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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 28, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM __________ TO __________

COMMISSION FILE NUMBER: 814-00725

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

(Exact name of registrant as specified in its charter)

Maryland **(State of Incorporation)**	**20-4991752** **(I.R.S. Employer Identification Number)**
717 Texas Avenue, Suite 3100 **Houston, Texas** **(Address of principal executive offices)**	**77002** **(Zip Code)**

Registrant's telephone number, including area code:
(713) 493-2020

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☑

Indicate the number of shares of outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common stock, $0.001 par value per share, 10,190,383 shares outstanding as of April 5, 2010.

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KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
SCHEDULE OF INVESTMENTS
AS OF FEBRUARY 28, 2010
(amounts in 000's)
(UNAUDITED)

Description	No. of Shares/Units	Value
Long-Term Investments — 121.4%		
Equity Investments(a) — 95.8%		
United States — 95.8%		
Private MLP(b)(c) — 54.1%		
Direct Fuels Partners, L.P. — Class A Common Units(d)	2,500	$ 27,500
Direct Fuels Partners, L.P. — Convertible Preferred Units(d)(e)	143	2,529
Direct Fuels Partners, L.P. — Class D Preferred Units(d)(f)	61	1,211
International Resource Partners LP	1,500	36,000
Quest Midstream Partners, L.P.(g)	361	1,803
VantaCore Partners LP(d)	1,465	24,899
		93,942
Publicly Traded MLP and MLP Affiliate(h) — 41.7%		
Capital Product Partners L.P.(i)	113	985
Copano Energy, L.L.C.	249	5,922
DCP Midstream Partners, LP	109	3,350
Eagle Rock Energy Partners, L.P.(i)	1,113	6,255
Eagle Rock Energy Partners, L.P. (b)(i)(j)	146	823
Enbridge Energy Management, L.L.C.(k)	35	1,730
Enbridge Energy Partners, L.P.	91	4,665
Energy Transfer Equity, L.P.	77	2,474
Energy Transfer Partners, L.P.	66	3,045
Enterprise GP Holdings L.P.	7	280
Enterprise Products Partners L.P.	193	6,333
Exterran Partners, L.P.	82	1,805
Global Partners LP (i)	142	3,522
Holly Energy Partners, L.P.	11	460
Inergy, L.P.	99	3,583
Kinder Morgan Management, LLC(k)	29	1,638
MarkWest Energy Partners, L.P.	74	2,180
Martin Midstream Partners L.P.	45	1,439
Navios Maritime Partners L.P.(i)	56	879
ONEOK Partners, L.P.	74	4,510
Plains All American Pipeline, L.P.(d)	103	5,694
Quicksilver Gas Services LP (i)	34	684
Regency Energy Partners LP	89	1,892
Targa Resources Partners LP	37	923
TC PipeLines, LP	9	341

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
SCHEDULE OF INVESTMENTS
AS OF FEBRUARY 28, 2010
(amounts in 000's)
(UNAUDITED)

Description			No. of Shares/Units	Value
Publicly Traded MLP and MLP Affiliate(h) — (Continued)				
Teekay LNG Partners L.P.			83	$ 2,256
Teekay Offshore Partners L.P.			23	434
Teekay Tankers Ltd.			1	12
TransMontaigne Partners L.P.(i)			46	1,272
Western Gas Partners, LP			54	1,159
Williams Partners L.P.			45	1,766
				72,311
Other Private Equity(c) — 0.0%				
ProPetro Services, Inc. — Warrants(b)(l)			2,905	—
Trident Resources Corp. — Warrants(m)			100	—
				—
Total Equity Investments (Cost $175,404)				166,253
	Interest Rate	**Maturity Date**	**Principal Amount**	
Energy Debt Investments(c) — 25.6%				
United States — 24.2%				
Upstream — 10.5%				
Antero Resources Finance Corp.	9.375%	12/01/17	$ 9,500	9,690
Hilcorp Energy Company	7.750	11/01/15	2,885	2,806
Hilcorp Energy Company	8.000	02/15/20	1,700	1,632
NFR Energy LLC	9.750	02/15/17	2,000	1,955
Petroleum Development Corporation	12.000	02/15/18	2,000	2,100
				18,183
Midstream and Other — 9.3%				
Energy Future Holdings Corp.(n)	10.000	01/15/20	5,000	5,100
Niska Gas Storage US LLC	8.875	03/15/18	2,500	2,500
North American Energy Alliance LLC	10.875	06/01/16	1,000	1,060
Texas Competitive Electric Holdings (n)	(o)	10/10/14	9,209	7,459
				16,119
Oilfield Services — 2.3%				
ProPetro Services, Inc.(b)	(p)	02/15/13	35,000	4,000
Coal — 2.1%				
Drummond Company, Inc.	7.375	02/15/16	4,000	3,730
Total United States (Cost $70,432)				42,032
Canada — 1.4%				
Upstream — 1.4%				
Athabasca Oil Sands Corp.(q) (Cost $2,434)	13.000	07/30/11	(r)	2,517
Total Energy Debt Investments (Cost $72,866)				44,549
Total Long-Term Investments (Cost $248,270)				210,802

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
SCHEDULE OF INVESTMENTS
AS OF FEBRUARY 28, 2010
(amounts in 000's)
(UNAUDITED)

Description	Interest Rate	Maturity Date	Value
Short-Term Investments — 6.5%			
Repurchase Agreements — 6.5%			
J.P. Morgan Securities Inc. (Agreements dated 2/26/2010 to be repurchased at $11,320), collateralized by $11,654 in U.S. Treasury bonds (Cost $11,320)	0.020%	03/01/10	$ 11,320
Total Investments — 127.9% (Cost $259,590)			222,122
Senior Secured Revolving Credit Facility Borrowings			(61,000)
Other Assets in Excess of Total Liabilities			12,466
Net Assets			$ 173,588

(a) Unless otherwise noted, equity investments are common units/common shares.

(b) Fair valued and restricted security. See Notes 2, 4 and 8.

(c) Unless otherwise noted, security is treated as an eligible portfolio company ("EPC") under the Investment Company Act of 1940, as amended (the "1940 Act").

(d) The Company believes that it may be an affiliate of Direct Fuels Partners, L.P. ("Direct Fuels") and VantaCore Partners LP and that it is an affiliate of Plains All American Pipeline, L.P. See Note 6 – Agreements and Affiliations.

(e) The Convertible Preferred Units consist of three classes – Class A, B and C. Each series has a liquidation preference of $20.00 per unit and is convertible into Class A Common Units. See Note 8 — Restricted Securities.

(f) The Class D Preferred Units are senior to Direct Fuels' other series of Preferred Units and Common Units. The Class D Preferred Units are being issued by Direct Fuels to the holders of common units and preferred units in lieu of a cash distribution in the Company's fiscal first quarter. See Note 8 – Restricted Securities.

(g) Security is non-income producing.

(h) Unless otherwise noted, security is not treated as an EPC under the 1940 Act. As a business development company, the Company is generally prohibited from acquiring assets other than qualifying assets unless at least 70% of its total assets (excluding deferred tax assets) are qualifying assets under the 1940 Act. As of February 28, 2010, the percentage of the Company's total assets (excluding deferred tax assets) that are qualifying assets was 71.3%. See Note 3 – Qualifying Assets Under the 1940 Act.

(i) All or a portion of the Company's holdings in this security are treated as an EPC under the 1940 Act. See Note 3 – Qualifying Assets Under the 1940 Act.

(j) Unregistered common units which were placed in escrow for a period of 18 months following the sale of Millennium Midstream Partners, L.P. (the escrow account will be released on April 1, 2010). The valuation of these common units reflects the Company's expected recovery from the escrow account.

(k) Distributions are paid-in-kind.

See accompanying notes to financial statements.

(l) Warrants relate to the Company's floating rate senior secured second lien term loan facility with ProPetro Services, Inc. These warrants are non-income producing and expire on February 15, 2017.

(m) Warrants are non-income producing and expire on November 30, 2013.

(n) Energy Future Holdings Corp., formerly TXU Corp., is a privately-held energy company with a portfolio of competitive and regulated energy subsidiaries. Texas Competitive Electric Holdings is a wholly owned subsidiary of Energy Future Holdings Corp.

(o) Floating rate senior secured first lien term loan facility. Security pays interest at a rate of LIBOR + 350 basis points (3.73% as of February 28, 2010).

(p) Floating rate senior secured second lien term loan facility. Security's default interest rate is LIBOR + 1100 basis points, but the Company is not accruing interest income on this security. See Note 2 – Investment Income.

(q) Security is not treated as an EPC under the 1940 Act.

(r) Security's principal amount is 2,500 Canadian dollars.

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
SCHEDULE OF INVESTMENTS
AS OF NOVEMBER 30, 2009
(amounts in 000's)

Description	No. of Shares/Units	Value
Long-Term Investments — 118.9%		
Equity Investments(a) — 95.6%		
United States — 95.6%		
Private MLP(b)(c) — 56.1%		
Direct Fuels Partners, L.P. — Class A Common Units(d)	2,500	$ 30,000
Direct Fuels Partners, L.P. — Class A Convertible Preferred Units(d)(e)	96	1,765
Direct Fuels Partners, L.P. — Class B Convertible Preferred Units(d)(f)	27	503
Direct Fuels Partners, L.P. — Class C Convertible Preferred Units(d)(g)	20	402
International Resource Partners LP	1,500	34,500
Quest Midstream Partners, L.P.(h)	361	1,713
VantaCore Partners LP(d)	1,465	25,632
		94,515
Publicly Traded MLP and MLP Affiliate(i) — 39.5%		
Calumet Specialty Products Partners, L.P.	22	398
Capital Product Partners L.P.(j)	113	860
Copano Energy, L.L.C.	74	1,502
Copano Energy, L.L.C. — Unregistered, Class D Units(b)	76	1,491
DCP Midstream Partners, LP	91	2,295
Duncan Energy Partners L.P.	3	74
Eagle Rock Energy Partners, L.P.(j)(k)	1,113	5,264
Eagle Rock Energy Partners, L.P. (b)(j)(l)	148	686
Enbridge Energy Management, L.L.C.(m)	27	1,320
Enbridge Energy Partners, L.P.	91	4,489
Energy Transfer Equity, L.P.	119	3,506
Energy Transfer Partners, L.P.	37	1,606
Enterprise Products Partners L.P.	223	6,634
Exterran Partners, L.P.	82	1,590
Global Partners LP (j)	142	3,331
Holly Energy Partners, L.P.	11	396
Inergy, L.P.	99	3,280
Kinder Morgan Management, LLC(m)	34	1,730
K-Sea Transportation Partners L.P.	8	83
Magellan Midstream Holdings, L.P.	57	2,342
MarkWest Energy Partners, L.P.	108	2,768
Martin Midstream Partners L.P.	49	1,283
Navios Maritime Partners L.P.(j)	56	792
ONEOK Partners, L.P.	18	1,077
Plains All American Pipeline, L.P.(d)	103	5,200
Quicksilver Gas Services LP (j)	20	426
Regency Energy Partners LP	154	3,066
Targa Resources Partners LP	37	737
TC PipeLines, LP	10	352

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
SCHEDULE OF INVESTMENTS
AS OF NOVEMBER 30, 2009
(amounts in 000's)

Description			No. of Shares/Units	Value
Publicly Traded MLP and MLP Affiliate(i) — (Continued)				
Teekay LNG Partners L.P.			102	$ 2,485
Teekay Offshore Partners L.P.			23	413
TransMontaigne Partners L.P.(j)			46	1,198
Williams Partners L.P.			139	3,923
				66,597
Other Private Equity(c) — 0.0%				
ProPetro Services, Inc. — Warrants(b)(n)			2,905	—
Trident Resources Corp. — Warrants(o)			100	—
				—
Total Equity Investments (Cost $175,611)				161,112
	Interest Rate	**Maturity Date**	**Principal Amount**	
Energy Debt Investments(c) — 23.3%				
United States — 21.8%				
Upstream — 9.4%				
Antero Resources Finance Corp.	9.375%	12/01/17	$ 7,500	7,519
Hilcorp Energy Company	7.750	11/01/15	6,585	6,338
Petroleum Development Corporation	12.000	02/15/18	2,000	2,020
				15,877
Midstream & Other — 6.0%				
Energy Future Holdings Corp.(p)	(q)	10/10/14	9,209	6,861
North American Energy Alliance LLC	10.875	06/01/16	1,000	1,042
Targa Resources, Inc.	8.500	11/01/13	2,155	2,112
				10,015
Oilfield Services — 4.2%				
Dresser, Inc.	(r)	05/04/15	5,000	4,575
ProPetro Services, Inc.(b)	(s)	02/15/13	35,000	2,500
				7,075
Coal — 2.2%				
Drummond Company, Inc.	7.375	02/15/16	4,000	3,770
Total United States (Cost $67,224)				36,737
Canada — 1.5%				
Upstream — 1.5%				
Athabasca Oil Sands Corp.(t) (Cost $2,434)	13.000	7/30/11	(u)	2,510
Total Energy Debt Investments (Cost $69,658)				39,247
Total Long-Term Investments (Cost $245,269)				200,359

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
SCHEDULE OF INVESTMENTS
AS OF NOVEMBER 30, 2009
(amounts in 000's)

Description	Interest Rate	Maturity Date	Value
Short-Term Investments — 2.8%			
Repurchase Agreements — 2.8%			
J.P. Morgan Securities Inc. (Agreements dated 11/30/2009 to be repurchased at $4,710), collateralized by 4,798 in U.S. Treasury note (Cost $4,710)	0.070%	12/01/09	$ 4,710
Total Investments — 121.7% (Cost $249,979)			205,069
Senior Secured Revolving Credit Facility Borrowings			(56,000)
Other Assets in Excess of Total Liabilities			19,470
Net Assets			$ 168,539

(a) Unless otherwise noted, equity investments are common units/common shares.

(b) Fair valued and restricted security. See Notes 2, 4 and 8.

(c) Unless otherwise noted, security is treated as an eligible portfolio company ("EPC") under the Investment Company Act of 1940, as amended (the "1940 Act").

(d) The Company believes that it may be an affiliate of Direct Fuels Partners, L.P and VantaCore Partners LP and that is an affiliate of Plains All American, L.P. See Note 6 – Agreements and Affiliations.

(e) The Class A Convertible Preferred Units are convertible into Class A Common Units on a one-for-one basis at a price of $20.00 per unit.

(f) The Class B Convertible Preferred Units are convertible into Class A Common Units on a one-for-one basis at a price of $18.50 per unit.

(g) The Class C Convertible Preferred Units are convertible into Class A Common Units on a one-for-one basis at a price of $15.50 per unit.

(h) Security is non-income producing.

(i) Unless otherwise noted, security is not treated as an EPC under the 1940 Act. As a business development company, the Company is generally prohibited from acquiring assets other than qualifying assets unless at least 70% of its total assets (excluding deferred tax assets) are qualifying assets under the 1940 Act. As of November 30, 2009, the percentage of the Company's total assets (excluding deferred tax assets) that are qualifying assets was 70.5%. See Note 3 – Qualifying Assets Under the 1940 Act.

(j) All or a portion of the Company's holdings in this security are treated as an EPC under the 1940 Act. See Note 3 – Qualifying Assets Under the 1940 Act.

(k) Common units are unregistered but may be sold pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act").

See accompanying notes to financial statements.

(l) Unregistered common units which were placed in escrow for a period of 18 months following the sale of Millennium Midstream Partners, L.P. (the escrow account will be released on April 1, 2010).

(m) Distributions are paid-in-kind.

(n) Warrants relate to the Company's floating rate senior secured second lien term loan facility with ProPetro Services, Inc. These warrants are non-income producing and expire on February 15, 2017.

(o) Warrants are non-income producing and expire on November 30, 2013.

(p) Energy Future Holdings Corp., formerly TXU Corp., is a privately-held energy company with a portfolio of competitive and regulated energy subsidiaries, including TXU Energy, Oncor and Luminant.

(q) Floating rate senior secured second lien term loan facility. Security pays interest at a rate of LIBOR + 350 basis points (3.78% as of November 30, 2009).

(r) Floating rate senior secured second lien term loan facility. Security pays interest at a rate of LIBOR + 575 basis points (5.99% as of November 30, 2009).

(s) Floating rate senior secured second lien term loan facility. Security's default interest rate is LIBOR + 1100 basis points, but the Company is not accruing interest income on this security. See Note 2 – Investment Income.

(t) Security is not treated as an EPC under the 1940 Act.

(u) Security's principal amount is 2,500 Canadian dollars.

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
STATEMENT OF ASSETS AND LIABILITIES
(amounts in 000's, except share and per share amounts)

	February 28, 2010 (Unaudited)	November 30, 2009
ASSETS		
Investments, at fair value:		
Non-affiliated (Cost — $176,025 and $172,244)	$ 148,969	$ 136,857
Affiliated (Cost — $72,245 and $73,025)	61,833	63,502
Repurchase agreements (Cost — $11,320 and $4,710)	11,320	4,710
Total investments (Cost — $259,590 and $249,979)	222,122	205,069
Deferred income tax asset	15,698	20,135
Receivable for securities sold	3,515	14
Interest, dividends and distributions receivable, net	536	410
Debt issuance costs, prepaid expenses and other assets	223	392
Total Assets	242,094	226,020
LIABILITIES		
Senior secured revolving credit facility	61,000	56,000
Payable for securities purchased	5,957	17
Investment management fee payable	913	858
Accrued directors' fees and expenses	77	74
Accrued expenses and other liabilities	559	532
Total Liabilities	68,506	57,481
NET ASSETS	$ 173,588	$ 168,539
NET ASSETS CONSIST OF		
Common stock, $0.001 par value (200,000,000 shares authorized at February 28, 2010 and November 30, 2009; 10,190,383 and 10,163,978 shares issued and outstanding at February 28, 2010 and November 30, 2009, respectively)	$ 10	$ 10
Paid-in capital	200,906	203,576
Accumulated net investment loss, net of income taxes, less distributions	(3,082)	(2,869)
Accumulated net realized losses on investments, net of income taxes	(48)	(3,272)
Net unrealized losses on investments, net of income taxes	(24,198)	(28,906)
NET ASSETS	$ 173,588	$ 168,539
NET ASSET VALUE PER SHARE	$ 17.03	$ 16.58

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
STATEMENT OF OPERATIONS
(amounts in 000's)
(UNAUDITED)

	Three Months Ended	
	February 28, 2010	**February 28, 2009**
INVESTMENT INCOME		
Income		
Dividends and Distributions:		
Non-affiliated investments	$ 1,748	$ 2,678
Affiliated investments	791	1,949
Total dividends and distributions	2,539	4,627
Return of capital	(2,063)	(4,124)
Net dividends and distributions	476	503
Interest and other income	940	730
Total investment income	1,416	1,233
Expenses		
Base investment management fees	913	777
Professional fees	162	224
Directors' fees and expenses	75	75
Administration fees	35	53
Insurance	37	37
Custodian fees	16	15
Other expenses	134	205
Total Expenses — Before Interest Expense	1,372	1,386
Interest expense	379	384
Total Expenses	1,751	1,770
Net Investment Loss — Before Income Taxes	(335)	(537)
Deferred income tax benefit	122	192
Net Investment Loss	(213)	(345)
REALIZED AND UNREALIZED GAINS (LOSSES)		
Net Realized Gains (Losses)		
Investments	5,046	(2,547)
Foreign currency transactions	31	(6)
Options	—	—
Deferred income tax benefit (expense)	(1,853)	912
Net Realized Gains (Losses)	3,224	(1,641)
Net Change in Unrealized Gains (Losses)		
Investments	7,441	(5,222)
Foreign currency translations	(27)	2
Options	—	17
Deferred income tax benefit (expense)	(2,706)	1,860
Net Change in Unrealized Gains (Losses)	4,708	(3,343)
Net Realized and Unrealized Gains (Losses)	7,932	(4,984)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 7,719	$ (5,329)

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
STATEMENT OF CHANGES IN NET ASSETS
(amounts in 000's, except share amounts)

	Three Months Ended February 28, 2010 (Unaudited)	For the Year Ended November 30, 2009
OPERATIONS		
Net investment income (loss)	$ (213)	$ 1,073
Net realized gains (losses)	3,224	(10,736)
Net change in unrealized gains	4,708	27,892
Net Increase in Net Assets Resulting from Operations	7,719	18,229
DIVIDENDS AND DISTRIBUTIONS		
Dividends	(3,011)[(1)]	—
Distributions – return of capital	(38)[(1)]	(13,143)[(2)]
Dividends and Distributions	(3,049)	(13,143)
CAPITAL STOCK TRANSACTIONS		
Issuance of 26,405 and 60,992 shares of common stock from reinvestment of dividends	379	766
Increase in Net Assets from Capital Stock Transactions	379	766
Total Increase in Net Assets	5,049	5,852
NET ASSETS		
Beginning of period	168,539	162,687
End of period	$ 173,588	$ 168,539

(1) This is an estimate of the characterization of the distributions paid to common stockholders for the three months ended February 28, 2010 as either a dividend (ordinary income) or distribution (return of capital). This estimate is based on the Company's operating results during the period. The actual characterization of the common stock distributions made during the current year will not be determinable until after the end of the fiscal year when the Company can determine earnings and profits and, therefore, it may differ from the preliminary estimates.

(2) The information presented in each of these items is a characterization of a portion of the total distributions paid to common stockholders for the fiscal year ended November 30, 2009 as either dividends (ordinary income) or distributions (return of capital). This characterization is based on the Company's earnings and profits.

See accompanying notes to financial statements.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
STATEMENT OF CASH FLOWS
(amounts in 000's)
(UNAUDITED)

	Three Months Ended	
	February 28, 2010	**February 28, 2009**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets resulting from operations	$ 7,719	$ (5,329)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided (used) by operating activities:		
Purchase of long-term investments	(23,020)	(4,706)
Proceeds from sale of long-term investments	23,117	8,632
Sale (purchase) of short-term investments, net	(6,610)	1,262
Realized losses (gains) on investments	(5,046)	2,553
Return of capital distributions	2,063	4,124
Unrealized losses (gains) on investments	(7,441)	5,203
Deferred income tax expense (benefit)	4,437	(2,964)
Accretion of bond discount	(116)	(166)
Increase in deposits with brokers	—	(18)
Amortization of debt issuance costs	130	57
Decrease (increase) in receivable for securities sold	(3,501)	49
Increase in interest, dividends and distributions receivable	(126)	(178)
Decrease in prepaid expenses and other assets	39	205
Increase in payable for securities purchased	5,940	442
Increase (decrease) in investment management fee payable	55	(295)
Increase in accrued directors' fees and expenses	3	—
Increase in option contracts written	—	17
Increase (decrease) in accrued expenses and other liabilities	27	(352)
Net Cash Provided by (Used in) Operating Activities	(2,330)	8,536
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from (repayments of) senior secured revolving credit facility	5,000	(5,000)
Cash distributions to stockholders	(2,670)	(3,536)
Net Cash Provided by (Used in) Financing Activities	2,330	(8,536)
NET CHANGE IN CASH	—	—
CASH — BEGINNING OF PERIOD	—	—
CASH — END OF PERIOD	$ —	$ —

Supplemental disclosure of cash flow information:

Non-cash financing activities not included herein consist of reinvestment of distributions pursuant to the Company's dividend reinvestment plan of $379 and $0 for the three months ended February 28, 2010 and February 28, 2009, respectively.

During the three months ended February 28, 2010, there were no state income taxes paid and interest paid was $237. During the three months ended February 28, 2009, there were no state income taxes paid and interest paid was $846.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000's, except per share amounts)
(UNAUDITED)

1. ORGANIZATION

Kayne Anderson Energy Development Company (the "Company") was organized as a Maryland corporation on May 24, 2006. The Company is an externally managed, non-diversified closed-end management investment company that has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company commenced investment operations on September 21, 2006. The Company's shares of common stock are listed on the New York Stock Exchange ("NYSE") under the symbol "KED." For the fiscal year ended November 30, 2007 and prior periods, the Company was treated as a regulated investment company ("RIC") under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). Since December 1, 2007, the Company has been taxed as a corporation. See Note 5 — Income Taxes.

The Company's investment objective is to generate both current income and capital appreciation primarily through equity and debt investments. The Company seeks to achieve this objective by investing at least 80% of its total assets in securities of companies that derive the majority of their revenue from activities in the energy industry ("Energy Companies"), including: (a) Midstream Energy Companies, which are businesses that operate assets used to gather, transport, process, treat, terminal and store natural gas, natural gas liquids, propane, crude oil or refined petroleum products; (b) Upstream Energy Companies, which are businesses engaged in the exploration, extraction and production of natural resources, including natural gas, natural gas liquids and crude oil, from onshore and offshore geological reservoirs; and (c) Other Energy Companies, which are businesses engaged in owning, leasing, managing, producing, processing and selling of coal and coal reserves; the marine transportation of crude oil, refined petroleum products, liquefied natural gas, as well as other energy-related natural resources using tank vessels and bulk carriers; and refining, marketing and distributing refined energy products, such as motor gasoline and propane, to retail customers and industrial end-users.

2. SIGNIFICANT ACCOUNTING POLICIES

A. *Use of Estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimates.

B. *Reclassifications* — Certain prior year amounts in the accompanying consolidated financial statements have been reclassified to conform to the current year's presentation.

C. *Calculation of Net Asset Value* — The Company determines its net asset value as of the close of regular session trading on the NYSE no less frequently than the last business day of each quarter. Net asset value is computed by dividing the value of the Company's assets (including accrued interest and distributions), less all of its liabilities (including accrued expenses, distributions payable and any borrowings) by the total number of common shares outstanding.

D. *Investment Valuation* — Readily marketable portfolio securities listed on any exchange other than the NASDAQ Stock Market, Inc. ("NASDAQ") are valued, except as indicated below, at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and asked prices on such day. Securities admitted to trade on the NASDAQ are valued at the NASDAQ official closing price. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities.

Equity securities traded in the over-the-counter market, but excluding securities admitted to trading on the NASDAQ, are valued at the closing bid prices. Energy debt securities that are considered corporate bonds are valued by using the mean of the bid and ask prices provided by an independent pricing service. For energy debt securities that are considered corporate bank loans, the fair market value is determined by using the mean of the bid and ask prices provided by the syndicate bank or principal market maker. When price quotes are not available, fair market value will be based on prices of comparable securities. In certain cases, the Company may not be able to purchase or sell energy debt securities at the quoted prices due to the lack of liquidity for these securities.

Exchange-traded options and futures contracts are valued at the last sale price at the close of trading in the market where such contracts are principally traded or, if there was no sale on the applicable exchange on such day, at the mean between the quoted bid and ask price as of the close of trading on such exchange.

The Company's portfolio includes securities that are privately issued or illiquid. For these securities, as well as any other portfolio security held by the Company for which reliable market quotations are not readily available, valuations are determined in good faith by the board of directors of the Company under a valuation policy and a consistently applied valuation process. Unless otherwise determined by the board of directors, the following valuation process, approved by the board of directors, is used for such securities:

- ***Investment Team Valuation.*** The applicable investments are valued by senior professionals of KA Fund Advisors, LLC ("KAFA") responsible for the portfolio investments.

- ***Investment Team Valuation Documentation.*** Preliminary valuation conclusions are documented and discussed with senior management of KAFA. Such valuations are submitted to the Valuation Committee (a committee of the board of directors) on a quarterly basis.

- ***Valuation Committee.*** The Valuation Committee meets each quarter to consider new valuations presented by KAFA, if any, which were made in accordance with the Valuation Procedures in such quarter. The Valuation Committee's valuation determinations are subject to ratification by the board.

- ***Valuation Firm.*** No less frequently than quarterly, a third-party valuation firm engaged by the board of directors reviews the valuation methodologies and calculations employed for these securities. The independent valuation firm provides third-party valuation consulting services to the board of directors which consist of certain limited procedures that the Company identified and requested them to perform. For the three months ended February 28, 2010, the independent valuation firm provided limited procedures on investments in six portfolio companies, comprising approximately 44.5% of the total investments as of February 28, 2010. Upon completion of the limited procedures, the independent valuation firm concluded that the fair value of those investments subjected to the limited procedures did not appear to be unreasonable.

- ***Board of Directors Determination.*** The board of directors considers the valuations provided by KAFA and the Valuation Committee and ratifies valuations for the applicable securities at each quarterly board meeting. The board of directors considers the reports provided by the third-party valuation firm in reviewing and determining in good faith the fair value of the applicable portfolio securities.

During the course of such valuation process, whenever possible, privately-issued equity and debt investments are valued using comparisons of valuation ratios of the portfolio companies that issued such equity and debt securities to any peer companies that are publicly traded. The value derived from this analysis is then discounted to reflect the illiquid nature of the investment. The Company also utilizes comparative information such as acquisition transactions, public offerings or subsequent equity sales to corroborate its valuations. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments in privately-issued securities may differ significantly from the values that would have been used had a ready market existed for such investments, and the differences could be material.

Factors that the Company may take into account in fair value pricing its investments include, as relevant, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities, the nature and realizable value of any collateral and other relevant factors.

Unless otherwise determined by the board of directors, securities that are convertible into or otherwise will become publicly traded (*e.g.*, through subsequent registration or expiration of a restriction on trading) will be valued through the process described above, using a valuation based on the market value of the publicly traded security less a discount. The discount will initially be equal in amount to the discount negotiated at the time of purchase. To the extent that such securities are convertible or otherwise become publicly traded within a time frame that may be reasonably determined, KAFA will determine an applicable discount in accordance with a methodology approved by the Valuation Committee.

