for informational purposes only):

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Attention: Valerie Ford Jacob, Esq.
Telecopy No.: (212) 859-4000

or to such other address as such person may have furnished to the other persons identified in this Section 10(d) in writing in accordance herewith.

(e) *Stock Legend.* In addition to any other legend that may appear on the stock certificates evidencing the Registrable Securities, for so long as any Securities or Additional Securities remain Registrable Securities each stock certificate evidencing such Registrable Securities shall contain a legend to the following effect: "THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO AND ENTITLED TO THE OBLIGATIONS AND BENEFITS OF A CERTAIN REGISTRATION RIGHTS AGREEMENT, DATED AS OF JANUARY 9, 2006."

(f) *Approval of Holders.* Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its Affiliates (other than the Placement Agents or subsequent Holders of Registrable Securities, if the Placement Agents or such subsequent Holders are deemed to be such Affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(g) *Third Party Beneficiaries.* The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Placement Agents, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder; *provided, however*, that no Holder shall have the right to enforce such agreements unless and until such Holder fulfills all of its obligations hereunder.

(h) *Successors and Assigns.* Any person who purchases any Securities or Additional Securities from any Placement Agent or from any Holder shall be deemed, for purposes of this Agreement, to be an assignee of such Placement Agent or such Holder, as the case may be. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of each of the parties hereto and shall inure to the benefit of and be binding upon each Holder of any Securities or Additional Securities.

(i) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be original and all of which taken together shall constitute one and the same agreement.

(j) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(k) *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

(l) *Severability.* If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(m) *Entire Agreement.* This Agreement is intended by the parties hereto as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities. Except as provided in the Placement Agreement, there are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties with respect to such registration rights. No party hereto shall have any rights, duties or obligations other than those specifically set forth in this Agreement.

(n) *Submission to Jurisdiction.* Except as set forth below, no claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement (“*Claim*”) may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have jurisdiction over the

adjudication of such matters, and the Company hereby consents to the jurisdiction of such courts and personal service with respect thereto. The Company hereby consents to personal jurisdiction, service and venue in any court in which any Claim arising out of or in any way relating to this Agreement is brought by any third party against any Placement Agent. **THE COMPANY HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT.** The Company agrees that a final judgment in any such Proceeding brought in any such court shall be conclusive and binding upon the Company and may be enforced in any other courts in the jurisdiction of which the Company is or may be subject, by suit upon such judgment.

[The Remainder of This Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Very truly yours,

TORTOISE CAPITAL RESOURCES
CORPORATION

By: _____
Name:
Title:

CONFIRMED AND ACCEPTED, as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: _____
Authorized Signatory

TORTOISE CAPITAL RESOURCES CORPORATION
(a Maryland corporation)
2,912,852 Common Shares
728,194 Warrants

REGISTRATION RIGHTS AGREEMENT

Dated: December 8, 2005

TORTOISE CAPITAL RESOURCES CORPORATION
(a Maryland corporation)
2,912,852 Common Shares
728,194 Warrants
REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the “*Agreement*”) is made and entered into as of December 8, 2005, by and among Tortoise Capital Resources Corporation, a Maryland corporation (the “*Company*”), and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Stifel, Nicolaus & Company, Incorporated (the “*Initial Purchasers*”) pursuant to that certain Purchase Agreement, dated December 2, 2005 (the “*Purchase Agreement*”), by and among the Company, the Initial Purchasers and Tortoise Capital Advisors, LLC (“*Tortoise Capital Advisors*”) and to that certain Placement Agreement, dated December 2, 2005 (the “*Placement Agreement*”), by and among the Company, Tortoise Capital Advisors and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Stifel, Nicolaus & Company, Incorporated (the “*Placement Agents*” and, together with the Initial Purchasers, the “*Initial Purchasers/Placement Agents*”).

In order to induce the investors who are purchasing the Common Shares and Warrants (as defined herein) to purchase such Common Shares and Warrants and the Initial Purchasers to enter into the Purchase Agreement and the Placement Agents to enter into the Placement Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing of the transactions contemplated by the Purchase Agreement and the Placement Agreement. As used in this Agreement, the terms “herein,” “hereof,” “hereto,” “hereinafter” and similar terms shall, in each case, refer to this Agreement as a whole and not to any particular section, paragraph, sentence or other subdivision of this Agreement.

The Company agrees with the Initial Purchasers/Placement Agents (i) for their benefit as Initial Purchasers/Placement Agents and (ii) for the benefit of the beneficial owners (including the Initial Purchasers) from time to time of the Securities (as defined herein) and the Additional Securities (as defined herein), as follows:

1. *Definitions.* Capitalized terms used herein without definition shall have the respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Additional Securities*” means Common Shares or other securities issued in respect of the Securities by reason of or in connection with any stock dividend, stock distribution, stock split, purchase in any rights offering or in connection with any exchange for or replacement of such shares or any combination of shares, recapitalization, merger or consolidation, or any other equity securities issued pursuant to any other pro rata distribution with respect to the Common Shares or Warrants.

(b) “*Affiliate*” means, with respect to any specified person, an “affiliate,” as defined in Rule 144, of such person.

(c) “*Agreement*” has the meaning set forth in the preamble hereto.

(d) “*Business Day*” means with respect to any act to be performed hereunder, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York, New York or other applicable place where such act is to occur are

authorized or obligated by applicable law, regulation or order to close.

(e) “ *Claim* ” has the meaning set forth in Section 10(n) hereof.

(f) “ *Comfort Letter* ” has the meaning set forth in Section 4(t) hereof.

(g) “ *Common Shares* ” means the shares of common stock, \$0.001 par value per share, of the Company.

(h) “ *Company* ” has the meaning set forth in the preamble hereto.

(i) “ *End of Suspension Notice* ” has the meaning set forth in Section 5(b) hereof.

(j) “ *Exchange Act* ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

(k) “ *Free Writing Prospectus* ” shall have the meaning set forth in Rule 405 of the Securities Act.

(l) “ *Holder* ” means each Participant, including where appropriate the Qualifying Holders, and its direct or indirect transferees, so long as such Participant or transferee owns any Registrable Securities.

(m) “ *IPO* ” means the sale of Common Shares in an underwritten initial public offering registered under the Securities Act.

(n) “ *Initial Purchasers/Placement Agents* ” has the meaning set forth in the preamble hereto.

(o) “ *Investment Advisory Agreement* ” means that certain Investment Advisory Agreement, dated September 1, 2005, by and between the Company and Tortoise Capital Advisors.

(p) “ *Investment Representation, Transfer and Market Stand-Off Agreement* ” means the Investment Representation, Transfer and Market Stand-Off Agreements entered into by each Participant purchasing Rule 144A Securities.

(q) “ *IPO Registration Statement* ” has the meaning set forth in Section 2(b) hereof.

(r) “ *NASD* ” means the National Association of Securities Dealers, Inc.

(s) “ *Opinion* ” has the meaning set forth in Section 4(t) hereof.

(t) “ *Participants* ” means the purchasers in the offering of (i) the Regulation D Securities from the Company and (ii) Rule 144A Securities from the Initial Purchasers.

(u) “ *Placement Agreement* ” has the meaning set forth in the preamble hereof.

(v) “ *Prospectus* ” means the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 415 under the Securities Act), as amended or supplemented by any amendment or prospectus supplement,

including post-effective amendments and any prospectus filed with respect to any Registration Statement pursuant to Rule 424 under the Securities Act, and all materials incorporated by reference or deemed to be incorporated by reference in such Prospectus.

(w) “*Purchase Agreement*” has the meaning set forth in the preamble hereof.

(x) “*Qualifying Holder*” means a Holder which at the time of the initial filing of the IPO Registration Statement after giving effect to the Common Shares to be sold therein beneficially owns more than 5% of the Company’s outstanding Common Shares (as determined under Rule 13d-3 of the Exchange Act).

(y) “*Registrable Securities*” means each of the Securities and any Additional Securities, upon original issuance thereof, and at all times subsequent thereto, including upon the transfer thereof by the original holder or any subsequent holder, until, in the case of any such Securities or Additional Securities, as applicable, the earliest to occur of:

(i) the second anniversary of the initial effective date of the Shelf Registration Statement or, in the case of any Additional Securities for which tacking under Rule 144A is not available and which are not included in the Shelf Registration Statement, until the second anniversary of the issuance of the Additional Securities;

(ii) the date on which all such shares have been sold pursuant to a Registration Statement or distributed to the public pursuant to Rule 144;

(iii) the date on which, in the opinion of counsel to the Company, all such shares not held by Affiliates of the Company are eligible for sale without registration under the Securities Act pursuant to subparagraph (k) of Rule 144 and any applicable legend restricting further transfer of such shares has been removed; or

(iv) the date on which all such shares are sold to the Company or any of its subsidiaries.

(z) “*Registration Expenses*” means all fees and expenses incurred in connection with the performance by the Company of its obligations under this Agreement whether or not any of the Registration Statements are filed or declared effective under the Securities Act, including, without limitation: (i) all registration and filing fees and expenses (including, without limitation, fees and expenses (x) with respect to filings required to be made with the NASD and (y) of compliance with federal securities laws and state securities or “blue sky” laws (including, without limitation, reasonable fees and disbursements of counsel in connection with “blue sky” qualification of any of the Registrable Securities and the preparation of a “blue sky” memorandum, if any)), (ii) all printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company, if any, and printing Prospectuses), (iii) all duplication and mailing expenses relating to copies of any Registration Statement or Prospectus delivered to any Holder hereunder, (iv) all fees and disbursements of counsel for the Company and the fees and disbursements of Selling Holders’ Counsel, if any, in connection with the Registration Statement, (v) all fees and disbursements of the registrar and transfer agent for the Common Shares, (vi) Securities Act liability insurance obtained by the Company in its sole discretion, (vii) the internal expenses of the Company and its Affiliates (including, without limitation, all salaries and expenses of officers and employees performing legal or accounting duties), (viii) the expenses of any special audit, annual audit or quarterly review and “cold comfort” letters required by or incident to such

performance, (ix) the fees and expenses incurred in connection with the listing by the Company of the Registrable Securities on any securities exchange or quotation system and (x) the fees and expenses of any person, including, without limitation, special experts, retained by the Company.

(aa) “*Registration Statement*” means any Shelf Registration Statement, Subsequent Shelf Registration Statement, Additional Shelf Registration Statement or IPO Registration Statement (to the extent that it covers the resale of any Registrable Securities), or other registration statement of the Company that covers the resale of any Registrable Securities, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

(bb) “*Regulation D*” means Regulation D (Rules 501-508) under the Securities Act, as such Rules may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(cc) “*Regulation D Securities*” means shares of Common Shares and Warrants initially sold by the Company in accordance with the Placement Agreement and Regulation D and pursuant to a Subscription Agreement.

(dd) “*Rule 144*” means Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(ee) “*Rule 144A*” means Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(ff) “*Rule 144A Securities*” means the shares of Common Shares and Warrants initially sold by the Company to the Initial Purchasers and resold by the Initial Purchasers to “qualified institutional buyers” (as such term is defined in Rule 144A).

(gg) “*Rule 158*” means Rule 158 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(hh) “*Rule 415*” means Rule 415 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(ii) “*Rule 424*” means Rule 424 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(jj) “*Rule 429*” means Rule 429 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(kk) “*SEC*” means the Securities and Exchange Commission.

(ll) “*Securities Act*” means the Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

(mm) “*Selling Holders’ Counsel*” means one counsel for the Holders that is selected by the Holders holding a majority of the Registrable Securities included in any Registration Statement, with such selection being effective by written consent of Holders holding a majority of

the Registrable Securities, whether record or beneficial Holders; *provided*, that if no such counsel is selected prior to the time any activity is required hereunder relating to such counsel, upon appointment of any such counsel in the manner set forth herein, the Company will at such point treat such counsel as the Selling Holders' Counsel; *provided further*, that in the event Holders have not made any such selection, the Company will use its good faith efforts to facilitate Holders making such a selection and shall at such time fulfill any obligations as would have been required in this Agreement with respect to such counsel.

(nn) "*Securities*" means the Rule 144A Securities and the Regulation D Securities sold pursuant to the Purchase Agreement or Placement Agreement and a Subscription Agreement.

(oo) "*Shelf Registration Statement*" has the meaning set forth in Section 2(a) hereof.

(pp) "*Subscription Agreement*" means the subscription agreements entered into by each Participant purchasing Regulation D Securities.

(qq) "*Subsequent Shelf Registration Statement*" has the meaning set forth in Section 2(c) hereof.

(rr) "*Suspension Event*" has the meaning set forth in Section 5(a) hereof.

(ss) "*Suspension Notice*" has the meaning set forth in Section 5(a) hereof.

(tt) "*Tortoise Capital Advisors*" has the meaning set forth in the preamble hereto.

(uu) "*Trigger Date*" has the meaning set forth in Section 2(g) hereof.

(vv) "*Underwritten Offering*" means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

(ww) "*Warrants*" means the warrants of the Company which entitle the holder to purchase one common share of the Company upon exercise.

2. *Registration Rights.*

(a) *Mandatory Shelf Registration.* As set forth in Section 4 hereof, the Company agrees to use its best efforts to file with the SEC as soon as reasonably practicable, but in no event later than 18 months from the date hereof, a Shelf Registration Statement on Form N-2 or such other form under the Securities Act then available to the Company providing for the resale, pursuant to Rule 415, from time to time by the Holders of any and all Registrable Securities (including for the avoidance of doubt any Additional Securities that are issued prior to the effectiveness of such shelf Registration Statement) (such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, the "*Shelf Registration Statement*"). The Company shall use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the SEC as promptly as practicable but in any event on or prior to the 75th day following such filing. Upon the consummation of an IPO, the Company shall be required to (a) use its best efforts to file the Shelf Registration Statement referred to above on or prior to the earlier of (i) 18 months from the date hereof and (ii) nine (9) months following the consummation of such IPO and (b) use its

commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the SEC as promptly as practicable but in any event on or prior to the 75th day following such filing. Any Shelf Registration Statement shall provide for the resale, from time to time and pursuant to any method or combination of methods legally available (including, without limitation, an Underwritten Offering, a direct sale to purchasers, a sale through brokers or agents or a sale over the internet) by the Holders, of any and all Registrable Securities.

