

**Tortoise Capital Resources Corp.**  
**2012 First Quarter Conference Call**  
**April 10, 2012**  
**Prepared Remarks**

**Operator:** Good afternoon ladies and gentlemen and thank you for standing by. Welcome to the Tortoise Capital Resources 2012 first quarter earnings conference call. At this time, all participants are in listen-only mode. Following the formal presentation, instructions will be given for the question and answer session. Should anyone require assistance on the call today please press the star followed by the zero. As a reminder this call is being recorded. At this time I would like to turn the conference over to our host, Ms. Pam Kearney, Director of Investor Relations. Ms. Kearney, you may now begin the call.

**Pam Kearney:** Thank you and welcome to the 2012 first quarter earnings call for Tortoise Capital Resources Corp. I'm joined today by David Schulte, CEO, Becky Sandring, Principal at Corridor InfraTrust and Ed Russell, President, TTO. An audio replay of our conference call and information included in our press release issued yesterday is available at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

We would like to remind you that statements made during the course of this presentation that are not purely historical may be forward-looking statements regarding TTO's or management's intentions, estimates, projections, assumptions, beliefs, expectations and strategies for the future. All such forward-looking statements are intended to be subject to the safe harbor protection available under applicable securities law. Because these statements deal with future events, they are subject to various risks and uncertainties and actual outcomes and results might differ materially from those projected in the forward-looking statements.

Important factors that could cause actual results to differ materially from those in the forward looking statements are discussed in our filings with the SEC including the Annual Report on Form 10-K and these documents can be accessed through the investor relations section of our website. We do not update our forward-looking statements.

I'll now turn the call over to David Schulte, who is a founder and Managing Director of Tortoise Capital Advisors and a member of Tortoise's investment committee. He has been Chief Executive Officer of TTO since its inception and a Director of TTO since December 1, 2011. He is also a Managing Director of Corridor InfraTrust Management and is working with the Corridor team to guide TTO's future.

**David Schulte:** We believe that we are validating our strategy to broaden the opportunity set for TTO to provide lease-based funding for energy assets such as pipelines and power lines. Networks of these types of assets continue to expand in order to transport growing volumes of energy commodities from US onshore resource basins like the Bakken and Marcellus. We believe that TTO can fill a role in the capital formation activities of growing energy companies, while providing our stockholders with an attractive risk adjusted return appropriate to the infrastructure asset class.

Businesses that are grouped into this asset class have many desirable operating characteristics, such as revenue linked to socially necessary services, underpinned by capital assets with long lives. The appealing investment characteristics of this asset class include cash distributions as the largest portion of return, growth potential of distributions that may provide a possible hedge against inflation, and additional diversification to an investment portfolio. We believe that our plan to become a REIT will create an innovative vehicle which will deliver these investment characteristics to our stockholders.

Since the shareholder vote last April, we have made progress in transitioning from an investment company, to an operating company in preparation to achieve REIT status. However, we did not meet one of the required REIT threshold tests for 2012 tax qualification. As of March 31<sup>st</sup>, we needed to have 75% of our assets in REIT qualifying form, which did not occur. We are continuing to evaluate acquisition opportunities, which we expect to, enable us to qualify for REIT status in 2013.

Our transition from a BDC to an operating company causes us to be subject to several disclosure requirements which were not previously required when we were an investment company. Of note, we were required to file with the SEC by March 31<sup>st</sup>, supplemental financial information for our largest private securities holding, High Sierra. The filing requires the consent of High Sierra's auditors and due to various factors we were unable to be timely in obtaining the information. There are a number of options under consideration which could result in our being able to file the required information in the near future. This is a new requirement for TTO which we expect to be transitory by acquiring additional assets.

We expect TTO to have equity capital market access when we complete our filing. We also have marketable securities in our portfolio which can be liquidated, and of course we may be presented with prudent liquidity opportunities in our private portfolio, which could help fund acquisitions of REIT qualifying assets.

We are making good progress in our private portfolio as evidenced by the increase in fair value during the quarter, and again earning our \$.11 distribution and confirming our guidance for 2012.