At February 28, 2010, the Company held 56.9% of its net assets applicable to common stockholders (40.8% of total assets) in securities that were fair valued pursuant to the procedures adopted by the board of directors. The aggregate fair value of these securities at February 28, 2010 was $98,765. See Note 8 — Restricted Securities.

At November 30, 2009, the Company held 58.9% of its net assets applicable to common stockholders (43.9% of total assets) in securities that were fair valued pursuant to the procedures adopted by the board of directors. The aggregate fair value of these securities at November 30, 2009 was $99,192. Note 8 — Restricted Securities.

E. *Repurchase Agreements* — The Company has agreed to purchase securities from financial institutions subject to the seller's agreement to repurchase them at an agreed-upon time and price ("repurchase agreements"). The financial institutions with whom the Company enters into repurchase agreements are banks and broker/dealers which KAFA considers creditworthy. The seller under a repurchase agreement is required to maintain the value of the securities as collateral, subject to the agreement, at not less than the repurchase price plus accrued interest. KAFA monitors daily the mark-to-market of the value of the collateral, and, if necessary, requires the seller to maintain additional securities, so that the value of the collateral is not less than the repurchase price. Default by or bankruptcy of the seller would, however, expose the Company to possible loss because of adverse market action or delays in connection with the disposition of the underlying securities.

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

G. *Derivative Financial Instruments* — The Company may utilize derivative financial instruments in its operations.

Interest rate swap contracts. The Company may use interest rate swap contracts to hedge against increasing interest expense on its leverage resulting from increases in short term interest rates. The Company does not hedge any interest rate risk associated with portfolio holdings. Interest rate transactions the Company may use for hedging purposes may expose it to certain risks that differ from the risks associated with its portfolio holdings. A decline in interest rates may result in a decline in the value of the swap contracts, which, everything else being held constant, would result in a decline in the net assets of the Company. In addition, if the counterparty to an interest rate swap or cap defaults, the Company would not be able to use the anticipated net receipts under the interest rate swap or cap to offset its cost of financial leverage.

Interest rate swap contracts are recorded at fair value with changes in value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses in the Statement of Operations. Monthly cash settlements under the terms of interest rate swap agreements are recorded as realized gains or losses in the Statement of Operations. The Company generally values interest rate swap contracts based on dealer quotations, if available, or by discounting the future cash flows from the stated terms of the interest rate swap agreement by using interest rates currently available in the market.

Option contracts. The Company is exposed to financial market risks including changes in the valuations of its investment portfolio. The Company may purchase or write (sell) call options. A call option on a security is a contract that gives the holder of the option, in return for a premium, the right to buy from the writer of the option the security underlying the option at a specified exercise price at any time during the term of the option.

The Company would normally purchase call options in anticipation of an increase in the market value of securities of the type in which it may invest. The Company would ordinarily realize a gain on a purchased call option if, during the option period, the value of such securities exceeded the sum of the exercise price, the premium paid and transaction costs; otherwise the Company would realize either no gain or a loss on the purchased call option. The Company may also purchase put option contracts. If a purchased put option is exercised, the premium paid increases the cost basis of the securities sold by the Company.

The Company may also write (sell) call options with the purpose of generating income or reducing its ownership of certain securities. The writer of an option on a security has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price.

When the Company writes a call option, an amount equal to the premium received by the Company is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Company on the expiration date as realized gains from investments. If the Company repurchases a written call option prior to its exercise, the difference between the premium received and the amount paid to repurchase the option is treated as a realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Company has realized a gain or loss. The Company, as the writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

H. *Return of Capital Estimates* — Distributions received from the Company's investments in master limited partnerships ("MLPs") generally are comprised of income and return of capital. The Company records investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on historical information available from MLPs and other industry sources. These estimates may subsequently be revised based on information received from MLPs after their tax reporting periods are concluded.

The following table sets forth the Company's estimated return of capital for distributions received from its public and private MLPs, both as a percentage of total distributions and in thousands of dollars. The return of capital portion of the distributions is a reduction to investment income and results in an equivalent reduction in the cost basis of the associated investments and increases Net Realized Gains and Net Change in Unrealized Gains in each of the comparative periods.

	Three Months Ended	
	February 28, 2010	February 28, 2009
Distributions received, return of capital portion	81%	89%
Return of capital — attributable to Net Realized Gains	$ 872	$ 569
Return of capital — attributable to Net Change in Unrealized Gains	1,191	3,555
Total return of capital	$ 2,063	$ 4,124

I. *Investment Income* — The Company records dividends and distributions on the ex-dividend date. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts to the extent that such amounts are expected to be collected. When investing in securities with payment in-kind interest, the Company will accrue interest income during the life of the security even though it will not be receiving cash as the interest is accrued. To the extent that interest income to be received is not expected to be realized, a reserve against income is established.

Many of the Company's debt securities were purchased at a discount or premium to the par value of the security. The non-cash accretion of a discount to par value increases interest income while the non-cash amortization of a premium to par value decreases interest income. The amount of these non-cash adjustments can be found in the Company's Statement of Cash Flows. The non-cash accretion of a discount increases the cost basis of the debt security, which results in an offsetting unrealized loss. The non-cash amortization of a premium decreases the cost basis of the debt security which results in an offsetting unrealized gain. To the extent that par value is not expected to be realized, the Company discontinues accruing the non-cash accretion of the discount to par value of the debt security.

During the quarter ended February 28, 2010, the Company recognized no interest income related to its investment in ProPetro Services, Inc. ("ProPetro"). During the quarter, the Company discontinued the non-cash accretion of the discount to par value of the debt security based on its expectation that it will not realize par value on its investment. During the quarter ended February 28, 2009, the Company recognized interest income of $102 related to its debt investment in ProPetro. This interest income is the result of the non-cash accretion of the discount to par value of this debt security. The Company also recognized an equal and offsetting unrealized loss related to the original discount on the Company's investment in ProPetro.

The Company's stock dividends and distributions consist of additional units of Enbridge Energy Management, L.L.C., Kinder Morgan Management, LLC., and Direct Fuels Partners, L.P. The additional units are not reflected in investment income during the period received but are recorded as unrealized gains upon receipt. During each of the fiscal periods set forth below, the Company received the following stock dividends in total from Enbridge Energy Management, L.L.C., Kinder Morgan Management, LLC and Direct Fuels Partners, L.P.

	Three Months Ended February 28,	
	2010	2009
Enbridge Energy Management, L.L.C.	$ 27	$ 24
Kinder Morgan Management, LLC	36	36
Direct Fuels Partners L.P.	1,211	—
Total stock dividends	$ 1,274	$ 60

J. *Distributions to Stockholders* — Distributions to common stockholders are recorded on the ex-dividend date. The estimated characterization of the distributions paid to common stockholders will be either a dividend (ordinary income) or distribution (return of capital). This estimate is based on the Company's operating results during the period. The actual characterization of the common stock distributions made for the current year will not be determinable until after the end of the fiscal year when the Company can determine earnings and profits and, therefore, it may differ from the preliminary estimates.

K. *Income Taxes* —The Company is taxed as a corporation and pays federal and applicable state corporate taxes on its taxable income. The Company invests its assets primarily in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, the Company includes its allocable share of the MLPs' taxable income in computing its own taxable income. Deferred income taxes reflect (i) taxes on unrealized gains/(losses), which are attributable to the temporary difference between fair market value and tax basis, (ii) 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 and (iii) the net tax benefit of accumulated net operating and capital losses. To the extent the Company has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically by the Company based on the Income Tax Topic of the FASB Accounting Standards Codification that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future cash distributions from the Company's MLP holdings), the duration of statutory carryforward periods and the associated risk that operating and capital loss carryforwards may expire unused.

The Company may rely to some extent on information provided by the MLPs, which may not necessarily be timely, to estimate taxable income allocable to the MLP units held in the portfolio and to estimate the associated deferred tax liability. Such estimates are made in good faith. From time to time, as new information becomes available, the Company modifies its estimates or assumptions regarding the deferred tax liability (asset).

The Company's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of February 28, 2010, the Company does not have any interest or penalties associated with the underpayment of any income taxes. All tax years since inception remain open and subject to examination by tax jurisdictions.

L. *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 enters 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. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

M. *Foreign Currency Translations* — The books and records of the Company are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the rate of exchange as of the valuation date; and (ii) purchases and sales of investment securities, income and expenses at the relevant rates of exchange prevailing on the respective dates of such transactions.

The Company does not isolate that portion of gains and losses on investments in equity and debt securities which is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity securities. Accordingly, realized and unrealized foreign currency gains and losses with respect to such securities are included in the reported net realized and unrealized gains and losses on investment transactions balances.

Net realized foreign exchange gains or losses represent gains and losses from transactions in foreign currencies and foreign currency contracts, foreign exchange gains or losses realized between the trade date and settlement date on security transactions, and the difference between the amounts of interest and dividends recorded on the Company's books and the U.S. dollar equivalent of such amounts on the payment date.

Net unrealized foreign exchange gains or losses represent the difference between the cost of assets and liabilities (other than investments) recorded on the Company's books from the value of the assets and liabilities (other than investments) on the valuation date.

3. QUALIFYING ASSETS UNDER THE 1940 ACT

As a BDC under the 1940 Act, the Company is generally prohibited from acquiring assets other than qualifying assets unless at least 70% of its total assets, excluding deferred taxes, are qualifying assets under the 1940 Act. The Company makes investments in eligible portfolio companies ("EPC") and other qualifying assets. EPCs generally include various domestic private companies and related investments, but also include certain public companies with outstanding common equity with a total market value of less than $250 million.

As of February 28, 2010 and November 30, 2009, the percentages of the Company's EPCs and other qualifying assets compared to total assets (excluding deferred taxes) are set forth below.

	February 28, 2010 (Unaudited)	November 30, 2009
Qualifying assets:		
Private MLPs and other private equity	$ 93,942	$ 94,515
Publicly traded MLP and MLP Affiliate investments:		
Capital Products Partners L.P.[1]	636	555
Eagle Rock Energy Partners, L.P. [2]	7,078	5,950
Global Partners LP[1]	414	392
Navios Maritime Partners L.P. [1]	879	792
Quicksilver Gas Services LP[1]	271	281
TransMontaigne Partners L.P. [1]	1,272	1,198
	$ 10,550	$ 9,168
Energy debt investments	42,032	36,737
Repurchase agreement and deposits with brokers	11,320	4,710
Receivable for securities sold	3,515	14
Qualifying assets	$ 161,359	$ 145,144
Total assets:		
Total assets	$ 242,094	$ 226,020
Less: deferred income tax asset	(15,698)	(20,135)
Total assets, net	$ 226,396	$ 205,885
Qualifying assets as a percentage of total assets	71.3%	70.5%

(1) Securities of publicly traded MLPs were designated as EPCs since their total market capitalization was less than $250 million within the 60 day period prior to their purchase.

(2) Represents units received as partial consideration related to the sale of Millennium Midstream Partners, L.P. (Millennium was a Private MLP investment) to Eagle Rock Energy Partners, L.P. on October 1, 2008. BDC rules consider securities received as consideration from the sale of an EPC to be an EPC.

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4. FAIR VALUE

As required by the Fair Value Measurement and Disclosures of the FASB Accounting Standards Codification, the Company has performed an analysis of all assets and liabilities measured at fair value to determine the significance and character of all inputs to their fair value determination.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories:

- *Level 1* — Quoted unadjusted prices for identical instruments in active markets to which the Company has access at the date of measurement.
- *Level 2* — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- *Level 3* — Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Company's own assumptions that market participants would use to price the asset or liability based on the best available information.

Note that the valuation levels below are not necessarily an indication of the risk or liquidity associated with the underlying investment. For instance, the Company's repurchase agreements, which are collateralized by U.S. Treasury notes, are generally high quality and liquid; however, the Company reflects these repurchase agreements as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

The following table presents our assets measured at fair value on a recurring basis at February 28, 2010.

Assets at Fair Value	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	One or More Unobservable Inputs (Level 3)
Equity investments	$ 166,253	$ 71,488	$ —	$ 94,765
Energy debt investments	44,549	—	40,549	4,000
Repurchase agreement	11,320	—	11,320	—
Total assets at fair value	$ 222,122	$ 71,488	$ 51,869	$ 98,765

The following table presents our assets measured at fair value on a recurring basis at November 30, 2009.

Assets at Fair Value	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	One or More Unobservable Inputs (Level 3)
Equity investments	$ 161,112	$ 64,420	$ —	$ 96,692
Energy debt investments	39,247	—	36,747	2,500
Repurchase agreement	4,710	—	4,710	—
Total assets at fair value	$ 205,069	$ 64,420	$ 41,457	$ 99,192

The Company did not have any liabilities that were measured at fair value on a recurring basis at February 28, 2010 or November 30, 2009.

In January 2010, the FASB Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements." ASU 2010-06 amends FASB Accounting Standards Codification Topic, Fair Value Measurements and Disclosures, to require additional disclosures regarding fair value measurements. Certain disclosures required by ASU No. 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009, and other required disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management is currently evaluating the impact ASU No. 2010-06 will have on its financial statement disclosures.

The following table presents our assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended February 28, 2010.

	Equity	Energy Debt	Total
Balance — November 30, 2009	$ 96,692	$ 2,500	$ 99,192
Transfers out of Level 3	(1,500)	—	(1,500)
Realized gains (losses)	—	—	—
Unrealized gains (losses), net	(1,638)	1,500	(138)
Purchases, issuances or settlements	1,211	—	1,211
Balance — February 28, 2010	$ 94,765	$ 4,000	$ 98,765

The $138 of unrealized losses, net, presented in the table above relates to investments that are still held at February 28, 2010, and the Company presents these unrealized losses on the Consolidated Statement of Operations — Net Change in Unrealized Gains (Losses).

The following table presents our assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended February 28, 2009.

	Equity	Energy Debt	Total
Balance — November 30, 2008	$ 104,708	$ 10,000	$ 114,708
Transfers out of Level 3	(454)	—	(454)
Realized gains (losses)	—	—	—
Unrealized losses, net	(5,259)	(5,500)	(10,759)
Purchases, issuances or settlements	—	—	—
Balance — February 28, 2009	$ 98,995	$ 4,500	$ 103,495

The $10,759 of unrealized losses, net, presented in the table above relates to investments that were still held at November 30, 2009, and the Company presents these unrealized losses on the Consolidated Statement of Operations — Net Change in Unrealized Gains (Losses).

The Company did not have any liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at February 28, 2010, November 30, 2009 or February 28, 2009.

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5. INCOME TAXES

Deferred income taxes reflect (i) taxes on unrealized gains/(losses), which are attributable to the difference between fair market value and tax basis, (ii) 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 and (iii) the net tax benefit of accumulated net operating losses. Components of the Company's deferred tax assets and liabilities are as follows:

	February 28, 2010 (Unaudited)	November 30, 2009
Deferred tax assets:		
Organizational costs	$ 17	$ 18
Net operating loss carryforwards	2,279	2,442
Net capital loss carryforwards	6,129	7,333
Net unrealized losses on investment securities	9,119	11,703
Deferred tax liabilities:		
Basis reductions resulting from estimated return of capital	(1,846)	(1,361)
Total net deferred tax asset	$ 15,698	$ 20,135

At February 28, 2010 the Company had a federal net operating loss carryforward of $6,363 (deferred tax asset of $2,179). Realization of the deferred tax assets and net operating loss carryforwards are dependent, in part, on generating sufficient taxable income prior to expiration of the loss carryforwards. If not utilized, $6,363 of the net operating loss carryforward will expire in 2028. In addition, the Company has state net operating losses which total approximately $4,350 (deferred tax asset of $100). These state net operating losses expire in 2014 through 2028.

At February 28, 2010, the Company had a capital loss carryforward of $16,775 (deferred tax asset of $6,129). Realization of the capital loss carryforwards are dependent on generating sufficient capital gains prior to the expiration of the capital loss carryforward in 2014.

The Company periodically reviews the recoverability of its deferred tax asset based on the weight of objective evidence and criteria of whether it is more likely than not that the asset would be utilized under the FASB Accounting for Income Tax Codification. The Company's analysis of the need for a valuation allowance considers the occurrence of a cumulative loss over the three year period ended November 30, 2009 and through first quarter 2010. A significant portion of the Company's net pre-tax losses related to unrealized depreciation of investments that occurred during fourth quarter 2008 as a result of the unprecedented decline in the overall financial, commodity and MLP markets.

When assessing the recoverability of its deferred tax asset, significant weight was given to the Company's forecast of future taxable income, which is based principally on the expected continuation of cash distributions from the Company's MLP holdings and interest income from its energy debt holdings at or near current levels. Consideration was also given to the effects of potential additional future realized and unrealized losses on investments and the period over which these deferred tax assets can be realized, as the expiration date for the federal tax loss carryforwards is 18 years.

Based on the Company's assessment, it has determined that it is more likely than not that the net deferred tax asset will be realized through future taxable income of the appropriate character. Accordingly, no valuation allowance has been established for the Company's net deferred tax asset.

The Company will continue to assess the need for a valuation allowance in the future. The Company will review its financial forecasts in relation to actual results and expected trends on an ongoing basis. Unexpected significant decreases in cash distributions from the Company's MLP holdings or significant declines in the fair value of its portfolio of investments may change the Company's assessment regarding the recoverability of its deferred tax asset and would likely result in a valuation allowance. If a valuation allowance is required to reduce the deferred tax asset in the future, it could have a material impact on the Company's net asset value and results of operations in the period it is recorded.

As of February 28, 2010 and November 30, 2009, the identified cost of investments for federal income tax purposes was $246,329 and $236,370, respectively. The cost basis of investments includes a $13,262 and $13,608 reduction in basis attributable to the Company's portion of the allocated losses from its MLP investments at February 28, 2010 and November 30, 2009, respectively. Gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

	February 28, 2010 (Unaudited)	November 30, 2009
Gross unrealized appreciation of investments	$ 27,689	$ 22,300
Gross unrealized depreciation of investments	(51,896)	(53,601)
Net unrealized depreciation before tax	$ (24,207)	$ (31,301)

Components of the Company's income tax benefit (expense) for the following comparative periods were as follows:

	Three Months Ended	
	February 28, 2010	February 28, 2009
Deferred income tax benefit — net investment loss	$ 122	192
Deferred income tax benefit (expense) — realized losses (gains)	(1,853)	912
Deferred income tax benefit (expense) — unrealized losses (gains)	(2,706)	1,860
Income tax benefit (expense)	$ (4,437)	$ 2,964

For the three months ended February 28, 2010 and 2009, the effective tax rate was 36.5% and 35.8%, respectively.

The Company's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of February 28, 2010, the Company does not have any interest or penalties associated with the underpayment of any income taxes. All tax years since inception remain open and subject to examination by tax jurisdictions.

6. AGREEMENTS AND AFFILIATIONS

A. *Administration Agreement* — The Company has entered into an Administration Agreement (the "Administration Agreement") with Ultimus Fund Solutions, LLC ("Ultimus"). Pursuant to the Administration Agreement, Ultimus will provide certain administrative services for the Company. The Administration Agreement has automatic one-year renewals unless earlier terminated by either party as provided under the terms of the Administration Agreement.

B. *Investment Management Agreement* — The Company has entered into an investment management agreement with KAFA under which the Company has material future rights and commitments. Pursuant to the investment management agreement, KAFA has agreed to serve as investment adviser and provide significant managerial assistance to portfolio companies to which the Company is required to provide such assistance. Payments under the investment management agreement include (1) a base management fee, (2) an incentive fee, and (3) reimbursement of certain expenses.

Base Investment Management Fee. The Company pays an amount equal on an annual basis to 1.75% of average total assets to KAFA as compensation for services rendered. This amount is payable each quarter after the end of the quarter. For purposes of calculating the base management fee, the "average total assets" for each quarterly period are determined by averaging the total assets at the last day of that quarter with the total assets at the last day of the prior quarter. Total assets (excluding deferred taxes) shall equal gross asset value (which includes assets attributable to or proceeds from the use of Leverage Instruments), minus the sum of accrued and unpaid dividends on common stock and accrued and unpaid dividends on preferred stock and accrued liabilities (other than liabilities associated with leverage and deferred taxes). Liabilities associated with leverage include the principal amount of any borrowings, commercial paper or notes that the Company may issue, the liquidation preference of outstanding preferred stock, and other liabilities from other forms of leverage such as short positions and put or call options held or written by the Company.

Incentive Fee. The incentive fee consists of two parts. The first part of the incentive fee (the "Net Investment Income Fee"), which is calculated and payable quarterly in arrears, equals 20% of the excess, if any, of Adjusted Net Investment Income for the quarter over a quarterly hurdle rate equal to 1.875% (7.50% annualized) of average net assets for the quarter. Average net assets is calculated by averaging net assets at the last day of the quarter and at the last day of such prior quarter or commencement of operations ("net assets" is defined as total assets less total liabilities (including liabilities associated with Leverage Instruments) determined in accordance with GAAP.

For this purpose, "Adjusted Net Investment Income" means interest income (including accrued interest that the Company has not yet received in cash), dividend and distribution income from equity investments (but excluding that portion of cash distributions that are treated as a return of capital) and any other income, including any other fees, such as commitment, origination, syndication, structuring, diligence, monitoring and consulting fees or other fees that the Company receives from portfolio companies (other than fees for providing significant managerial assistance to portfolio companies) accrued during the fiscal quarter, minus operating expenses for the quarter (including the base management fee, any interest expense, dividends paid on issued and outstanding preferred stock, if any, and any accrued income taxes related to net investment income, but excluding the incentive fee). Adjusted Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital gains or losses. Accordingly, the Company pays an incentive fee based partly on accrued interest, the collection of which is uncertain or deferred. Adjusted Net Investment Income 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. For example, accrued interest, if any, on investments in zero coupon bonds (if any) would be included in the calculation of the incentive fee, even though the Company would not receive any cash interest payments in respect of payment on the bond until its maturity date. Thus, if the Company does not have sufficient liquid assets to pay this incentive fee or distributions to stockholders, the Company may be required to liquidate assets.

The second part of the incentive fee (the "Capital Gains Fee") is determined and payable in arrears as of the end of each fiscal year (or upon termination of the investment management agreement, as of the termination date), and equals (1) 20% of (a) net realized capital gains (aggregate realized capital gains less aggregate realized capital losses) on a cumulative basis from the closing date of the initial offering to the end of such fiscal year, less (b) any unrealized capital losses at the end of such fiscal year based on the valuation of each investment on the applicable calculation date compared to its adjusted cost basis (such difference, "Adjusted Realized Capital Gains"), less (2) the aggregate amount of all Capital Gains Fees paid to KAFA in prior fiscal years. The calculation of the Capital Gains Fee includes any capital gains that result from the cash distributions that are treated as a return of capital. In that regard, any such return of capital is treated as a decrease in the cost basis of an investment for purposes of calculating the Capital Gains Fee.

Realized capital gains on an investment are calculated as the excess of the net amount realized from the sale or other disposition of such security over the adjusted cost basis for the security. Realized capital losses on a security are calculated as the amount by which the net amount realized from the sale or other disposition of such security is less than the adjusted cost basis of such security. Unrealized capital loss on a security is calculated as the amount by which the adjusted cost basis of such security exceeds the fair value of such security at the end of a fiscal year.

Components of the Company's management fees for the comparative financial periods are as follows:

	Three Months Ended	
	February 28, 2010	**February 28, 2009**
Base investment management fees	$ 913	$ 777

C. *Portfolio Companies* — From time to time, the Company may "control" or may be an "affiliate" of one or more portfolio companies, each as defined in the 1940 Act. In general, under the 1940 Act, the Company would "control" a portfolio company if the Company owned 25% or more of its outstanding voting securities and would be an "affiliate" of a portfolio company if the Company owned 5% or more of its outstanding voting securities. The 1940 Act contains prohibitions and restrictions relating to transactions between investment companies and their affiliates (including the Company's investment adviser), principal underwriters and affiliates of those affiliates or underwriters.

The Company believes that there is significant ambiguity in the application of existing SEC staff interpretations of the term "voting security" to complex structures such as limited partnership interests of the kind in which the Company invests. As a result, it is possible that the SEC staff may consider that certain securities investments in limited partnerships are voting securities under the staff's prevailing interpretations of this term. If such determination is made, the Company may be regarded as a person affiliated with and controlling the issuer(s) of those securities for purposes of Section 17 of the 1940 Act.

In light of the ambiguity of the definition of voting securities, the Company does not intend to treat any class of limited partnership interests that it holds as "voting securities" unless the security holders of such class currently have the ability, under the partnership agreement, to remove the general partner (assuming a sufficient vote of such securities, other than securities held by the general partner, in favor of such removal) or the Company has an economic interest of sufficient size that otherwise gives it the de facto power to exercise a controlling influence over the partnership. The Company believes this treatment is appropriate given that the general partner controls the partnership, and without the ability to remove the general partner or the power to otherwise exercise a controlling influence over the partnership due to the size of an economic interest, the security holders have no control over the partnership.

Affiliated Investments.

Direct Fuels Partners, L.P. — At February 28, 2010, the Company held a 39.0% limited partnership interest in Direct Fuels Partners, L.P. ("Direct Fuels"). The Company believes that the limited partnership interests of Direct Fuels should not be considered voting securities for purposes of the 1940 Act because of the limited scope and character of the rights of such securities. The Company's President and Chief Executive Officer serves as a director on the board of the general partner for Direct Fuels. Although the Company does not own any interest in the general partner of Direct Fuels, it believes that it may be an affiliate of Direct Fuels under the 1940 Act by virtue of its participation on the board of the general partner.

Plains All American Pipeline, L.P. — Robert V. Sinnott is a member of the Company's board of directors and a senior executive of Kayne Anderson Capital Advisors, L.P. ("KACALP"), the managing member of KAFA. Mr. Sinnott also serves as a director on the board of Plains All American GP LLC, the general partner of Plains All American Pipeline, L.P. Members of senior management of KACALP and KAFA and various affiliated funds managed by KACALP own units of Plains All American GP LLC. Various advisory clients of KACALP and KAFA, including the Company, own units in Plains All American Pipeline, L.P. The Company believes that it is an affiliate of Plains All American Pipeline, L.P. under the 1940 Act by virtue of the ownership interests in the general partner by the Company's affiliates.

VantaCore Partners LP — At February 28, 2010, the Company held a 39.0% limited partnership interest in VantaCore Partners LP ("VantaCore"). The Company believes that the limited partnership interests of VantaCore should not be considered voting securities for purposes of the 1940 Act because of the limited scope and character of the rights of such securities. One of the Company's Senior Vice Presidents serves as a director on the board of the general partner for VantaCore. Although the Company does not own any interest in the general partner of VantaCore, it believes that it may be an affiliate of VantaCore under the 1940 Act by virtue of its participation on the board of the general partner.

Non-Affiliated Investments.

International Resource Partners LP — At February 28, 2010, the Company held a 23.6% limited partnership interest in International Resource Partners LP ("IRP"). The Company believes that the limited partnership interests of IRP should not be considered voting securities for purposes of the 1940 Act because of the limited scope and character of the rights of such securities. The Company does not have a member of its management team serving as a director on the board of the general partner for IRP, but does have observation rights with respect to IRP's board meetings. The Company believes that the Company does not have the power to exercise a controlling influence over the management or policies of this partnership or the general partner of IRP. Accordingly, the Company believes that it is not an affiliate of IRP under the 1940 Act.

Quest Midstream Partners, L.P. — At February 28, 2010, the Company held a 2.6% limited partnership interest in Quest Midstream Partners, L.P. ("Quest"). The Company believes that the limited partnership interests of Quest should not be considered voting securities for purposes of the 1940 Act because of the limited scope and character of the rights of such securities. One of the Company's Executive Vice Presidents served as a director on the board of the general partner for Quest from November 2008 until June 2009. As of February 28, 2010, the Company believes that the Company does not have the power to exercise a controlling influence over the management or policies of this partnership or the general partner of Quest. Accordingly, the Company believes that it was not an affiliate of Quest under the 1940 Act.

On March 5, 2010, Quest and its two affiliated companies announced completion of a recombination transaction. As a result of the recombination, the Quest entities merged to form PostRock Energy Corporation ("PostRock"). The Company does not have a member of management that serves as a director of PostRock and does not consider PostRock an affiliate under the 1940 Act.

7. INVESTMENT TRANSACTIONS

For the three months ended February 28, 2010, the Company purchased and sold securities in the amount of $23,020 and $23,117 (excluding short-term investments). For the three months ended February 28, 2009, the Company purchased and sold securities in the amount of $4,706 and $8,632 (excluding short-term investments).

8. RESTRICTED SECURITIES

From time to time, certain of the Company's investments may be restricted as to resale. For instance, private investments that are not registered under the Securities Act, and cannot be offered for public sale in a non-exempt transaction without first being registered. In other cases, certain of the Company's investments have restrictions such as lock-up agreements that preclude the Company from offering these securities for public sale.

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At February 28, 2010, the Company held the following restricted securities.