(b) *IPO Registration.* If, prior to the Shelf Registration Statement described above in Section 2(a) being declared effective by the SEC, the Company proposes to file with the SEC a registration statement on Form N-2 or such other form under the Securities Act providing for the initial public offering of its Common Shares (such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, the “*IPO Registration Statement*”), the Company will notify each Holder in writing of the filing (including notifying each Holder of the identity of the managing underwriters of such initial public offering), within five Business Days after the filing thereof, and afford each Qualifying Holder an opportunity within the 15-Business Day period designated in such notice to include in such IPO Registration Statement all or any part of the Registrable Securities then held by such Holder, in a maximum amount of Registrable Securities the sale of which would result in such Holder being the beneficial owner of fewer than 5% of the Company’s outstanding Common Shares following such IPO (as determined under Rule 13d-3 of the Exchange Act). Each Qualifying Holder desiring to include in any such IPO Registration Statement the Registrable Securities held by such Qualifying Holder in a maximum amount as set forth in the preceding sentence shall, within 15 Business Days after receipt of the above-described notice by the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Qualifying Holder wishes to include in such IPO Registration Statement. Any election by any Qualifying Holder to include any Registrable Securities in such IPO Registration Statement will not affect the inclusion of such Registrable Securities in the Shelf Registration Statement until such Registrable Securities have been sold under the IPO Registration Statement; *provided, however,* that at such time of sale, the Company shall have the right to remove from the Shelf Registration Statement the Registrable Securities sold pursuant to the IPO Registration Statement. For the avoidance of doubt, if the Shelf Registration Statement is declared effective by the SEC prior to the filing of an IPO Registration Statement, Registrable Securities will not be entitled to be included in the IPO Registration Statement.

(c) *Subsequent Registration.* If, following an IPO, the Company proposes to file with the SEC at any time a registration statement on Form N-2 or such other form under the Securities Act providing for a follow-on public offering of Common Shares (any such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, a “*Subsequent Shelf Registration Statement*”) then the Company will notify each Holder in writing of the filing (including notifying each Holder of the identity of the managing underwriters of such subsequent public offering), within five Business Days after the filing thereof, and afford each Holder an opportunity within the 15-Business Day period designated in such notice to include in such Subsequent Shelf Registration Statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such Subsequent Shelf Registration Statement all or part of the Registrable Securities held by such Holder shall, within 15 Business Days after receipt of the above-described notice by the

Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such Subsequent Shelf Registration Statement. Any election by any Holder to include any Registrable Securities in such Subsequent Shelf Registration Statement will not affect the inclusion of such Registrable Securities in the Shelf Registration Statement until such Registrable Securities have been sold under the Subsequent Shelf Registration Statement; *provided, however*, that at such time of sale, the Company shall have the right to remove from the Shelf Registration Statement the Registrable Securities sold pursuant to the Subsequent Shelf Registration Statement. For the avoidance of doubt, if the Shelf Registration Statement is declared effective by the SEC prior to the filing of a Subsequent Shelf Registration Statement, Registrable Securities will not be entitled to be included in the Subsequent Shelf Registration Statement.

(d) *Provisions Applicable to IPO Registration Statement or Subsequent Shelf Registration Statement.*

(i) *Right to Terminate IPO Registration Statement or Subsequent Shelf Registration Statement.* At any time, the Company shall have the right to terminate or withdraw the IPO Registration Statement or any Subsequent Shelf Registration Statement referred to in Section 2(b) or Section 2(c) whether or not any Qualifying Holder or Holder, as applicable, has elected to include Registrable Securities in such registration; *provided, however*, that the Company must provide each Qualifying Holder or Holder, as applicable, that elected to include any Registrable Securities in such IPO Registration Statement or Subsequent Shelf Registration Statement prompt notice of such termination. Furthermore, in the event the IPO Registration Statement or Subsequent Shelf Registration Statement is not declared effective by the SEC within 75 days following the initial filing of the IPO Registration Statement or Subsequent Shelf Registration Statement, unless a road show for the Underwritten Offering pursuant to the IPO Registration Statement or Subsequent Shelf Registration Statement is in progress at such time, the Company shall promptly provide a new notice in writing substantially the same as the original notice described above to all Qualifying Holders or Holders, as applicable, giving the Qualifying Holders or Holders, as applicable, a further opportunity to elect to include Registrable Securities in the pending IPO Registration Statement or Subsequent Shelf Registration Statement. Each Qualifying Holder or Holder, as applicable, desiring to include in any such IPO Registration Statement or Subsequent Shelf Registration Statement all or part of the Registrable Securities held by such Qualifying Holder or Holder, as applicable, shall, within 15 Business Days after receipt of the above-described notice by the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Qualifying Holder or Holder, as applicable, wishes to include in such IPO Registration Statement or Subsequent Shelf Registration Statement.

(ii) *Shelf Registration not Impacted by IPO Registration Statement or Subsequent Shelf Registration Statement.* The Company's obligation to file the Shelf Registration Statement pursuant to Section 2(a) hereof and keep effective such Shelf Registration Statement shall not be affected by the filing or effectiveness of the IPO Registration Statement or a Subsequent Shelf Registration Statement, except to the extent Registrable Securities are sold pursuant to the IPO Registration Statement or a Subsequent Shelf Registration Statement, in which case, the Company shall have the right to remove from such Shelf Registration Statement the Registrable Securities sold pursuant to the IPO Registration Statement or Subsequent Shelf Registration Statement.

(iii) *Selection of Underwriter.* The Company shall have the sole right to select the managing or co-lead underwriter(s) for its IPO or any follow-on public offering, regardless of whether any Registrable Securities are included in the IPO Registration Statement or a Subsequent Shelf Registration Statement as provided above. The right of any such Qualifying Holder's or Holder's Registrable Securities, as applicable, to be included in the IPO Registration Statement or any Subsequent Shelf Registration Statement, as applicable, pursuant to Section 2(b) or 2(c) shall be conditioned upon such Qualifying Holder's or Holder's participation, as applicable, in such Underwritten Offering and the inclusion of such Qualifying Holder's or Holder's Registrable Securities, as applicable, in the Underwritten Offering to the extent provided herein. All Qualifying Holders or Holders, as applicable, proposing to distribute their Registrable Securities through such Underwritten Offering shall enter into an underwriting agreement in customary form with the managing underwriters selected by the Company for such underwriting and complete and execute any questionnaires, powers-of-attorney, indemnities, securities escrow agreements and other documents reasonably required under the terms of such underwriting, and furnish to the Company such information in writing as the Company may reasonably request for inclusion in the IPO Registration Statement or any Subsequent Shelf Registration Statement, as applicable; *provided, however*, that no Qualifying Holder or Holder who is not an affiliate of the Company or Tortoise Capital Advisors shall be required to make any representations or warranties to or agreements (including indemnities) with the Company or the underwriters other than representations, warranties or agreements (including indemnities) as are customary and reasonably requested by the Company or the underwriters with the understanding that the foregoing shall be several, not joint and several, and no such agreement (including indemnities) shall require any Qualifying Holder or Holder to be liable for an amount in excess of the gross proceeds received by such Qualifying Holder or Holder through such Underwritten Offering. Notwithstanding any other provision of this Agreement, if the managing underwriters determine in good faith that marketing factors require a limitation on the number of shares to be included, then the managing underwriters may exclude shares (including Registrable Securities) from the IPO Registration Statement or a Subsequent Shelf Registration Statement and any Common Shares included in the IPO Registration Statement or a Subsequent Shelf Registration Statement shall be allocated, *first*, to the Company, and *second*, to each of the Qualifying Holders or Holders, as applicable, requesting inclusion of their Registrable Securities in such IPO Registration Statement or Subsequent Shelf Registration Statement, as applicable, on a pro rata basis based on the total number of Registrable Securities then held by each such Holder which is requesting inclusion).

If any Qualifying Holder or Holder, as applicable, disapproves of the terms of any Underwritten Offering that is undertaken by the Company in accordance with the terms hereof, such Qualifying Holder or Holder, as applicable, may elect to withdraw therefrom by written notice to the Company and the managing underwriter(s), delivered at least five (5) Business Days prior to the effective date of the IPO Registration Statement or such Subsequent Shelf Registration Statement, as applicable; *provided, however*, that if, in the opinion of counsel, such withdrawal would necessitate a re-circulation of the Prospectus to investors, such Qualifying Holder or Holder, as applicable, shall be required to deliver such written notice at least 10 Business Days prior to the effective date of the IPO Registration Statement or such Subsequent Shelf Registration Statement, as applicable. Any Registrable Securities excluded or withdrawn from such Underwritten Offering shall be excluded and withdrawn from the IPO Registration Statement or such Subsequent Shelf Registration Statement.

(iv) *Hold-Back Agreement.* By electing to include Registrable Securities in the IPO Registration Statement or a Subsequent Shelf Registration Statement, if any, each Qualifying Holder or Holder, as applicable, shall be deemed to have agreed with the Initial Purchasers/Placement Agents not to effect any sale or distribution of securities of the Company of the same or similar class or classes of the securities included in the IPO Registration Statement or such Subsequent Shelf Registration Statement or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 or Rule 144A, during such periods as reasonably requested by the managing underwriter(s) of the Underwritten Offering pursuant to the IPO Registration Statement or a Subsequent Shelf Registration Statement, as applicable, (but in no event for a period longer than 180 days or 90 days following the effective date of the IPO Registration Statement or such Subsequent Shelf Registration Statement, respectively), *provided* that each of Tortoise Capital Advisors and its Affiliates and each executive officer, director, stockholder, member, partner or manager of any of the foregoing that hold Common Shares or securities convertible into or exchangeable or exercisable for Common Shares are subject to the same restriction for the entire time period required of the Holders hereunder.

(e) *Registrable Securities not Included under Subsequent Shelf Registration Statement.* If Registrable Securities were otherwise not included in a Subsequent Shelf Registration Statement because (i) a Subsequent Shelf Registration Statement is withdrawn prior to the distribution of all Registrable Securities registered thereunder, (b) the underwriters exercise their right to exclude any Registrable Securities from such Subsequent Shelf Registration Statement, or (c) any Registrable Securities are otherwise not offered an opportunity to be registered under and distributed pursuant to such Subsequent Shelf Registration Statement, then the Company will be obligated to file an additional shelf registration statement relating to any Registrable Securities not included in and distributed pursuant to such Subsequent Shelf Registration Statement (y) within thirty (30) days of the withdrawal or abandonment of the offering pursuant to such Subsequent Shelf Registration Statement or (z) within one hundred eighty (180) days of the consummation of the offering pursuant to such Subsequent Shelf Registration Statement, providing for the resale of the Registrable Securities pursuant to Rule 415 from time to time by the Holders (such registration statement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement, a “ *Additional Shelf Registration Statement* ”) in the same manner, and subject to the same provisions in this Agreement as the Shelf Registration Statement, *provided* that the provisions of Sections 2(a), 2(c) and 2(d) shall not apply to any Additional Shelf Registration Statement.

(f) *Expenses.* The Company shall pay all Registration Expenses in connection with the registration of the Registrable Securities pursuant to this Agreement. Each Qualifying Holder or Holder, as applicable, participating in a registration pursuant to this Section 2 shall bear such Qualifying Holder’s or Holder’s proportionate share (based on the total number of Registrable Securities sold in such registration) of all discounts and commissions payable to underwriters or brokers and all transfer taxes and transfer fees in connection with a registration of Registrable Securities pursuant to this Agreement and any other expense of the Qualifying Holders or Holders, as applicable, not specifically allocated to the Company pursuant to this Agreement relating to the sale or disposition of such Qualifying Holder’s or Holder’s Registrable Securities pursuant to any Registration Statement.

(g) *Investment Advisory Agreement.* In the event (i) the Shelf Registration Statement

is not filed with the SEC within 18 months from the date hereof or is not declared effective by the SEC on or prior to the 75th day following the filing date of such Shelf Registration Statement or (ii) upon the consummation of an IPO, the Company does not (A) file the Shelf Registration Statement referred to above on or prior to the earlier of (i) 18 months from the date hereof or (ii) nine (9) months following the consummation of such IPO and (B) such Shelf Registration Statement is not declared effective by the SEC on or prior to the 75th day following such filing (any such date a “*Trigger Date*”), Tortoise Capital Advisors shall defer one-sixth of the Base Management Fee (as defined in the Investment Advisory Agreement) it is entitled to receive pursuant to the Investment Advisory Agreement for a period commencing from and after the Trigger Date until the earlier of (i) the date the Shelf Registration Statement is declared effective and (ii) two (2) years following the date hereof.

3. *Rules 144 and 144A Reporting.*

With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, until such date as no Holder owns any Registrable Securities, the Company agrees to:

(a) at all times after the effective date of the first registration statement under the Securities Act filed by the Company for an offering of its securities to the general public, use its commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144(c);

(b) use its commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required to be filed by the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) if the Company is not required to file reports and other documents under the Securities Act and the Exchange Act, make available other information as required by, and so long as necessary to permit sales of Registrable Securities pursuant to, Rule 144 and Rule 144A and in any event shall provide to each Holder a copy of:

(i) the Company’s annual consolidated financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders’ equity and statements of cash flows) prepared in accordance with U.S. generally accepted accounting principles, accompanied by an audit report of the Company’s independent accountants, no later than 90 days after the end of each fiscal year of the Company, and

(ii) the Company’s unaudited quarterly financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders’ equity and statements of cash flows) prepared in a manner consistent with the preparation of the Company’s annual financial statements, no later than 45 days after the end of each fiscal quarter of the Company.