Mowood continued its steady performance through the first quarter and it is consolidated in our income statement. Base operations were above budget while construction revenues and profit lagged due to scheduling and weather delays. Mowood expects the pace of completed construction projects to pick up during the summer and fall, with the total for the year to be at or above budget. Our independent valuation firm prepared a valuation of Mowood as of quarter-end, even though the valuation is no longer used as the carrying value in the consolidated financial statements. The resulting analysis indicates a stable fair value consistent with the last reported valuation which was in third quarter of 2011 before we transitioned our financial reporting in year end. In 2012 we expect to meet and slightly exceed, Mowood's 2011 EBITDA.

For the period ending February 29, 2012, there were no material events related to our private securities portfolio and changes in valuation were generally positive due to improved year-over-year performance. Should material events occur with our private investment portfolio we will report them in our next quarterly call.

I will now turn the call over to Becky Sandring for a discussion of TTO's financial results. Becky is a principal with Corridor and became Treasurer of TTO on December 1<sup>st</sup> when Corridor became the Manager last year. She has more than 20 years of financial and accounting experience in the energy industry. Becky?

**Becky:** Thanks Dave. The 10-Q as filed April 9th reports TTO's first quarter 2012 financial results. Comparable prior year financial statements presented in the 10-Q, should be read in conjunction with the Management's Discussion & Analysis, where supplemental information is provided on Mowood's performance. Items on the consolidated statement of income for the period ended February 28, 2011 have been reclassified and aggregated to conform to the presentation of results of operations for the period ended February 29, 2012. There was no impact to net income or earnings per share. Due to our change in strategy, income from investment securities is now reported in other income. Components of cash flows for the period ended February 28, 2011 have also been reclassified and aggregated to conform to the presentation of cash flows for the period ended February 29, 2012.

The book value per share was \$10.37 as of February 29, 2012, compared to last quarter's \$9.85 per share on November 30<sup>th</sup>, 2011. For comparability, the legacy private securities portfolio is still subject to fair value accounting on a quarterly basis. As a reminder, we along with our

independent valuation firm, review all of our private company financial statements as well as other meaningful information in arriving at fair value. The fair value of the investment securities portfolio, excluding short-term investments, at February 29, 2012, was \$76.8 million, \$47.3 million comes from private securities and \$29.5 million comes from publicly-traded securities. As compared to the November 30, 2011 balance, the investment securities portfolio increased \$7.9 million. Of the increase, \$2.5 million is attributable to trading securities and the remaining \$5.4 million increase comes from other equity securities. High Sierra, one of the major holdings in the portfolio, drove most of the increase in equity securities.

During the first quarter of 2012, we earned our dividend. This was accomplished via our investment securities distributions received of \$1.138 million plus both operating income of \$196 thousand and depreciation of \$246 thousand. These amounts covered the \$1.0 million distribution paid during the quarter. Until we adopt other REIT cash flow metrics, we believe these amounts, which are provided in the 10Q in Management's Discussion and Analysis, are helpful in evaluating, and predicting, whether TTO is capable of earning its distribution.

With that I will now turn the call over to Dave Schulte for final comments

**David Schulte:** Thank you Becky. Please watch for the proxy statement that you will receive in the coming days. It includes a proposal to approve a change in our Articles of Incorporation, which prohibits certain share transfers from acting to impede REIT tax status. It generally protects shareholders from unwanted tax outcome due solely to ownership concentration.

In closing, we have confirmed our guidance that our existing investment portfolio should allow us to continue to pay not less than \$0.44 annualized, from economic earnings, characterized for tax purposes in 2012 as return of capital and qualified dividend income during 2012. We recognize the need to re-establish distribution stability as the basis for expectations going forward. We will target acquisitions of new assets during the remainder of 2012 on terms that enhance our distribution stability and provide visibility of distribution growth of 2-4% over the long run, with a total return expectation of high single or low double digit range on each investment. We believe this return profile is consistent with expectations of infrastructure investors, and competitive with other REITs and utilities, broadly.

That completes our formal presentation. Operator could you now open up the lines for questions?