Investment	Security	Acquisition Date	Type of Restriction	Number of Units, Warrants, or Principal ($) (in 000s)	Cost Basis	Fair Value	Fair Value per Unit/ Warrant	Percent of Net Assets	Percent of Total Assets
Direct Fuels Partners, L.P [1]	Class A Common Units	6/11/07	(2)	2,500	$ 41,817	$ 27,500	$ 11.00	15.8%	11.4%
Direct Fuels Partners, L.P.	Class A Convertible Preferred Units[3]	5/14/09	(2)	96	1,952	1,669	17.30	1.0	0.7
Direct Fuels Partners, L.P.	Class B Convertible Preferred Units[3]	8/25/09	(2)	27	538	477	17.75	0.3	0.2
Direct Fuels Partners, L.P.	Class C Convertible Preferred Units[3]	11/20/09	(2)	20	408	383	18.85	0.2	0.2
Direct Fuels Partners, L.P.	Class D Preferred Units	(4)	(2)	61	—	1,211	20.00	0.7	0.5
Eagle Rock Energy Partners, L.P.	Common Units	10/01/08	(5)	146	1,543	823	5.60	0.5	0.3
International Resource Partners LP[6]	Class A Units	6/12/07	(2)	1,500	27,893	36,000	24.00	20.7	14.9
ProPetro Services, Inc.	Warrants	2/15/07	(2)	2,905	2,469	—	—	—	—
ProPetro Services, Inc.	Secured Term Loan	2/15/07	(2)	$ 35,000	33,320	4,000	n/a	2.3	1.6
Quest Midstream Partners, L.P.	Common Units	10/30/07	(2)	361	6,584	1,803	5.00	1.0	0.7
VantaCore Partners LP [7]	Class A Common Units	5/21/07, 8/04/08	(2)	1,465	23,835	24,899	17.00	14.4	10.3
Total of securities valued in accordance with procedures established by the board of directors[8]					$140,359	$ 98,765		56.9%	40.8%
Antero Resources Finance Corp.	Senior Notes	(9)	(2)	$ 9,500	$ 9,604	$ 9,690	n/a	5.6%	4.0%
Athabasca Oil Sands Corp.	Senior Notes	(9)	(2)	$ 2,500	2,434	2,517	n/a	1.5	1.0
Energy Future Holdings Corp.	Senior Notes	(9)	(2)	$ 5,000	5,185	5,100	n/a	2.9	2.1
Hilcorp Energy Company	Senior Notes	(9)	(2)	$ 2,885	2,767	2,806	n/a	1.6	1.2
Hilcorp Energy Company	Senior Notes	(9)	(2)	$ 1,700	1,671	1,632	n/a	0.9	0.7
NFR Energy LLC	Senior Notes	(9)	(2)	$ 2,000	1,975	1,955	n/a	1.1	0.8
Niska Gas Storage US, LLC	Senior Notes	(9)	(2)	$ 2,500	2,511	2,500	n/a	1.5	1.0
North American Energy Alliance LLC	Senior Notes	(9)	(2)	$ 1,000	978	1,060	n/a	0.6	0.4
Texas Competitive Electric Holdings	Secured Term Loan	(9)	(2)	$ 9,209	7,056	7,459	n/a	4.3	3.1
Trident Resources Corp.	Warrants	(9)	(2)	100	411	—	—	—	—
Total of securities valued by prices provided by market maker or independent pricing service					$ 34,592	$ 34,719		20.0%	14.3%
Total of all restricted securities					$174,951	$133,484		76.9%	55.1%

(1) The Company's investment in Direct Fuels Partners, L.P. includes 200 incentive distribution rights (20% of total outstanding incentive distribution rights) for which the Company does not assign a value.

(2) Unregistered security.

(3) The Direct Fuels Convertible Preferred Units consist of three classes — Class A, B and C. Each series has a liquidation preference of $20.00 per unit and is convertible into Class A Common Units. The Class A Preferred Units are convertible into Class A Common Units at a price of $20.00 per unit. The Class B Preferred Units are convertible into Class A Common Units at a price of $18.50 per unit. The Class C Preferred Units are convertible into Class A Common Units at a price of $15.50 per unit.

(4) The Direct Fuels Class D Preferred Units are senior to Direct Fuels' other series of Preferred Units and Common Units. The Class D Preferred Units are being issued by Direct Fuels to the holders of common units and preferred units in lieu of a cash distribution in the Company's fiscal first quarter. See Note 8 — Restricted Securities.

(5) Unregistered Common Units were placed in escrow for a period of 18 months following the sale of Millennium Midstream Partners, L.P. (the escrow account will be released on April 1, 2010). The valuation of these common units reflects the Company's expected recovery from the escrow account.

(6) The Company's investment in International Resource Partners LP includes 10 incentive distribution rights (10% of total outstanding incentive distribution rights) for which the Company does not assign a value.

(7) The Company's investment in VantaCore Partners LP includes 1,823 incentive distribution rights (18% of total outstanding incentive distribution rights) for which the Company does not assign a value.

(8) Restricted securities that represent Level 3 categorization where reliable market quotes are not readily available. Securities are valued in accordance with the procedures established by the board of directors. See Note 2 — Significant Accounting Policies.

(9) Restricted securities that represent Level 2 categorization. These securities were acquired at various dates throughout the three months ended February 28, 2010 and in prior years. Securities are valued using prices provided by a principal market maker, syndicate bank or an independent pricing service. See Note 2 — Significant Accounting Policies.

At November 30, 2009, the Company held the following restricted securities.

Investment	Security	Acquisition Date	Type of Restriction	Number of Units, Warrants, or Principal ($) (in 000s)	Cost Basis	Fair Value	Fair Value per Unit/ Warrant	Percent of Net Assets	Percent of Total Assets
Copano Energy, L.L.C.	Class D Units	3/14/08	(1)	76	$ 2,000	$ 1,491	$ 19.62	0.9%	0.6%
Direct Fuels Partners, L.P [2]	Class A Common Units	6/11/07	(3)	2,500	41,817	30,000	12.00	17.8	13.3
Direct Fuels Partners, L.P.	Class A Convertible Preferred Units	5/14/09	(3)	96	1,952	1,765	18.39	1.1	0.8
Direct Fuels Partners, L.P.	Class B Convertible Preferred Units	8/25/09	(3)	27	538	503	18.63	0.3	0.2
Direct Fuels Partners, L.P.	Class C Convertible Preferred Units	11/20/09	(3)	20	406	402	20.10	0.2	0.2
Eagle Rock Energy Partners, L.P.	Common Units	10/01/08	(4)	148	1,563	686	4.64	0.4	0.3
International Resource Partners LP[5]	Class A Units	6/12/07	(3)	1,500	28,193	34,500	23.00	20.5	15.3
ProPetro Services, Inc.	Warrants	2/15/07	(3)	2,905	2,469	—	—	—	—
ProPetro Services, Inc.	Secured Term Loan	2/15/07	(3)	$ 35,000	33,320	2,500	n/a	1.5	1.1
Quest Midstream Partners, L.P.	Common Units	10/30/07	(3)	361	6,584	1,713	4.75	1.0	0.8
VantaCore Partners LP [6]	Class A Common Units	5/21/07, 8/04/08	(3)	1,465	24,530	25,632	17.50	15.2	11.3
Total of securities valued in accordance with procedures established by the board of directors[7]					$143,372	$ 99,192		58.9%	43.9%
Antero Resources Finance Corp.	Senior Notes	(8)	(3)	$ 7,500	$ 7,527	$ 7,519	n/a	4.5%	3.3%
Athabasca Oil Sands Corp.	Senior Notes	(8)	(3)	$ 2,500	2,434	2,510	n/a	1.5	1.1
Dresser, Inc.	Secured Term Loan	(8)	(3)	$ 5,000	4,834	4,575	n/a	2.7	2.0
Drummond Company, Inc.	Senior Notes	(8)	(3)	$ 4,000	3,500	3,770	n/a	2.2	1.7
Energy Future Holdings Corp.	Secured Term Loan	(8)	(3)	$ 9,209	6,968	6,861	n/a	4.1	3.0
Hilcorp Energy Company	Senior Notes	(8)	(3)	$ 6,585	6,065	6,338	n/a	3.8	2.8
North American Energy Alliance LLC	Senior Notes	(8)	(3)	$ 1,000	977	1,042	n/a	0.6	0.5
Trident Resources Corp.	Warrants	(8)	(3)	100	411	—	—	—	—
Total of securities valued by prices provided by market maker or independent pricing service					$ 32,716	$ 32,615		19.4%	14.4%

Total of all restricted securities	$176,088	$131,807	78.3%	58.3%

(1) Unregistered security of a publicly traded company for which there is currently no established market. The Class D Units of Copano Energy, L.L.C. are expected to convert to public units in February 2010.

(2) The Company's investment in Direct Fuels Partners, L.P. includes 200 incentive distribution rights (20% of total outstanding incentive distribution rights) for which the Company does not assign a value.

(3) Unregistered security.

(4) Unregistered Common Units were placed in escrow for a period of 18 months following the sale of Millennium Midstream Partners, L.P. (the escrow account will be released on April 1, 2010).

(5) The Company's investment in International Resource Partners LP includes 10 incentive distribution rights (10% of total outstanding incentive distribution rights) for which the Company does not assign a value.

(6) The Company's investment in VantaCore Partners LP includes 1,823 incentive distribution rights (18% of total outstanding incentive distribution rights) for which the Company does not assign a value.

(7) Restricted securities that represent Level 3 categorization where reliable market quotes are not readily available. Securities are valued in accordance with the procedures established by the board of directors. See Note 2 — Significant Accounting Policies.

(8) Restricted securities that represent Level 2 categorization. These securities were acquired at various dates throughout the year ended November 30, 2009 and in prior years. Securities are valued using prices provided by a principal market maker, syndicate bank or an independent pricing service. See Note 2 — Significant Accounting Policies.

9. SENIOR SECURED REVOLVING CREDIT FACILITY

On June 4, 2007, the Company established a senior secured revolving credit facility (the "Existing Credit Facility") with availability of $100,000. Interest on the Existing Credit Facility was charged at LIBOR plus 1.25%. The Existing Credit Facility was scheduled to mature on June 4, 2010, but was replaced by an amended and restated senior secured revolving credit facility (the "New Credit Facility") on March 30, 2010.

The New Credit Facility has availability of $70,000 and a three year commitment maturing on March 30, 2013. Outstanding loan balances accrue interest daily at a rate equal to LIBOR plus 2.00% based on current borrowings and the current borrowing base. If borrowings exceed the borrowing base attributable to "quoted" securities (generally defined as equity investments in public MLPs and investments in bank debt and high yield bonds which are traded), the interest rate will increase to LIBOR plus 3.00%. The Company paid an upfront fee of 0.50% on the New Credit Facility size and will pay a commitment fee of 0.50% per annum on any unused amounts of the New Credit Facility.

The obligations under the New Credit Facility are collateralized by substantially all of the Company's assets, and are guaranteed by any of the Company's future subsidiaries, other than special purpose subsidiaries. The New Credit Facility contains affirmative and reporting covenants and certain financial ratio and restrictive covenants, including: (a) maintaining a ratio, on a consolidated basis, of total assets (excluding deferred tax assets) less liabilities (other than indebtedness and deferred tax liabilities) to aggregate indebtedness of the Company of not less than 2.50:1.0, (b) maintaining the value of the portion of the Company's portfolio that can be converted into cash within specified time periods and valuations at no less than 10% of the principal amount outstanding under the New Credit Facility during any period when adjusted outstanding principal amounts exceed a specified threshold percentage of the Company's adjusted borrowing base, (c) maintaining consolidated net assets at each fiscal quarter end of not less than the greater of: 40% of the consolidated total assets of the Company and its subsidiaries, and $70,000 plus 25% of the net proceeds from any sales of equity securities by the Company and its subsidiaries subsequent to the closing of the Credit Facility, (d) limitations on additional indebtedness, (e) limitations on liens, (f) limitations on mergers and other fundamental changes, (g) limitations on dividends and other specified restricted payments, (h) limitations on disposition of assets, (i) limitations on transactions with affiliates, (j) limitations on agreements that prohibit liens on properties of the Company and its subsidiaries, (k) limitations on sale and leaseback transactions, (l) limitations on specified hedging transactions, (m) limitations on changes in accounting treatment and reporting practices, (n) limitations on specified amendments to the Company's investment management agreement during the continuance of a default, (o) limitations on the aggregate amount of unfunded commitments, and (p) limitations on establishing deposit, securities or similar accounts not subject to control agreements in favor of the lenders. The New Credit Facility also contains customary representations and warranties and events of default.

Under the terms of the New Credit Facility, if an investment becomes non-performing, it will reduce the Company's borrowing base and could cause the Company to be in default under the terms of its loans under the New Credit Facility. Debt investments are generally characterized as non-performing if such investments are in default of any payment obligations and private MLP equity investments are generally characterized as non-performing if such investments fail to pay distributions, in their most recent fiscal quarter, that are greater than 80% of their minimum quarterly distribution amount.

Under the terms of the New Credit Facility, if borrowings exceed 90% of borrowing base, the Company is restricted in paying distributions to stockholders to no more than the amount of Distributable Cash Flow for the current and prior three quarters.

As of February 28, 2010, the Company had $61,000 borrowed under its Existing Credit Facility (at an interest rate of 1.48%), which represented 71.2% of its borrowing base of $85,726. As of November 30, 2009, the Company had $56,000 borrowed under its Existing Credit Facility (at an interest rate of 1.48%), which represented 65.9% of its borrowing base of $85,033.

The maximum amount that the Company can borrow under its New Credit Facility is limited to the lesser of the commitment amount of $70,000 and its borrowing base.

As of February 28, 2010 and November 30, 2009, the Company was in compliance with all financial and operational covenants required by the Existing Credit Facility.

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10. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the three months ended February 28, 2010, the years ended November 30, 2009, 2008, 2007 and the period September 21, 2006 (inception) to November 30, 2006.

	February 28, 2010 (Unaudited)	November 30 2009	2008	2007	2006
Per Share of Common Stock[1]					
Net asset value, beginning of period	$ 16.58	$ 16.10	$ 24.39	$ 24.19	$ 23.32
Net investment income (loss)	(0.02)	0.10	(0.35)	0.36	0.09
Net realized and unrealized gain (loss) on investments	0.77	1.68	(5.89)	1.18	0.78
Net change in unrealized losses — conversion to taxable corporation	—	—	(0.38)	—	—
Total income (loss) from investment operations	0.75	1.78	(6.62)	1.54	0.87
Dividends[2]	(0.30)	—	—	(0.95)	—
Distributions from net realized long-term capital gains[2]	—	—	—	(0.15)	—
Distributions — return of capital[2]	—	(1.30)	(1.67)	(0.24)	—
Total Dividends and Distributions	(0.30)	(1.30)	(1.67)	(1.34)	—
Net asset value, end of period	$ 17.03	$ 16.58	$ 16.10	$ 24.39	$ 24.19
Market value per share, end of period	$ 15.07	$ 13.53	$ 9.63	$ 23.14	$ 22.32
Total investment return based on market value[3]	13.7%	56.0%	(54.8)%	9.3%	(10.7)%
Supplemental Data and Ratios[4]					
Net assets, end of period	$ 173,588	$ 168,539	$ 162,687	$ 245,133	$ 241,914
Ratio of expenses to average net assets:[5]					
Management fees	2.2%	2.0%	2.4%	2.0%	1.7%
Other expenses	1.1%	1.3%	1.1%	0.8%	1.4%
Subtotal	3.3%	3.3%	3.5%	2.8%	3.1%
Interest expense	0.9%	0.8%	2.0%	1.0%	—
Management fee waivers	—	—	—	(0.4)%	(0.5)%
Tax expense (benefit)	10.5%	6.9%	(15.5)%	0.8%	—
Total expenses[6]	14.7%	11.0%	(10.0)%	4.2%	2.6%
Ratio of net investment income (loss) to average net assets	(0.5)%	0.7%	(1.6)%	1.5%	1.9%
Net increase (decrease) in net assets resulting from operations to average net assets	4.5%[7]	11.3%	(31.1)%	6.2%	3.7%[7]
Portfolio turnover rate	11.2%[7]	20.9%	27.0%	28.8%	5.6%[7]
Average net assets	$ 171,064	$ 160,847	$ 214,818	$ 248,734	$ 235,199
Average shares of common stock outstanding	10,173,073	10,116,071	10,073,398	10,014,496	10,000,060
Average amount of borrowings outstanding under the Credit Facilities	$ 58,011	$ 53,422	$ 75,563	$ 32,584	—
Average amount of borrowings outstanding per share of common stock during the period	$ 5.70	$ 5.28	$ 7.50	$ 3.25	—

(1) Based on average shares of common stock outstanding for each of the periods ended.

(2) The information presented for the three months ended February 28, 2010 is a current estimate of the characterization of a portion of the total distributions paid to common stockholders. The information presented for each of the other periods is a characterization of a portion of the total distributions paid to common stockholders as either dividends (ordinary income) or distributions (return of capital). This characterization is based on the Company's earnings and profits.

(3) Not annualized for the three months ended February 28, 2010 and for the period September 21, 2006 through November 30, 2006. Total investment return is calculated assuming a purchase of common stock at the market price on the first day and a sale at the current market price on the last day of the period reported. The calculation also assumes reinvestment of distributions, if any, at actual prices pursuant to the Company's dividend reinvestment plan.

(4) Unless otherwise noted, ratios are annualized.

(5) The following table sets forth the components of the ratio of expenses to average total assets for each period in the Company's Financial Highlights.

	Three Months Ended February 28, 2010 (Unaudited)	Year Ended November 30,			
		2009	2008	2007	2006
Management fees	1.6%	1.5%	1.7%	1.7%	1.6%
Other expenses	0.8	1.0	0.8	0.7	1.3
Subtotal	2.4%	2.5%	2.5%	2.4%	2.9%
Interest expense	0.6	0.6	1.4	0.9	—
Management fee waivers	—	—	—	(0.4)	(0.4)
Tax expense (benefit)	7.7	5.1	(11.1)	0.7	—
Total expenses[6]	10.7%	8.2%	(7.2)%	3.6%	2.5%
Average total assets	$ 234,057	$ 216,705	$ 302,007	$ 290,922	$ 246,802

(6) For the year ended November 30, 2008, total expenses exclude 0.4% relating to bad debt expense for the ratio of expenses to average net assets and 0.3% for the ratio of expenses to average total assets.

(7) Not annualized.

11. COMMON STOCK

The Company has 200,000,000 shares of common stock authorized. Transactions in common shares for the three months ended February 28, 2010 were as follows:

Shares outstanding at November 30, 2009	10,163,978
Shares issued through reinvestment of dividends and distributions	26,405
Shares outstanding at February 28, 2010	10,190,383

12. SUBSEQUENT EVENTS

On April 1, 2010, the Company declared its quarterly distribution of $0.30 per common share for the period December 1, 2009 through February 28, 2010 for a total of $3,057. The distribution is payable on April 29, 2010 to stockholders of record on April 16, 2010.

On March 30, 2010, the Company entered into the New Credit Facility with a syndicate of lenders. See Note 9 — Senior Secured Revolving Credit Facility.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussions should be read together with the unaudited financial statements and the notes thereto included in this report and with the audited financial statements and notes thereto included in our Annual Report on Form 10-K.

Forward-Looking Statements

This Form 10-Q includes statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as "forward-looking statements." All statements included or incorporated by reference in this annual report, other than statements of historical fact, that address activities, events, developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements represent our reasonable judgment on the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties, and other factors that could cause our actual results to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "project," "forecast," "plan," "may," "will," "should," "expect" and other words of similar meaning. In particular, these include, but are not limited to, statements relating to the following:

- Our future operating results;
- Our business prospects and the prospects of our portfolio companies and their ability to achieve their objectives;
- Our ability to make investments consistent with our investment objective;
- The impact of investments that we hold or expect to make;
- Our contractual arrangements and relationships with third parties;
- The dependence of our future success on the general economy and its impact on the energy industry;
- Our debt and equity financings and investments;
- The adequacy of our cash resources and working capital; and
- The timing of cash flows, if any, from the operations of our portfolio companies.
- We undertake no obligation to update or revise any forward-looking statements made herein.

Overview

We are a non-diversified, closed-end management investment company organized under the laws of the State of Maryland that has elected to be treated as a BDC under the 1940 Act. Since December 1, 2007, we have been and continue to be taxed as a corporation, paying federal and applicable state corporate taxes on our taxable income. Our operations are externally managed and advised by our investment adviser, KA Fund Advisors, LLC ("KAFA"), pursuant to an investment management agreement. Our investment objective is to generate both current income and capital appreciation primarily through equity and debt investments. We will seek to achieve this objective by investing at least 80% of our total assets in securities of Energy Companies. A key focus area for our investments in the energy industry is and will continue to be equity and debt investments in Midstream Energy Companies structured as limited partnerships. We also expect to continue to evaluate equity and debt investments in Upstream and Other Energy Companies.

Portfolio and Investment Activity

Our investments as of February 28, 2010 were comprised of equity securities of $166.3 million and debt investments of $44.5 million.

During the three months ended February 28, 2010, our overall portfolio mix did not experience any significant changes. During the period, the market value of our publicly traded MLPs increased substantially and our debt investments also experienced appreciation.

During the quarter we accrued a $1.2 million distribution from Direct Fuels Partners, L.P. ("Direct Fuels"). Such distribution is being paid in the form of new Class D Preferred Units. Direct Fuels is issuing the Class D Preferred Units to holders of its common units and preferred units in lieu of a cash distribution. We anticipate Direct Fuels will resume cash distributions during our fiscal third or fourth quarter. The reinstatement of the cash distribution is dependent on operating performance in line with our current expectations.

Our portfolio allocations as of February 28, 2010 and November 30, 2009 are set forth below.

	Number of Portfolio Companies at		**Percent of Long-Term Investments at**	
	February 28, 2010	**November 30, 2009**	**February 28, 2010**	**November 30, 2009**
Private MLP	4	4	44.6%	47.2%
Publicly Traded MLP and MLP Affiliate	30	31	34.3	33.2
Other Private Equity	1	1	0.0	0.0
Energy Debt Investments	11	10	21.1	19.6
	46	46	100.0%	100.0%

Certain of our debt securities accrue interest at variable rates determined on a basis of a benchmark, such as the London Interbank Offered Rate ("LIBOR"), or the prime rate, with stated maturities at origination that typically range from 5 to 10 years. Other debt investments accrue interest at fixed rates. As of February 28, 2010, 18.4%, or $7.4 million, of our interest-bearing portfolio (excluding our ProPetro investment) is floating rate debt and 81.6%, or $33.1 million, is fixed rate debt.

Our Top Ten Portfolio Investments as of February 28, 2010

Listed below are our top ten portfolio investments as of February 28, 2010, represented as a percentage of our total assets.

	Investment	**Public/ Private**	**Equity/ Debt**	**Sector**	**Amount ($ in millions)**	**Percent of Total Assets[(1)]**
1.	International Resource Partners LP[(2)]	Private	Equity	Coal	$ 36.0	14.9%
2.	Direct Fuels Partners, L.P.[(3)]	Private	Equity	Midstream	31.2	12.9
3.	VantaCore Partners LP[(4)]	Private	Equity	Aggregates	24.9	10.3
4.	Antero Resources Finance Corp.	Private	Debt	Upstream	9.7	4.0
5.	Texas Competitive Electric Holdings	Private	Debt	Utility	7.5	3.1
6.	Eagle Rock Energy Partners, L.P.[(5)]	Public	Equity	Midstream/Upstream	7.1	2.9
7.	Enterprise Products Partners L.P.	Public	Equity	Midstream	6.3	2.7
8.	Copano Energy, L.L.C	Public	Equity	Midstream	5.9	2.5
9.	Plains All American Pipeline, L.P.	Public	Equity	Midstream	5.7	2.3
10.	Energy Future Holdings Corp.	Private	Debt	Utility	5.1	2.1
					$ 139.4	**57.7%**

(1) Total assets were $242.1 million as of February 28, 2010.

(2) Our investment in International Resource Partners LP includes 1,500,000 Class A Units, which represents a 23.6% limited partnership interest, and 10 incentive distribution rights (10% of total outstanding incentive distribution rights).

(3) Our investment in Direct Fuels Partners, L.P. includes 2,500,000 Class A Common Units; 96,448 Class A Convertible Preferred Units; 26,884 Class B Convertible Preferred Units; 20,315 Class C Convertible Preferred Units and 60,552 Class D Preferred Units, which represents a 39.0% limited partnership interest, and 200 incentive distribution rights (20% of total outstanding incentive distribution rights).

(4) Our investment in VantaCore Partners LP includes 1,464,673 Common Units, which represents a 39.0% limited partnership interest, and 1,823 incentive distribution rights (18% of total outstanding incentive distribution rights).

(5) Our investment in Eagle Rock Energy Partners, L.P. includes 1,112,944 common units and 146,439 unregistered common units in escrow.

Results of Operations — For the three months ended February 28, 2010

Set forth below is an explanation of our results of operations for the three months ended February 28, 2010.

Investment Income. Investment income totaled $1.4 million and consisted primarily of dividends from our MLP investments and interest income on our energy debt investments. We received $2.5 million of cash dividends and distributions, of which $2.1 million was treated as a return of capital during the period.

The amount of investment income that we received during our fiscal first quarter is lower than previous quarters because we did not receive a cash distribution from our common and preferred investments in Direct Fuels. In lieu of a cash distribution on our common and preferred units, Direct Fuels is paying a distribution to such unitholders in additional preferred units. The preferred units being issued are a new series that are senior to the existing preferred units. The $1.2 million preferred unit distribution that we accrued during the quarter is not included in investment income, but is reflected as an unrealized gain.

Operating Expenses. Operating expenses totaled $1.7 million, including $0.9 million of base investment management fees; $0.4 million for interest expense and $0.4 million for other operating expenses. Base investment management fees were equal to an annual rate of 1.75% of average total assets (excluding deferred tax assets).

Net Investment Loss. Our net investment loss totaled $0.2 million and included a deferred income tax benefit of $0.1 million.

Net Realized Gains. We had net realized gains from our investments of $3.2 million, net of $1.9 million of deferred tax expense. During the quarter, we monetized several of our investments in publicly traded MLPs in an effort to generate realized gains. We engaged in this strategy in an effort to utilize our capital loss carryforwards.

Net Change in Unrealized Gains. We had a net change in unrealized gains of $4.7 million This net change in unrealized gains consisted of $7.4 million of unrealized gains from investments that were partially offset by a deferred tax expense of $2.7 million. The majority of these gains are attributable to our publicly traded MLPs, our investment in debt securities and the preferred unit distribution from Direct Fuels.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of $7.7 million. This increase is composed of the net unrealized gains of $4.7 million; net realized gains of $3.2 million and a net investment loss of $0.2 million as noted above.

Results of Operations — For the three months ended February 28, 2009

Set forth below is an explanation of our results of operations for the three months ended February 28, 2009.

Investment Income. Investment income totaled $1.2 million and consisted primarily of dividends from our MLP investments and interest income on our energy debt investments. We received $4.6 million of cash dividends and distributions, of which $4.1 million was treated as a return of capital during the period.

Operating Expenses. Operating expenses totaled $1.8 million, including $0.8 million of base investment management fees; $0.4 million for interest expense and $0.6 million for other operating expenses. Base investment management fees were equal to an annual rate of 1.75% of average total assets (excluding deferred tax assets).

Net Investment Loss. Our net investment loss totaled $0.3 million and included a deferred income tax benefit of $0.2 million.

Net Realized Losses. We had net realized losses from our investments of $1.6 million, net of $0.9 million of deferred tax benefit.

Net Change in Unrealized Losses. We had a net change in unrealized losses of $3.4 million. This net change in unrealized losses consisted of $5.2 million of unrealized losses from investments that were partially offset by a deferred tax benefit of $1.8 million

Net Decrease in Net Assets Resulting from Operations. We had a decrease in net assets resulting from operations of $5.3 million. This decrease is composed of the net unrealized losses of $3.4 million, net realized losses of $1.6 million and net investment losses of $0.3 million as noted above.

Liquidity and Capital Resources

As of February 28, 2010, we had approximately $11.3 million invested in short-term repurchase agreements. As of April 5, 2010, we had approximately $4.5 million in repurchase agreements. Our repurchase agreements are collateralized by U.S. Treasury bonds, and our counterparty is J.P. Morgan Securities Inc.

On March 30, 2010, we refinanced our existing senior secured revolving credit facility (the “Existing Credit Facility”) with a new senior secured revolving credit facility (the “New Credit Facility”) with a syndicate of lenders. SunTrust Robinson Humphrey, Inc. was lead arranger of the New Credit Facility and Citibank, NA; UBS Investment Bank; JPMorgan Chase Bank, N.A. and Stifel Bank & Trust participated in the syndication.

The New Credit Facility has a $70 million commitment, a three year term (maturing on March 30, 2013), and outstanding loan balances accrue interest at a annual rate equal to LIBOR plus 2.00% based on the current borrowings and the current borrowing base. If borrowings exceed the borrowing base attributable to “quoted” securities (generally defined as equity investments in public MLPs and investments in bank debt and high yield bonds which are traded), the interest rate will increase to LIBOR plus 3.00%. We paid an upfront fee of 0.50% on $70 million commitment at closing and will pay a commitment fee of 0.50% per annum on any unused amounts of the New Credit Facility. A copy of the New Credit Facility can be found on our website, http://www.kaynefunds.com/.

Our borrowing base, subject to certain limitation, is generally calculated by multiplying the fair value of each of our investments by an advance rate. The advance rates in the New Credit Facility are substantially the same as the Existing Credit Facility with the exception of the advance rate on our private MLPs. The advance rate on private MLPs was reduced from 40% to 20% and the lenders have the ability to adjust the borrowing base values of our private MLPs using their reasonable discretion. The total contribution to our borrowing base from private MLPs is also limited to no more than 25% of the total borrowing base and there is a limit of $7 million of borrowing base contribution from any single issuer.