(d) take such further actions consistent with this Section 3, as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing a Holder to sell any such Registrable Securities without registration.

4. *Registration Procedures.*

In connection with the obligations of the Company with respect to any registration pursuant to this Agreement, the Company shall use its commercially reasonable efforts to effect or cause to be effected the registration of the Registrable Securities under the Securities Act to permit the public resale of such Registrable Securities by the Holder or Holders in accordance with the Holders' intended method or methods of resale and distribution (which methods shall be commercially reasonable), and the Company shall:

(a) notify Selling Holders' Counsel, if any, in writing, at least 20 Business Days prior to filing a Registration Statement (other than an IPO Registration Statement or Subsequent Shelf Registrant Statement notice which is set forth in Section 2), of its intention to file such Registration Statement with the SEC and, at least 15 Business Days prior to filing, provide a copy of the Registration Statement to Selling Holders' Counsel, if any, for review and comment, which comments shall be provided within 10 Business Days of delivering such Registration Statement; prepare and file with the SEC, as specified in this Agreement, a Registration Statement, which Registration Statement shall comply in all material respects as to form with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use its best efforts to reflect in such Registration Statement, when so filed with the SEC, such comments as Selling Holders' Counsel, if any, may reasonably propose; notify Selling Holders' Counsel, if any, in writing, at least two Business Days prior to the filing of any amendment or supplement to a Registration Statement, and within a reasonable time prior to filing, provide a copy of such amendment or supplement to Selling Holders' Counsel, if any, for review and comment and use its best efforts to reflect in such amendment or supplement, when so filed with the SEC, such comments as Selling Holders' Counsel, if any, may reasonably propose; and use its commercially reasonable efforts to cause such Registration Statement to become effective as promptly as practicable following such filing (and in any event as provided in Section 2(a)) and to remain effective, subject to Section 5 hereof, until the earlier of (i) such time as all Registrable Securities covered thereby have been sold in accordance with the intended methods of distribution of such Registrable Securities, and (ii) the date on which no Holder holds Registrable Securities; *provided, however*, that the Company shall not be required to cause the IPO Registration Statement or any Subsequent Shelf Registration Statement to become effective; *provided, further*, that if the Company has an effective Shelf Registration Statement, Subsequent Shelf Registration Statement or Additional Shelf Registration Statement on Form N-2 under the Securities Act and becomes eligible to use a short-form Registration Statement under the Securities Act, the Company may, upon 30 days' prior written notice to all Holders of Registrable Securities, register any Registrable Securities registered but not yet distributed under the effective Shelf Registration Statement, Subsequent Shelf Registration Statement or Additional Shelf Registration Statement on such short-form Shelf Registration Statement and, once the short-form Shelf Registration Statement is declared effective, de-register such shares under the previous Shelf Registration Statement, any Subsequent Shelf Registration Statement or Additional Shelf Registration Statement or transfer filing fees from the previous Shelf Registration Statement, Subsequent Shelf Registration Statement or Additional Shelf Registration Statement (such transfer pursuant to Rule 429, if applicable) unless the Holders holding at least a majority of the shares registered by the Holders under the initial Shelf Registration Statement, any Subsequent Shelf Registration Statement or Additional Registration Statement notify the Company within 10 days of receipt of the Company notice that such a registration under a new Registration Statement and de-registration of the initial Shelf Registration Statement, any Subsequent Shelf Registration Statement or Additional Shelf Registration Statement would materially interfere with such Holders' distribution of Registrable Securities already in progress, in which case the Company shall delay the effectiveness of the short-form Shelf Registration Statement and de-registration for a period of not less than 20 days from the date that the Company receives the notice from such Holders requesting a delay;

(b) subject to Section 4(i) hereof, (i) prepare and file with the SEC such amendments and post-effective amendments to each such Registration Statement as may be necessary to keep such Registration Statement effective for the period described in Section 4(a) hereof, (ii) cause each Prospectus contained therein to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 and (iii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the method or methods of distribution set forth in the “Plan of Distribution” section of the Prospectus;

(c) furnish to the Holders, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities; the Company consents, subject to Section 5, to the lawful use of such Prospectus, including each preliminary Prospectus, by the Holders, if any, in connection with the offering and sale of the Registrable Securities covered by any such Prospectus;

(d) use its commercially reasonable efforts to register or qualify, or obtain exemption from registration or qualification for, all Registrable Securities by the time the applicable Registration Statement is declared effective by the SEC under all applicable state securities or “blue sky” laws of such United States jurisdictions as any Holder with Registrable Securities covered by a Registration Statement shall reasonably request in writing, keep each such registration or qualification or exemption effective during the period such Registration Statement is required to be kept effective pursuant to Section 4(a) and do any and all other acts and things that may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities covered by the Registration Statement; *provided, however*, that the Company shall not be required to take any action to comply with this Section 4(d) if it would require the Company or any of its subsidiaries to (i) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 4(d) and except as may be required by the Securities Act, (ii) subject itself to taxation in any such jurisdiction or (iii) submit to the general service of process in any such jurisdiction;

(e) use its commercially reasonable efforts to cause all Registrable Securities covered by such Registration Statement to be registered and approved by such other governmental agencies or authorities in the United States, if any, as may be necessary to enable the Holders thereof to consummate the disposition of such Registrable Securities; *provided, however*, that the Company shall not be required to take any action to comply with this Section 4(e) if it would require the Company or any of its subsidiaries to (i) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 4(e) and except as may be required by the Securities Act, (ii) subject itself to taxation in any such jurisdiction or (iii) submit to the general service of process in any such jurisdiction;

(f) notify Selling Holders’ Counsel, if any, and each Holder with Registrable Securities covered by a Registration Statement promptly and, if requested by Selling Holders’ Counsel, if any, or any such Holder, confirm such advice in writing at the address determined in accordance with Section 10(d), (i) when such Registration Statement has become effective and when any post-effective amendments thereto become effective or upon the filing of a supplement to any Prospectus, (ii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of such Registration Statement or the initiation of any

proceedings for that purpose, (iii) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to such Registration Statement or related Prospectus or for additional information and (iv) of the happening of any event during the period such Registration Statement is effective as a result of which such Registration Statement or the related Prospectus or any document incorporated by reference therein contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of the Prospectus, contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (which information shall be accompanied by an instruction to suspend the use of the Registration Statement and the Prospectus (such instruction to be provided in the same manner as a Suspension Notice) until the requisite changes have been made, at which time notice of the end of suspension shall be delivered in the same manner as an End of Suspension Notice);

(g) during the period of time referred to in Section 4(a) above, use commercially reasonable efforts to avoid the issuance of, or if issued, to obtain the withdrawal of, any order enjoining or suspending the use or effectiveness of a Registration Statement or suspending the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as promptly as practicable;

(h) upon request, furnish to Selling Holders' Counsel, if any, and each requesting Holder with Registrable Securities covered by a Registration Statement, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment or supplement thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(i) except as provided in Section 5, upon the occurrence of any event contemplated by Section 4(f)(iv) hereof, use its commercially reasonable efforts to promptly prepare a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that such Registration Statement or related Prospectus or document incorporated therein by reference will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of the Prospectus, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) if requested by the representative of the underwriters, if any, or any Holder of Registrable Securities being sold in connection with an Underwritten Offering, (i) as promptly as practicable incorporate in a Prospectus supplement or post-effective amendment such material information as the representative of the underwriters, if any, or such Holder indicates in writing relates to them and (ii) use its commercially reasonable efforts to make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received written notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(k) enter into customary agreements (including in the case of an Underwritten Offering, an underwriting agreement in customary form and reasonably satisfactory to the Company) and take all other reasonable action in connection therewith in order to expedite or facilitate the distribution of the Registrable Securities included in such Registration Statement

and, in the case of an Underwritten Offering, make representations and warranties to the Holders of Registrable Securities covered by such Registration Statement and to the underwriters in such form and scope as are customarily made by issuers to selling stockholders and underwriters in underwritten offerings, respectively, and confirm the same to the extent customary if and when requested;

(l) use its commercially reasonable efforts to make available for inspection by one representative selected by the Holders holding a majority of the Registrable Securities included in any Registration Statement and, with respect to an Underwritten Offering, the representative underwriters participating in any disposition pursuant to a Registration Statement and any one law firm retained by each of the Holders and the underwriters, respectively, during normal business hours and upon reasonable notice, all financial and other records, pertinent corporate documents and properties of the Company and cause the respective officers, directors and employees of the Company and/or Tortoise Capital Advisors to supply all information reasonably requested by such parties in connection with a Registration Statement and the due diligence review of the Registration Statement and the information contained or incorporated therein; *provided*, *however*, that such records, documents or information that the Company determines, in good faith, to be confidential and notifies the foregoing parties of such confidential nature shall not be disclosed by the foregoing parties unless (i) the disclosure of such records, documents or information is necessary to avoid or correct a material misstatement or omission in a Registration Statement or Prospectus, (ii) the release of such records, documents or information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, or (iii) such records, documents or information have been generally made available to the public by the Company; *provided*, *further*, that to the extent practicable, the foregoing inspection and information gathering shall be coordinated on behalf of the Holders and the other parties entitled thereto by one law firm designated by and on behalf of the Holders and the other parties;

(m) use its commercially reasonable efforts (including, without limitation, seeking to cure in the Company's listing or inclusion application any deficiencies cited by the exchange or market) to list or include all Registrable Securities on the New York Stock Exchange or the Nasdaq Stock Market;

(n) use its commercially reasonable efforts to prepare and file in a timely manner all documents and reports required by the Exchange Act and, to the extent the Company's obligation to file such reports pursuant to Section 15(d) of the Exchange Act expires prior to the expiration of the effectiveness period of the Registration Statement as required by Section 4(a) hereof, the Company shall register the Registrable Securities under the Exchange Act and shall maintain such registration through the effectiveness period required by Section 4(a) hereof;

(o) provide a CUSIP number for all Registrable Securities, not later than the effective date of the Registration Statement;

(p) (i) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the SEC, (ii) make generally available to its stockholders, as soon as reasonably practicable, earnings statements covering at least 12 months that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 (or any similar rule promulgated under the Securities Act), no later than 90 days after the end of each fiscal year of the Company and (iii) delay the effectiveness of any Registration Statement or Prospectus or not file any amendment or supplement to such Registration Statement or Prospectus to which Selling Holders' Counsel, if any, or any Holder of Registrable Securities covered by such Registration Statement shall have, based upon the written opinion of counsel, objected on the grounds that

such Registration Statement or Prospectus or amendment or supplement does not comply in all material respects with the requirements of the Securities Act, *provided* that the Company may file and request effectiveness of such Registration Statement following such time as the Company shall have used its commercially reasonable efforts to resolve any such issue with Selling Holder's Counsel, if any, or such objecting Holder and shall have advised Selling Holder's Counsel, if any, or such Holder in writing of its reasonable belief that such filing complies with the requirements of the Securities Act;

(q) provide and cause to be maintained a registrar and transfer agent for all Registrable Securities covered by any Registration Statement from and after a date not later than the effective date of such Registration Statement;

(r) in connection with any sale or transfer of the Registrable Securities (whether or not pursuant to a Registration Statement) that will result in the securities being delivered no longer being Registrable Securities, cooperate with the Holders and the managing underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be sold, which certificates shall not bear any transfer restrictive legends (other than as required by the Company's charter) and to enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriter(s), if any, or the Holders may reasonably request at least three Business Days prior to any sale of the Registrable Securities;

(s) upon effectiveness of the first Registration Statement filed by the Company, take such actions and make such filings as are necessary to effect the registration of the Common Shares under the Exchange Act simultaneously with or as soon as practicable following the effectiveness of the Registration Statement to the extent such registration has not already taken place;

(t) in the case of an Underwritten Offering, use its best efforts to furnish or cause to be furnished to the underwriters a signed counterpart, addressed to the underwriters, of: (i) an opinion of counsel for the Company, dated the date of each closing under the underwriting agreement, in customary form and reasonably satisfactory to the underwriters (an "*Opinion*"); and (ii) a "cold comfort" letter, dated the effective date of the Registration Statement and the date of each closing under the underwriting agreement, signed by the independent public accountants who have certified the Company's financial statements included in such Registration Statement (and the Prospectus included therein) and with respect to events subsequent to the date of such financial statements, as are customarily covered in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other financial matters as the underwriters may reasonably request and are customarily obtained by underwriters in underwritten public offerings (a "*Comfort Letter*");

(u) at a reasonable time prior to the filing of any Prospectus, any amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to Selling Holders' Counsel, if any, and make representatives of the Company as shall be reasonably requested by Selling Holders' Counsel, if any, available for discussion of such document; and

(v) in connection with the initial filing of a Registration Statement and each amendment thereto with the SEC, prepare and timely file with the NASD all forms and information required or requested by the NASD.

The Company may require the Holders to furnish to the Company such information regarding the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing or as shall be required to effect the registration of the Registrable Securities and no Holder shall be entitled to be named as a selling stockholder in any Registration Statement and no Holder shall be entitled to use the Prospectus forming a part thereof if such Holder does not provide such information to the Company. Any Holder that sells Registrable Securities pursuant to a Registration Statement shall be required to be named as a selling stockholder in the related Prospectus and to deliver or cause to be delivered a Prospectus to purchasers. Each Holder further agrees to furnish promptly to the Company in writing all information required from time to time to make the information previously furnished by such Holder not misleading.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(f)(ii), 4(f)(iii) or 4(f)(iv) hereof, such Holder will immediately discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of copies of the supplemented or amended Prospectus. If so directed by the Company, such Holder will deliver to the Company (at the reasonable expense of the Company) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. *Black-Out Period.*

(a) Subject to the provisions of this Section 5, the Company shall have the right, but not the obligation, from time to time, to suspend the use of a Registration Statement following the effectiveness of the Registration Statement (and the filings with any international, federal or state securities commissions), if a Suspension Event (as defined herein) occurs. If the Company elects to suspend the effectiveness and/or use of a Registration Statement following the occurrence of a Suspension Event, the Company, by written notice to Selling Holders' Counsel, if any, and the Holders (a "*Suspension Notice*"), shall notify such parties in writing that the effectiveness of the Registration Statement has been suspended and shall direct the Holders to suspend sales of the Registrable Securities pursuant to the Registration Statement until the Suspension Event has ended. A "*Suspension Event*" shall be deemed to have occurred if: (i) the managing underwriter (s) of an Underwritten Offering has advised the Company that the offer or sale of Registrable Securities pursuant to the Registration Statement would have a material adverse effect on the Company's Underwritten Offering; (ii) the Board of Directors of the Company in good faith has determined that the offer or sale of any Registrable Securities would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other significant transaction involving the Company; or (iii) the Board of Directors of the Company has determined in good faith, that it is required by law, or that it is in the best interests of the Company, to supplement the Registration Statement or file a post-effective amendment to the Registration Statement in order to ensure that the Prospectus included in the Registration Statement (1) contains the information required under Section 10(a)(3) of the Securities Act; (2) discloses any fundamental change in the information included in the Prospectus; or (3) discloses any material information with respect to the plan of distribution not disclosed in the Registration Statement or any material change to such information. Upon the occurrence of any Suspension Event, the Company shall use its best efforts to cause the Registration Statement to become effective or to promptly amend or supplement the Registration Statement or to take such action as is necessary to make resumed use of the Registration Statement compatible with the Company's best interests, as applicable, so as to permit the Holders to resume sales of the Registrable Securities as soon as practicable. In no event shall the Company be permitted to suspend the use of a Registration Statement in any 12-month period for more than 30 consecutive days or for more than an aggregate of 60 days, except as a result of a

refusal by the SEC to declare any post-effective amendment to the Registration Statement effective after the Company has used its best efforts to cause such post-effective amendment to be declared effective, in which case the Company shall terminate the suspension of the use of the Registration Statement immediately following the effective date of the post-effective amendment.

(b) If the Company gives a Suspension Notice to Selling Holders' Counsel, if any, and the Holders to suspend sales of the Registrable Securities following a Suspension Event, the Holders shall not effect any sales of the Registrable Securities pursuant to such Registration Statement (or such filings) at any time after it has received a Suspension Notice from the Company and prior to receipt of an End of Suspension Notice (as defined herein). If so directed by the Company in writing, each Holder will deliver to the Company (at the expense of the Company) all copies other than permanent file copies then in such Holder's possession of the Prospectus covering the Registrable Securities at the time of receipt of the Suspension Notice. The Holders may recommence effecting sales of the Registrable Securities pursuant to the Registration Statement (or such filings) upon delivery by the Company of a notice in writing that the Suspension Event or its potential effects are no longer continuing (an "End of Suspension Notice"), which End of Suspension Notice shall be given by the Company to Selling Holders' Counsel, if any, and the Holders in the same manner as the Suspension Notice promptly following the conclusion of any Suspension Event and its effect.

(c) Notwithstanding any provision herein to the contrary, if the Company shall give a Suspension Notice with respect to any Registration Statement pursuant to this Section 5, the Company agrees that it shall extend the period of time during which such Registration Statement shall be maintained effective pursuant to this Agreement by one times the number of days during the period from the date of receipt by the Holders of the Suspension Notice to and including the date of receipt by the Holders of the End of Suspension Notice and provide copies of the supplemented or amended Prospectus necessary to resume sales, with respect to each Suspension Event; and, if applicable, the period for which the shares of Common Shares covered by such Registration Statement remain Registrable Securities shall be commensurately extended.

6. *Indemnification, Contribution.*

(a) The Company agrees to indemnify and hold harmless the Initial Purchasers/Placement Agents, each Holder, each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Holder or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or any Free Writing Prospectus or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or arising out of any material misstatement or omission in the information conveyed to an investor at the time it made its investment decision;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by any indemnified party), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Holder or Underwriter expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto) or any Free Writing Prospectus.

(b) Each Holder severally, but not jointly, agrees to indemnify and hold harmless the Company, the Initial Purchasers/Placement Agents, each Underwriter and the other selling Holders, and each of their respective directors and officers, and each Person, if any, who controls the Company, the Initial Purchasers/Placement Agents, any Underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 6(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in a Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) or any Free Writing Prospectus in reliance upon and in conformity with written information with respect to such Holder furnished to the Company by such Holder expressly for use in such Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto) or any Free Writing Prospectus; *provided, however*, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified

parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in this Section 6 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Holders and the Initial Purchasers/Placement Agents on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the Holders and the Initial Purchasers/Placement Agents on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Holders or the Initial Purchasers/Placement Agents and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Holders and the Initial Purchasers/Placement Agents agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Initial Purchasers/Placement Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 6 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 6, no Initial Purchaser/Placement Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it were offered exceeds the amount of any damages which such Initial Purchaser/Placement Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 6, each Person, if any, who controls an Initial Purchaser/Placement Agent or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser/Placement Agent or Holder, and each director of the Company, and each Person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Initial Purchasers'/Placement Agents' respective obligations to contribute pursuant to this Section 6 are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule A to the Purchase Agreement and not joint.

7. Market Stand-Off Agreement.

Notwithstanding anything to the contrary in the Investment Representation, Transfer and Market Stand-Off Agreements or in the Subscription Agreements, each Holder agrees that it shall not, to the extent requested by the Company or an underwriter of the Company's Common Shares, without the prior written consent of the Company and such underwriter(s), directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Shares or any securities convertible into or exchangeable or exercisable for Common Shares (including the Warrants), whether now owned or hereafter acquired by the undersigned (excluding Common Shares acquired in the IPO or acquired in the open market following the IPO) or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Common Shares, whether any such swap or transaction is to be settled by delivery of Common Shares or other securities, in cash or otherwise sell (other than in any such case to bona fide donees of the purchaser, in each case, who agree to be similarly bound by completing and executing a copy of the Investment Representation, Transfer and Market Stand-Off Agreement and furnishing it to the Company) within the ninety (90) days following the effective date of the IPO Registration Statement. The provisions of this Section 7 shall remain in full force and effect for all Holders of the Common Shares until such time as a Holder receives Common Shares pursuant to a Registration Statement.

8. Termination of the Company's Obligations.

The Company shall have no further obligations pursuant to this Agreement at such time as no Registrable Securities are outstanding; *provided*, *however*, that the Company's obligations under Sections 3, 6 and 10(a) through and including 10(n) of this Agreement shall remain in full force and effect following such time.

9. Underwritten Offerings.

(a) If any of the Registrable Securities covered by the Shelf Registration Statement or any Additional Shelf Registration Statement are to be offered and sold in an Underwritten Offering, the investment bank or investment banks and manager or managers that will administer the offering shall be selected by the Holders of a majority of such Registrable Securities to be included in such offering.

(b) No Holder may participate in any Underwritten Offering proposed under the Shelf Registration Statement or any Additional Shelf Registration Statement unless such Holder (i) agrees to sell such Holder's Registrable Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers-of-attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

10. *Miscellaneous.*

(a) *Remedies.* The Company acknowledges and agrees that any failure by the Company to comply with its obligations under this Agreement may result in material irreparable injury to the Initial Purchasers/Placement Agents and the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, any Initial Purchaser/Placement Agent or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under this Agreement. The Company further agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) *No Conflicting Agreements.* The Company is not, as of the date hereof, a party to, nor shall it, on or after the date of this Agreement, enter into, any agreement with respect to the Company's securities that conflicts with the rights granted to the Holders in this Agreement. The Company represents and warrants that the rights granted to the Holders hereunder do not in any way conflict with the rights granted to the holders of the Company's securities under any other agreements. The Company will not take any action with respect to the Registrable Securities which would adversely affect the ability of any of the Holders to include such Registrable Securities in a registration undertaken pursuant to this Agreement. The Company represents and covenants that it has not granted, and shall not grant, to any of its security holders (other than the Holders in such capacity) the right to include any of the Company's securities in any Registration Statement filed pursuant to this Agreement.

(c) *Amendments and Waivers.* The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, without the written consent of the Company and Holders of a majority of outstanding Registrable Securities; *provided, however*, that, no consent is necessary from any of the Holders in the event that this Agreement is amended, modified or supplemented for the purpose of curing any ambiguity, defect or inconsistency that does not adversely affect the rights of any Holders. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Registrable Securities may be given by such Holder; *provided, however*, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 10(c), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(d) *Notices.* All notices and other communications provided for or permitted

hereunder shall be made in writing by hand delivery, by telecopier, by courier guaranteeing overnight delivery or by first-class mail, return receipt requested, and shall be deemed given (A) when made, if made by hand delivery, (B) upon confirmation, if made by telecopier, (C) one Business Day after being deposited with such courier, if made by overnight courier or (D) on the date indicated on the notice of receipt, if made by first-class mail, to the parties as follows:

(i) if to a Holder, at the most current address given by the registrar and transfer agent of the Securities to the Company;

(ii) if to the Company, to:

Tortoise Capital Resources Corporation
c/o Tortoise Capital Advisors, LLC
10801 Mastin Boulevard, Suite 222
Overland Park, Kansas 66210
Attention: Terry Matlack
Telecopy No: (913) 981-1021

with a copy to (for informational purposes only):

Blackwell Sanders Peper Martin, L.L.P.
4801 Main Street, Suite 1000
Kansas City, MO 64112
Attention: Steve Carman, Esq.
Telecopy No.: (816) 983-8080

(iii) if to the Initial Purchasers/Placement Agents, to:

c/o Merrill Lynch & Co., Merrill Lynch,
Pierce, Fenner & Smith Incorporated
One Houston Center
1221 McKinney, Suite 2700
Houston, TX 77010
Attention: Robert Pacha
Telecopy No.: (713) 759-2539

with a copy to (for informational purposes only):

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Attention: Valerie Ford Jacob, Esq.
Telecopy No.: (212) 859-4000

or to such other address as such person may have furnished to the other persons identified in this Section 10(d) in writing in accordance herewith.

(e) *Stock Legend*. In addition to any other legend that may appear on the stock certificates evidencing the Registrable Securities, for so long as any Securities or Additional Securities remain Registrable Securities each stock certificate evidencing such Registrable Securities shall contain a legend to the following effect: "THE SHARES EVIDENCED BY THIS

CERTIFICATE ARE SUBJECT TO AND ENTITLED TO THE OBLIGATIONS AND BENEFITS OF A CERTAIN REGISTRATION RIGHTS AGREEMENT, DATED AS OF DECEMBER , 2005.”

(f) *Approval of Holders.* Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its Affiliates (other than the Initial Purchasers/Placement Agents or subsequent Holders of Registrable Securities, if the Initial Purchasers/Placement Agents or such subsequent Holders are deemed to be such Affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(g) *Third Party Beneficiaries.* The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers/Placement Agents, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder; *provided, however*, that no Holder shall have the right to enforce such agreements unless and until such Holder fulfills all of its obligations hereunder.

(h) *Successors and Assigns.* Any person who purchases any Securities or Additional Securities from any Initial Purchaser/Placement Agent or from any Holder shall be deemed, for purposes of this Agreement, to be an assignee of such Initial Purchaser/Placement Agent or such Holder, as the case may be. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of each of the parties hereto and shall inure to the benefit of and be binding upon each Holder of any Securities or Additional Securities.

(i) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be original and all of which taken together shall constitute one and the same agreement.

(j) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(k) *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

(l) *Severability.* If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(m) *Entire Agreement.* This Agreement is intended by the parties hereto as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained

herein and the registration rights granted by the Company with respect to the Registrable Securities. Except as provided in the Purchase Agreement and Placement Agreement, there are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties with respect to such registration rights. No party hereto shall have any rights, duties or obligations other than those specifically set forth in this Agreement.

(n) *Submission to Jurisdiction.* Except as set forth below, no claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement (“*Claim*”) may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have jurisdiction over the adjudication of such matters, and the Company hereby consents to the jurisdiction of such courts and personal service with respect thereto. The Company hereby consents to personal jurisdiction, service and venue in any court in which any Claim arising out of or in any way relating to this Agreement is brought by any third party against any Initial Purchaser/Placement Agent. **THE COMPANY HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT.** The Company agrees that a final judgment in any such Proceeding brought in any such court shall be conclusive and binding upon the Company and may be enforced in any other courts in the jurisdiction of which the Company is or may be subject, by suit upon such judgment.

[The Remainder of This Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Very truly yours,

TORTOISE CAPITAL RESOURCES CORPORATION

By: _____

Name:

Title:

CONFIRMED AND ACCEPTED, as of the date first above written:

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: _____

Authorized Signatory

**Form of
Investment Representation, Transfer and Market Stand-Off Agreement**

To: Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Stifel, Nicolaus & Company, Incorporated
(collectively, the “Initial Purchasers”)
c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
4 World Financial Center
New York, New York 10080

To: Tortoise Capital Resources Corporation
c/o Tortoise Capital Advisors, LLC
10801 Mastin Boulevard, Suite 222
Overland Park, Kansas 66210

A. REPRESENTATION AND TRANSFER

I. The undersigned certifies that it is either a QIB (as defined) or an Accredited Investor (as defined):

- (i) For QIBs: The undersigned certifies that it is familiar with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and represents and warrants that:
 - (a) it is a Qualified Institutional Buyer (“QIB”) as described in Annex A hereto;
 - (b) as of _____, ¹ the undersigned owned or invested on a discretionary basis \$ _____² in eligible “securities” (as defined and calculated as set forth in Annex A);
 - (c) if the undersigned decides to purchase Rule 144A securities for the accounts of others, it will only purchase Rule 144A securities for accounts that independently qualify as QIBs as defined in Rule 144A (unless the undersigned is an insurance company (as described in Annex A) and is purchasing for the account of one or more of its “separate accounts” (as defined in Annex A));
 - (d) The undersigned has listed below those of its accounts that are QIBs and if the undersigned is an insurance company (as described in Annex A), those of its accounts that are separate accounts (as defined in Annex A), and for which it intends to purchase Rule 144A securities; the undersigned has accurately provided the information requested for each of the accounts listed below; and the undersigned agrees that any of the accounts listed below for which it purchases Rule 144A securities will be deemed to be a part of and subject to the representations contained in this certification; and
 - (e) The undersigned’s current fiscal year ends on _____, ;
- or
- (ii) For Accredited Investors: The undersigned certifies that it is familiar with Regulation D under the Securities Act, and represents and warrants that:
 - (a) The undersigned is an Accredited Investor as defined in Rule 501(a)(3), (4), (5), (6), (7) or (8) under the Securities Act and has completed Annex B hereto indicating its qualifications thereby.