We do not anticipate the changes to our New Credit Facility will have a material impact on our distributable cash flow.

As of February 28, 2010, we had $61.0 million of borrowings under our Existing Credit Facility (at an interest rate of 1.48%), which represented 71.2% of our borrowing base of $85.7 million. As of April 5, 2010, we had $55.0 million of borrowings under our New Credit Facility (at an interest rate of 2.25%), which represented 72.8% of the borrowing base of $75.6 million. The maximum amount that we can borrow under our New Credit Facility is limited to the lesser of our commitment amount of $70.0 million and our borrowing base.

Contractual Obligations

Investment Management Agreement. We have entered into an investment management agreement with KAFA under which we have material future rights and commitments. Pursuant to the investment management agreement, KAFA has agreed to serve as our investment adviser and provide on our behalf significant managerial assistance to our portfolio companies to which we are required to provide such assistance. Payments under the investment management agreement may include (1) a base management fee, (2) an incentive fee, and (3) reimbursement of certain expenses. For the three months ended February 28, 2010, we accrued and paid $0.9 million in base management fees and did not accrue or pay any incentive fees. We do not pay management fees on deferred taxes.

As of February 28, 2010, we did not have, or have not entered into, any long-term debt obligations, long-term liabilities, capital or operating lease obligations or purchase obligations that require minimum payments or any other contractual obligation at the present, within the next five years or beyond other than the borrowings outstanding under our Existing Credit Facility described above under “Liquidity and Capital Resources.”

The following table summarizes our obligations as of February 28, 2010 over the following periods for the Existing Credit Facility.

	Payments by Period ($ in Millions)				
	Total	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Existing Credit Facility[1]	$ 61.0	$ 61.0	—	—	—

(1) The maximum amount that we can borrow under our Existing Credit Facility is limited to the lesser of the commitment amount and our borrowing base. As of February 28, 2010, we had a borrowing base of $85.7 million.

Distributions

Payment of future distributions is subject to board approval, as well as meeting the covenants of our New Credit Facility. During the three months ended February 28, 2010, we paid distributions totaling $3.0 million ($0.30 per common share).

On April 1, 2010, the Company declared its quarterly distribution of $0.30 per common share for the period December 1, 2009 through February 28, 2010 for a total of $3.1 million. The distribution is payable on April 29, 2010 to stockholders of record on April 16, 2010.

The component of our distribution that comes from our current or accumulated earnings and profits will be taxable to a stockholder as dividend income. This income will be treated as qualified dividends for Federal income tax purposes at a rate of 15%. The special tax treatment for qualified dividends is scheduled to expire on December 31, 2010. Distributions that exceed our current or accumulated earnings and profits will be treated as a tax-deferred return of capital to the extent of a stockholder’s basis.

Off-Balance Sheet Arrangements

At February 28, 2010, we did not have any off-balance sheet liabilities or other contractual obligations that are reasonably likely to have a current or future material effect on our financial condition.

Critical Accounting Policies

Our most significant accounting policies in accordance with accounting principles generally accepted in the United States of America ("GAAP") are described below. The preparation of our financial statements in conformity with GAAP requires management to make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses. Estimates and judgments are based on information available at the time such estimates and judgments are made, and adjustments made to these estimates and judgments often relate to information not previously available. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. Estimates and judgments are used in, among other things, the development of fair value assumptions, the assessment of future tax exposure and the realization of tax assets.

We have identified the following four critical accounting policies that require a significant amount of estimation and judgment and are considered to be important to the portrayal of our assets, liabilities, revenues and expenses:

- Investment Valuation
- Security Transactions and Investment Income Recognition
- Income Taxes
- Return of Capital Estimates

Investment Valuation. Readily marketable portfolio securities listed on any exchange other than the NASDAQ Stock Market, Inc. ("NASDAQ") are valued, except as indicated below, at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and asked prices on such day. Securities admitted to trade on the NASDAQ are valued at the NASDAQ official closing price. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities.

Equity securities traded in the over-the-counter market, but excluding securities admitted to trading on the NASDAQ, are valued at the closing bid prices. Energy debt securities that are considered corporate bonds are valued by using the mean of the bid and ask prices provided by an independent pricing service. For energy debt securities that are considered corporate bank loans, the fair market value is determined by using the mean of the bid and ask prices provided by the syndicate bank or principal market maker. When price quotes are not available, fair market value will be based on prices of comparable securities. In certain cases, we may not be able to purchase or sell energy debt securities at the quoted prices due to the lack of liquidity for these securities.

Exchange-traded options and futures contracts are valued at the last sale price at the close of trading in the market where such contracts are principally traded or, if there was no sale on the applicable exchange on such day, at the mean between the quoted bid and ask price as of the close of trading on such exchange.

Our portfolio includes securities that are privately issued or illiquid. For these securities, as well as any other portfolio security held by us for which reliable market quotations are not readily available, valuations are determined in good faith by the board of directors under a valuation policy and a consistently applied valuation process. Unless otherwise determined by the board of directors, the following valuation process, approved by the board of directors, is used for such securities:

- ***Investment Team Valuation.*** The applicable investments are valued by senior professionals of KAFA responsible for the portfolio investments.
- ***Investment Team Valuation Documentation.*** Preliminary valuation conclusions are documented and discussed with senior management of KAFA. Such valuations are submitted to the Valuation Committee (a committee of the board of directors) on a quarterly basis.
- ***Valuation Committee.*** The Valuation Committee meets each quarter to consider new valuations presented by KAFA, if any, which were made in accordance with the Valuation Procedures in such quarter. The Valuation Committee's valuation determinations are subject to ratification by the board.

- ***Valuation Firm.*** No less frequently than quarterly, a third-party valuation firm engaged by the board of directors reviews the valuation methodologies and calculations employed for these securities. The independent valuation firm provides third-party valuation consulting services to the board of directors which consist of certain limited procedures that we identify and request them to perform.

- ***Board of Directors Determination.*** The board of directors considers the valuations provided by KAFA and the Valuation Committee and ratifies valuations for the applicable securities at each quarterly board meeting. The board of directors considers the reports provided by the third-party valuation firm in reviewing and determining in good faith the fair value of the applicable portfolio securities.

During the course of such valuation process, whenever possible, privately-issued equity and debt investments are valued using comparisons of valuation ratios of the portfolio companies that issued such equity and debt securities to any peer companies that are publicly traded. The value derived from this analysis is then discounted to reflect the illiquid nature of the investment. We also utilize comparative information such as acquisition transactions, public offerings or subsequent equity sales to corroborate its valuations. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the our investments in privately-issued securities may differ significantly from the values that would have been used had a ready market existed for such investments, and the differences could be material.

Factors that we may take into account in fair value pricing its investments include, as relevant, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities, the nature and realizable value of any collateral and other relevant factors.

Unless otherwise determined by the board of directors, securities that are convertible into or otherwise will become publicly traded (*e.g.*, through subsequent registration or expiration of a restriction on trading) will be valued through the process described above, using a valuation based on the market value of the publicly traded security less a discount. The discount will initially be equal in amount to the discount negotiated at the time of purchase. To the extent that such securities are convertible or otherwise become publicly traded within a time frame that may be reasonably determined, KAFA will determine an applicable discount in accordance with a methodology approved by the Valuation Committee.

Security Transactions and Investment Income Recognition. Security transactions are accounted for on the date these securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. We record dividends and distributions on the ex-dividend date. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts, to the extent that such amounts are expected to be collected. When investing in securities with payment in-kind interest, we will accrue interest income during the life of the security even though we will not be receiving cash as the interest is accrued. To the extent that interest income to be received is not expected to be realized, a reserve against income is established.

Federal and State Income Taxation. As a corporation, we are obligated to pay federal and state income tax on our taxable income. We invest our assets primarily in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, we include our allocable share of the MLPs' taxable income in computing our own taxable income. Deferred income taxes reflect (i) the tax liability (asset) on unrealized gains (losses), which are attributable to the temporary difference between fair market value and tax basis of our investments, (ii) 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 and (iii) the net tax benefit of accumulated net operating and capital losses.

To the extent that we have a deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically by us based on the criterion established by the Accounting for Income Tax topic of the FASB Accounting Standards Codification, that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future MLP cash distributions), the duration of statutory carryforward periods and the associated risk that operating and capital loss carryforwards may expire unused.

We rely, to some extent, on information provided by MLPs, which may not necessarily be timely, to estimate our state income tax provision and taxable income allocable to us. Such estimates are made in good faith. From time to time, as new information becomes available, we modify our estimates or assumptions regarding our income tax provision and related deferred tax liability (asset).

The Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized.

Our policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations.

Return of Capital Estimates. Distributions received from our investments in MLPs generally are comprised of income and return of capital. The return of capital portion of the distributions is a reduction to investment income in our Statement of Operations and results in an equivalent reduction to the cost basis of the associated investments. The reduction to the cost basis results in an increase to either net realized gains or the net change in unrealized gains from investments. We record investment income and return of capital based on estimates made at the time when we receive such distributions. We base these estimates on historical information available from our MLP investments and other industry sources. We may subsequently revise these estimates based on information received from our MLP investments after their tax reporting periods are concluded. Any changes to these estimates may be material.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are subject to financial market risks, including changes in interest rates and in the valuations of our investment portfolio.

Interest Rate Risk. Interest rate risk primarily results from variable rate debt securities in which we invest and from borrowings under our Existing Credit Facility. Debt investments in our portfolio are based on floating and fixed rates. Debt investments bearing a floating interest rate are usually based on a LIBOR and a spread consisting of additional basis points. The interest rates for these debt instruments typically have one to six-month durations and reset at the current market interest rates. As of February 28, 2010, the fair value of our floating rate investments, excluding our ProPetro investment on which we are not accruing interest, totaled approximately $7.4 million, or 18.4% of our total debt investments of $40.5 million (excluding ProPetro). Based on sensitivity analysis of the floating rate debt investment portfolio at February 28, 2010 ($9.2 million par value), we estimate that a one percentage point interest rate movement in the average market interest rates (either higher or lower) over the 12 months ended February 28, 2011 would either decrease or increase net investment income before income taxes by approximately $0.1 million.

As of February 28, 2010, we had $61.0 million of borrowings under our Existing Credit Facility at an interest rate of 1.48%. This interest rate is based on LIBOR. Based on sensitivity analysis of the Existing Credit Facility at February 28, 2010, we estimate that a one percentage point interest rate movement in the average market interest rates (either higher or lower) over the 12 months ended February 28, 2011 would either decrease or increase net investment income before income taxes by approximately $0.2 million.

We may hedge against interest rate fluctuations for these floating rate instruments using standard hedging instruments such as futures, swaps, options and forward contracts, subject to the requirements of the 1940 Act. Hedging activities may mitigate our exposure to adverse changes in interest rates.

Impact of Market Prices on Portfolio Investment Valuation. We carry our investments at fair value, as determined by our board of directors. Investments for which market quotations are readily available are valued at such market quotations and are subject to daily changes in the market prices of these securities.

Energy debt and equity securities that are not publicly traded or whose market price is not readily available are valued at fair value as determined in good faith by our board of directors. The types of factors that we may take into account in fair value pricing of our investments include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. Our investments that are not publicly traded may be indirectly impacted (positively or negatively) by public market prices of securities that are comparable to these private investments. Changes in market prices related to purchase transactions, public offerings and secondary offerings can also impact the valuations of our investments that are not publicly traded.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Controls and Procedures.

The Company's officers, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act) as of the end of the period covered in this report. Based upon such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in the reports that we file or submit under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in designing and evaluating our disclosures controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Change in Internal Control Over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

We are not a party in any material pending legal proceeding, and no such material proceedings are known by us to be contemplated by governmental authorities.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors as previously disclosed in our Form 10-K for the year ended November 30, 2009.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS

The following documents are filed as exhibits to this Quarterly Report on Form 10-Q:

Exhibit Number	Description
3.1	Charter — Form of Articles of Amendment and Restatement*
3.2	Amended and Restated Bylaws.*
4.1	Form of Common Stock Certificate.*
10.1	Form of Investment Management Agreement between Registrant and KA Fund Advisors, LLC.*
10.2	Form of Administration Agreement between Registrant and Ultimus Fund Solutions, LLC.**
10.3	Form of Custody Agreement between Registrant and The Custodial Trust Company.*
10.4	Form of Amended Dividend Reinvestment Plan.***
10.5	Form of Transfer Agency Agreement between Registrant and American Stock Transfer & Trust Company.*
10.6	Form of Accounting Services Agreement between Registrant and Ultimus Fund Solutions, LLC.*
10.7	Amended and Restated Senior Secured Revolving Credit Agreement between Registrant, the lenders party thereto, SunTrust Bank, as administrative agent for the lenders, and Citibank, N.A. as syndication agent, dated March 31, 2010 — filed herewith.

Exhibit Number	Description
31.1	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 — filed herewith.
31.2	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 — filed herewith.
32.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - furnished herewith.

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* Previously filed as an exhibit to Registrant's Pre-Effective Amendment No. 5 to its Registration Statement on Form N-2 (File No. 333-134829), as filed with the Securities and Exchange Commission on September 18, 2006 and incorporated by reference herein.

** Previously filed as an exhibit to Registrant's Current Report on Form 8-K (File No. 814-00725), as filed with the Securities and Exchange Commission on March 6, 2009 and incorporated by reference herein.

*** Previously filed as an exhibit to Registrant's Quarterly Report on Form 10-Q (File No. 814-00725), as filed with the Securities and Exchange Commission on April 9, 2009 and incorporated by reference herein.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

Date: April 9, 2010

By: /s/ KEVIN S. MCCARTHY
Kevin S. McCarthy
Chairman of the Board of Directors,
President and Chief Executive Officer

Date: April 9, 2010

By: /s/ TERRY A. HART
Terry A. Hart
Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit Number	Description
10.7	Amended and Restated Senior Secured Revolving Credit Agreement between Registrant, the lenders party thereto, SunTrust Bank, as administrative agent for the lenders, and Citibank, N.A. as syndication agent, dated March 31, 2010 — filed herewith.
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31.2	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 — filed herewith.
32.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 — furnished herewith.

Exhibit 10.7

Execution Version

AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT

dated as of March 30, 2010

among

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY
as Borrower

THE LENDERS FROM TIME TO TIME PARTY HERETO

and

SUNTRUST BANK
as Administrative Agent

CITIBANK, NA
as Syndication Agent

UBS SECURITIES LLC
as Documentation Agent

SUNTRUST ROBINSON HUMPHREY, INC.
as Arranger and Book Manager

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AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT

THIS AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT (this "***Agreement***") is made and entered into as of March 30, 2010, by and among KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY, a Maryland corporation (the "***Borrower***"), the several banks and other financial institutions from time to time party hereto (the "***Lenders***"), SUNTRUST BANK, in its capacity as Administrative Agent for the Lenders (the "***Administrative Agent***") and as Swingline Lender (the "***Swingline Lender***"), CITIBANK, NA, as Syndication Agent ("***Syndication Agent***") and UBS SECURITIES LLC as Documentation Agent ("***Documentation Agent***").

W I T N E S S E T H:

WHEREAS, the Borrower, SunTrust Bank, as Administrative Agent, and the Lenders are parties to that certain Senior Secured Revolving Credit Agreement dated June 4, 2007 (the "***Existing Credit Agreement***") which established $100,000,000 senior secured revolving credit facility with a $10,000,000 letter of credit subfacility and a $10,000,000 swing line facility in favor of the Borrower;

WHEREAS, the Borrower has requested certain amendments to the Existing Credit Agreement, and subject to the terms and conditions contained in this Agreement, the parties hereto have agreed to amend, restate and replace the Existing Credit Agreement in order to refinance the loans made under the Existing Credit Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Borrower, the parties hereto agree that the Existing Credit Agreement is amended and restated in its entirety as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1. Definitions. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"***Additional Commitment Amount***" shall have the meaning given to such term in Section 2.20.

"***Additional Lender***" shall have the meaning given to such term in Section 2.20.

"***Adjusted Borrowing Base***" shall mean the Borrowing Base minus the aggregate amount of Cash and Cash Equivalents included in the Collateral.

"***Adjusted Revolving Credit Exposure Amount***" shall mean, on any date, the aggregate principal amount of all of the Revolving Credit Exposures of all Lenders minus the aggregate amount of Cash and Cash Equivalents included in the Collateral.

"***Adjusted LIBO Rate***" shall mean, with respect to each Interest Period for a Eurodollar Borrowing, the rate per annum obtained by dividing (i) LIBOR for such Interest Period by (ii) a percentage equal to 1.00 *minus* the Eurodollar Reserve Percentage.

"***Administrative Agent***" shall have the meaning assigned to such term in the opening paragraph hereof.

"***Administrative Questionnaire***" shall mean, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

"***Advance Rate***" means, as to any Portfolio Investment and subject to adjustment as provided in Section 5.12(a), (b) and (c), the following percentages with respect to such Portfolio Investment:

Portfolio Investment	Quoted	Unquoted
Cash, Cash Equivalents and Short-Term U.S. Government Securities	100%	n.a.
Long-Term U.S. Government Securities	95%	n.a.
Performing First Lien Bank Loans	80%	70%
Performing Second Lien Bank Loans	70%	60%
Performing Unsecured Bank Loans	65%	55%
Performing Non-Cash Pay Bank Loans	55%	45%
Performing Cash Pay High Yield Securities	60%	50%
Performing Non-Cash Pay High Yield Securities	50%	40%
Performing Public MLP Common and Preferred Units	50%	45%
Performing Private MLP Common and Preferred Units	n.a.	20%
Performing Common Equity, Warrants and MLP Subordinated Units	45%	40%
Non-Performing First Lien Bank Loans	35%	0%
Non-Performing Second Lien Bank Loans	25%	0%
Non-Performing High Yield Securities	25%	0%
Non-Performing Unsecured Bank Loans	20%	0%
Non-Performing Public MLP Common and Preferred Units	35%	0%

"***Affiliate***" shall mean, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person. For the purposes of this definition, "Control" shall mean the power, directly or indirectly, either to (i) vote 5% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of a Person or (ii) direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms "Controlling", "Controlled by", and "under common Control with" have the meanings correlative thereto.

"***Aggregate Commitment Amount***" shall mean the aggregate principal amount of the Revolving Commitments from time to time. On the Closing Date, the Aggregate Commitment Amount equals $70,000,000.

"Anti-Terrorism Order" shall mean Executive Order 13224, signed by President George W. Bush on September 24, 2001.

"*Applicable Lending Office*" shall mean, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its Loans of such Type are to be made and maintained.

"*Applicable Margin*" shall mean, as of any date, with respect to all Loans outstanding on any date**,** 1.00% per annum on Base Rate Loans and 2.00% per annum on LIBOR Loans, provided, that, if the aggregate principle amount of outstanding Revolving Loans exceeds Quoted Securities Borrowing Base, then the Applicable Margin shall mean 2.00% per annum on Base Rate Loans and 3.00% per annum on LIBOR Loans.

"*Applicable Percentage*" shall mean, as of any date, with respect to the commitment fee, 0.50% per annum.

"***Approved Brokerage Accounts***" shall mean the accounts set forth on Part A of Schedule III, or such other accounts approved by the Administrative Agent, such approval not to be unreasonably withheld.

"***Approved Dealer***" shall mean (a) in the case of any Portfolio Investment that is not a U.S. Government Security, a bank or a broker-dealer registered under the Securities Exchange Act of 1934 of nationally recognized standing or an Affiliate thereof, (b) in the case of a U.S. Government Security, any primary dealer in U.S. Government Securities, and (c) in the case of any foreign Portfolio Investment, any foreign broker-dealer of internationally recognized standing or an Affiliate thereof, in the case of each of clauses (a), (b) and (c) above, as set forth on Schedule II or any other bank or broker-dealer acceptable to the Administrative Agent in its reasonable discretion.

"***Approved Fund***" shall mean any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"***Approved Pricing Service***" shall mean a pricing or quotation service as set forth on Schedule II or any other pricing or quotation service approved by the Board of Directors of Borrower and designated in writing to the Administrative Agent (which designation shall be accompanied by a copy of the resolutions of the Board of Directors of the Borrower that such pricing or quotation service has been approved by the Borrower).

"***Approved Third Party Appraiser***" means any independent third party appraisal firm designated by the Borrower in writing to the Administrative Agent (which designation shall be accompanied by a copy of the resolution of the Board of Directors of the Borrower that such firm has been approved by the Borrower for purposes for assisting the Board of Directors of the Borrower in making valuations of portfolio assets). It is understood and agreed that, so long as the same is an independent third party appraisal firm approved by the Board of Directors of the Borrower, Duff & Phelps shall be deemed to be an Approved Third Party Appraiser.

"***Asset Coverage Ratio***" shall mean, as of any date, the ratio, determined on a consolidated basis, without duplication, in accordance with GAAP, of (i) the value of total assets of the Borrower and its Subsidiaries (other than deferred tax assets), less all liabilities (other than Indebtedness, including Indebtedness under this Agreement and deferred tax liabilities) of the Borrower and its Subsidiaries, as of such date, to (ii) the aggregate amount of Indebtedness of the Borrower and its Subsidiaries, provided, however, for purposes of calculating the Closed End Company Required Threshold, total assets of the Borrower and its Subsidiaries as set forth in (i) above shall include all deferred tax assets and total liabilities of the Borrower and its Subsidiaries as set forth in (i) above shall include all deferred tax liabilities.

"***Assignment and Acceptance***" shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4(b)) and accepted by the Administrative Agent, in the form of Exhibit A attached hereto or any other form approved by the Administrative Agent.

"***Availability Period***" shall mean the period from the Closing Date to but excluding the Revolving Commitment Termination Date.

"***Bank Loans***" means debt obligations (including, without limitation, term loans, revolving loans, debtor-in-possession financings, the funded and unfunded portion of revolving credit lines and letter of credit facilities and other similar loans and investments including interim loans and senior subordinated loans) which are generally under a syndicated loan or credit facility.

"Bank Product Amount" shall have the meaning set forth in the definition of ***"Bank Product Provider"***.

"Bank Product Obligations" shall mean, collectively, all obligations and other liabilities of any Loan Party to any Bank Product Provider in respect of any of the following services ("***Bank Products***") provided to such Loan Party by such Bank Product Provider: (a) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, investment accounts and securities accounts, and (b) card services, including credit card (including purchasing card and commercial card), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services.

"Bank Product Provider" means any Person that, at the time it provides any Bank Products to any Loan Party, (i) is a Lender or an Affiliate of a Lender and (ii) except when the Bank Product Provider is SunTrust Bank and its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Bank Product, (y) the maximum dollar amount of obligations arising thereunder (the "***Bank Product Amount***") and (z) the methodology to be used by such parties in determining the obligations under such Bank Product from time to time. In no event shall any Bank Product Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Bank Products except that each reference to the term "Lender" in Article IX and Section 10.4 shall be deemed to include such Bank Product Provider and in no event shall the approval of any such person in its capacity as Bank Product Provider be required in connection with the release or termination of any security interest or Lien of the Administrative Agent. No Bank Product Amount may be established at any time that a Default or Event of Default exists.

"***Base Rate***" shall mean the higher of (i) the per annum rate which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time, (ii) the Federal Funds Rate, as in effect from time to time, plus one-half of one percent (1/2%) per annum or (iii) the one month LIBOR rate, which rate shall be determined on a daily basis (any changes in such rates to be effective as of the date of any change in such rate), plus one percent (1%) per annum. The Administrative Agent's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above, or below the Administrative Agent's prime lending rate. Each change in the Administrative Agent's prime lending rate shall be effective from and including the date such change is publicly announced as being effective.

"***Borrower***" shall have the meaning in the introductory paragraph hereof.

"***Borrowing***" shall mean a borrowing consisting of (i) Loans of the same Class and Type, made, converted or continued on the same date and in case of Eurodollar Loans, as to which a single Interest Period is in effect, or (ii) a Swingline Loan.

"***Borrowing Availability***" shall mean, at any time, (i) the Borrowing Limit less (ii) the aggregate principal amount of the Revolving Credit Exposure of all Lenders.

"***Borrowing Base***" shall have the meaning assigned to such term in Section 5.12.

"***Borrowing Base Certificate***" shall mean a certificate of the chief financial officer or chief executive officer of the Borrower, substantially in the form of Exhibit 5.12.

"***Borrowing Base Deficiency***" shall mean, at any date on which the same is determined, the amount, if any, that (a) the aggregate principal amount of the Revolving Credit Exposure of all Lenders as of such date exceeds (b) the Borrowing Base as of such date.

"***Borrowing Limit***" shall mean, at any time, the lesser of (i) the Aggregate Commitment Amount at such time and (ii) the Borrowing Base at such time as reported in the Borrowing Base Certificate most recently delivered to the Lenders pursuant to Section 5.1(e).

"***Business Day***" shall mean (i) any day other than a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia and New York, New York are authorized or required by law to close and (ii) if such day relates to a Borrowing of, a payment or prepayment of principal or interest on, a conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of

the foregoing, any day on which banks are not open for dealings in Dollars are carried on in the London interbank market.

"***Capital Lease Obligations***" of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"***Capital Stock***" of any Person shall mean all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, Preferred Stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).

"***Cash***" shall mean any immediately available funds in Dollars or in any currency other than Dollars which is freely convertible currency.

"Cash Collateralize" shall mean, in respect of any obligations, to provide and pledge (as a first priority perfected security interest) cash collateral for such obligations in Dollars, with the Administrative Agent pursuant to documentation in form and substance, reasonably satisfactory to the Administrative Agent (and "***Cash Collateralization***" has a corresponding meaning).

"***Cash Equivalents***" shall mean investments (other than Cash) that are one or more of the following obligations:

(a) U.S. Government Securities, in each case maturing within one year from the acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such acquisition date, a credit rating of at least A1 from S&P and at least P1 from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof (i) issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or America or any State thereof; provided that such certificates of deposit, banker's acceptances and time deposits are held in a securities account (as defined in the Uniform Commercial Code) through which the Administrative Agent can perfect a security interest therein and (ii) having, at such date of acquisition, a credit rating of at least A1 from S&P and at least P1 from Moody's;

(d) fully collateralized repurchase agreements with a term of not more than 30 days from the date of acquisition thereof for U.S. Government Securities and entered into with a financial institution satisfying the criteria described in clause (c) of this definition;

provided, that (i) in no event shall Cash Equivalents include any obligation that provides for the payment of interest alone (for example, interest-only securities or "IOs"); (ii) if any of Moody's or S&P changes its rating system, then any ratings included in this definition shall be deemed to be an equivalent rating in a successor rating category of Moody's or S&P, as the case may be; (iii) Cash

Equivalents (other than U.S. Government Securities or repurchase agreements) shall not include any such investment of more than 10% of total assets of the Loan Parties in any single issuer; and (iv) in no event shall Cash Equivalents include any obligation that is not denominated in Dollars.

"***Change in Control***" shall mean the occurrence of one or more of the following events: (i) any sale, lease, exchange or other transfer (in a single transaction or a series of related transactions) of all or substantially all of the assets of the Borrower to any Person or "group" (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder in effect on the date hereof), (ii) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or "group" (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of 35% or more of the outstanding shares of the voting stock of the Borrower; (iii) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (A) who were members of that board or equivalent governing body on the first day of such period, (B) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, or (C) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (for the purposes of determining such majority, such majority shall not include, in the case of both clause (B) and clause (C), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or (iv) KA Fund Advisors, LLC (or an Affiliate thereof approved by the Administrative Agent (such approval not to be unreasonably withheld)) ceases to retain its advisory duties over the Borrower in effect on the Closing Date.

"***Change in Law***" shall mean (i) the adoption of any applicable law, rule or regulation after the date of this Agreement, (ii) any change in any applicable law, rule or regulation, or any change in the interpretation or application thereof, by any Governmental Authority after the date of this Agreement, or (iii) compliance by any Lender (or its Applicable Lending Office) (or for purposes of Section 2.16(b), by such Lender's Parent Company, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"***Class***", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans and when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment or a Swingline Commitment.

"***Clearing Accounts***" shall mean the accounts set forth on Part C of Schedule III, or such other accounts approved by the Administrative Agent, such approval not to be unreasonably withheld.

"***Closed End Company Required Threshold***" shall have the meaning set forth in Section 6.1.

"***Closing Date***" shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.2 have been satisfied or waived in accordance with Section 10.2.

"***Code***" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"***Collateral***" shall mean (i) all portfolio assets, (ii) Cash, (iii) all tangible and intangible property, real and personal, of any Loan Party in each case that is, or is purported or required to be, the subject of a Lien granted pursuant to a Security Document to the Administrative Agent for the benefit of the Lenders to secure the whole or any part of the Obligations or any Guarantee thereof, and shall include, without limitation, all loans (including all supporting obligations and collateral therefor), investments, cash, deferred interest, warrants, options, collections, fees, loan and investment portfolio, accounts, inventory, equipment, general intangibles, goods, documents, contracts, intercompany obligations, stock, securities, notes, and all proceeds of the foregoing and all casualty insurance proceeds and condemnation awards with respect to any of the foregoing.

"***Collateral Accounts***" shall mean the accounts set forth on Part B of Schedule III, or such other accounts approved by the Administrative Agent, such approval not to be unreasonably withheld.