¹ Insert a specific date on or since the end of the undersigned’s most recent fiscal year

² The amount must be a *specific* amount in excess of \$100 million or such lesser amount as contemplated by paragraph (b), (j) or (o) of Annex A.

II. The undersigned certifies that it has read Annex C, “Restrictions on Sales of Book-Entry Securities Designated QIB/QP or 3(c)(7)” attached hereto, and the undersigned certifies that it is a “Qualified Purchaser” as defined in Section 2(a)(51) of, and the related rules under, the Investment Company Act of 1940, as amended, and the undersigned represents and warrants that (if the undersigned certifies that it is unable to make the representations and warranties contained in II(i), it should so indicate on the signature line below):

(i) it is **not a** :

“dealer” described in (j) of Annex A that owns and invests on a discretionary basis less than \$25,000,000 in eligible “securities” (excluding securities constituting the whole or part of an unsold allotment to or subscription as a participant in a public offering);

“plan” described in (f) or (g) of Annex A or a “trust fund” described in (h) of Annex A;

- (ii) the undersigned has indicated with a check mark each of the sub-accounts listed below which can independently make each of the representations and warranties in this Section II. If the undersigned decides to purchase securities designated QIB/QP or 3(c)(7) for the accounts of others, it will only purchase for accounts which are checked below, and those accounts will be deemed to make the representations and warranties in I(i) and this Section II. (An insurance company may purchase for one or more of its separate accounts, without regard to whether the account could independently make those representations and warranties);
- (iii) it is not an entity that was formed for the specific purpose of investing in Section 3(c)(7) securities (**or** if it was formed for such purpose, then each beneficial owner of its securities is a QP);
- (iv) it is not an entity that was formed or is operated as a device for facilitating individual investment decisions of its participants or securityholders;
- (v) if it was formed prior to April 30, 1996 and is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof, then its treatment as a Qualified Purchaser has been consented to (in the manner required by Section 2(a)(51)(C) of the Investment Company Act and rules thereunder) by its beneficial owners who acquired their interests on or before April 30, 1996; and
- (vi) except as set forth in (ii) above, it will not hold Section 3(c)(7) securities for the benefit of any other person, and it will not sell participation interests in the securities to any other person or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the securities.

The undersigned is aware that the registrar and transfer agent for the Company’s common shares, par value \$.001 (the “Common Shares”), and warrants (the “Warrants”) will not be required to accept for registration of transfer the Common Shares and the Warrants acquired by the undersigned except upon presentation of evidence satisfactory to the Company and the transfer agent that the transferee would satisfy the definition of a “qualified purchaser.” The undersigned is also aware that any certificates representing Common Shares and Warrants will bear a legend reflecting the substance of this paragraph.

III. The undersigned hereby acknowledges and agrees that none of its assets consist of assets of an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or a plan within the meaning of Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), whether or not subject to Title I of ERISA or Section 4975 of the Code, including without limitation, public and private employee benefit plans, IRAs, Keoghs, church plans, and entities which hold, or are deemed to hold, such assets under the Department of Labor Regulations at 29 C.F.R. § 2510.3-101 (the “Plan Asset Regulations”). The undersigned understands and acknowledges that it cannot make a transfer to any party unless the foregoing representation is made by such party. The undersigned is aware that the registrar and transfer agent for the Common Shares and the Warrants will not be required to accept for registration of transfer of the Common Shares and the Warrants acquired by the undersigned, except upon presentation of evidence satisfactory to the Company and the transfer agent that the foregoing representation would be complied with upon any such transfer; provided that completing and executing a copy of this Agreement and furnishing it to the Company shall satisfy such requirement. The undersigned is also aware that any certificates representing Common Shares and Warrants will bear a legend reflecting the substance of this paragraph.

- IV. The undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Company and in the Common Shares and the Warrants. The undersigned recognizes that an investment in the Company involves a high degree of risk.
- V. The undersigned is acquiring the Common Shares and the Warrants for investment purposes and not with a view to distribution thereof or with any present intention of offering or selling the Common Shares or the Warrants in violation of the Securities Act.
- VI. The undersigned is aware that the undersigned must bear the economic risk of the undersigned's investment in the Company for an indefinite period of time because the Common Shares and the Warrants have not been registered in the United States under the Securities Act, or under the securities laws of any state, and therefore, cannot be sold unless they are subsequently registered under the Securities Act and any applicable state securities laws or an exemption from registration is available. Further, the undersigned understands that only the Company can take action to register the Common Shares and the Warrants and that the only obligations the Company has undertaken to register the Common Shares and the Warrants are set forth in the registration rights agreement to be entered into between the Company and the initial purchasers/placement agents as described in the Offering Memorandum (as defined below). The undersigned also understands that the Company has no obligation to assist in obtaining any exemption(s) from registration.
- VII. The undersigned has received a copy of the Offering Memorandum dated December 5, 2005 (the "Offering Memorandum") and any amendments or supplements thereto, and has had the opportunity to obtain any additional information necessary to verify the accuracy of the information contained in such documents, and has been given the opportunity to meet with representatives of the Company and to have them answer any questions regarding the terms and conditions of this particular investment, and all such questions have been answered to the undersigned's full satisfaction. The undersigned has received all information regarding the financial condition and the proposed business and operations of the Company or otherwise that the undersigned has requested in order to evaluate its investment in the Company.
- VIII. The undersigned has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with the undersigned's investigation of the accuracy of any information or the undersigned's investment decision.
- IX. The undersigned hereby acknowledges that the Company seeks to comply with all applicable laws concerning money laundering and related activities. In furtherance of such efforts, the undersigned hereby represents, warrants and agrees that to the best of the undersigned's knowledge based upon reasonable diligence and investigation:
- (i) no consideration that the undersigned has contributed or will contribute to the Company has been or shall be derived from, or related to, any activity that is deemed criminal under United States law; and
 - (ii) no consideration that the undersigned has contributed or will contribute to the Company shall cause the Company or any officer or director of the Company to be in violation of the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorism Financing Act of 2001.

The undersigned agrees to provide the Company any additional information regarding the undersigned that the Company deems necessary or appropriate to ensure compliance with all applicable laws concerning money laundering and similar activities. The undersigned understands and agrees that if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering or similar activities, the Company may, in its sole discretion, undertake appropriate actions to ensure compliance with applicable law or regulation, including but not limited to freezing, segregating or requiring the sale of the undersigned's Common Shares and Warrants. The undersigned further understands that the Company may release confidential information about the undersigned, and, if applicable, any underlying beneficial ownership, to proper authorities if the Company, in its sole discretion, determines that it is the best interests of the Company in light of relevant laws, rules and regulations concerning money laundering and similar activities.

- X. The undersigned further hereby acknowledges and agrees that until such time as the Company files an election to be regulated as a business development company under the Investment Company Act of 1940 (the "'40 Act") or otherwise becomes a registered investment company pursuant to the '40 Act (any such event constituting a "'40 Act Event"), the undersigned shall not sell or transfer its Common Shares or Warrants to any transferee until such time as such transferee makes the representations and warranties contained herein and agrees to be governed by the provisions hereby; provided that completing and executing a copy of this Agreement and furnishing it to the Company shall satisfy such requirement. **Moreover, the undersigned acknowledges that**

any sale or transfer of the Company's Common Shares or Warrants in the absence of complying with the preceding sentence is prohibited and any such transfer shall be deemed null and void by the Company.

- XI. Notwithstanding the foregoing, until such time as the undersigned's Common Shares or Warrants are registered under the Securities Act, such Common Shares or Warrants may only be transferred in a transaction that is exempt from registration under the Securities Act and the applicable securities laws of other jurisdictions and the undersigned acknowledges that any transfer of its Common Shares or Warrants of the Company can only be made in accordance with the Securities Act or in accordance with a valid exemption thereunder. To the extent that such Common Shares or Warrants are not purchased on The PORTALSM Market, the undersigned shall not sell or transfer its Common Shares or Warrants to any transferee until such time as such transferee makes the representations and warranties contained in paragraph I herein and agrees to be governed by the provisions hereby; provided that completing and executing a copy of this Agreement and furnishing it to the addressees hereto shall satisfy such requirement and provided that the transferee acknowledges the following by executing a copy of this Agreement:

THE COMMON SHARES AND THE WARRANTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE COMMON SHARES AND THE WARRANTS MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THE COMMON SHARES AND THE WARRANTS, BY ITS ACCEPTANCE OF THE COMMON SHARES AND THE WARRANTS, AGREES NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH COMMON SHARES OR WARRANTS, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE DATE OF THE INITIAL SALE THEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF ANY SUCH COMMON SHARES OR WARRANTS (THE "RESALE RESTRICTION TERMINATION DATE"), EXCEPT THAT THE COMMON SHARES AND THE WARRANTS MAY BE TRANSFERRED (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE COMMON SHARES AND THE WARRANTS ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) TO OTHER INVESTORS WITH RESPECT TO WHICH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE, SUBJECT TO THE COMPANY'S AND THE TRANSFER AGENT'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER IN EACH OF THE FOREGOING CASES, TO REQUIRE DELIVERY BY THE TRANSFEROR TO THE TRANSFER AGENT OF APPROPRIATE CONFIRMATION OF THE FOREGOING.

- XII. Notwithstanding anything herein, this Agreement shall be modified so as to delete: (a) following a '40 Act Event, paragraphs II and X and any transferee shall be required to comply solely with all other items of this Section A and Section B below, (b) following such time as the Common Shares constitute "publicly offered securities" under the Plan Asset Regulations, paragraph III and any transferee shall be required to comply with all other items of this Section A and Section B below, and (c) following such time as the Common Shares and the Warrants shall have been registered pursuant to an effective registration statement under the Securities Act, paragraphs I, V and XI and any transferee shall be required to comply with all other items of this Section A and Section B below. In case of any modification of this Agreement pursuant to clause (a), (b) or (c) of this paragraph, the Company shall either post such information on its website or it shall provide written notice that such an event has occurred to all holders of its Common Shares and Warrants. **Subject to any modifications as a result of this paragraph XII, any transferee of Common Shares or Warrants shall be required to execute and agree to the provisions contained herein and to make such representations and warranties as are applicable hereunder.**

- XIII. The undersigned agrees to promptly advise the Company (c/o Tortoise Capital Advisors, LLC at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210) if, after giving effect to paragraph XII, any of the representations or warranties in this certificate relating to it or any identified accounts ceases to be true.

B. MARKET STAND-OFF

The undersigned hereby agrees that it shall not, to the extent requested by the Company or an underwriter or proposed underwriter of securities of the Company, without the prior written consent of the Company and such underwriter(s), directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or

warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Shares or any securities convertible into or exchangeable or exercisable for Common Shares (including the Warrants), whether now owned or hereafter acquired by the undersigned (excluding Common Shares acquired in an initial public offering or acquired in the open market following such initial public offering) or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Shares, whether any such swap or transaction is to be settled by delivery of Common Shares or other securities, in cash or otherwise sell (other than in any such case to bona fide donees of the undersigned, in each case, who agree to be similarly bound by completing and executing a copy of this Agreement and furnishing it to the Company at the above address or via fax to: (913) 981-1021) within the ninety (90) days following the effective date of a registration statement with respect to an initial public offering of the Company's equity securities filed under the Securities Act (an "IPO Registration Statement").

In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the securities subject to this Section B and to impose stop transfer instructions with respect to the Common Shares and the Warrants of the undersigned (and the securities of every other person subject to the foregoing restriction) until the end of such period. The provisions of this Section B shall remain in full force and effect for all holders of the Common Shares and the Warrants until such time as a holder receives common shares and warrants pursuant to a valid registration statement under the Securities Act of 1933.

The foregoing covenant shall be for the benefit of the Company as well as for the benefit of any underwriter retained by the Company in connection with an initial public offering of the Company's shares.

Dated: _____, _____

Name of Institution

By: _____ 3

Name of Contact at Above Institution for
Questions and Updates

Mailing Address

Title of Executive Officer ⁴

Telephone Number

Account Number

List of Accounts and Sub-Accounts (other than Separate Accounts of an Insurance company)
(attach separate sheet as necessary)

Name of Entity	Account Number	XCheck Box if Applicable, see II(ii) Above
_____	_____	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>

(List of Separate Accounts of an Insurance company)
(attach separate sheet as necessary)

Name of Entity	Account Number
_____	_____

- 3 If the undersigned is unable to make the representations and warranties contained in II(i), it should clearly so state below the signature line.
- 4 Certification must be signed by the institution's chief financial officer or another executive officer, except that if the institution is a member of a "family of investment companies," the certification must be signed by an executive officer of such institution's investment adviser.

ANNEX A

- I. Rule 144A provides that a “Qualified Institutional Buyer” (“QIB”) can be any of the following institutions, provided that such institution owns and/or invests on a discretionary basis at least \$100 million in eligible “securities” (defined in II below).
- (a) an ***insurance company*** as defined in Section 2(13) of the Securities Act of 1933 (the “Act”);
 - (b) an ***investment company*** registered under the Investment Company Act of 1940, acting for its own account or for accounts of other QIBs that are part of a *family of investment companies* (as defined in Rule 144A) which family of investment companies owns in aggregate at least \$100 million in eligible securities;
 - (c) an ***investment adviser*** registered under the Investment Advisers Act of 1940;
 - (d) a ***corporation*** (other than a bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Act or a foreign bank or savings and loan association or equivalent institution);
 - (e) a ***partnership*** or Massachusetts or similar business trust;
 - (f) a ***plan established and maintained by a state***, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;
 - (g) an ***employee benefit plan*** within the meaning of Title I of the Employee Retirement Income Security Act of 1974;
 - (h) any ***trust fund*** whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (f) or (g) above, except *trust funds* that include as participants individual retirement accounts or H.R. 10 plans.
 - (i) a ***not -for-profit organization*** described in Section 501(c)(3) of the Internal Revenue Code;
 - (j) a ***dealer*** registered pursuant to Section 15 of the Securities Exchange Act of 1934 (a dealer only is required to own and/or invest at least \$10 million in eligible “securities,” excluding securities constituting whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering);
 - (k) a ***bank*** as defined in Section 3(a)(2) of the Act, a savings and loan association or other institution as referred to in Section 3(a)(5)(A) of the Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it, and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial statements;
 - (l) a ***business development company*** as defined in Section 2(a)(48) of the Investment Company Act of 1940;
 - (m) a ***business development company*** as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
 - (n) a ***Small Business Investment Company*** licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
 - (o) any entity, all of the equal owners of which are QIBs.
- II. Eligible “Securities” — in determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be *excluded*: securities issued by issuers that are affiliated with the purchaser or, if the purchaser is an investment company, are part of that purchaser’s “family of investment companies”; bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The value of eligible securities must be calculated based on cost (or on the basis of market value if the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published).

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under Section 13 or 15(d) of the Securities Exchange Act of 1934, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in consolidated financial statements of another enterprise.

III. "Separate account" for purposes of this certification means a separate account as defined by Section 2(a)(37) of the Investment Company Act of 1940 that is neither registered under Section 8 of such Act nor required to be so registered.

ANNEX B

Accredited Investor Status for Individual Investors and Certain Investors that are Entities

(Please check all applicable boxes):

- (1) I am a director, executive officer or general partner of the issuer of the securities being offered or sold, or a director, executive officer or general partner of a general partner of that issuer; or
- (2) I am a natural person whose individual net worth or joint net worth with my spouse, at the time of purchase, exceeds \$1,000,000; or
- (3) I am a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with my spouse in excess of \$300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year; or
- (4) Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed by the specific purpose of acquiring the Common Shares and Warrants, with total assets in excess of \$5,000,000; or
- (5) A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Shares or the Warrants, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; or
- (6) An entity in which all of the equity owners are accredited investors.

If other than natural person, check one: If Joint Ownership, check one:

- | | |
|--|---|
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Joint Tenants w/Rights of Survivorship |
| <input type="checkbox"/> Limited Partnership | <input type="checkbox"/> Tenants-in-Common |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Community Property |
| <input type="checkbox"/> Limited Liability Company | |
| <input type="checkbox"/> Subchapter S Corporation | |
| <input type="checkbox"/> "Grantor" Trust | |
| <input type="checkbox"/> Trust | |
| <input type="checkbox"/> Estate | |

ANNEX C

Restrictions on Sales of Book-Entry Securities Designated QIB/QP or 3(c)(7)

The Investment Company Act of 1940, as amended (the “Investment Company Act”) requires that all holders of the outstanding securities of an issuer relying on Section 3(c)(7) (or, in the case of a non-U.S. issuer, all holders that are U.S. Persons) be “qualified purchasers” (“QPs”) as defined in Section 2(a)(51)(A) of the Investment Company Act and related rules. Under the rules, the issuer or an agent acting on its behalf must have a “reasonable belief” that all holders of its outstanding securities (or, in the case of a non-U.S. issuer, all holders that are U.S. Persons), including transferees, are QPs. Consequently, all sales and resales of the securities (or, in the case of non-U.S. issuers, all sales and resales in the United States or to U.S. Persons) must be made pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), solely to purchasers that are “qualified institutional buyers” (“QIBs”) within the meaning of Rule 144A and are also QPs (“QIB/QPs”). Each purchaser of a security designated QP or 3(c)(7) will be deemed to represent at the time of purchase that: (i) the purchaser is a QIB/QP; (ii) the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iii) the purchaser is not a participant-directed employee plan such as a 401(k) plan; (iv) the QIB/QP is acting for its own account, or the account of another QIB/QP; (v) the purchaser is not formed for the purpose of investing in the issuer; (vi) the purchaser, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of securities; and (vii) the purchaser will provide notice of the transfer restrictions to any subsequent transferees.

A “qualified purchaser” as defined in Section 2(a)(51)(A) of the Investment Company Act is (i) any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in an issuer that is excepted under section 3(c)(7) with that person’s qualified purchaser spouse) who owns not less than \$5,000,000 in investments, as defined by the Commission; (ii) any company that owns not less than \$5,000,000 in investments and that is owned directly or indirectly by or for 2 or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons; (iii) any trust that is not covered by clause (ii) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause (i), (ii), or (iv); or (iv) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in investments.

Subscription Agreement

Tortoise Capital Resources Corporation
Attn: David J. Schulte
10801 Mastin Boulevard, Suite 222
Overland Park, Kansas 66210

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
STIFEL, NICOLAUS & COMPANY, INCORPORATED
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
4 World Financial Center
New York, New York 10080

Dear Sirs:

In connection with the undersigned's proposed purchase of the common shares, par value \$0.001 per share (the "*Common Shares*"), of Tortoise Capital Resources Corporation (the "*Company*") from the Company, the undersigned confirms that:

1. Upon the terms and subject to the conditions set forth in this letter and the closing conditions contained in that certain Placement Agreement (the "*Agreement*"), dated as of September , 2005, by and among the Company, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("*Merrill Lynch*") and Stifel, Nicolaus & Company, Incorporated, as the placement agents, the undersigned hereby irrevocably subscribes for and agrees to purchase from the Company such number of Common Shares as is set forth on the signature page of this letter at a price equal to \$ per share (the "*Purchase Price*") on the terms provided for herein and in the Offering Memorandum (defined below). The undersigned understands and agrees that the Company reserves the right to accept or reject the undersigned's subscription for the common shares for any reason or for no reason, in whole or in part, at any time prior to its acceptance by the Company, and the same shall be deemed to be accepted by the Company only when this Subscription Agreement is signed by a duly authorized person by or on behalf of the Company; the Company may do so in counterpart form. In the event of rejection of the entire subscription, the undersigned's payment hereunder will be returned promptly to the undersigned along with this Subscription Agreement, and this Subscription Agreement shall have no force or effect.

2. The undersigned agrees to open an account with Merrill Lynch or an affiliate on or before the second business day preceding the Closing (as such term is defined in the Agreement) and to deliver to Merrill Lynch or an affiliate on or before the business day preceding the Closing Date (as such term is defined in the Agreement) the Purchase Price by wire transfer of U.S. dollars in immediately available funds to a Merrill Lynch or an affiliate account specified by Merrill Lynch or an affiliate and authorizes Merrill Lynch or an affiliate to deliver the Purchase Price on the undersigned's behalf to the Company in accordance with Section 2 of the Agreement.

3. The undersigned has read the Investment Representation, Transfer and Market Stand-Off Agreement attached hereto as Exhibit A and understands and acknowledges that the provisions of that agreement shall govern any transfer or sale by the undersigned and that no transfer or sale by the undersigned shall be effective other than in the manner specified in such agreement and done in accordance with the terms and conditions set forth therein and such transferee will agree to be bound by the terms therein.

4. The undersigned certifies that it is an Accredited Investor as defined in Rule 501(a)(4), (5) or (6), under the Securities Act and has completed the Questionnaire in Exhibit B hereto indicating its qualifications thereby.

5. The undersigned certifies that it has read Annex C to Exhibit A, "Restrictions on Sales of Book-Entry Securities Designated QIB/QP or 3(c)(7)" attached hereto, and the undersigned certifies that it is a "Qualified Purchaser" as defined in Section 2(a)(51) of, and the related rules under, the Investment Company Act of 1940, as amended, and the undersigned represents and warrants that (if the undersigned certifies that it is unable to make the representations and warranties contained in 5(i), it should so indicate on the signature line below):

- (i) it is **not a** :
 - "dealer" described in (j) of Annex A to Exhibit A that owns and invests on a discretionary basis less than \$25,000,000 in eligible "securities" (excluding securities constituting the whole or part of an unsold allotment to or subscription as a participant in a public offering);
 - "plan" described in (f) or (g) of Annex A to Exhibit A or a "trust fund" described in (h) of Annex A to Exhibit A;
- (ii) the undersigned has indicated with a check mark each of the sub-accounts listed below which can independently make each of the representations and warranties in this Section 5. If the undersigned decides to purchase securities designated QIB/QP or 3(c)(7) for the accounts of others, it will only purchase for accounts which are checked below, and those accounts will be deemed to make the representations and warranties in I(i) of Exhibit A and this Section 5. (An insurance company may purchase for one or more of its separate accounts, without regard to whether the account could independently make those representations and warranties);
- (iii) it is not an entity that was formed for the specific purpose of investing in Section 3(c)(7) securities (**or** if it was formed for such purpose, then each beneficial owner of its securities is a QP);
- (iv) it is not an entity that was formed or is operated as a device for facilitating individual investment decisions of its participants or securityholders;
- (v) if it was formed prior to April 30, 1996 and is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof, then its treatment as a Qualified Purchaser has been consented to (in the manner required by Section 2(a)(51)(C) of the Investment Company Act and rules thereunder) by its beneficial owners who acquired their interests on or before April 30, 1996; and
- (vi) except as set forth in (ii) above, it will not hold Section 3(c)(7) securities for the benefit of any other person, and it will not sell participation interests in the securities to any other person or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the securities.

6. The undersigned hereby acknowledges and agrees that none of its assets consist of assets of an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a plan within the meaning of Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), whether or not subject to Title I of ERISA or Section 4975 of the Code, including without limitation, public and private employee benefit plans, IRAs, Keoghs, church plans, and entities which hold, or are deemed to hold, such assets under the Department of Labor Regulations at 29 C.F.R. § 2510.3-101 (the "Plan Asset Regulations").

7. The undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Company and in the Common Shares. The undersigned recognizes that an investment in the Company involves a high degree of risk.

8. The undersigned is acquiring the Common Shares for investment purposes and not with a view to distribution thereof or with any present intention of offering or selling the Common Shares in violation of the Securities Act.

9. The undersigned is acquiring the Common Shares for the undersigned's own account or for one or more accounts (each of which is an Accredited Investor) as to each of which the undersigned exercises sole investment discretion and is authorized to make the representations, and enter into the agreements, contained in this letter and the Offering Memorandum.

10. The undersigned is aware that the undersigned must bear the economic risk of the undersigned's investment in the Company for an indefinite period of time because the Common Shares have not been registered in the United States under the Securities Act, or under the securities laws of any state, and therefore, cannot be sold unless they are subsequently registered under the Securities Act and any applicable state securities laws or an exemption from registration is available. Further, the undersigned understands that only the Company can take action to register the Common Shares and that the only obligations the Company has undertaken to register the Common Shares are set forth in the registration rights agreement to be entered into between the Company and the initial purchasers/placement agents as described in the Offering Memorandum. The undersigned also understands that the Company has no obligation to assist in obtaining any exemption(s) from registration.

11. The undersigned has received a copy of the Offering Memorandum and any amendments or supplements thereto, and has had the opportunity to obtain any additional information necessary to verify the accuracy of the information contained in such documents, and has been given the opportunity to meet with representatives of the Company and to have them answer any questions regarding the terms and conditions of this particular investment, and all such questions have been answered to the undersigned's full satisfaction. The undersigned has received all information regarding the financial condition and the proposed business and operations of the Company or otherwise that the undersigned has requested in order to evaluate its investment in the Company.

12. The undersigned has not relied on the placement agents or any person affiliated with the placement agents in connection with the undersigned's investigation of the accuracy of any information or the undersigned's investment decision.

13. The undersigned hereby acknowledges that the Company seeks to comply with all applicable laws concerning money laundering and related activities. In furtherance of such efforts, the undersigned hereby represents, warrants and agrees that to the best of the undersigned's knowledge based upon reasonable diligence and investigation:

- (i) no consideration that the undersigned has contributed or will contribute to the Company has been or shall be derived from, or related to, any activity that is deemed criminal under United States law; and
- (ii) no consideration that the undersigned has contributed or will contribute to the Company shall cause the Company or any officer or director of the Company to be in violation of the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorism Financing Act of 2001.

The undersigned agrees to provide the Company any additional information regarding the undersigned that the Company deems necessary or appropriate to ensure compliance with all applicable laws concerning money laundering and similar activities. The undersigned understands and agrees that if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering or similar activities, the Company may, in its sole discretion, undertake appropriate actions to ensure compliance with applicable law or regulation, including but not limited to freezing, segregating or requiring the sale of the undersigned's Common Shares. The undersigned further understands that the Company may release confidential information about the undersigned, and, if applicable, any underlying beneficial ownership, to proper authorities if the Company, in its sole discretion, determines that it is in the best interests of the Company in light of relevant laws, rules and regulations concerning money laundering and similar activities.

14. The undersigned agrees to promptly advise the Company (c/o Tortoise Capital Advisors, LLC at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210) if any of the representations or warranties in this certificate relating to it ceases to be true.