"***Commitment***" shall mean a Revolving Commitment, a Swingline Commitment or any combination thereof (as the context shall permit or require).

"***Compliance Certificate***" shall mean a certificate from the chief executive officer or the chief financial officer of the Borrower in the form of, and containing the certifications set forth in, the certificate attached hereto as Exhibit 5.1(c).

"***Contractual Obligation***" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

"***Control Agreement***" shall mean each Control Agreement by and among the Borrower, the Administrative Agent and the depository bank, custodian or securities intermediary at which the account subject to such agreement is held, as amended, restated, supplemented or otherwise modified from time to time.

"Deeds of Trust" shall mean any deeds of trust, leasehold deeds of trust, mortgages, leasehold mortgages, deeds to secure debt, leasehold deeds to secure debt or other real estate security documents delivered by any Loan Party to Administrative Agent from time to time, all in form and substance satisfactory to Administrative Agent, as amended, restated, modified or otherwise supplemented from time to time.

"***Default***" shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Defaulting Lender" shall mean, at any time, any Lender as to which the Administrative Agent has notified the Borrower that (i) such Lender has failed for three or more Business Days to comply with its obligations under this Agreement to make a Loan and/or to make a payment to the Swingline Lender in respect of a Swingline Loan (each a "***funding obligation***"), (ii) such Lender has notified the Administrative Agent, or has stated publicly, that it will not comply with any such funding obligation hereunder, or has defaulted on, its obligation to fund generally under any other loan agreement, credit agreement or other financing agreement, (iii) such Lender has, for three or more Business Days, failed to confirm in writing to the Administrative Agent, in response to a written request of the Administrative Agent, that it will comply with its funding obligations hereunder, or (iv) a Lender

Insolvency Event has occurred and is continuing with respect to such Lender. The Administrative Agent will promptly send to all parties hereto a copy of any notice to the Borrower provided for in this definition.

"***Default Interest***" shall have the meaning set forth in Section 2.11(c).

"***Distributable Cash Flow***" shall mean for the Borrower, for any period and without duplication, an amount equal to the sum of (i) the Borrower's consolidated net investment income for such period, plus (ii) dividends with respect to Capital Stock of Kinder, Enbridge or a similar equity investment approved by the Administrative Agent in its reasonable discretion paid in additional shares of such capital stock during such period ("***PIK Shares***") plus (iii) imputed dividends received during such period in the form of MLP Units purchased at a discount in privately negotiated transactions ("***Imputed MLP Dividends***"), plus (iv) the return of the capital portion of dividends and distributions earned during such period, plus (v) any income tax expense included in net investment income for such period, plus (vi) any cash income tax refund received during such period, minus (vii) any income tax benefit included in net investment loss for such period, minus (viii) any cash income taxes paid during such period, in each case determined on a consolidated basis in accordance with GAAP, provided, that in no event shall the amounts set forth in parts (ii) and (iii) above with respect to PIK Shares and Imputed MLP Dividends for such period exceed 5% of the aggregate amount of consolidated investment income for such period (including the return of the capital portion of dividends and distributions earned during such period), as determined on a consolidated basis in accordance with GAAP; provided, further, the Borrower may include one hundred percent (100%) of the cash proceeds of any sale of PIK Shares or any Imputed MLP Dividends during such period in the determination of Distributable Cash Flow for such period.

"***Distributable Cash Flow Certificate***" shall mean a certificate of the chief financial officer or chief executive officer of the Borrower, substantially in the form of Exhibit 7.4.

"***Dollar(s)***" and the sign "***$***" shall mean lawful money of the United States of America.

"***Eligible Assignee***" shall mean (i) a Lender; (ii) an Affiliate of a Lender; (iii) an Approved Fund; and (iv) any other Person (other than a natural Person) approved by the Administrative Agent, and unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed). If the consent of the Borrower to an assignment or to an Eligible Assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified in paragraph (b)(i) of Section 10.4), the Borrower shall be deemed to have given its consent five Business Days after the date notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such fifth Business Day.

"***Environmental Laws***" shall mean all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"***Environmental Liability***" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened

Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"***Equity Interests***" shall mean shares of Capital Stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"***ERISA Affiliate***" shall mean any trade or business (whether or not incorporated), which, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for the purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"***ERISA Event***" shall mean (i) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (ii) the failure of any Plan to meet the minimum funding standard applicable to the Plan for a plan year under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (iii) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (iv) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (v) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator appointed by the PBGC of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vi) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (vii) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"***Eurodollar***" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"***Eurodollar Reserve Percentage***" shall mean the aggregate of the maximum reserve percentages (including, without limitation, any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upwards to the next 1/100th of 1%) in effect on any day to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate pursuant to regulations issued by the Board of Governors of the Federal Reserve System (or any Governmental Authority succeeding to any of its principal functions) with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities" under Regulation D). Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D. The Eurodollar Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"***Event of Default***" shall have the meaning provided in Article VIII.

“***Excluded Taxes***” shall mean with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (i) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (ii) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which any Lender is located and (iii) in the case of a Foreign Lender, any withholding tax that (x) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement, (y) is imposed on amounts payable to such Foreign Lender at any time that such Foreign Lender designates a new lending office, other than taxes that have accrued prior to the designation of such lending office that are otherwise not Excluded Taxes, and (z) is attributable to such Foreign Lender’s failure to comply with Section 2.18(e).

“Existing Credit Agreement” shall mean that certain Credit Agreement, dated as of June 4, 2007, by and among the Borrower, the lenders from time to time parties thereto and SunTrust Bank, as Administrative Agent, as amended or modified from time to time.

“Existing Lenders” shall mean all lenders parties to the Existing Credit Agreement on the Closing Date (as defined in the Existing Credit Agreement).

“***Federal Funds Rate***” shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the next 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average rounded upwards, if necessary, to the next 1/100th of 1% of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent.

“***Fee Letter***” shall mean that certain fee letter, dated as of February 19, 2010, executed by the Administrative Agent and accepted by Borrower.

“***First Lien Bank Loan***” means a Bank Loan that is entitled to the benefit of a first lien and first priority perfected security interest on a substantial portion of the assets of the respective borrower and guarantors obligated in respect thereof.

“***Fiscal Quarter***” shall mean any fiscal quarter of the Borrower.

“***Fiscal Year***” shall mean any fiscal year of the Borrower.

“***Foreign Lender***” shall mean any Lender that is not a United States person under Section 7701(a)(30) of the Code.

“***GAAP***” shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

“***Governmental Authority***” shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"***Guarantee***" of or by any Person (the "***guarantor***") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "***primary obligor***") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"***Hazardous Materials***" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"***Hedging Obligations***" of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

"***Hedging Transaction***" of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "***Master Agreement***"), including any such obligations or liabilities under any Master Agreement.

"***High Yield Securities***" means debt Securities (including convertible debt) and Preferred Stock (including convertible Preferred Stock), in each case (a) issued by public or private issuers, (b) issued pursuant to an effective registration statement or pursuant to Rule 144A under the Securities Act (or any successor provision thereunder) and (c) that are not Cash Equivalents or Bank Loans.

"***Indebtedness***" of any Person shall mean, without duplication (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business on terms customary in the trade), (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) Capital Lease Obligations of such Person, (vi) obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) guaranties by such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any common stock of such Person, (x) Off-Balance Sheet Liabilities retained in connection with asset securitization programs, Synthetic Leases, sale and leaseback transactions or other similar obligations arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheet of such Person and its subsidiaries (xi) Net Mark to Market Exposure on all Hedging Obligations, and (xii) obligations under any derivative contract including any commodity agreement, or foreign exchange agreement. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefor.

"***Indemnified Taxes***" shall mean Taxes other than Excluded Taxes.

"***Information Memorandum***" shall mean the confidential executive summary relating to the Loan Parties and the transactions contemplated by this Agreement and the other Loan Documents.

"***Interest Period***" shall mean with respect to (i) any Swingline Borrowing, such period as the Swingline Lender and the Borrower shall mutually agree and (ii) any Eurodollar Borrowing, a period of one, two, three or six months; provided, that:

(i) the initial Interest Period for such Borrowing shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of another Type), and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the next preceding Business Day;

(iii) any Interest Period which begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of such calendar month;

(iv) no Interest Period may extend beyond the Revolving Commitment Termination Date.

"***Investment Advisory Agreement***" shall mean that certain Investment Management Agreement, dated as of September 20, 2006, by and between Borrower and KA Fund Advisors, LLC, as amended by that certain Amendment to Investment Management Agreement dated as of July 1, 2008.

“***Investment Company Act***” shall mean the Investment Company Act of 1940, as amended and in effect from time to time.

“***Investment Objective***” shall mean those investment objectives, policies and restrictions that are set forth in Schedule 4.10 subject to other modifications or supplements as may be adopted by the Borrower from time to time and reflected in filings with the Securities and Exchange Commission that do not result in a Material Adverse Effect.

“Lender Insolvency Event” shall mean that (i) a Lender or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) a Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, custodian or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment, or (iii) a Lender or its Parent Company has been adjudicated as, or determined by any Governmental Authority having regulatory authority over such Person or its assets to be, insolvent; provided that, for the avoidance of doubt, a Lender Insolvency Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interest in or control of a Lender or a Parent Company thereof by a Governmental Authority or an instrumentality thereof.

“Lender-Related Hedge Provider” means any Person that, at the time it enters into a Hedging Transaction with any Loan Party, (i) is a Lender or an Affiliate of a Lender and (ii) except when the Lender-Related Hedge Provider is SunTrust Bank and its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Hedging Transaction, and (y) the methodology to be used by such parties in determining the obligations under such Hedging Transaction from time to time. In no event shall any Lender-Related Hedge Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Hedging Obligations except that each reference to the term “Lender” in Article IX and Section 10.4 shall be deemed to include such Lender-Related Hedge Provider. In no event shall the approval of any such Person in its capacity as Lender-Related Hedge Provider be required in connection with the release or termination of any security interest or Lien of the Administrative Agent.

“***Lenders***” shall have the meaning assigned to such term in the opening paragraph of this Agreement and shall include, where appropriate, the Swingline Lender and each Additional Lender that joins this Agreement pursuant to Section 2.20.

“***LIBOR***” shall mean, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two business days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, LIBOR shall be, for any Interest Period, the rate per annum reasonably determined by the Agent as the rate of interest at which Dollar deposits in the approximate amount of the LIBOR loan comprising part of such borrowing would be offered by the Agent to major banks in the London interbank Eurodollar market at their request at or about 10:00 a.m. (Atlanta, Georgia time) two business days prior to the first day of such Interest Period for a term comparable to such Interest Period. Such rates may be adjusted for any applicable reserve requirements.

“***Lien***” shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the

practical effect of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"***Loan Documents***" shall mean, collectively, this Agreement, the Notes (if any), the Subsidiary Guarantee Agreements, the Security Documents, the Fee Letter, all Notices of Borrowing, all Notices of Conversion/Continuation, all Compliance Certificates, all Borrowing Base Certificates and any and all other instruments, agreements, documents, certificates and writings executed in connection with any of the foregoing.

"***Loan Parties***" shall mean the Borrower and the Subsidiary Guarantors.

"***Loans***" shall mean all Revolving Loans and Swingline Loans in the aggregate or any of them, as the context shall require.

"***Lock-up Agreement***" shall have the meaning assigned to such term in Section 7.7.

"***Lock-up Term***" shall mean, as of any date of determination, the number of days required to be elapsed before the provisions in the applicable Lock-up Agreement that prohibit, restrict or impose any condition upon the ability of the Borrower or any Subsidiary to transfer its property or assets expire or are of no force or effect.

"***Long-Term U.S. Government Securities***" means U.S. Government Securities maturing more than one year from the applicable date of determination.

"***Material Adverse Effect***" shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (i) the business, results of operations, financial condition, assets, liabilities or prospects of the Borrower or of the Borrower and its Subsidiaries, taken as a whole, which has had or could reasonably be expected to have a material adverse effect on the ability of the Loan Parties to perform any of their respective obligations under the Loan Documents, (ii) the rights and remedies of the Administrative Agent, the Swingline Lender and the Lenders under any of the Loan Documents or (iii) the legality, validity or enforceability of any of the Loan Documents.

"***Material Indebtedness***" shall mean Indebtedness (other than the Loans) and Hedging Obligations of the Borrower or any of its Subsidiaries, individually or in an aggregate principal amount exceeding $5,000,000. For purposes of determining the amount of attributed Indebtedness from Hedging Obligations, the "principal amount" of any Hedging Obligations at any time shall be the Net Mark-to-Market Exposure of such Hedging Obligations.

"***MLP Subordinated Units***" shall mean units of a limited partnership or a limited liability company that has elected to be a partnership that are expressly subordinated by the terms of the limited partnership agreement pursuant to which such units were issued.

"***MLP Units***" shall mean Public MLP Common and Preferred Units and Private MLP Common and Preferred Units.

"***Moody's***" shall mean Moody's Investors Service, Inc.

"***Multiemployer Plan***" shall have the meaning set forth in Section 4001(a)(3) of ERISA.

"***Net Mark to Market Exposure***" of any Person shall mean, as of any date of determination with respect to any Hedging Obligation, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from such Hedging Obligation. "Unrealized losses" shall mean the fair market value of the cost to such Person of replacing the Hedging Transaction giving rise to such Hedging Obligation as of the date of determination (assuming the Hedging Transaction were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date).

"Non-Defaulting Lender" shall mean, at any time, a Lender that is not a Defaulting Lender or a Potential Defaulting Lender.

"***Non-Performing First Lien Bank Loans***" means First Lien Bank Loans other than Performing First Lien Bank Loans.

"***Non-Performing High Yield Securities***" means High Yield Securities other than Performing High Yield Securities and Performing Non-Cash Pay High Yield Securities.

"***Non-Performing Bank Loans***" means, collectively, Non-Performing First Lien Bank Loans, Non-Performing Second Lien Bank Loans, and Non-Performing Unsecured Bank Loans.

"***Non-Performing Public MLP Common and Preferred Units***" means Public MLP Common and Preferred Units other than Performing Public MLP Common and Preferred Units.

"***Non-Performing Second Lien Bank Loans***" means Second Lien Bank Loans other than Performing Second Lien Bank Loans.

"***Non-Performing Unsecured Bank Loans***" means Unsecured Bank Loans other than Performing Unsecured Bank Loans.

"***Notice of Conversion/Continuation***" shall mean the notice given by the Borrower to the Administrative Agent in respect of the conversion or continuation of an outstanding Borrowing as provided in Section 2.6(b).

"***Notice of Revolving Borrowing***" shall have the meaning as set forth in Section 2.3.

"***Notice of Swingline Borrowing***" shall have the meaning as set forth in Section 2.4.

"***Notices of Borrowing***" shall mean, collectively, the Notices of Revolving Borrowing and the Notices of Swingline Borrowing.

"***Obligations***" shall mean (a) all amounts owing by the Borrower to the Administrative Agent or any Lender (including the Swingline Lender) pursuant to or in connection with this Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Administrative Agent and any Lender (including the Swingline Lender) incurred pursuant

to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, (b) all Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (c) all Bank Product Obligations, together with all renewals, extensions, modifications or refinancings of any of the foregoing.

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"***Off-Balance Sheet Liabilities***" of any Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability of such Person under any sale and leaseback transactions that do not create a liability on the balance sheet of such Person, (iii) any Synthetic Lease Obligation or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

"***Offer Period***" shall mean a period during which a Person has the right to submit an offer to the holder of a security if such holder undertakes any action to sell, transfer or otherwise liquidate, or to market or offer for sale, or solicit offers to purchase such Security.

"***OSHA***" shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

"***Other Taxes***" shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Parent Company" shall mean, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"***Participant***" shall have the meaning set forth in Section 10.4(d).

"Patriot Act" shall have the meaning set forth in Section 10.14.

"***Payment Office***" shall mean the office of the Administrative Agent located at 303 Peachtree Street, N.E., Atlanta, Georgia 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the other Lenders.

"***PBGC***" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"***Perfection Certificate***" shall have the meaning assigned to such term in the Security Agreement.

"***Performing***" means (a) with respect to any Portfolio Investment that is debt or High Yield Securities, the issuer of such Portfolio Investment is not in default of any payment obligations in respect thereof, after the expiration of any applicable grace period, (b) with respect to any Portfolio Investment that is Preferred Stock, the issuer of such Portfolio Investment has not failed to meet any scheduled redemption obligations or to pay its latest declared cash dividend, after the expiration of any applicable grace period, and (c) with respect to any Portfolio Investment that is MLP Units, the issuer of

such Portfolio Investment has not failed to pay distributions in its most recent fiscal quarter or to pay its latest declared cash dividend and there is no existing default under the issuer's partnership agreement.

"***Performing Cash Pay Bank Loans***" means First Lien Bank Loans, Second Lien Bank Loans and Unsecured Bank Loans (a) as to which, at the time of determination, all of the interest on which is payable in cash not less frequently than quarterly and (b) which are Performing.

"***Performing Cash Pay High Yield Securities***" means High Yield Securities (a) as to which, at the time of determination, not less than 2/3rds of the interest (including accretions and "pay-in-kind" interest) for the current monthly, quarterly, semi-annual or annual period (as applicable) is payable in cash and (b) which are Performing.

"***Performing Common Equity***" shall mean Capital Stock (other than Preferred Stock) and warrants of an issuer all of whose outstanding debt is Performing.

"***Performing First Lien Bank Loans***" means First Lien Bank Loans which are Performing.

"***Performing Non-Cash Pay Bank Loans***" means Performing Bank Loans other than Performing Cash Pay Bank Loans.

"***Performing Non-Cash Pay High Yield Securities***" means Performing High Yield Securities other than Performing Cash Pay High Yield Securities.

"***Performing Private MLP Common and Preferred Units***" means Private MLP Common and Preferred Units (a) as to which, at the time of determination, not less than 80% of the minimum quarterly distribution for the most recent fiscal quarter period then ending for such issuer of such MLP Units has been paid in cash and (b) which are Performing.

"***Performing Public MLP Common and Preferred Units***" means Public MLP Common and Preferred Units (a) as to which, at the time of determination, not less than 80% of the minimum quarterly distribution for the most recent fiscal quarter period then ending for such issuer of such MLP Units has been paid in cash (or in the case of Kinder, Enbridge or similar investments included in the definition of MLP Units, additional shares), and (b) which are Performing.

"***Performing Second Lien Bank Loans***" means Second Lien Bank Loans which are Performing.

"***Performing Unsecured Bank Loans***" shall mean Unsecured Bank Loans which are Performing.

"***Performing Warrants***" shall mean Warrants which are Performing.

"***Permitted Encumbrances***" shall mean

(i) Liens imposed by law for taxes not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen and similar Liens arising by operation of law in the ordinary course of business for amounts not

yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(iv) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(v) judgment and attachment liens not giving rise to an Event of Default or Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(vi) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the Uniform Commercial Code or common law of banks or other financial institutions where Borrower or any of its Subsidiaries maintains deposits (other than deposits intended as cash collateral) in the ordinary course of business;

(vii) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Borrower and its Subsidiaries taken as a whole;

(viii) Liens imposed on amounts held in the Borrower's or its Subsidiaries' Approved Brokerage Accounts in accordance with option transactions or other similar transactions; provided, that in no event shall the sum of the fair market value of the collateral securing (A) such Liens or the obligations secured thereby and (B) the Liens or the obligations secured thereby provided for in clause (ix) below exceed $5,000,000 in the aggregate at any time; and;

(ix) Liens securing obligations incurred under any Clearing Account; provided, that the custodian of such Clearing Account and the Administrative Agent have entered into an agreement in form and substance satisfactory to the Administrative Agent which, among other things, requires all amounts and Securities in excess of $1,000,000 to be transferred prior to the end of each Business Day to a Collateral Account;

provided, that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness, except for Indebtedness set forth on Schedule 7.1 hereto.

"***Person***" shall mean any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

"***Plan***" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Potential Defaulting Lender" shall mean, at any time, a Lender (i) as to which the Administrative Agent has notified the Borrower that an event of the kind referred to in the definition of "Lender Insolvency Event" has occurred and is continuing in respect of any financial institution affiliate of such Lender, (ii) that has (or its Parent Company or a financial institution affiliate thereof has) notified the Administrative Agent, or has stated publicly, that it will not comply with its funding obligations under any other loan agreement or credit agreement or other similar/other financing agreement or (iii) that has, or whose Parent Company has, a non-investment grade rating from Moody's or S&P or another nationally recognized rating agency. The Administrative Agent will promptly send to all parties hereto a copy of any notice to the Borrower provided for in this definition.

"***Portfolio Investment***" means any investment held by the Borrower in its asset portfolio (and, solely for purposes of determining the Borrowing Base, Cash). Without limiting the generality of the foregoing, it is understood and agreed that any Portfolio Investments that have been contributed or sold, purported to be sold or otherwise transferred to any Special Purpose Subsidiary shall not be treated as Portfolio Investments. Notwithstanding the foregoing, nothing herein shall limit the provisions of Section 5.12(a)(i), which provides that, for purposes of this Agreement, all determinations of whether an investment is to be included as a Portfolio Investment shall be determined on a settlement-date basis, provided that no such investment shall be included as a Portfolio Investment to the extent it has not been paid for in full.

"***Preferred Stock***," as applied to the Capital Stock of any Person, means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to any shares (or other interests) of other Capital Stock of such Person, and shall include, without limitation, cumulative preferred, non-cumulative preferred, participating preferred and convertible preferred Capital Stock.

"***Pro Rata Share***" shall mean with respect to any Commitment of any Lender at any time, a percentage, the numerator of which shall be such Lender's Commitment (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, such Lender's Revolving Credit Exposure), and the denominator of which shall be the sum of Commitments of all Lenders (or if the Commitments have been terminated or expired or the Loans have been declared to be due and payable, all Revolving Credit Exposure).

"***Private MLP Common and Preferred Units***" shall mean common and preferred units, for which, the issuer of such MLP Units shall not have any class of units traded on a national stock exchange in the United States of America of a limited partnership or a limited liability company that has elected to be a partnership.

"***Public MLP Common and Preferred Units***" shall mean (i) common or preferred units, which are traded on a national stock exchange in the United States of America, of a limited partnership or a limited liability company that has elected to be a partnership and (ii) investments in Enbridge Energy Management, Inc. ("***Enbridge***"), Kinder Morgan Management, Inc. ("***Kinder***") and similarly structured investments in form and substance satisfactory to the Administrative Agent in its sole discretion.

"***Quotations***" shall mean (a) in the case of bank loans, the mean price as determined by one Approved Dealer selected by the Borrower and approved by the Administrative Agent in its sole discretion, (b) in the case of any Portfolio Investment traded on an exchange, the closing price for such Portfolio Investment most recently posted on such exchange, and (c) in the case of any other Portfolio Investment, the fair market value thereof as determined by an Approved Pricing Service.

"***Quoted Securities***" shall mean, without duplication, Cash, Cash Equivalents and Portfolio Investments for which Quotations are readily available.

"***Quoted Securities Borrowing Base***" shall mean that portion of the Borrowing Base attributable to Quoted Securities.

"***Register***" has the meaning assigned to such term in clause (c) of Section 10.4.

"***Regulation D***" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"***Related Parties***" shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"***Release***" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"***Required Lenders***" shall mean, at any time, Lenders holding more than 50% of the aggregate outstanding Commitments at such time or if the Lenders have no Commitments outstanding, then Lenders holding more than 50% of the aggregate Revolving Credit Exposure; provided, however, that, in the case of any amendment to the Borrowing Base pursuant to Section 10.2(b)(vii), Required Lenders shall mean Lenders holding more than 66⅔% of the aggregate outstanding Commitments at such time or if the Lenders have no Commitments outstanding then Lenders holding more than 66⅔% of the aggregate Revolving Credit Exposure.

"***Required Threshold***" shall have the meaning set forth in Section 6.1.

"***Requirement of Law***" for any Person shall mean the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject

"***Responsible Officer***" shall mean any of the president, the chief executive officer, the chief operating officer, the chief financial officer, the treasurer or a vice president of the Borrower or such other representative of the Borrower as may be designated in writing by any one of the foregoing with the consent of the Administrative Agent; and, with respect to the financial covenants only, the chief financial officer or the treasurer of the Borrower.

"***Restricted Payment***" shall mean, for any Person, any dividend or distribution on any class of its Capital Stock, or any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of, any shares of its Capital Stock, any Indebtedness subordinated to the Obligations or any Guarantee thereof or any

options, warrants, or other rights to purchase such Capital Stock or such Indebtedness, whether now or hereafter outstanding.

"***Revolving Commitment***" shall mean, with respect to each Lender, the obligation of such Lender to make Revolving Loans to the Borrower and to participate in Swingline Loans in an aggregate principal amount not exceeding the amount set forth with respect to such Lender on Schedule I, as such schedule may be amended pursuant to Section 2.20, or in the case of a Person becoming a Lender after the Closing Date, the amount of the assigned "Revolving Commitment" as provided in the Assignment and Acceptance executed by such Person as an assignee, or the joinder executed by such Person, in each case as such commitment may subsequently be increased or decreased pursuant to terms hereof.

"***Revolving Commitment Amount***" shall mean the aggregate principal amount of the Revolving Commitments from time to time. On the Closing Date, the Revolving Commitment Amount equals $70,000,000.

"***Revolving Commitment Termination Date***" shall mean the earliest of (i) March 30, 2013, (ii) the date on which the Revolving Commitments are terminated pursuant to Section 2.7 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

"***Revolving Credit Exposure***" shall mean, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and Swingline Exposure.

"***Revolving Loan***" shall mean a loan made by the Lender (other than the Swingline Lender) to the Borrower under its Revolving Commitment, which may either be a Base Rate Loan or a Eurodollar Loan.

"***Right of First Offer***" shall mean any provision, term or condition which gives a Person the first option of buying or providing an offer with respect to a Security if the holder of such Security undertakes any action to sell, transfer or otherwise liquidate, or to market or offer for sale, or solicit offers to purchase such Security.

"***S&P***" shall mean Standard & Poor's, a Division of the McGraw Hill Companies.

"Sanctioned Country" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html, or as otherwise published from time to time.

"Sanctioned Person" shall mean (i) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treas.gov/offices/eotffc/ofac/sdn/index.html, or as otherwise published from time to time, or (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country, or (C) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

"***Security Agreement***" shall mean that certain Amended and Restated Security Agreement, dated as of the Closing Date, executed by the Borrower and the Subsidiaries in favor of the Administrative Agent for the benefit of the Lenders, as amended, restated, supplemented or otherwise modified from time to time.

“***Security Documents***” shall mean, collectively, the Security Agreement, any Deeds of Trust or other Real Estate Documents, any other Control Agreement, the Perfection Certificate, and all other instruments and agreements now or hereafter securing the whole or any part of the Obligations or any Guarantee thereof, all UCC financing statements, fixture financing statements, stock powers, and all other documents, instruments, agreements and certificates executed and delivered by any Loan Party to the Administrative Agent and the Lenders in connection herewith.

“***Second Lien Bank Loan***” means a Bank Loan that is entitled to the benefit of a second lien and second priority perfected security interest on a substantial portion of the assets of the respective borrower and guarantors obligated in respect thereof.

“***Securities***” means common and Preferred Stock, units and participations, member interests in limited liability companies, partnership interests in partnerships, notes, bonds, debentures, trust receipts and other obligations, instruments or evidences of indebtedness, including debt instruments or public and private issuers and tax-exempt securities (including warrants, rights, put and call options and other options relating thereto, representing rights, or any combination thereof) and other property or interests commonly regarded as securities or any form of interest or participation therein, but not including Bank Loans.

“***Securities Act***” means the United States Securities Act of 1933, as amended.

“***Shareholders’ Equity***” shall mean, at any date, the amount determined on a consolidated basis, without duplication, in accordance with GAAP, of shareholders equity for the Borrower and its Subsidiaries at such date.

“***Short-Term U.S. Government Securities***” means U.S. Government Securities maturing within one year of the applicable date of determination.

“Solvent” shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including subordinated and contingent liabilities, of such Person; (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and liabilities, including subordinated and contingent liabilities as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that would reasonably be expected to become an actual or matured liability.

“***Special Purpose Subsidiary***” shall mean any single purpose Subsidiary created for the purpose of holding specific assets.

“***Subsidiary***” shall mean, with respect to any Person (the “***parent***”), any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership

interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise indicated, all references to "Subsidiary" hereunder shall mean a Subsidiary of the Borrower.

"***Subsidiary Guarantee Agreement***" shall mean any guaranty agreement, in the form of Exhibit B attached hereto or in any other form, in form and substance satisfactory to the Agent, executed from time to time by any Subsidiary in favor of the Administrative Agent and the Lenders, as amended, restated, supplemented or otherwise modified from time to time.

"***Subsidiary Guarantor***" shall mean any Subsidiary of Borrower that executes and delivers a Subsidiary Guarantee Agreement on the Closing Date or from time to time pursuant to Section 5.11.

"***Swingline Commitment***" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding not to exceed $5,000,000.

"***Swingline Exposure***" shall mean, with respect to each Lender, the principal amount of the Swingline Loans in which such Lender is legally obligated either to make a Base Rate Loan or to purchase a participation in accordance with Section 2.4, which shall equal such Lender's Pro Rata Share of all outstanding Swingline Loans.

"***Swingline Lender***" shall mean SunTrust Bank, or any other Lender that may agree to make Swingline Loans hereunder.