15. Market Stand-Off. The undersigned hereby agrees that it shall not, to the extent requested by the Company or an underwriter or proposed underwriter of securities of the Company, without the prior written consent of the Company and such underwriter(s), directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Shares or any securities convertible into or exchangeable or exercisable for Common Shares, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Shares, whether any such swap or transaction is to be settled by delivery of Common Shares or other securities, in cash or otherwise sell (other than in any such case to bona fide donees of the undersigned, in each case, who agree to be similarly bound by completing and executing a copy of this Agreement and furnishing it to the Company at the above address or via fax to: (913) 981-1021) within the thirty (30) days prior to and one hundred eighty (180) days following the effective date of a registration statement with respect to an initial public offering of the Company's equity securities filed under the Securities Act (an "IPO Registration Statement").

In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the securities subject to this Paragraph 15 and to impose stop transfer instructions with respect to the shares of the undersigned (and the securities of every other person subject to the foregoing restriction) until the end of such period.

The foregoing covenant shall be for the benefit of the Company as well as for the benefit of any underwriter retained by the Company in connection with an initial public offering of the Company's shares.

16. The undersigned acknowledges that the placement agents have acted as agent for the Company in connection with the sale of the Common Shares. The undersigned consents to the placement agents' actions in this regard and hereby waives any and all claims, actions, liabilities, damages or demands it may have against the placement agents in connection with any alleged conflict of interest arising from the placement agents' engagement as an agent of the Company with respect to the sale by the Company of the Common Shares to the undersigned.

17. The undersigned acknowledges that the placement agents, the Company and others will rely on the acknowledgments, representations and warranties contained in this letter.

18. The placement agents and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

19. The undersigned represents that the execution, delivery and performance by the undersigned of this Subscription Agreement are within the powers of the undersigned, have been duly authorized and will not constitute or result in a breach of or default under or conflict with any order, ruling or regulation of any court or other tribunal or of any governmental commission or agency or with any agreement or other undertaking to which the undersigned is a party or by which the undersigned is bound, and, if the undersigned is not an individual, will not violate any provisions of such entity's organizational documents, including, without limitation, its incorporation or formation papers, bylaws, indenture of trust or partnership or operating agreement, as may be applicable. The signature on this Subscription Agreement is genuine and the signatory, if the undersigned is an individual, has legal competence and capacity to execute the same, or, if the undersigned is not an individual, the signatory has been duly authorized to execute the same, and this Subscription Agreement constitutes a legal, valid and binding obligation of the undersigned, enforceable in accordance with its terms.

20. The undersigned agrees to indemnify and hold harmless the Company and the placement agents, their respective directors, executive officers and each other person, if any, who controls or is controlled by the Company or either of the placement agents, within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, from and against any and all loss, liability, claim, damage and expense whatsoever (including, without limitation, any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon (a) any false, misleading or incomplete representation, declaration or warranty or breach or failure by the undersigned

to comply with any covenant or agreement made by the undersigned in this Subscription Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction or (b) any action for securities law violations by the undersigned.

21. If any provision of this Subscription Agreement is invalid or unenforceable under any applicable law, then such provision shall be deemed inoperative to the extent that it may conflict therewith. Any provision hereof which may be held invalid or unenforceable under any applicable law shall not affect the validity or enforceability of any other provisions hereof, and to this extent the provisions hereof shall be severable.

22. This Subscription Agreement shall be binding upon the undersigned and the heirs, personal representatives, successors and assigns of the undersigned.

23. Neither this Subscription Agreement nor any rights which may accrue to an undersigned hereunder, may be transferred or assigned.

NOTE: YOU MUST COMPLETE AND SIGN THE PURCHASER QUESTIONNAIRE ATTACHED HERETO AS EXHIBIT B.

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THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER STATE.

Date: _____, 2005.

Very truly yours,

By: _____

Print Name:

Company Name:

Title:

Address:

Common Shares to be purchased:

_____ shares of Common Shares.

Exhibit A
Investment Representation, Transfer and Market Stand-Off Agreement

Exhibit B
Purchaser Questionnaire

If the investor is an individual, the investor's State/Province of Residence is:

If the investor is a corporation, partnership, trust or other legal entity it:

- is organized under the laws of: _____ ;
- has its principal place of business in: _____ ; and
- was formed for the purpose of: _____

Investor's Social Security Number or Taxpayer Identification Number: _____

(Please indicate name and capacity of person signing above if the investor is other than a natural person.)

Residence or Principal Place of Business Address:

Street

City, State, Zip Code

Attn: _____

Telephone No.: _____

Telecopier No.: _____

Joint Investor's Social Security Number or Taxpayer Identification Number: _____

(Please indicate name and capacity of person signing above if the joint investor is other than a natural person.)

Mailing Address if different:

Street

City, State, Zip Code

Attn: _____

Telephone No.: _____

Telecopier No.: _____

Number of Common Shares (

minimum) subscribed for: _____

Subscription Amount: \$ _____

NOTE: THE FOLLOWING MUST BE COMPLETED

Name of DTC Participant: _____

Investor's Account Number with Participant: _____



Accredited Investor Status for Individual Investors (Please check all applicable boxes):

- (1) I am a director, executive officer or general partner of the issuer of the securities being offered or sold, or a director, executive officer or general partner of a general partner of that issuer;
- (2) I am a natural person whose individual net worth or joint net worth with my spouse, at the time of purchase, exceeds \$1,000,000; or
- (3) I am a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with my spouse in excess of \$300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

If other than natural person, check one:

- General Partnership
- Limited Partnership
- Corporation
- Subchapter S Corporation
- "Grantor" Trust
- Trust
- Estate

If Joint Ownership, check one:

- Joint Tenants w/Rights of Survivorship
- Tenants-in-Common
- Community Property

TORTOISE CAPITAL ADVISORS, LLC
CODE OF ETHICS

Statement of General Policy

Tortoise Capital Advisors, LLC (the “Adviser,” “we,” or “us”) seeks to foster a reputation for integrity and professionalism. That reputation is a vital business asset. The confidence and trust placed in us by our clients is something that is highly valued and must be protected. As a result, any activity that creates even the suspicion of misuse of material non-public information by the Adviser or any of our employees, which gives rise to or appears to give rise to any breach of fiduciary duty owed to our clients, or which creates any actual or potential conflict of interest between our client and the Adviser or any of our employees or even the appearance of any conflict of interest must be avoided and is prohibited. At the same time, we believe that individual investment activities by our officers and employees should not be unduly prohibited or discouraged.

Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Rule”), requires that the Adviser adopt a code of ethics setting forth standards of conduct for us and our Supervised Persons (as defined below). In addition, Rule 17j-1, under the Investment Company Act, as amended (the “Investment Company Act”), requires that the Adviser adopt a code of ethics containing provisions reasonably necessary to prevent access persons (as defined in Rule 17j-1 of the Investment Company Act) from engaging in any act, practice or course of business prohibited by Rule 17j-1. Accordingly, this Code of Ethics (the “Code”) has been adopted to ensure that those who are responsible for developing or implementing our investment advice or who pass such advice on to our clients will not be able to act thereon to the disadvantage of our clients. The Code does not purport comprehensively to cover all types of conduct or transactions which may be prohibited or regulated by the laws and regulations applicable to Adviser and persons connected with it. It is the responsibility of each employee to conduct personal securities transactions in a manner that does not interfere with the transactions of the Adviser’s clients or otherwise take unfair advantage of such clients, and to understand the various laws applicable to such employee. Likewise, each Supervised Person is required to report any violations of this Code promptly to the Compliance Officer.

1. Definitions of Terms Used

- (a) “Access Person” means (i) any Supervised Person (A) who has access to nonpublic information regarding any client’s purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any client; or (B) who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic; and (ii) all members of the management committee and officers of the Adviser.
 - (b) “Automatic Investment Plan” means a program, including a dividend reinvestment plan, in which regular periodic purchases (or withdrawals) are made
-

automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation.

- (c) “Beneficial ownership” or “beneficial interest” shall be interpreted in the same manner as beneficial ownership would be under Rule 16a-1(a)(2) under the Securities Exchange Act of 1934 in determining whether a person has beneficial ownership of a security for purposes of Section 16 of that Act and the rules and regulations thereunder, which includes any interest in which a person, directly or indirectly, has or shares a direct or indirect pecuniary interest. A pecuniary interest is the opportunity, directly or indirectly, to profit or share in any profit derived from any transaction. **Each Access Person will be assumed to have a pecuniary interest, and therefore, beneficial interest in or ownership of, all securities held by the Access Person, the Access Person’s spouse, all minor children, all dependent adult children and adults sharing the same household with the Access Person** (other than mere roommates) and in all accounts subject to their direct or indirect influence or control and/or through which they obtain the substantial equivalent of ownership, such as trusts in which they are a trustee or beneficiary, partnerships in which they are the general partner (except where the amount invested by the general partner is limited to an amount reasonably necessary in order to maintain the status as a general partner), corporations in which they are a controlling shareholder (except any investment company, trust or similar entity registered under applicable U.S. or foreign law) or any other similar arrangement. Any questions an Access Person may have about whether an interest in a security or an account constitutes beneficial interest or ownership should be directed to the Compliance Officer.
- (d) “Considering for purchase or sale” shall mean when the portfolio manager communicates that he/she is seriously considering making such a transaction or when a recommendation to the portfolio manager to purchase or sell has been made or communicated by an analyst at the Adviser and, with respect to the analyst making the recommendation, when such analyst seriously considers making such a recommendation.
- (e) “Contemplated Security” shall mean any security that the Adviser may recommend to its clients for purchase or sale, and any security related to or connected with such security. ¹ The term security shall have the meaning set forth in Section 2(a)(36) of the Investment Company Act of 1940, as amended, including any right to acquire such security, such as puts, calls, other options or rights in such securities, and securities-based futures contracts.
- (f) “Covered Security” shall mean any security, and any security related to or connected with such security. The term security shall have the meaning set forth in Section 202(a)(18) of the Investment Advisers Act of 1940, as amended,

¹ The Adviser currently may only recommend the purchase and sale of securities of energy infrastructure companies, Canadian royalty and income trusts, and high quality short-term debt investments.

including any right to acquire such security, such as puts, calls, other options or rights in such securities, and securities-based futures contracts, except that it shall not include (1) securities which are direct obligations of the government of the United States, (2) bankers' acceptances, bank certificates of deposit, commercial paper or high quality short-term debt instruments, including repurchase agreements, (3) shares issued by money market Funds, (4) shares issued by U.S. registered open-end investment companies except Reportable Funds, and (5) shares issued by unit investment trusts that are invested exclusively in one or more open-end Funds, none of which are Reportable Funds.

- (g) "Compliance Officer" shall mean the Chief Compliance Officer, as may be designated by the Adviser from time to time, or his designee.
- (h) "Federal Securities Laws" means the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Investment Advisers Act of 1940, Title V of the Gramm-Leach-Bliley Act, the Bank Secrecy Act as it applies to investment companies registered under the Investment Company Act of 1940 and investment advisers, each as may be amended or supplemented, and any rules adopted thereunder by the Securities and Exchange Commission or the Department of the Treasury, as applicable.
- (i) "Fund" means any investment company registered under the Investment Company Act of 1940, as amended.
- (j) "Initial Public Offering" means an offering of securities registered under the Securities Act of 1933, as amended, the issuer of which, immediately before the registration, was not required to file reports under Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or an initial public offering under comparable foreign law.
- (k) "Investment Personnel" means any employee of the Adviser (or of any company in a control relationship to the Adviser) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities for the Adviser's clients. Investment Personnel also includes any natural person who controls the Adviser and who obtains information concerning recommendations made to the Adviser's clients regarding the purchase or sale of securities for such clients.
- (l) "Knowingly/Knows/Knew" means (i) actual knowledge or (ii) reason to believe but shall exclude institutional knowledge, where there is no affirmative conduct by the employee to obtain such knowledge, for example, querying the Adviser's trading system or Investment Personnel.
- (m) "Limited Offering" means an offering that is exempt from registration under Section 4(2) or Section 4(6) of the Securities Act of 1933, as amended, or pursuant to Rule 504, Rule 505, or Rule 506 under the Securities Act of 1933, as amended, and similar restricted offerings under comparable foreign law.

- (n) “Personal Benefit” includes any intended benefit for oneself or any other individual, company, group or organization of any kind whatsoever except a benefit for a client.
- (o) “Reportable Fund” means (i) any Fund for which we serve as an investment adviser, or (ii) any Fund whose investment adviser or principal underwriter controls us, we control or is under common control with us. For purposes of this definition, “control” has the meaning given to it in Section 2(a)(9) of the Investment Company Act of 1940.
- (p) “Supervised Person” means any officer, member of the management committee or employee of the Adviser, or other person who provides investment advice on behalf of the Adviser and is subject to the supervision and control of the Adviser.

2. Compliance with Laws and Regulations

Each Supervised Person must comply with all applicable Federal Securities Laws. Without limiting the generality of the foregoing, Supervised Persons shall not, directly or indirectly, in connection with the purchase or sale of a security held or to be acquired by a client:

- (a) Defraud the client in any manner;
- (b) Mislead the client, including by making a statement that omits material facts;
- (c) Engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon the client;
- (d) Engage in any manipulative practice with respect to the client; or
- (e) Engage in any manipulative practice with respect to securities, including price manipulation.

3. Preferential Treatment, Gifts and Entertainment

No Supervised Person shall seek or accept favors, preferential treatment or any other personal benefit because of his or her association with the Adviser, except those usual and normal benefits directly provided by the Adviser.

No Supervised Person shall accept or offer any entertainment, gift or other personal benefit that may create or appears to create a conflict between the interests of such person and the Adviser. Supervised Persons are prohibited from receiving any gift or other personal benefit of more than de minimis value from any person or entity that does business with or on behalf of the Adviser. In addition, Supervised Persons are prohibited from giving or offering any gift or other personal benefit of more than a de minimis value to any person or entity who is an existing or prospective client or any person that does business with or on behalf of the Adviser and shall be absolutely prohibited from giving or offering any gift or other personal benefit to any client or prospective client that is a governmental entity or official thereof or official of any governmental entity investment, retirement or pension fund. For purposes of this Code, de minimis is defined

as reasonable and customary business entertainment, such as an occasional dinner, a ticket to a sporting event or the theater, or comparable entertainment which is neither so frequent nor so extensive as to raise any question of propriety. Any questions regarding the receipt of any gift or other personal benefit should be directed to the Compliance Officer.

4. Conflicts of Interest

If any Supervised Person is aware of a personal interest that is, or might be, in conflict with the interest of any client, that Supervised Person should disclose the situation or transaction and the nature of the conflict to the Compliance Officer for appropriate consideration. In addition, no Supervised Person may use knowledge about pending or currently considered securities transactions for clients to directly or indirectly profit personally. Without limiting the foregoing, Supervised Persons who are planning to invest in or make a recommendation to invest in a security, and who have a material interest in the security or a related security, must first disclose such interest to his or her manager or the Compliance Officer. Such manager or the Compliance Officer shall conduct an independent review of the recommendation to purchase the security for clients and written evidence of such review shall be maintained by the Compliance Officer. Supervised Persons may not fail to timely recommend a suitable security to, or purchase or sell a suitable security for, a client in order to avoid an actual or apparent conflict with a personal transaction in a security.

5. Service as a Director

Supervised Persons are prohibited from accepting any new appointment to the boards of directors of any energy infrastructure company, whether or not its securities are publicly traded, absent prior authorization of the Compliance Officer. In determining whether to authorize such appointment, the Compliance Officer shall consider whether the board service would be adverse to the interests of the Adviser's clients, would interfere with or hinder the Adviser's ability to provide recommendations to its clients, and whether adequate procedures exist to ensure isolation from those making investment decisions. No Supervised Person may participate in a decision to purchase or sell a security of any company for which he/she serves as a director. All Supervised Persons shall report existing board positions with for-profit corporations, business trusts or similar entities within ten (10) days of becoming a Supervised Person. All Supervised Persons must notify the Compliance Officer within ten (10) days of accepting a new appointment to serve on the board of directors of any for-profit corporation, business trust or similar entity (other than energy infrastructure companies, for which prior authorization of the Compliance Officer is required).

6. Inside Information

U.S. securities laws and regulations, and certain foreign laws, prohibit the misuse of "inside" or "material non-public" information when trading or recommending securities. In addition, Regulation FD prohibits certain selective disclosure of information to analysts.

Inside information obtained by any Supervised Person from any source must be kept strictly confidential. All inside information should be kept secure, and access to files and computer files containing such information should be restricted. Persons shall not trade

securities while in possession of or disclose material non-public or insider information except as may be necessary for legitimate business purposes on behalf of the Adviser as appropriate. Questions and requests for assistance regarding insider information should be promptly directed to the Compliance Officer.

Inside information may include, but is not limited to, knowledge of pending orders or research recommendations, corporate finance activity, mergers or acquisitions, advance earnings information, clients' securities holdings and transactions, and other material non-public information that could affect the price of a security.

A client's identity, financial circumstances and account information is also confidential and must not be discussed with any individual whose responsibilities do not require knowledge of such information. The Adviser has separate policies on privacy that also govern the use and disclosure of client account information.

7. Restrictions on Personal Security Transactions

- (a) Access Persons may not sell to, or purchase from, any client any security or other property (except merchandise in the ordinary course of business), in which such Person has or would acquire a beneficial interest, unless such purchase or sale involves shares of a Fund, or is otherwise permitted pursuant to Section 17 of the 1940 Act.
- (b) Access Persons may only engage in the purchase and sale of shares of any Reportable Fund during the periods allowed by the policies and procedures of such Reportable Fund. However, even within those periods, no transactions should be entered into in violation of Rule 10b-5 prohibiting the use of inside information and all transactions should be carried out in compliance with Section 16 of the Securities Exchange Act of 1934 and Rule 144 under the Securities Act of 1933.
- (c) Access Persons shall not discuss with or otherwise inform others of any actual or contemplated security transaction by any client except in the performance of employment duties or in an official capacity and then only for the benefit of the client, and in no event for personal benefit or for the benefit of others.
- (d) Access Persons shall not release information to dealers or brokers or others (except to those concerned with the execution and settlement of the transaction) as to any changes in any client's investments, proposed or in process, except (i) upon the completion of such changes, (ii) when the disclosure results from the publication of a prospectus by a Reportable Fund, (iii) in conjunction with a regular report to shareholders of a Reportable Fund, or to any governmental authority resulting in such information becoming public knowledge, or (iv) in connection with any report to which shareholders of a Reportable Fund are entitled by reason of provisions of the articles of incorporation, bylaws, rules and regulations, contracts or similar documents governing the operations of such company.

- (e) Access Persons may not use knowledge of portfolio transactions made or contemplated for any client to profit by the market effect of such transactions or otherwise engage in fraudulent conduct in connection with the purchase or sale of a security sold or acquired by any client.
- (f) No Access Person shall knowingly take advantage of an opportunity of any client for personal benefit, or take action inconsistent with such Access Person's fiduciary obligations to the Adviser's clients. All personal securities transactions must be consistent with this Code and Access Persons must avoid any actual or potential conflict of interest or any abuse of any Access Person's position of trust and responsibility.
- (g) Any transaction in a Covered Security in anticipation of any client's transaction ("front-running") is prohibited.
- (h) No Access Person shall purchase or sell, directly or indirectly, any Covered Security which such Access Person knows that the Adviser either is purchasing or selling, or is considering for purchase or sale, for any client until either the client's transactions have been completed or consideration of such transaction is abandoned.
- (i) When anything in this Section 7 prohibits the purchase or sale of a security, it also prohibits the purchase or sale of any related securities, such as puts, calls, other options or rights in such securities and securities-based futures contracts and any securities convertible into or exchangeable for such security.
- (j) Any Access Person who trades in violation of this Section 7 must unwind the trade or disgorge the profits.

8. **Preclearance**

- (a) No Access Person may buy or sell any Contemplated Security for an account beneficially owned by him without having first obtained specific permission from the Compliance Officer. In order to gain permission to trade, a completed Preclearance Form, which can be obtained from the Compliance Officer, must be signed by at least one authorized signatory. After a completed Preclearance Form has been approved, the transaction may be affected either internally or through an external broker. Transaction orders must be placed within one week of the day permission to trade is granted or such shorter period as is indicated on the approved Preclearance Form.
- (b) No Access Person shall directly or indirectly acquire a beneficial interest in securities through a Limited Offering or in an Initial Public Offering without obtaining the prior consent of the Compliance Officer. Consideration will be given to whether or not the opportunity should be reserved for the Adviser's clients. Such Officer will review these proposed investments on a case-by-case basis and approval may be appropriate when it is clear that conflicts are very

unlikely to arise due to the nature of the opportunity for investing in the Initial Public Offering or Limited Offering.

9. **Excluded Transactions**

The trading restrictions in Section 7 and the preclearance requirements of Section 8 do not apply to the following types of transactions:

- (a) Transactions effected for any account over which the Access Person has no direct or indirect influence or control and which has been approved by the Compliance Officer pursuant to Section 10(f).
- (b) Non-volitional purchases and sales, such as dividend reinvestment programs or “calls” or redemption of securities.
- (c) The acquisition of securities by gift or inheritance or disposition of securities by gift to charitable organizations.
- (d) Standing orders for retirement plans provided that prior clearance is obtained before an Access Person starts, increases, decreases or stops direct debits/standing orders for retirement plans. Lump sum investments in or withdrawals from such plans must be pre-cleared on a case-by-case basis and are subject to trading restrictions.

10. **Reporting Procedures**

Access Persons shall submit to the Compliance Officer the reports set forth below. Any report required to be filed shall not be construed as an admission by the Access Person making such report that he/she has any direct or indirect beneficial interest in the security to which the report relates.

- (a) **Brokerage Accounts** . Before effecting personal transactions through an external broker, each Access Person must (i) inform the brokerage firm of his affiliation with the Adviser; (ii) make arrangements for copies of confirmations to be sent to the Compliance Officer within 24 hours of each transaction; and (iii) make arrangements for the Compliance Officer to receive duplicate account statements.
- (b) **Initial Holdings Report** . Each Access Person must provide an initial holdings report which includes the following information within ten (10) days of becoming an Access Person:
 - The title, type of security, the exchange ticker symbol or CUSIP number (as applicable), number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;

- The name of any broker, dealer or bank with whom the Access Person maintains an account in which any securities are held for the direct or indirect benefit of the Access Person; and
- The date that the report is submitted by the Access Person.

The information contained in the initial holdings report must be current as of a date no more than 45 days prior to the date the person becomes an Access Person.

- (c) Quarterly Transaction Reports. Not later than thirty (30) days following the end of a calendar quarter, each Access Person must submit a report which includes the following information with respect to any transaction in a Covered Security in which the Access Person had, or as a result of the transaction acquired, any direct or indirect beneficial ownership:
- The date of the transaction, the title, the exchange ticker symbol or CUSIP number, as applicable, interest rate and maturity date (if applicable), the number of shares and principal amount of each Covered Security involved;
 - The nature of the transaction (i.e., purchase, sale or other type of acquisition or disposition);
 - The price of the Covered Security at which the transaction was effected;
 - The name of the broker, dealer or bank with or through which the transaction was effected; and
 - The date that the report is submitted by the Access Person.

An Access Person need not make a quarterly transaction report if the report would duplicate information contained in broker trade confirmations or account statements, so long as the confirmations or account statements are received by the Compliance Officer no later than thirty (30) days after the end of the applicable quarter.

- (d) Annual Holdings Report. Each Access Person shall submit the information required in Section 10(b) above annually within thirty (30) days of the end of each calendar year. The information shall be current as of a date no more than forty-five (45) days before the report is submitted.
- (e) Review of Reports. The Compliance Officer shall be responsible for identifying Access Persons, notifying them of their obligations under this Code and reviewing reports submitted by Access Persons. The Compliance Officer will maintain the names of the persons responsible for reviewing these reports, as well as records of all reports filed pursuant to these procedures. No person shall be permitted to

review his/her own reports. Such reports shall be reviewed by the Compliance Officer or other officer who is senior to the person submitting the report.

- (f) Exceptions from Reporting Requirements. An Access Person need not make reports pursuant to this Section 10 with respect to transactions effected for, and Covered Securities held in, any account over which the Access Person has no direct or indirect influence or control. Access Persons wishing to rely on this exception must receive prior approval from the Compliance Officer. In addition, an Access Person need not make reports pursuant to Section 10(c) with respect to transactions effected pursuant to an Automatic Investment Plan.

11. **Administration of Code**

The Compliance Officer shall be responsible for all aspects of administering this Code and for all interpretative issues arising under the Code. The Compliance Officer is responsible for considering any requests for exceptions to, or exemptions from, the Code (e.g., due to personal financial hardship). Any exceptions to, or exemptions from, the Code shall be subject to such additional procedures, reviews and reporting as may be deemed appropriate by the Compliance Officer, and shall be reported to the board of managers of the Adviser at the next regular meeting. The Compliance Officer will take whatever action he deems necessary with respect to any officer, member of the board of managers or employee of the Adviser who violates any provision of this Code.

12. **Reports to Board**

At least once a year, the Compliance Officer shall review the adequacy of the Code and the effectiveness of its implementation. In addition, annually the Adviser must provide a written report to the Board of Directors of any Reportable Fund for which the Adviser serves as investment adviser that describes any issues arising under the Code since the last report to the Board of Directors, including, but not limited to, information about material violations of the Code or procedures and sanctions imposed in response to the material violations. The report will also certify to the Board of Directors that the Adviser has adopted procedures reasonably necessary to prevent Access Persons from violating the Code. The Report should also include significant conflicts of interest that arose involving the Adviser's personal investment policies, even if the conflicts have not resulted in a violation of the Code. For example, the Company will report to the Board if a portfolio manager is a director of a company whose securities are held by the Company.

13. **Code Revisions**

Any material changes to the Code will be submitted to the Board of Directors of any Reportable Fund for which the Adviser serves as investment adviser for approval within six months of such change.

14. **Recordkeeping Requirements**

The Adviser shall maintain records, at its principal place of business, of the following: a copy of each Code in effect during the past five years; a record of any violation of the Code and

any action taken as a result of the violation for at least five years after the end of the fiscal year in which the violation occurs; a record of all written acknowledgments of receipt of the Code, and all amendments thereto, for each person who currently is, or within the past five years was, a Supervised Person; a copy of each report made by Access Persons as required in this Code, including any information provided in place of the reports for at least five years after the end of the fiscal year in which the report is made or the information is provided; a record of all persons required to make reports currently and during the past five years; a record of all who are or were responsible for reviewing these reports during the past five years; for at least five years after the end of the fiscal year in which approval is granted, a record of any decision and the reasons supporting that decision, to approve an Access Person's purchase of securities in an Initial Public Offering or a Limited Offering; and a copy of reports provided to the management committee of the Adviser regarding the Code.

15. **Condition of Employment or Service**

All Supervised Persons shall conduct themselves at all times in the best interests of the Company. Compliance with the Code shall be a condition of employment or continued affiliation with the Adviser and conduct not in accordance shall constitute grounds for actions which may include, but are not limited to, a reprimand, a restriction on activities, disgorgement, termination of employment or removal from office. All Supervised Persons shall certify upon becoming a Supervised Person and thereafter annually that they have received a copy of and read the Code, and all amendments thereto, and agree to comply in all respects with this Code and that they have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by this Code.

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Amended on April 12, 2006

ACKNOWLEDGEMENT AND CERTIFICATION

I acknowledge that I have read the Code of Ethics of Tortoise Capital Advisors, LLC, as amended on April 12, 2006 (a copy of which has been supplied to me, which I will retain for future reference), and agree to comply in all respects with the terms and provisions thereof. I have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by this Code of Ethics and have complied with all provisions of this Code.

Date

Print Name

Signature