"***Swingline Loan***" shall mean a loan made to the Borrower by the Swingline Lender under the Swingline Commitment.

"***Syndication Agent"*** shall have the meaning assigned to such term in the opening paragraph hereof.

"***Synthetic Lease***" shall mean a lease transaction under which the parties intend that (i) the lease will be treated as an "operating lease" by the lessee pursuant to Statement of Financial Accounting Standards No. 13, as amended and (ii) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

"***Synthetic Lease Obligations***" shall mean, with respect to any Person, the sum of (i) all remaining rental obligations of such Person as lessee under Synthetic Leases which are attributable to principal and, without duplication, (ii) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

"***Tag Along Rights***" shall mean tag along, co-sale or other similar contractual rights that allow a holder of a Security to join in a proposed sale of Securities by another Person and sell all or any portion of the Securities held by such holder.

"***Taxes***" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"***Type***", when used in reference to a Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Base Rate.

"***Uniform Commercial Code***" or "***UCC***" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"***Unsecured Bank Loan***" shall mean a Bank Loan that is not secured by a lien or security interest.

"***U.S. Government Securities***" shall mean securities that are direct obligations of, and obligations the timely payment of principal and interest on which is fully guaranteed by, the United States or any agency or instrumentality of the United Stats the obligations of which are backed by the full faith and credit of the United States and in the form of conventional bills, bonds and notes.

"***Value***" means, with respect to any Portfolio Investment, the lower of the most recent internal fair market value as determined pursuant to Section 5.12(a)(ii)(C) and the most recent external fair market value as determined pursuant to Section 5.12(a)(ii)(A) and (B).

"***Warrant***" shall mean any rights, options or warrants to subscribe for or purchase or otherwise acquire common stock or convertible securities, whether or not the right to exercise such rights, options or warrants is immediately exercisable or is conditioned upon the passage of time, the occurrence or non-occurrence of some other event, or both.

"***Withdrawal Liability***" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2. Classifications of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Class (e.g. a "Revolving Loan" or "Revolving Borrowing"), by Type (e.g. a "Eurodollar Loan", "Base Rate Loan", "Eurodollar Borrowing" or "Base Rate Borrowing") or by Class and Type (e.g. a "Revolving Eurodollar Loan" or "Revolving Eurodollar Borrowing").

Section 1.3. Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statement of the Borrower delivered pursuant to Section 5.1(a); provided, that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar result or effect) to value any

Indebtedness or other liabilities of any Loan Party or any Subsidiary of any Loan Party at "fair value", as defined therein.

Section 1.4. <u>Terms Generally</u>. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement and (v) all references to a specific time shall be construed to refer to the time in the city and state of the Administrative Agent's principal office, unless otherwise indicated.

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1. <u>General Description of Facilities</u>. Subject to and upon the terms and conditions herein set forth, (i) the Lenders hereby establish in favor of the Borrower a revolving credit facility pursuant to which each Lender severally agrees (to the extent of such Lender's Commitment) to make Loans to the Borrower in accordance with <u>Section 2.2</u> and <u>Section 2.3</u>, (ii) the Swingline Lender agrees to make Swingline Loans in accordance with <u>Section 2.4</u>, and (iii) each Lender agrees to purchase a participation interest in the Swingline Loans pursuant to the terms and conditions hereof; <u>provided</u>, that in no event shall the aggregate principal amount of all outstanding Loans exceed at any time the Aggregate Commitment Amount from time to time in effect.

Section 2.2. <u>Revolving Loans</u>. Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Loans, ratably in proportion to its Pro Rata Share, to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Commitment or (b) the aggregate Revolving Credit Exposures of all Lenders exceeding the Borrowing Limit. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Revolving Loans in accordance with the terms and conditions of this Agreement; <u>provided</u>, that the Borrower may not borrow or reborrow should there exist a Default or Event of Default.

Section 2.3. <u>Procedure for Borrowings</u>. The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Borrowing substantially in the form of <u>Exhibit 2.3</u> (a "***Notice of Borrowing***") (x) prior to 11:00 a.m. (New York time) on the date of each Base Rate Borrowing and (y) prior to 2:00 p.m. (New York time) three (3) Business Days prior to the requested date of each Eurodollar Borrowing. Each Notice of Borrowing shall be irrevocable and shall specify: (i) the aggregate principal amount of such

Borrowing, (ii) the date of such Borrowing (which shall be a Business Day), (iii) the Class of such Loan comprising such Borrowing; (iv) the Type of such Loan comprising such Borrowing and (v) in the case of a Eurodollar Borrowing, the duration of the initial Interest Period applicable thereto (subject to the provisions of the definition of Interest Period). Each Borrowing shall consist entirely of Base Rate Loans or Eurodollar Loans, as the Borrower may request. The aggregate principal amount of each Eurodollar Borrowing shall be not less than $1,000,000 or a larger multiple of $250,000, and the aggregate principal amount of each Base Rate Borrowing shall not be less than $250,000 or a larger multiple of $100,000; provided, that Base Rate Loans made pursuant to Section 2.4 may be made in lesser amounts as provided therein. At no time shall the total number of Eurodollar Borrowings outstanding at any time exceed four. Promptly following the receipt of a Notice of Borrowing in accordance herewith, the Administrative Agent shall advise each Lender of the details thereof and the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.4. Swingline Commitment.

(a) Subject to the terms and conditions set forth herein, the Swingline Lender may, in its sole discretion, make Swingline Loans to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time not to exceed the lesser of (i) the Swingline Commitment then in effect and (ii) Borrowing Availability; provided, that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Moreover, the Swingline Loan outstanding to Borrower shall not exceed at any time the Borrowing Base less the Revolving Loans outstanding to Borrowers. The Borrower shall be entitled to borrow, repay and reborrow Swingline Loans in accordance with the terms and conditions of this Agreement.

(b) The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Swingline Borrowing substantially in the form of Exhibit 2.4 attached hereto ("***Notice of Swingline Borrowing***") prior to 10:00 a.m. (New York time) on the requested date of each Swingline Borrowing. Each Notice of Swingline Borrowing shall be irrevocable and shall specify: (i) the principal amount of such Swingline Loan, (ii) the date of such Swingline Loan (which shall be a Business Day) and (iii) the account of the Borrower to which the proceeds of such Swingline Loan should be credited. The Administrative Agent will promptly advise the Swingline Lender of each Notice of Swingline Borrowing. Each Swingline Loan shall accrue interest at the Base Rate plus the Applicable Margin. The aggregate principal amount of each Swingline Loan shall be not less than $100,000 or a larger multiple of $50,000, or such other minimum amounts agreed to by the Swingline Lender and the Borrower. The Swingline Lender will make the proceeds of each Swingline Loan available to the Borrower in Dollars in immediately available funds at the account specified by the Borrower in the applicable Notice of Swingline Borrowing not later than 1:00 p.m. (New York time) on the requested date of such Swingline Loan.

(c) The Swingline Lender, at any time and from time to time in its sole discretion, may, but in no event no less frequently than once each calendar week shall, on behalf of the Borrower (which hereby irrevocably authorizes and directs the Swingline Lender to act on its behalf), give a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders (including the Swingline Lender) to make Base Rate Loans in an amount equal to the unpaid principal amount of any Swingline Loan. Each Lender will make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Swingline Lender in accordance with Section 2.5, which will be used solely for the repayment of such Swingline Loan.

(d) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing provisions, then each Lender (other than the Swingline Lender) shall purchase an undivided participating interest in such

Swingline Loan in an amount equal to its Pro Rata Share thereof on the date that such Base Rate Borrowing should have occurred. On the date of such required purchase, each Lender shall promptly transfer, in immediately available funds, the amount of its participating interest to the Administrative Agent for the account of the Swingline Lender. If such Swingline Loan bears interest at a rate other than the Base Rate, such Swingline Loan shall automatically become a Base Rate Loan on the effective date of any such participation and interest shall become payable on demand.

(e) Each Lender's obligation to make a Base Rate Loan pursuant to Section 2.4(c) or to purchase the participating interests pursuant to Section 2.4(d) shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or any other Person may have or claim against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of any Lender's Revolving Commitment, (iii) the existence (or alleged existence) of any event or condition which has had or could reasonably be expected to have a Material Adverse Effect, (iv) any breach of this Agreement or any other Loan Document by the Borrower, the Administrative Agent or any Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If such amount is not in fact made available to the Swingline Lender by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with accrued interest thereon for each day from the date of demand thereof (i) at the Federal Funds Rate until the second Business Day after such demand and (ii) at the Base Rate at all times thereafter. Until such time as such Lender makes its required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of the unpaid participation for all purposes of the Loan Documents. In addition, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans and any other amounts due to it hereunder, to the Swingline Lender to fund the amount of such Lender's participation interest in such Swingline Loans that such Lender failed to fund pursuant to this Section 2.4, until such amount has been purchased in full.

Section 2.5. Funding of Borrowings.

(a) Each Lender will make available each Loan to be made by it hereunder on the proposed date thereof by wire transfer in immediately available funds by 11:00 a.m. (New York time) for Eurodollar Borrowings and 2:00 p.m. (New York time) for Base Rate Borrowings to the Administrative Agent at the Payment Office; provided, that the Swingline Loans will be made as set forth in Section 2.4. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts that it receives, in like funds by the close of business on such proposed date, to an account maintained by the Borrower with the Administrative Agent or at the Borrower's option, by effecting a wire transfer of such amounts to an account designated by the Borrower to the Administrative Agent.

(b) Unless the Administrative Agent shall have been notified by any Lender (i) for Eurodollar Borrowings, prior to 5:00 p.m. (New York time) one (1) Business Day prior to the date of such Eurodollar Borrowing in which such Lender is to participate, and (ii) for Base Rate Borrowings, promptly and in no event later than 2:00 p.m. (New York time) on the day of such Base Rate Borrowing in which such Lender is to participate that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent, in reliance on such assumption, may make available to the Borrower on such date a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender on the date of such Borrowing, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest at the Federal Funds Rate until the second Business

Day after such demand and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent together with interest at the rate specified for such Borrowing. Nothing in this subsection shall be deemed to relieve any Lender from its obligation to fund its Pro Rata Share of any Borrowing hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(c) All Borrowings shall be made by the Lenders on the basis of their respective Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in its obligations hereunder, and each Lender shall be obligated to make its Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

Section 2.6. Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Notice of Borrowing, and in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Notice of Borrowing. Thereafter, the Borrower may elect to convert such Borrowing into a different Type or to continue such Borrowing, and in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.6. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall NOT apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section 2.6, the Borrower shall give the Administrative Agent prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing substantially in the form of Exhibit 2.6(b) (a "***Notice of Conversion/Continuation***") that is to be converted or continued, as the case may be, (x) prior to 11:00 a.m. (New York time) one (1) Business Day prior to the requested date of a conversion into a Base Rate Borrowing and (y) prior to 2:00 p.m. (New York time) three (3) Business Days prior to a continuation of or conversion into a Eurodollar Borrowing. Each such Notice of Conversion/Continuation shall be irrevocable and shall specify (i) the Borrowing to which such Notice of Continuation/Conversion applies and if different options are being elected with respect to different portions thereof, the portions thereof that are to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) shall be specified for each resulting Borrowing); (ii) the effective date of the election made pursuant to such Notice of Continuation/Conversion, which shall be a Business Day, (iii) whether the resulting Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing; and (iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of "Interest Period". If any such Notice of Continuation/Conversion requests a Eurodollar Borrowing but does not specify an Interest Period, the Borrower shall be deemed to have selected an Interest Period of one month. The principal amount of any resulting Borrowing shall satisfy the minimum borrowing amount for Eurodollar Borrowings and Base Rate Borrowings set forth in Section 2.3.

(c) If, on the expiration of any Interest Period in respect of any Eurodollar Borrowing, the Borrower shall have failed to deliver a Notice of Conversion/ Continuation, then, unless such Borrowing is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Borrowing to a Base Rate Borrowing. No Borrowing may be converted into, or continued as, a Eurodollar Borrowing if a Default or an Event of Default exists, unless the Administrative Agent and

each of the Lenders shall have otherwise consented in writing. No conversion of any Eurodollar Loans shall be permitted except on the last day of the Interest Period in respect thereof.

(d) Upon receipt of any Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

Section 2.7. Optional Reduction and Termination of Commitments.

(a) Unless previously terminated, all Revolving Commitments and Swingline Commitments shall terminate on the Revolving Commitment Termination Date.

(b) Upon at least three (3) Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent (which notice shall be irrevocable), the Borrower may reduce the Commitments in part or terminate the Commitments in whole; provided, that any partial reduction shall apply to reduce proportionately and permanently the Commitment of each Lender, any partial reduction pursuant to this Section 2.7 shall be in an amount of at least $1,000,000 and any larger multiple of $250,000, and no such reduction shall be permitted which would reduce the Revolving Commitments to an amount less than the outstanding Revolving Credit Exposures of all Lenders. Any such reduction in the Revolving Commitments below the sum of the principal amount of the Swingline Commitment shall result in a proportionate reduction (rounded to the next lowest integral multiple of $100,000) in the Swingline Commitment.

(c) With the written approval of the Administrative Agent, the Borrower may terminate (on a non-ratable basis) the unused amount of the Revolving Commitment of a Defaulting Lender, and in such event the provisions of Section 2.22 will apply to all amounts thereafter paid by the Borrower for the account of any such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts), provided that such termination will not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, the Swingline Lender or any Lender may have against such Defaulting Lender.

Section 2.8. Repayment of Loans.

(a) The outstanding principal amount of all Revolving Loans shall be due and payable (together with accrued and unpaid interest thereon) on the Revolving Commitment Termination Date.

(b) The principal amount of each Swingline Borrowing shall be due and payable (together with accrued and unpaid interest thereon) on the earlier of (i) the last day of the Interest Period applicable to such Borrowing and (ii) the Revolving Commitment Termination Date.

Section 2.9. Evidence of Indebtedness. (a) Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Commitment of each Lender, (ii) the amount of each Loan made hereunder by each Lender, the Class and Type thereof and the Interest Period applicable thereto, (iii) the date of each continuation thereof pursuant to Section 2.6, (iv) the date of each conversion of all or a portion thereof to another Type pursuant to Section 2.6, (v) the date and amount of any principal or interest due and payable or to become due and

payable from the Borrower to each Lender hereunder in respect of such Loans and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the Loans and each Lender's Pro Rata Share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(b) This Agreement evidences the obligation of the Borrower to repay the Loans and is being executed as a "noteless" credit agreement. However, at the request of any Lender (including the Swingline Lender) at any time, the Borrower agrees that it will prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and reasonably acceptable to the Borrower. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment permitted hereunder) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.10. Prepayments

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty, by giving irrevocable written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent no later than (i) in the case of prepayment of any Eurodollar Borrowing, 2:00 p.m. (New York time) not less than three (3) Business Days prior to any such prepayment, or (ii) in the case of any prepayment of any Base Rate Borrowing, 11:00 a.m. on the same day of such prepayment. Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of each Borrowing or portion thereof to be prepaid. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's Pro Rata Share of any such prepayment. If such notice is given, the aggregate amount specified in such notice shall be due and payable on the date designated in such notice, together with accrued interest to such date on the amount so prepaid in accordance with Section 2.11(d); provided, that if a Eurodollar Borrowing is prepaid on a date other than the last day of an Interest Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section 2.17. Each partial prepayment of any Loan (other than a Swingline Loan) shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type pursuant to Section 2.2 or in the case of a Swingline Loan pursuant to Section 2.4. Each prepayment of a Borrowing shall be applied ratably to the Loans comprising such Borrowing.

(b) If at any time the Revolving Credit Exposure of all Lenders exceeds the Aggregate Commitment Amount, as reduced pursuant to Section 2.7 or otherwise, the Borrower shall immediately repay Swingline Loans and Revolving Loans in an amount equal to such excess, together with all accrued and unpaid interest on such excess amount and any amounts due under Section 2.17. Each prepayment shall be applied first to the Swingline Loans to the full extent thereof, second to the Base Rate Loans to the full extent thereof, and finally to Eurodollar Loans to the full extent thereof.

(c) In the event that at any time any Borrowing Base Deficiency shall exist, the Borrower shall prepay the Loans in such amounts as shall be necessary so that such Borrowing Base Deficiency is immediately cured.

(d) In the event that at any time the Borrower or any of its Subsidiaries shall change or modify in any material respect the Investment Objectives without the consent of the Required Lenders, the Borrower shall prepay the Loans then outstanding in full, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder.

Section 2.11. **<u>Interest on Loans</u>.**

(a) The Borrower shall pay interest on each Base Rate Loan at the Base Rate in effect from time to time and on each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period in effect for such Loan, *plus*, in each case, the Applicable Margin in effect from time to time.

(b) The Borrower shall pay interest on each Swingline Loan at the Base Rate plus the Applicable Margin in effect from time to time.

(c) While an Event of Default exists or after acceleration, at the option of the Required Lenders, the Borrower shall pay interest ("***Default Interest***") with respect to all Eurodollar Loans at the rate otherwise applicable for the then-current Interest Period *plus* an additional 2% per annum until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans and all other Obligations hereunder (other than Loans), at the rate in effect for Base Rate Loans, *plus* an additional 2% per annum.

(d) Interest on the principal amount of all Loans shall accrue from and including the date such Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Revolving Commitment Termination Date. Interest on all outstanding Eurodollar Loans shall be payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months or 90 days, respectively, on each day which occurs every three months or 90 days, as the case may be, after the initial date of such Interest Period, and on the Revolving Commitment Termination Date. Interest on each Swingline Loan shall be payable on the maturity date of such Loan, which shall be the last day of the Interest Period applicable thereto and on the Revolving Commitment Termination Date. Interest on any Loan which is converted into a Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(e) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section 2.12. **<u>Fees</u>**.

(a) The Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon by the Borrower and the Administrative Agent.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Percentage per annum on the daily amount of the unused Commitment of such Lender during the Availability Period. For purposes of

computing commitment fees with respect to the Commitments, the Commitment of each Lender shall be deemed used to the extent of the outstanding Loans, but not Swingline Exposure, of such Lender.

(c) On the Closing Date, the Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon in writing by the Borrower and the Administrative Agent.

(d) Accrued fees (other than the fees referenced in paragraphs (c) and (d)) shall be payable quarterly in arrears on the last day of each March, June, September and December, commencing on September 30, 2007 and on the Revolving Commitment Termination Date (and if later, the date the Loans shall be repaid in their entirety); provided further, that any such fees accruing after the Revolving Commitment Termination Date shall be payable on demand.

(e) Notwithstanding anything herein to the contrary, during such period as a Lender is a Defaulting Lender, such Defaulting Lender will not be entitled to commitment fees accruing with respect to its Revolving Commitment during such period pursuant to Section 2.12(b) (without prejudice to the rights of the Lenders other than Defaulting Lenders in respect of such fees).

Section 2.13. Computation of Interest and Fees.

All computations of interest and fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed). Each determination by the Administrative Agent of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.14. Inability to Determine Interest Rates. If prior to the commencement of any Interest Period for any Eurodollar Borrowing,

(i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant interbank market, adequate means do not exist for ascertaining LIBOR for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Adjusted LIBO Rate does not adequately and fairly reflect the cost to such Lenders (or Lender, as the case may be) of making, funding or maintaining their (or its, as the case may be) Eurodollar Loans for such Interest Period,

the Administrative Agent shall give written notice (or telephonic notice, promptly confirmed in writing) to the Borrower and to the Lenders as soon as practicable thereafter. Until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) the obligations of the Lenders to make Eurodollar Loans or to continue or convert outstanding Loans as or into Eurodollar Loans shall be suspended and (ii) all such affected Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Loans in accordance with this Agreement. Unless the Borrower notifies the Administrative Agent at least one Business Day before the date of any Eurodollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, then such Borrowing shall be made as a Base Rate Borrowing.

Section 2.15. Illegality. If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Loans, or to continue or convert outstanding Loans as or into Eurodollar Loans, shall be suspended. In the case of the making of a Eurodollar Borrowing, such Lender's Loan shall be made as a Base Rate Loan as part of the same Borrowing for the same Interest Period and if the affected Eurodollar Loan is then outstanding, such Loan shall be converted to a Base Rate Loan either (i) on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Lender may lawfully continue to maintain such Loan to such date or (ii) immediately if such Lender shall determine that it may not lawfully continue to maintain such Eurodollar Loan to such date. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, designate a different Applicable Lending Office if such designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

Section 2.16. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the eurodollar interbank market any other condition affecting this Agreement or any Eurodollar Loans made by such Lender or any participation therein;

and the result of either of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to reduce the amount received or receivable by such Lender hereunder (whether of principal, interest or any other amount), then the Borrower shall promptly pay, upon written notice from and demand by such Lender on the Borrower (with a copy of such notice and demand to the Administrative Agent), to the Administrative Agent for the account of such Lender, within five Business Days after the date of such notice and demand, additional amount or amounts sufficient to compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender shall have determined that on or after the date of this Agreement any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital (or on the capital of such Lender's Parent Company) as a consequence of its obligations hereunder to a level below that which such Lender or such Lender's Parent Company could have achieved but for such Change in Law (taking into consideration such Lender's policies or the policies of such Lender's Parent Company with respect to capital adequacy) then, from time to time, within five (5) Business Days after receipt by the Borrower of written demand by such Lender (with a copy thereof to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender or such Lender's Parent Company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or such Lender's Parent Company, as the case may be, specified in paragraph (a) or (b) of this Section 2.16 shall be delivered to the Borrower (with a copy to the Administrative Agent) and shall be conclusive, absent manifest error. The Borrower shall pay any such Lender, as the case may be, such amount or amounts within five (5) Business Days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.16 shall not constitute a waiver of such Lender's right to demand such compensation.

Section 2.17. Funding Indemnity. In the event of (a) the payment of any principal of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked), then, in any such event, the Borrower shall compensate each Lender, within five (5) Business Days after written demand from such Lender, for any loss, cost or expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense shall be deemed to include an amount determined by such Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Loan for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Eurodollar Loan. A certificate as to any additional amount payable under this Section 2.17 submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section 2.18. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided, that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.18) the Administrative Agent, any Lender shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within five (5) Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under Section 2.18) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A

certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the Code or any treaty to which the United States is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. Without limiting the generality of the foregoing, each Foreign Lender agrees that it will deliver to the Administrative Agent and the Borrower (or in the case of a Participant, to the Lender from which the related participation shall have been purchased), as appropriate, two (2) duly completed copies of (i) Internal Revenue Service Form W-8 ECI, or any successor form thereto, certifying that the payments received from the Borrower hereunder are effectively connected with such Foreign Lender's conduct of a trade or business in the United States; or (ii) Internal Revenue Service Form W-8 BEN, or any successor form thereto, certifying that such Foreign Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest; or (iii) Internal Revenue Service Form W-8 BEN, or any successor form prescribed by the Internal Revenue Service, together with a certificate (A) establishing that the payment to the Foreign Lender qualifies as "portfolio interest" exempt from U.S. withholding tax under Code section 871(h) or 881(c), and (B) stating that (1) the Foreign Lender is not a bank for purposes of Code section 881(c)(3)(A), or the obligation of the Borrower hereunder is not, with respect to such Foreign Lender, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of that Section; (2) the Foreign Lender is not a 10% shareholder of the Borrower within the meaning of Code section 871(h)(3) or 881(c)(3)(B); and (3) the Foreign Lender is not a controlled foreign corporation that is related to the Borrower within the meaning of Code section 881(c)(3)(C); or (iv) such other Internal Revenue Service forms as may be applicable to the Foreign Lender, including Forms W-8 IMY or W-8 EXP. Each such Foreign Lender shall deliver to the Borrower and the Administrative Agent such forms on or before the date that it becomes a party to this Agreement (or in the case of a Participant, on or before the date such Participant purchases the related participation). In addition, each such Foreign Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Foreign Lender. Each such Foreign Lender shall promptly notify the Borrower and the Administrative Agent at any time that it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the Internal Revenue Service for such purpose).

Section 2.19. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or of amounts payable under Section 2.16, 2.17 or 2.18, or otherwise) prior to 12:00 noon (New York time), on the date when due, in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All

such payments shall be made to the Administrative Agent at the Payment Office, except payments to be made directly to the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.16, 2.17 and 2.18 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied: first, to Administrative Agent's fees and reimbursable expenses then due and payable pursuant to any of the Loan Documents; second, to all reimbursable expenses of the Lenders then due and payable pursuant to any of the Loan Documents, pro rata to the Lenders based on their respective pro rata shares of such fees and expenses; and third, to interest and fees then due and payable hereunder, pro rata to the Lenders based on their respective pro rata shares of such interest and fees; and fourth, to the payment of principal of the Loans then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in Swingline Loans that would result in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in Swingline Loans; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in Swingline Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount or amounts due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) Notwithstanding anything herein to the contrary, any amount paid by the Borrower for the account of a Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity payments or other amounts) will be retained by the Administrative Agent in a segregated non-interest bearing account until the termination of the Revolving Commitments at which time the funds in such account will be applied by the Administrative Agent, to the fullest extent permitted by law, in the following order of priority: first to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent under this Agreement, second to the payment of any amounts owing by such Defaulting Lender to the Swingline Lender under this Agreement, third to the payment of post-default interest and then current interest due and payable to the Lenders hereunder other than Defaulting Lenders, ratably among them in accordance with the amounts of such interest then due and payable to them, fourth to the payment of fees then due and payable to the Non-Defaulting Lenders hereunder, ratably among them in accordance with the amounts of such fees then due and payable to them, fifth to pay principal then due and payable to the Non-Defaulting Lenders hereunder ratably in accordance with the amounts thereof then due and payable to them, sixth to the ratable payment of other amounts then due and payable to the Non-Defaulting Lenders, and seventh to pay amounts owing under this Agreement to such Defaulting Lender or as a court of competent jurisdiction may otherwise direct; provided, however, that, notwithstanding the foregoing, in the event that the Obligations are accelerated and the Administrative Agent receives proceeds from realization upon the Collateral, such Defaulting Lender shall be able to receive payments on a pro rata basis with the Non-Defaulting Lenders as provided for in clauses "third" and "fifth" above.

Section 2.20. Increase of Commitments; Additional Lenders.

(a) So long as no Event of Default has occurred and is continuing, from time to time after the Closing Date, the Borrower may, upon at least 30 days' written notice to the Administrative Agent (who shall promptly provide a copy of such notice to each Lender), propose to increase the Revolving Commitments to an amount not to exceed $150,000,000 (the amount of any such increase, the "***Additional Commitment Amount***"). Each Lender shall have the right for a period of 15 days following receipt of such notice, to elect by written notice to the Borrower and the Administrative Agent to increase its Revolving Commitment by a principal amount equal to its Pro Rata Share of the Additional Commitment Amount. No Lender (or any successor thereto) shall have any obligation to increase its Revolving Commitment or its other obligations under this Agreement and the other Loan Documents, and any decision by a Lender to increase its Revolving Commitment shall be made in its sole discretion independently from any other Lender.

(b) If any Lender shall not elect to increase its Revolving Commitment pursuant to subsection (a) of this Section 2.21, the Borrower may designate another bank or other financial institution (which may be, but need not be, one or more of the existing Lenders) which at the time agrees to, in the case of any such Person that is an existing Lender, increase its Revolving Commitment and in the case of any other such Person (an "***Additional Lender***"), become a party to this Agreement; provided, however, that any new bank or financial institution must be reasonably acceptable to the Administrative Agent, which acceptance will not be unreasonably withheld or delayed. The sum of the increases in the Revolving Commitments of the existing Lenders pursuant to this subsection (b) plus the Revolving Commitments of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Additional Commitment Amount.

(c) An increase in the aggregate amount of the Revolving Commitments pursuant to this Section 2.21 shall become effective upon the receipt by the Administrative Agent of an supplement or joinder in form and substance satisfactory to the Administrative Agent executed by the Borrower, by each Additional Lender and by each other Lender whose Revolving Commitment is to be increased, setting

forth the new Revolving Commitments of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof, together with Revolving Notes evidencing such increase in the Revolving Commitments, and such evidence of appropriate corporate authorization on the part of the Borrower with respect to the increase in the Revolving Commitments and such opinions of counsel for the Borrower with respect to the increase in the Revolving Commitments as the Administrative Agent may reasonably request.

(d) Upon the acceptance of any such supplement or joinder by the Administrative Agent, the Revolving Commitment Amount shall automatically be increased by the amount of the Revolving Commitments added through such supplement or joinder and Schedule I shall automatically be deemed amended to reflect the Revolving Commitments of all Lenders after giving effect to the addition of such Revolving Commitments.

(e) Upon any increase in the aggregate amount of the Revolving Commitments pursuant to this Section 2.20 that is not pro rata among all Lenders, within five Business Days, in the case of any Base Rate Loans then outstanding, and at the end of the then current Interest Period with respect thereto, in the case of any Eurodollar Loans then outstanding, the Borrower shall prepay such Loans in their entirety and, to the extent the Borrower elects to do so and subject to the conditions specified in Article III, the Borrower shall reborrow Loans from the Lenders in proportion to their respective Revolving Commitments after giving effect to such increase, until such time as all outstanding Loans are held by the Lenders in proportion to their respective Commitments after giving effect to such increase.

Section 2.21. Mitigation of Obligations. If any Lender requests compensation under Section 2.16, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.16 or Section 2.18, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all costs and expenses incurred by any Lender in connection with such designation or assignment.

Section 2.22. Replacement of Lenders. If any Lender requests compensation under Section 2.16, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority of the account of any Lender pursuant to Section 2.18, or if any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)) all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender); provided, that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts), (iii) in the case of a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.18, such assignment will result in a reduction in such compensation or payments and (iv) such assignment does not conflict with applicable Requirements of Law. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver

by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 2.23. Reallocation and Cash Collateralization of Defaulting Lender or Potential Defaulting Lender Commitment.

(a) If a Lender becomes, and during the period it remains, a Defaulting Lender or Potential Defaulting Lender, the following provisions shall apply, notwithstanding anything to the contrary in this Agreement:

(1) the Swingline Exposure of such Defaulting Lender will, subject to the limitation in the first proviso below, automatically be reallocated (effective on the day such Lender becomes a Defaulting Lender) among the Non-Defaulting Lenders pro rata in accordance with their respective Revolving Commitments; provided that (a) the sum of each Non-Defaulting Lender's total Revolving Credit Exposure may not in any event exceed the Revolving Commitment of such Non-Defaulting Lender as in effect at the time of such reallocation and (b) neither such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto will constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Swingline Lender or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender;

(2) to the extent that any portion (the "***unreallocated portion***") of the Swingline Exposure of any Defaulting Lender cannot be so reallocated, for any reason, or with respect to the Swingline Exposure of any Potential Defaulting Lender, the Borrower will, not later than two (2) Business Days after demand by the Administrative Agent (at the direction of the Swingline Lender), (a) Cash Collateralize the obligations of the Borrower to the Swingline Lender in respect of such Swingline Exposure in an amount at least equal to the aggregate amount of the unreallocated portion of the Swingline Exposure of such Defaulting Lender or the Swingline Exposure of such Potential Defaulting Lender, or (b) in the case of such Swingline exposure, prepay (subject to clause (4) below) and/or Cash Collateralize in full the unreallocated portion thereof, or (c) make other arrangements satisfactory to the Administrative Agent and the Swingline Lender in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender or Potential Defaulting Lender;

(b) If the Borrower, the Administrative Agent and the Swingline Lender agree in writing in their discretion that a Lender that is a Defaulting Lender or a Potential Defaulting Lender should no longer be deemed to be a Defaulting Lender or Potential Defaulting Lender, as the case may be, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, the Swingline Exposure of the other Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment, and such Lender will purchase at par such portion of outstanding Revolving Loans of the other Lenders and/or make such other adjustments as the Administrative Agent may determine to be necessary to cause the Revolving Credit

Exposure of the Lenders to be on a pro rata basis in accordance with their respective Revolving Commitments, whereupon such Lender will cease to be a Defaulting Lender or Potential Defaulting Lender and will be a Non-Defaulting Lender (and such Revolving Credit Exposure of each Lender will automatically be adjusted on a prospective basis to reflect the foregoing) and if any cash collateral has been posted with respect to such Defaulting Lender or Potential Defaulting Lender, the Administrative Agent will promptly return such cash collateral to the Borrower; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender or Potential Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender or Potential Defaulting Lender.

ARTICLE III

CONDITIONS PRECEDENT TO LOANS

Section 3.1. Conditions To Effectiveness. The amendment and restatement of the Existing Credit Agreement as provided herein, and the obligations of the Lenders (including the Swingline Lender) to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2). The Administrative Agent and the Borrower shall execute a notice confirming the satisfaction of such conditions and the occurrence of the Closing Date.

(a) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date, including reimbursement or payment of all out-of-pocket expenses (including reasonable fees, charges and disbursements of counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Loan Document and under any agreement with the Administrative Agent or SunTrust Robinson Humphrey, Inc., as Arranger.

(b) The Administrative Agent shall have completed and be satisfied with all due diligence with respect to the Borrower and its Subsidiaries, including but not limited to review of the Investment Objectives, risk management procedures, accounting policies, systems integrity, compliance, management and organizational structure, and the loan and investment portfolio of the Borrower and its Subsidiaries;

(c) The Administrative Agent (or its counsel) shall have received the following:

(i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(ii) duly executed originals of each Control Agreement with respect to all Collateral Accounts, Clearing Accounts, deposit accounts, securities, securities entitlements, other financial assets held with any financial institution other than Administrative Agent or its affiliates (other than the Approved Brokerage Accounts);

(iii) the duly executed Security Agreement, together with (A) UCC financing statements and other applicable documents under the laws of the jurisdictions with respect to the perfection of the Liens granted under the Security Agreement, as requested by the Administrative

Agent in order to perfect such Liens, (B) copies of favorable UCC, tax, judgment and fixture lien search reports in all necessary or appropriate jurisdictions and under all legal and trade names of the Borrower and the Subsidiary Guarantors requested by the Lenders, indicating that there are no prior Liens on any of the Collateral other than Permitted Encumbrances, and (C) a Perfection Certificate duly completed and executed by the Borrower;

(iv) [reserved];

(v) a certificate of the Secretary or Assistant Secretary of each Loan Party in the form of Exhibit 3.1(c)(v), attaching and certifying copies of its bylaws and of the resolutions of its board of directors, or partnership agreement or limited liability company agreement, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of the Loan Documents to which it is a party and certifying the name, title and true signature of each officer of such Loan Party executing the Loan Documents to which it is a party;

(vi) certified copies of the articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of each Loan Party, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of such Loan Party and each other jurisdiction where such Loan Party is required to be qualified to do business as a foreign corporation;

(vii) a favorable written opinion of Paul, Hastings, Janofsky & Walker, counsel to the Loan Parties, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as the Administrative Agent or the Required Lenders shall reasonably request;

(viii) a certificate in the form of Exhibit 3.1(c)(viii), dated the Closing Date and signed by a Responsible Officer, certifying that (x) no Default or Event of Default exists, (y) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct and (z) since the date of the financial statements of the Borrower described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(ix) a duly executed Notice of Borrowing;

(x) a duly executed Federal Reserve Form U-1, executed by the Borrower and the Administrative Agent on behalf of each Lender;

(xi) a duly executed funds disbursement agreement, together with a report setting forth the sources and uses of the proceeds hereof;

(xii) a duly completed and executed certificate of the type described in Section 5.1(c) including calculations of the financial covenants set forth in Article VI hereof as of February 28, 2010;

(xiii) certified copies of all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law, or by any Contractual Obligation of each Loan Party, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions

contemplated thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any governmental authority regarding the Commitments or any transaction being financed with the proceeds thereof shall be ongoing;

(xiv) copies of the audited consolidated financial statements for Borrower and its Subsidiaries for the Fiscal Year ending November 30, 2009;

(xv) a duly completed and executed Borrowing Base Certificate as of two days prior to the Closing Date;

(xvi) certified copies of all agreements, indentures or notes governing the terms of any Material Indebtedness and all other material agreements, documents and instruments to which any Loan Party is a party or by which any of its assets are bound;

(xvii) certificates of insurance, in form and detail acceptable to the Administrative Agent, describing the types and amounts of insurance (property and liability) covering any of the tangible insurable Collateral maintained by the Loan Parties, in each case naming the Administrative Agent as additional insured and loss payee, as appropriate;

(xviii) the Administrative Agent shall have reviewed and be satisfied with the Borrower's compliance with underwriting policies for the Fiscal Quarter ended November 30, 2009 and prior to the Closing Date and shall have completed a satisfactory review of third party valuation reports prepared on behalf of the Borrower for the Fiscal Quarter ended November 30, 2009; and

(xix) the Administrative Agent shall have reviewed and approved, in its reasonable discretion, the valuations for all Private MLP Common and Preferred Units.

Without limiting the generality of the provisions of Section 3.1, for purposes of determining compliance with the conditions specified in this Section 3.1, each Lender that has signed this Credit Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 3.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) at the time of and immediately after giving effect to such Borrowing, no Default or Event of Default shall exist;

(b) at the time of and immediately after giving effect to such Borrowing, all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing, in each case before and after giving effect thereto;

(c) the Borrower shall have delivered the required Notice of Borrowing;

(d) the Borrower shall have delivered a duly executed update or amendment to the Federal Reserve Form U-1 delivered on the Closing Date, executed by the Borrower and the Administrative Agent on behalf of each Lender; and

(e) the Administrative Agent shall have received such other documents, certificates, information or legal opinions as the Administrative Agent or the Required Lenders may reasonably request, all in form and substance reasonably satisfactory to the Administrative Agent or the Required Lenders.

In addition to other conditions precedent herein set forth, if any Lender is a Defaulting Lender or a Potential Defaulting Lender at the time of and immediately after giving effect to such Borrowing the Swingline Lender will not be required to make any Swingline Loans, unless they are satisfied that 100% of the related Swingline Exposure is fully covered or eliminated by any combination satisfactory to the Swingline Lender of the following:

(i) in the case of a Defaulting Lender, the Swingline Exposure of such Defaulting Lender is reallocated to the Non-Defaulting Lenders as provided in Section 2.23(a)(1) above; and

(ii) in the case of a Defaulting Lender or a Potential Defaulting Lender, without limiting the provisions of Section 2.23(a)(2) above, the Borrower Cash Collateralizes the obligations of the Borrower in respect of such Swingline Loan in an amount at least equal to the aggregate amount of the unreallocated obligations (contingent or otherwise) of such Defaulting Lender or Potential Defaulting Lender in respect of such Swingline Loan, or the Borrower makes other arrangements satisfactory to the Administrative Agent and the Swingline Lender, as the case may be, in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender or Potential Defaulting Lender;

provided that (a) the sum of each Non-Defaulting Lender's total Revolving Credit Exposure may not in any event exceed the Revolving Commitment of such Non-Defaulting Lender, and (b) neither any such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto nor any such Cash Collateralization or reduction will constitute a waiver or release of any claim the Borrower, the Administrative Agent the Swingline Lender or any other Lender may have against such Defaulting Lender or Potential Defaulting Lender, or cause such Defaulting Lender or Potential Defaulting Lender to be a Non-Defaulting Lender.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b) and (c) of this Section 3.2.

Section 3.3. Delivery of Documents. All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this Article III, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and, except for the Notes, in sufficient counterparts or copies for each of the Lenders and shall be in form and substance satisfactory in all respects to the Administrative Agent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and each Lender as follows:

Section 4.1. Existence; Power. The Borrower and each of its Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 4.2. Organizational Power; Authorization. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational, and if required, shareholder, partner or member, action. This Agreement has been duly executed and delivered by the Borrower, and constitutes, and each other Loan Document to which any Loan Party is a party, when executed and delivered by such Loan Party, will constitute, valid and binding obligations of the Borrower or such Loan Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. Governmental Approvals; No Conflicts. The execution, delivery and performance by the Borrower of this Agreement, and by each Loan Party of the other Loan Documents to which it is a party (a) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (b) will not violate any Requirements of Law applicable to the Borrower or any of its Subsidiaries or any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other material instrument binding on the Borrower or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, except Liens (if any) created under the Loan Documents.

Section 4.4. Financial Statements. The Borrower has furnished to each Lender the audited consolidated balance sheet of the Borrower and its Subsidiaries as of November 30, 2009 and the related consolidated statements of income, shareholders' equity and cash flows for the Fiscal Year then ended audited by PricewaterhouseCoopers LLP. Such financial statements fairly present the consolidated financial condition of the Borrower and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii). Since

November 30, 2009, there have been no changes with respect to the Borrower and its Subsidiaries which have had or could reasonably be expected to have, singly or in the aggregate, a Material Adverse Effect.

Section 4.5. Litigation and Environmental Matters.

(a) No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

(b) Except for the matters set forth on Schedule 4.5, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Section 4.6. Compliance with Laws and Agreements. The Borrower and each Subsidiary is in compliance with (a) all Requirements of Law and all judgments, decrees and orders of any Governmental Authority applicable to each of them and (b) all indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either singly or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.7. Investment Company Act, Etc. The Borrower has elected to be regulated as a "business development company" as defined in Section 2(a)(46) of the Investment Company Act and the Borrower and its Subsidiaries are subject to regulation under the Investment Company Act as a "business development company" and as controlled subsidiaries thereof, respectively, including under Section 18, as modified by Section 61, of the Investment Company Act; and, after giving notice to the Administrative Agent that the Borrower no longer elects to be regulated as a "business development company," the Borrower is registered with the Securities and Exchange Commission as an "investment company" as defined under the Investment Company Act, is classified as a "closed-end company" under Section 5 of the Investment Company Act, and is subject to regulation as such thereunder.

Section 4.8. Taxes. The Borrower and its Subsidiaries and each other Person for whose taxes the Borrower or any Subsidiary could become liable have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all taxes shown to be due and payable on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section 4.9. Margin Regulations. None of the proceeds of any of the Loans will be used, directly or indirectly, for any purpose that violates the provisions of Regulation U of the Board of Governors of the Federal Reserve System. Neither the Borrower nor its Subsidiaries is engaged

principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock".

Section 4.10. Investment Objectives. The Borrower and its Subsidiaries is in compliance with all Investment Objectives except to the extent that the failure to so comply could not reasonably be expected to result in a Material Adverse Effect.

Section 4.11. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans.

Section 4.12. Ownership of Property.

(a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all of its real and personal property material to the operation of its business, including all such properties reflected in the most recent audited consolidated balance sheet of the Borrower referred to in Section 4.4 or purported to have been acquired by the Borrower or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are material to the business or operations of the Borrower and its Subsidiaries are valid and subsisting and are in full force.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed, or otherwise has the right, to use, all patents, trademarks, service marks, trade names, copyrights and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe in any material respect on the rights of any other Person.

(c) The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of the Borrower, in such amounts with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or any applicable Subsidiary operates.

Section 4.13. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments, and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the reports (including without limitation all reports that the Borrower is required to file with the Securities and Exchange Commission), financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation or syndication of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in light of the circumstances under which they were made, not misleading.

Section 4.14. Labor Relations. There are no strikes, lockouts or other material labor disputes or grievances against the Borrower or any of its Subsidiaries, or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its Subsidiaries, and no significant unfair labor practice, charges or grievances are pending against the Borrower or any of its Subsidiaries, or to the Borrower's knowledge, threatened against any of them before any Governmental Authority. All payments due from the Borrower or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of the Borrower or any such Subsidiary, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 4.15. Subsidiaries. Schedule 4.15 sets forth the name of, the ownership interest of the Borrower in, the jurisdiction of incorporation or organization of, and the type of, each Subsidiary and identifies each Subsidiary that is a Subsidiary Guarantor, in each case as of the Closing Date.

Section 4.16. Solvency. After giving effect to the execution and delivery of the Loan Documents, the making of the Loans under this Agreement, each of the Borrower and its Subsidiaries are Solvent.

Section 4.17. OFAC. No Loan Party (i) is a Sanctioned Person, (ii) has more than 15% of its assets in Sanctioned Countries, or (iii) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. No part of the proceeds of any Loans hereunder will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country or for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 4.18. Patriot Act. No Loan Party is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended or any enabling legislation or executive order relating thereto. Neither any Loan Party nor any or its Subsidiaries is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. None of the Loan Parties (i) is a blocked person described in section 1 of the Anti-Terrorism Order or (ii) to the best of its knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

ARTICLE V

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains unpaid or outstanding:

Section 5.1. Financial Statements and Other Information. The Borrower will deliver to the Administrative Agent:

(a) as soon as available and in any event within 90 days after the end of each Fiscal Year of Borrower, a copy of the annual audited report for such Fiscal Year for the Borrower and its Subsidiaries, containing a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by PricewaterhouseCoopers LLP or other independent public accountants of nationally recognized standing (without a "going concern" or like qualification, exception or explanation and without any qualification or exception as to scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of the Borrower and its Subsidiaries for such Fiscal Year on a consolidated and consolidating basis in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards; provided, that to the extent that any Special Purpose Subsidiary has entered into a financing transaction, securitization or other monetization transaction and is treated as a consolidated entity and reflected on the consolidated balance sheet of the Borrower and its Subsidiaries, concurrently with the delivery of the financial statements referred to in this paragraph (a), the Borrower shall provide to the Administrative Agent a balance sheet for each such Special Purpose Subsidiary as of the end of such Fiscal Year and the related statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of such Special Purpose Subsidiary for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year;

(b) as soon as available and in any event within 45 days after the end of each Fiscal Quarter of the Borrower, an unaudited consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and the related unaudited consolidated and consolidating statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Quarter and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of Borrower's previous Fiscal Year, all certified by the chief financial officer or treasurer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; provided, that to the extent that any Special Purpose Subsidiary has entered into a financing transaction, securitization or other monetization transaction and is treated as a consolidated entity and reflected on the consolidated balance sheet of the Borrower and its Subsidiaries, concurrently with the delivery of the financial statements referred to in this paragraph (b), the Borrower shall provide to the Administrative Agent a balance sheet for each such Special Purpose Subsidiary as of the end of such Fiscal Quarter and the related statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of such Special Purpose Subsidiary for such Fiscal Quarter, setting forth in each case in comparative form the figures for the previous Fiscal Quarter;

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, a Compliance Certificate signed by the principal financial officer of the Borrower;

(d) concurrently with the delivery of the financial statements referred to in clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained any knowledge during the course of their examination of such financial statements of any Default or Event of Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as available and in any event not later than the tenth day of each calendar month, a Borrowing Base Certificate as of the last day of the preceding month, and as soon as available, a monthly brokerage statement for each securities or deposit account held by Borrower or any Subsidiary;

(f) promptly but no later than five Business Days after the Borrower shall at any time have knowledge that there is a Borrowing Base Deficiency, a Borrowing Base Certificate as at that date the Borrower has knowledge of such Borrowing Base Deficiency indicating the amount of the Borrowing Base Deficiency as at the date the Borrower obtained knowledge of such deficiency and the amount of the Borrowing Base Deficiency as of the date which is two Business Days prior to the date the Borrowing Base Certificate is delivered pursuant to this paragraph;

(g) as soon as available and in any event within 20 days after the end of each Fiscal Quarter of the Borrower, beginning with the Fiscal Quarter ended May 31, 2010, Borrower will submit its private investment valuations to the Administrative Agent;

(h) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, beginning with the Fiscal Quarter ended May 31, 2010, a valuation report of the investments that are not Quoted Securities of the Borrower and its Subsidiaries, conducted by an Approved Third Party Appraiser

(i) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be;

(j) promptly following any request therefor, such other information regarding the results of operations, business affairs, financial condition and loan and securities portfolio of the Borrower or any Subsidiary as the Administrative Agent or any Lender may reasonably request.

Section 5.2. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of the Borrower, affecting the Borrower or any Subsidiary which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any event or any other development by which the Borrower or any of its Subsidiaries (i) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) becomes subject to any Environmental Liability, (iii) receives notice of any claim with respect to any Environmental Liability, or (iv) becomes aware of any basis for any Environmental Liability and in each of the preceding clauses, which individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(d) the occurrence of any ERISA Event that alone, or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding $1,000,000;

(e) the occurrence of any default or event of default, or the receipt by Borrower or any of its Subsidiaries of any written notice of an alleged default or event of default, respect of any Material Indebtedness of the Borrower or any of its Subsidiaries; and

(f) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 5.2 shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.3. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and will continue to engage in the same business as presently conducted or such other businesses that are reasonably related thereto; provided, that nothing in this Section 5.3 shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.3.

Section 5.4. Compliance with Laws, Etc. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and properties, including without limitation, all Environmental Laws, ERISA and OSHA, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.5. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity, all of its obligations and liabilities (including without limitation all taxes, assessments and other governmental charges, levies and all other claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.6. Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of Borrower in conformity with GAAP.

Section 5.7. Visitation, Inspection, Etc. The Borrower will, and will cause each of its Subsidiaries to, permit any representative of the Administrative Agent, or any Lender, to visit and inspect its properties, to conduct audits of the Collateral, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants, all at such reasonable times and as often as the Administrative Agent or any Lender may reasonably request after reasonable prior notice to the Borrower; *provided, however,* if a Default or an Event of Default has occurred and is continuing, no prior notice shall be required. All reasonable expenses incurred by the Administrative Agent and, at any time after the occurrence and during the continuance of a Default or an Event of Default, any Lenders in connection with any such visit, inspection, audit, examination and discussions shall be borne by the Borrower; *provided, however*, so long as no Default or Event of Default has occurred and is continuing,

Borrower shall not be required to pay such expenses for any visits and inspections that exceed two visits or inspections per Fiscal Year.

Section 5.8. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations, and (c) at all times shall name the Administrative Agent as additional insured on all liability policies of the Borrower and its Subsidiaries.

Section 5.9. Use of Proceeds. The Borrower will use the proceeds of all Revolving Loans to repay loans outstanding under the Existing Credit Agreement and for investments consistent with the Borrower's Investment Objectives and to finance working capital needs. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulations T, U or X.

Section 5.10. Additional Subsidiaries; Additional Collateral. In the event that any Person becomes a Subsidiary of Borrower after the date hereof (other than a Special Purpose Subsidiary), Borrower will promptly notify Administrative Agent of that fact and cause such Subsidiary to execute and deliver to Administrative Agent a counterpart of the Subsidiary Guarantee Agreement and Security Agreement and to take all such further actions and execute all such further documents and instruments (including similar documents applicable to such Subsidiary required under Section 3.1) as may be necessary or, in the opinion of Administrative Agent, desirable to create in favor of Administrative Agent, for the benefit of Lenders, a valid and perfected first priority lien on all of the personal property assets of such Subsidiary described in the applicable forms of Security Documents. In addition, Borrower shall, or shall cause the Subsidiary that owns the Capital Stock of such Person, to execute and deliver to Administrative Agent a pledge agreement pledging the Capital Stock of such Person to the Administrative Agent and to deliver to Administrative Agent all certificates representing such Capital Stock of such Person (accompanied by irrevocable undated stock powers, duly endorsed in blank), all in form and substance satisfactory to the Administrative Agent in its sole discretion.

Section 5.11. Portfolio Valuation and Diversifications, Etc.

(a) Portfolio Valuation Etc.

(i) Settlement Date Basis. For purposes of this Agreement, all determinations of whether an investment is to be included as a Portfolio Investment shall be determined on a settlement-date basis, provided that no such investment shall be included as a Portfolio Investment to the extent it has not been paid for in full.

(ii) Determination of Values. The Borrower will conduct reviews of the value to be assigned to each of its Portfolio Investment as follows:

(A) Quoted Investments—External Review. With respect to Portfolio Investments (including Cash Equivalents) for which market quotations are readily available, the Borrower shall, not less frequently than once each calendar week, determine the market value of such Portfolio Investments which shall, in each case, be

determined in accordance with one of the following methodologies (as selected by the Borrower):

(x) in the case of Bank Loans, the mean price as determined by one Approved Dealer selected by the Borrower and approved by the Administrative Agent in its sole discretion,

(y) in the case of any Portfolio Investment traded on an exchange, the closing price for such Portfolio Investment most recently posted on such exchange, and

(z) in the case of any other Portfolio Investment, the fair market value thereof as determined by an Approved Pricing Service; and

(B) Unquoted Investments—External Review. With respect to Portfolio Investments for which market quotations are not readily available, the Borrower shall request an Approved Third Party Appraiser to assist the Board of Directors of the Borrower in determining the fair market value of such Portfolio Investments, as at the last day of each Fiscal Quarter, provided that

(x) the Value of any such Portfolio Investment (i.e. a Portfolio Investment for which market quotations are not readily available) acquired during a Fiscal Quarter shall be deemed to be equal to the cost of such Portfolio Investment until such time as the fair market value of such Portfolio Investment is determined in accordance with the foregoing provisions of this sub-clause (B) as at the last day of such Fiscal Quarter and

(y) notwithstanding the foregoing, the Board of Directors of the Borrower may, without the assistance of an Approved Third Party Appraiser, determine the fair market value of Portfolio Investments so long as the aggregate Value thereof so determined does not at any time exceed 10% of the aggregate Borrowing Base, except that the fair market value of any Portfolio Investment that has been determined without the assistance of an Approved Third Party Appraiser as at the last day of any Fiscal Quarter shall be deemed to be zero as at the last day of the immediately succeeding Fiscal Quarter (but effective upon the date upon which the Borrowing Base Certificate for such last day is required to be delivered hereunder) if an Approved Third Party Appraiser has not assisted the Board of Directors of the Borrower in determining the fair market value of such Portfolio Investments, as at such date.

(C) Internal Review. The Borrower shall conduct internal reviews of all Portfolio Investments at least once each calendar week which shall take into account any events of which the Borrower has knowledge that adversely affect the value of the Portfolio Investments. If the value of any Portfolio Investment as most recently determined by the Borrower pursuant to this Section 5.11(a)(ii)(C) is lower than the value of such Portfolio Investment as most recently determined pursuant to Section 5.11(a)(ii)(A) and (B), such lower value shall be deemed to be the "Value" of such Portfolio Investment for purposes hereof, provided that the Value of any Portfolio Investment of the Borrower and its Subsidiaries shall be increased by the net unrealized gain as at the date such Value is determined of any Hedging Transaction entered into to hedge risks associated with such Portfolio Investment and reduced by the net unrealized

loss as at such date of any such Hedging Transaction (such net unrealized gain or net unrealized loss, on any date, to be equal to the aggregate amount receivable or payable under the related Hedging Transaction if the same were terminated on such date).

(b) Failure to Determine Values. If the Borrower shall fail to determine the value of any Portfolio Investment as at any date pursuant to the requirements of sub-clauses (A), (B) or (C) of Section 5.11(a), then the "Value" of such Portfolio Investment as at such date shall be deemed to be zero.

(c) Administrative Agent Approval of Valuations. Per Section 5.1(g) above, the Borrower will submit its valuations to the Administrative Agent and the Administrative Agent shall have 10 days upon its receipt of the valuations to approve such valuations (used solely for the purposes of calculating the Borrowing Base), in its reasonable discretion. If the Administrative Agent does not object to the valuations within the 10 day period, the Administrative Agent shall be deemed to approve such valuations.

Section 5.12. Calculation of Borrowing Base. For purposes of this Agreement, the "***Borrowing Base***" shall be determined, as at any date of determination, as the sum of the Advance Rates of the Value of each Portfolio Investment, provided that:

(a) in the event that the portion of the Borrowing Base attributable to Private MLP Common and Preferred Units exceeds 25% of the total Borrowing Base, the Borrowing Base shall be reduced to the extent such portion exceeds 25% of the total Borrowing Base;

(b) in the event that the portion of the Borrowing Base attributable to the aggregate amount of Non-Performing Bank Loans, Non-Performing High Yield Securities, and Warrants exceeds 10% of the total Borrowing Base, the Borrowing Base shall be reduced to the extent such portion exceeds 10% of the total Borrowing Base;

(c) no Portfolio Investment may be included in the Borrowing Base until such time as such Portfolio Investment has been Delivered (as defined in the Guarantee and Security Agreement) to the Administrative Agent, and then only for so long as such Portfolio Investment continues to be Delivered as contemplated therein and is subject to a first priority security interest in favor of the Administrative Agent;

(d) the Advance Rate applicable to that portion of the aggregate Value of the Portfolio Investments subject to Lock-up Agreements that have a Lock-up Term equal to or less than ninety (90) days from the date of determination shall be reduced by 10%;

(e) the Advance Rate applicable to that portion of the aggregate Value of the Portfolio Investments subject to Lock-up Agreements that have a Lock-up Term of more than ninety (90) days but less than or equal to one-hundred eighty (180) days from the date of determination shall be reduced by 20%;

(f) no Portfolio Investment may be included in the Borrowing Base if the agreements evidencing such Portfolio Investment are subject to Lock-up Agreements that have a Lock-up Term of more than one-hundred eighty (180) days from the date of determination;

(g) the Advance Rate applicable to that portion of the aggregate Value of the Portfolio Investments that are subject to a Right of First Offer that is for an Offer Period of more than forty-five (45) days but less than or equal to ninety (90) days shall be reduced by 10%;

(h) no Portfolio Investment may be included in the Borrowing Base if the agreements evidencing such Portfolio Investment contain a Right of First Offer that is for an Offer Period of more than ninety (90) days;

(i) no reduction shall be made to the Advance Rate applicable to that portion of the Value of any Portfolio Investment subject to a Lock-up Agreement, a Right of First Offer or Tag Along Rights, if the agreements evidencing such Portfolio Investment provide that such Lock-up Agreement, Right of First Offer or Tag Along Rights, as applicable, expires or is of no force or effect upon any action to sell, transfer or otherwise liquidate, or to market or offer for sale, or solicit offers to purchase such Portfolio Investments in connection with the occurrence of an Event of Default;

(j) contributions of any single issuer of Portfolio Investments in a consolidated group of corporations or other entities to the Borrowing Base shall not exceed 10% of the Revolving Commitment Amount; and

(k) the Advance Rate applicable to that portion of the Value of any Portfolio Investment that is subject to a Tag Along Right shall be 0%. For these purposes, the amount that could be restricted from sale is equal to the percentage of the total Securities of the Borrower that would not be sold in such sale of Securities if all other parties to such Tag Along Rights elected to participate in such sale of Securities.

The Borrower shall from time to time deliver a Borrowing Base Certificate to the Administrative Agent and each Lender as provided in Sections 3.1(c)(xvii), 5.1(e), 5.1(f), 7.4(c) and 7.4(e).

Section 5.13. Compliance with Investment Objectives. The Borrower shall, and shall cause its Subsidiaries, to comply at all times with its Investment Objectives.

ARTICLE VI

FINANCIAL COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains unpaid or outstanding:

Section 6.1. Minimum Asset Coverage Ratio. The Borrower shall maintain at all times an Asset Coverage Ratio of at least 2.50:1.0 (the "***Required Threshold***"); provided however, that if the Borrower ceases to be regulated as a "business development company" as defined in Section 2(a)(46) of the Investment Company Act then and in such event the Required Threshold shall be increased to 3.00:1.00 (the "***Closed End Company Required Threshold***").

Section 6.2. Minimum Liquidity. The Borrower will not permit the aggregate Value of the Portfolio Investments that can be converted to Cash in fewer than 10 Business Days without more than a 5% change in price to be less than 10% of the aggregate principal amount of all of the Revolving Credit Exposures of all Lenders during any period when Adjusted Revolving Credit Exposure Amount is greater than 90% of the Adjusted Borrowing Base.

Section 6.3. Minimum Consolidated Shareholders Equity. The Borrower will not permit Shareholder's Equity at the last day of any Fiscal Quarter of the Borrower to be less than the

greater of (i) 40% of the total assets of the Borrower and its Subsidiaries as at the last day of such Fiscal Quarter (determined on a consolidated basis, without duplication, in accordance with GAAP) and (ii) $70,000,000 plus 25% of the net proceeds of the sale of Equity Interests by the Borrower and its Subsidiaries after the Closing Date.

ARTICLE VII

NEGATIVE COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains outstanding:

Section 7.1. Indebtedness and Preferred Equity. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness created pursuant to the Loan Documents;

(b) Indebtedness of the Borrower and its Subsidiaries existing on the date hereof and set forth on Schedule 7.1 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof;

(c) Indebtedness of the Borrower owing to any Subsidiary and of any Subsidiary owing to the Borrower or any other Subsidiary;

(d) Guarantees by the Borrower of Indebtedness of any Subsidiary Guarantor and by any Subsidiary of Indebtedness of the Borrower;

(e) Indebtedness in respect of Hedging Obligations not prohibited by Section 7.9;

(f) other unsecured Indebtedness in an aggregate principal amount not to exceed $10,000,000 at any time outstanding;

(g) Indebtedness incurred by any Special Purpose Subsidiary that is non-recourse to the Loan Parties; and

(h) Indebtedness arising in connection with the accrual of any fees and expenses required to be paid under the Investment Advisory Agreement.

Borrower will not, and will not permit any Subsidiary Guarantor to, issue any Preferred Stock or other preferred equity interests that (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is or may become redeemable or repurchaseable by Borrower or such Subsidiary Guarantor at the option of the holder thereof, in whole or in part or (iii) is convertible or exchangeable at the option of the holder thereof for Indebtedness or Preferred Stock or any other preferred equity interests described in this paragraph, on or prior to, in the case of clause (i), (ii) or (iii), the first anniversary of the Revolving Commitment Termination Date.

Section 7.2. Negative Pledge. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired or, except:

(a) Liens securing the Obligations; provided, however, that no Liens may secure Hedging Obligations without securing all other Obligations on a basis at least pari passu with such Hedging Obligations and subject to the priority of payments set forth in Section 2.19 of this Agreement;

(b) Permitted Encumbrances;

(c) any Liens on any property or asset of the Borrower or any Subsidiary existing on the Closing Date set forth on Schedule 7.2; provided, that such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary; and

(d) rights of set off, rights over a margin call account, any form of cash collateral or similar arrangement, in any case for obligations incurred in respect of any Hedging Transactions so long as such Liens do not encumber assets securing the Obligations.

Section 7.3. Fundamental Changes.

(a) The Borrower will not, and will not permit any Subsidiary Guarantor to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided, that if at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing (i) the Borrower or any Subsidiary may merge with a Person if the Borrower (or such Subsidiary if the Borrower is not a party to such merger) is the surviving Person, (ii) any Subsidiary may merge into another Subsidiary; provided, that if any party to such merger is a Subsidiary Guarantor, the Subsidiary Guarantor shall be the surviving Person, (iii) any Subsidiary may sell, transfer, lease or otherwise dispose of all or substantially all of its assets to the Borrower or to a Subsidiary Guarantor, and (iv) any Subsidiary (other than a Subsidiary Guarantor) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower, and is not materially disadvantageous to the Lenders.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date hereof and businesses reasonably related thereto. The Special Purpose Subsidiaries will not engage in any business other than to hold such assets and conduct such business as is consistent with its purpose and businesses reasonably related thereto

Section 7.4. Restricted Payments.

The Borrower will not, nor will it permit any of its Subsidiaries to, declare to make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that the Borrower may declare and pay:

(a) dividends with respect to the capital stock of the Borrower payable solely in additional shares of the Borrower's common stock;

(b) dividends and distributions in either case in cash or other property (excluding for this purpose the Borrower's common stock) in any taxable year of the Borrower in amounts not to exceed the amount that is estimated in good faith by the Borrower to be required to (i) reduce to zero for such taxable year or for the previous taxable year, its investment company taxable income (within the meaning

of section 852(b)(2) of the Code), and reduce to zero the tax imposed by section 852(b)(3) of the Code, and (ii) avoid federal excise taxes for such taxable year imposed by section 4982 of the Code;

(c) dividends and distributions in respect of Distributable Cash Flow for the prior Fiscal Quarter and for the three Fiscal Quarters immediately preceding such prior Fiscal Quarter that has not been previously distributed in addition to the dividends and distributions permitted under the foregoing clauses (a) and (b), so long as (i) on the date of such Restricted Payment and after giving effect thereto no Default or Event of Default shall have occurred and be continuing, (ii) such dividends and distributions are made in accordance with a written policy approved by the Board of Directors of the Borrower, (iii) five (5) Business Days prior to such dividend or distribution, the Borrower delivers to the Administrative Agent and each Lender a Distributable Cash Flow Certificate demonstrating the basis for the Borrower's calculation of Distributable Cash Flow for such period; and (iv) on the date of such dividend or distribution the Borrower delivers to the Administrative Agent and each Lender a Borrowing Base Certificate as at such date demonstrating that no Borrowing Base Deficiency exists after giving effect to such dividend or distribution. For purposes of preparing such Borrowing Base Certificate, (A) the Value of Portfolio Investments for which market quotations are readily available shall be the most recent quotation available for such Portfolio Investment and (B) the Value of Portfolio Investments for which market quotations are not readily available shall be the Value set forth in the Borrowing Base Certificate most recently delivered by the Borrower to the Administrative Agent and the Lenders pursuant to Section 5.1(e), provided that the Borrower shall reduce the Value of any Portfolio Investment referred to in this sub-clause (B) to the extent necessary to take into account any events of which the Borrower has knowledge that adversely affect the Value of such Portfolio Investment;

(d) dividends and distributions in each case in cash or other property (excluding for this purpose the Borrower's common stock) in addition to the dividends and distributions permitted under the foregoing clauses (a), (b) and (c), so long as on the date of such Restricted Payment and after giving effect thereto:

(i) no Default or Event of Default shall have occurred and be continuing; and

(ii) the aggregate amount of Restricted Payments made during any taxable year of the Borrower after the date hereof under this clause (c) shall not exceed the sum of (x) an amount equal to 10% of the taxable income of the Borrower for such taxable year determined under section 852(b)(2) of the Code, but without regard to subparagraphs (A), (B) or (D) thereof, minus (y) the amount, if any, by which dividends and distributions made during such taxable year pursuant to the foregoing clause (b) (whether in respect of such taxable year or the previous taxable year) based upon the Borrower's estimate of taxable income exceeded the actual amounts specified in subclauses (i) and (ii) of such foregoing clause (b) for such taxable year.

(e) other Restricted Payments so long as (i) on the date of such other Restricted Payment and after giving effect thereto (x) the aggregate principal amount of all of the Revolving Credit Exposures of all Lenders does not exceed 90% of the Borrowing Base and (y) no Default or Event of Default shall have occurred and be continuing and (ii) on the date of such other Restricted Payment the Borrower delivers to the Administrative Agent and each Lender a Borrowing Base Certificate as at such date demonstrating compliance with subclause (x) after giving effect to such Restricted Payment. For purposes of preparing such Borrowing Base Certificate, (A) the Value of Portfolio Investments for which market quotations are readily available shall be the most recent quotation available for such Portfolio Investment and (B) the Value of Portfolio Investments for which market quotations are not readily available shall be the Value set forth in the Borrowing Base Certificate most recently delivered by the Borrower to the Administrative Agent and the Lenders pursuant to Section 5.1(e), provided that the

Borrower shall reduce the Value of any Portfolio Investment referred to in this sub-clause (B) to the extent necessary to take into account any events of which the Borrower has knowledge that adversely affect the Value of such Portfolio Investment.

Nothing herein shall be deemed to prohibit the payment of Restricted Payments by any Subsidiary of the Borrower to the Borrower or to any other Subsidiary Guarantor.

Section 7.5. Sale of Assets. The Borrower will not, and will not permit any of its Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of, any of its assets, business or property, whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's common stock to any Person other than the Borrower or another Subsidiary Guarantor (or to qualify directors if required by applicable law), except (a) the sale or other disposition for fair market value of obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business; (b) the sale of inventory, Portfolio Investments, or other investments in the ordinary course of business; and (c) any sale or other disposition if, after giving effect thereto, the Borrower shall be in compliance on a pro forma basis after giving effect to such sale, with the covenants contained in Article 6, in each case recomputed as at the last day of the most recently ended Fiscal Quarter of the Borrower for which financial statements have been provided for under Section 5.1.

Section 7.6. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and any Subsidiary Guarantor not involving any other Affiliates, (c) transactions and transfers provided in the Investment Advisory Agreement, and the Fee Waiver Agreement, (d) reasonable and customary fees and expenses paid to members of the board of directors (or similar governing body) of the Borrower and its Subsidiaries that are disclosed in the quarterly filings of Borrower, (e) Restricted Payments permitted by Section 7.4, (f) transactions in connection with the provision of managerial assistance to affiliated Portfolio Investments, including fees or other compensation payable in connection therewith, (g) co-investments with other advisory clients of Borrower's investment adviser or its Affiliate, brokerage transactions with Affiliated broker-dealers, or other transactions with Affiliates, in each case as permitted by applicable provisions of the Investment Company Act and the rules promulgated thereunder, and (h) any investment in any Affiliated Portfolio Investment or an investment transaction that results in the creation of an Affiliate.

Section 7.7. Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to its common stock, to make or repay loans or advances to the Borrower or any other Subsidiary, to Guarantee Indebtedness of the Borrower or any other Subsidiary or to transfer any of its property or assets to the Borrower or any Subsidiary of the Borrower; provided, that (i) the foregoing shall not apply to restrictions or conditions imposed by law or by this Agreement or any other Loan Document; (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is sold and such sale is permitted hereunder; (iii) clause (a) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and

conditions apply only to the property or assets securing such Indebtedness; (iv) clause (a) shall not apply to customary provisions in leases and other contracts restricting the assignment thereof; (v) clause (b) shall not apply to any agreements containing provisions (other than any Right of First Offer or Tag Along Rights) applicable to a Portfolio Investment that prohibit, restrict or impose any condition upon the ability of the Borrower or any other Subsidiary to transfer any of its property or assets (each a "***Lock-up Agreement***"); and (vi) clause (b) shall not apply to any agreements that contain a Right of First Offer or Tag Along Rights applicable to a Portfolio Investment.

Section 7.8. Sale and Leaseback Transactions. The Borrower will not, and will not permit any Subsidiary Guarantor to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

Section 7.9. Hedging Transactions. The Borrower will not, and will not permit any of the Subsidiaries to, enter into any Hedging Transaction, other than Hedging Transactions entered into in the ordinary course of business (i) to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities, or (ii) with any counterparty who is or is anticipated to become, at the time that the Hedging Transaction is entered into, a borrower from a Loan Party or the issuer of a debt or equity interest to a Loan Party, which Hedging Transaction is entered into to hedge or mitigate risks to which such counterparty and its affiliates are exposed in the conduct of their businesses or the management of their liabilities, or (iii) to hedge or mitigate risks to which a Loan Party is exposed under Hedging Transactions described in the preceding clause (ii) or to effect an offset or unwind of any other Hedging Transaction; provided that the Loan Parties shall act in a reasonable and prudent manner to achieve, in the aggregate, substantially offsetting Hedging Transactions under clause (iii) with respect to the Net Mark to Market Exposure under the Hedging Transactions that are from time to time outstanding under clause (ii). Solely for the avoidance of doubt, the Borrower acknowledges that a Hedging Transaction entered into for speculative purposes or of a speculative nature is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

Section 7.10. Accounting Changes. The Borrower will not, and will not permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP, or change the fiscal year of the Borrower or of any Subsidiary Guarantor, except to change the fiscal year of a Subsidiary Guarantor to conform its fiscal year to that of the Borrower.

Section 7.11. Amendment to Material Documents. Upon the occurrence and during the continuation of an Event of Default, the Borrower will not, and will not permit any of its Subsidiaries to, agree to or permit any amendment, modification or waiver of any provision of the Investment Advisory Agreement if the effect of such amendment, modification or waiver is to increase the amount of fees or other amounts payable by the Borrower or any of its Subsidiaries under such agreements or alter the payment schedule with respect to such fees or such other amounts without the prior written consent of the Administrative Agent.

Section 7.12. Loans, Etc. The Borrower will not permit at any time the aggregate amount of all unfunded commitments of the Borrower and its Subsidiaries to provide loans, advances or Guarantees with respect to the Portfolio Investments (but excluding any "unapproved capital expenditure amount" as defined below) to exceed the sum of (i) all cash of the Borrower and its Subsidiaries held in deposit accounts that are subject to a Control Agreement granting the Administrative Agent a first priority security interest therein, plus (ii) the difference between (x) the Revolving Commitment Amount minus

(y) the Revolving Credit Exposure. For purposes of this Section 7.12, "unapproved capital expenditure amount" means the portion of any commitment that (i) may only be used for capital expenditures (including drilling and completion of wells, the purchase of assets or other capital expenditures) that are approved by (or consented to by) the Borrower or such Subsidiary in its sole discretion or words of similar effect (whether under a specific approval or under a budget that must be approved) and (ii) exceeds the amount of the capital expenditures that have been so approved and that, if applicable, will not be paid from cash flow from operations under the approved budget.

Section 7.13. Deposit Accounts; Other Accounts. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement or open any account with any depository, securities intermediary or commodities intermediary which is not subject to a Control Agreement with respect to such deposit, securities, commodity or similar account maintained by such Person (other than (i) any payroll account so long as such payroll account is a zero balance account, (ii) withholding tax and fiduciary accounts (and other accounts for the benefit of employees), and (iii) the Approved Brokerage Accounts so long as the aggregate amount held in such Approved Brokerage Accounts does not exceed $5,000,000 at any time).

Section 7.14. Government Regulation. Neither the Borrower nor any of its Subsidiaries (a) is or may become subject at any time to any law, regulation, or list of any Government Authority of the United States (including, without limitation, the U.S. Office of Foreign Asset Control list) that directly prohibits or limits Lenders or the Administrative Agent from making any advance or extension of credit to Borrower or from otherwise conducting business with the Loan Parties, or (b) fail to provide documentary and other evidence of the identity of the Loan Parties as may be reasonably requested by Lenders or the Administrative Agent at any time to enable Lenders or the Administrative Agent to verify the identity of the Loan Parties or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 1 U.S.C. Section 5318.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1. Events of Default. If any of the following events (each an "***Event of Default***") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount payable under clause (a) of this Section 8.1) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days; or

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement or any other Loan Document (including the Schedules attached thereto) and any amendments or modifications hereof or waivers

hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by any Loan Party or any representative of any Loan Party pursuant to or in connection with this Agreement or any other Loan Document shall prove to be incorrect when made or deemed made or submitted; or

(d) the Borrower shall fail to observe or perform any covenant or agreement contained in Sections 5.1, 5.2, or 5.3 (with respect to the Borrower's existence) or in Articles VI or VII; or

(e) any Loan Party shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in clauses (a), (b) and (d) above or any other Loan Document), and such failure shall remain unremedied for 30 days after the earlier of (i) any officer of the Borrower becomes aware of such failure, or (ii) notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(f) a Borrowing Base Deficiency shall occur and continue unremedied for a period of five or more Business Days after delivery of a Borrowing Base Certificate demonstrating such Borrowing Base Deficiency pursuant to Section 5.1(f); or

(g) the Borrower or any Subsidiary (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of or premium or interest on any Material Indebtedness that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such Material Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such Material Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or any such Material Indebtedness shall be declared to be due and payable; or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Material Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(h) the Borrower or any Subsidiary shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Section 8.1, (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any such Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any Subsidiary or for a substantial part of its assets,

and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(j) the Borrower or any Subsidiary shall become unable to pay, shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(k) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to the Borrower and the Subsidiaries in an aggregate amount exceeding $1,000,000; or

(l) any judgment or order for the payment of money in excess of $5,000,000 in the aggregate shall be rendered against the Borrower or any Subsidiary, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) any non-monetary judgment or order shall be rendered against the Borrower or any Subsidiary that could reasonably be expected to have a Material Adverse Effect, and there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(n) a Change in Control shall occur or exist;

(o) the Liens created by the Security Documents shall, at any time, not be valid and perfected (to the extent perfection by filing, registration, recordation, possession or control is required herein or therein) in favor of the Administrative Agent, free and clear of all other Liens (other than Permitted Encumbrances); or

(p) any provision of any Security Document shall for any reason cease to be valid and binding on, or enforceable against, any Subsidiary Guarantor or the Borrower, as applicable, or any Subsidiary Guarantor or the Borrower shall so state in writing, any Subsidiary Guarantor or the Borrower shall seek to terminate any Security Document;

then, and in every such event (other than an event with respect to the Borrower described in clause (g) or (h) of this Section 8.1) and at any time thereafter during the continuance of such event, the Administrative Agent may, and upon the written request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times**:** (i) terminate the Commitments, whereupon the Commitment of each Lender shall terminate immediately; (ii) declare the principal of and any accrued interest on the Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; (iii) exercise all remedies contained in any other Loan Document and (iv) exercise any other remedies available at law or equity; and that, if an Event of Default specified in either clause (g) or (h) shall occur, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon, and all fees, and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE IX

THE ADMINISTRATIVE AGENT

Section 9.1. Appointment of Administrative Agent. Each Lender irrevocably appoints SunTrust Bank as the Administrative Agent and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Loan Documents, together with all such actions and powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or under the other Loan Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent or attorney-in-fact and the Related Parties of the Administrative Agent, any such sub-agent and any such attorney-in-fact and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 9.2. Nature of Duties of Administrative Agent. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it, its sub-agents or attorneys-in-fact with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall include an express reference to such event being a "Default" or "Event of Default" hereunder) is given to the Administrative Agent by the Borrower or any Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent may consult with legal counsel (including counsel for the Borrower) concerning all matters pertaining to such duties.

Section 9.3. Lack of Reliance on the Administrative Agent. Each of the Lenders and the Swingline Lender acknowledges that it has, independently and without reliance upon the

Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders and the Swingline Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, continue to make its own decisions in taking or not taking of any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder.

Section 9.4. Certain Rights of the Administrative Agent. If the Administrative Agent shall request instructions from the Required Lenders with respect to any action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act, unless and until it shall have received instructions from such Lenders; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement.

Section 9.5. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, posting or other distribution) believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel, accountants or experts.

Section 9.6. The Administrative Agent in its Individual Capacity. The bank serving as the Administrative Agent shall have the same rights and powers under this Agreement and any other Loan Document in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms "Lenders", "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The bank acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent hereunder.

Section 9.7. Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, subject to the approval by the Borrower provided that no Default or Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or any state thereof or a bank which maintains an office in the United States, having a combined capital and surplus of at least $500,000,000.

(b) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. If within 45 days after written notice is given of the retiring Administrative Agent's resignation under this Section 9.7 no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent's resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time as the Required Lenders appoint a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article IX shall continue in effect for the benefit of such retiring Administrative Agent and its representatives and agents in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

(c) In addition to the foregoing, if a Lender becomes, and during the period it remains, a Defaulting Lender, and if any Default has arisen from a failure of the Borrower to comply with Section 2.23(a), then the Swingline Lender may, upon prior written notice to the Borrower and the Administrative Agent, resign as Swingline Lender effective at the close of business Atlanta, Georgia time on a date specified in such notice (which date may not be less than five Business Days after the date of such notice).

Section 9.8. Withholding Tax. To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

Section 9.9. Administrative Agent May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or any Revolving Credit Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans or Revolving Credit Exposure and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, Issuing Bank and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, Issuing Bank and the Administrative Agent and its agents and counsel and all other

amounts due the Lenders, Issuing Bank and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and

(b) Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Bank to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Bank, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.3.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.10. Authorization to Execute other Loan Documents Each Lender hereby authorizes the Administrative Agent to execute on behalf of all Lenders (a) all Loan Documents other than this Agreement, (b) any release of the guaranty of a Subsidiary Guarantor to the extent expressly permitted by this Agreement, and (c) any release of collateral to the extent expressly permitted by this Agreement.

Section 9.11. Syndication Agent and Documentation Agent. Each Lender hereby designates Citibank, NA as Syndication Agent and agrees that the Syndication Agent shall have no duties or obligations under any Loan Documents to any Lender or any Loan Party. Each Lender hereby designates UBS Securities LLC as Documentation Agent and agrees that the Documentation Agent shall have no duties or obligations under any Loan Documents to any Lender or any Loan Party.

Section 9.12. Approved Third Party Appraiser Release. Each Lender hereby agrees to deliver to the Approved Third Party Appraiser a release, in substantially the form attached hereto as Exhibit 9.10, prior to becoming a Lender hereunder.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices.

(a) Written Notices.

(i) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

To the Borrower: Kayne Anderson Energy Development Company
717 Texas Avenue, Suite 3100

Houston, Texas 77002
Attention: Terry Hart
Telecopy Number: (713) 655-7359

With a copy to:	Paul, Hastings, Janofsky & Walker LLP 55 Second Street San Francisco, California 94105 Attention: David Hearth Telecopy Number: (415) 856-7100
To the Administrative Agent or Swingline Lender:	SunTrust Bank 303 Peachtree Street, N. E. Atlanta, Georgia 30308 Attention: Telecopy Number:
With a copy to:	SunTrust Bank Agency Services 303 Peachtree Street, N. E./ 25th Floor Atlanta, Georgia 30308 Attention: Mr. Doug Weltz Telecopy Number: (404) 221-2001 and King & Spalding LLP 1180 Peachtree Street, N.W. Atlanta, Georgia 30309 Attention: Todd Holleman Telecopy Number: (404) 572-5100
To any other Lender:	the address set forth in the Administrative Questionnaire or the Assignment and Acceptance Agreement executed by such Lender

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mail or if delivered, upon delivery; provided, that notices delivered to the Administrative Agent or the Swingline Lender shall not be effective until actually received by such Person at its address specified in this Section 10.1.

(ii) Any agreement of the Administrative Agent and the Lenders herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and the Lenders shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or the Lenders in reliance

upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent and the Lenders to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent and the Lenders of a confirmation which is at variance with the terms understood by the Administrative Agent and the Lenders to be contained in any such telephonic or facsimile notice.

(b) Electronic Communications.

(i) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II unless such Lender and Administrative Agent have agreed to receive notices under such Section by electronic communication and have agreed to the procedures governing such communications. Administrative Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(ii) Unless Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Administrative Agent shall execute, without further consent or approval of any Lender, so long as no Default or Event of Default shall have occurred which is continuing or would result therefrom (i) a release of the guaranty of a Subsidiary upon the sale or other disposition of such Subsidiary permitted under the terms of this Agreement or pursuant to any consent or approval by Required Lenders and (ii) a release of collateral upon the sale or other disposition of such collateral permitted under the terms of this Agreement or pursuant to any consent or approval by Required Lenders.

Section 10.2. Waiver; Amendments.

(a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or any other Loan Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender**,** shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 10.2, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the

foregoing, the making of a Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or the other Loan Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders or the Borrower and the Administrative Agent with the consent of the Required Lenders and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that no amendment or waiver shall: (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date fixed for any payment of any principal of, or interest on, any Loan or interest thereon or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.19 (b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section 10.2 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender; (vi) release all or substantially all of the guarantors or limit the liability of any such guarantors under any guaranty agreement, without the written consent of each Lender; (vii) modify or adjust the definition of "Borrowing Base" or any defined term used therein, except for reductions in advance rates, impositions of reserves and reductions in eligibility standards that the Administrative Agent is permitted to make pursuant to such definitions, without the consent of the Required Lenders; or (viii) release all or substantially all collateral (if any) securing any of the Obligations, without the written consent of each Lender; provided further, that no such agreement shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent or the Swingline Lender without the prior written consent of such Person. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended, and amounts payable to such Lender hereunder may not be permanently reduced without the consent of such Lender (other than reductions in fees and interest in which such reduction does not disproportionately affect such Lender). Notwithstanding anything contained herein to the contrary, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 10.3), such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement. Notwithstanding anything contained herein to the contrary, the Administrative Agent may release certain collateral in connection with securitizations or other third party financings entered into with financing subsidiaries, provided that (i) the Borrower is in compliance with the Borrowing Base, (ii) the Administrative Agent has completed a satisfactory review of the Company's loan portfolio, supported by the most recent third party prepared evaluation, and (iii) either (x) the amount of any Borrowing Availability under the Borrowing Base immediately prior to such release is not diminished as a result of such release or (y) the Borrowing Base immediately after giving effect to such release is at least 110% of the Revolving Credit Exposure.

Section 10.3. Expenses; Indemnification.

(a) The Borrower shall pay (i) all reasonable, out-of-pocket costs and expenses of the Administrative Agent and its Affiliates**,** including the reasonable fees, charges and disbursements of counsel for the Administrative Agent and its Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated) and (ii) all out-of-pocket costs and expenses (including, without limitation, the reasonable fees, charges and disbursements of outside counsel) incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section 10.3, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "***Indemnitee***") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of any Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through Syntrak or any other Internet or intranet website, except as a result of such Indemnitee's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable judgment

(c) The Borrower shall pay, and hold the Administrative Agent and each of the Lenders harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Loan Documents, any collateral described therein, or any payments due thereunder, and save the Administrative Agent and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

(d) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent or the Swingline Lender under clauses (a), (b) or (c) hereof, each Lender severally

agrees to pay to the Administrative Agent or the Swingline Lender, as the case may be, such Lender's Pro Rata Share (determined as of the time that the unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided, that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Swingline Lender in its capacity as such.

(e) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement or any agreement or instrument contemplated hereby, the transactions contemplated therein, any Loan or the use of proceeds thereof.

(f) All amounts due under this Section 10.3 shall be payable promptly after written demand therefor.

Section 10.4. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans and Revolving Credit Exposure outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans and Revolving Credit Exposure of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than $1,000,000, unless each of the Administrative

Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans, Revolving Credit Exposure or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Commitments on a non-*pro rata* basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund provided, that, the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments to a Person that is not a Lender with a Commitment; and

(C) the consent of the Swingline Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Commitments.

(iv) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of $3,500**,** (C) an Administrative Questionnaire unless the assignee is already a Lender and (D) the documents required under Section 2.18 if such assignee is a Foreign Lender.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

(vii) Approved Third Party Appraiser Release. The successor or assignee to any assignment, if such successor or assignee is not a Lender, shall execute and deliver to the Approved Third Party Appraiser a release in substantially the form of Exhibit 9.10 hereto.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 10.4, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 10.3 with respect to facts and circumstances occurring prior to the effective date of such

assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section 10.4. If the consent of the Borrower to an assignment is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified above), the Borrower shall be deemed to have given its consent five Business Days after the date notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such fifth Business Day.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Atlanta, Georgia a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and Revolving Credit Exposure owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). Information contained in the Register with respect to any Lender shall be available for inspection by such Lender at any reasonable time and from time to time upon reasonable prior notice; information contained in the Register shall also be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, Administrative Agent shall serve as Borrower's agent solely for tax purposes and solely with respect to the actions described in this Section, and the Borrower hereby agrees that, to the extent SunTrust Bank serves in such capacity, SunTrust Bank and its officers, directors, employees, agents, sub-agents and affiliates shall constitute "Indemnitees."

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower, the Administrative Agent or the Swingline Lender sell participations to any Person (other than a natural person, the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "***Participant***") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the Swingline Lender shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver with respect to the following to the extent affecting such Participant: (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date fixed for any payment of any principal of, or interest on, any Loan or interest thereon or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.19(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section 10.4 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender; (vi) release any guarantor or limit the liability of any such guarantor under any guaranty agreement without the written consent of each Lender except to the extent such release is expressly provided under the terms of the such guaranty agreement; or

(vii) release all or substantially all collateral (if any) securing any of the Obligations. Subject to paragraph (e) of this Section 10.4, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.16, 2.17, and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 10.4. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7 as though it were a Lender, provided such Participant agrees to be subject to Section 2.19 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 2.16 and Section 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.18 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.18(e) as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 10.5. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Loan Documents shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court of the Southern District of New York, and of any state court of the State of New York sitting in New York County and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section 10.5 and brought in any court referred to in paragraph (b) of this Section 10.5. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.6. WAIVER OF JURY TRIAL. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.6.

Section 10.7. Right of Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender to or for the credit or the account of the Borrower against any and all Obligations held by such Lender irrespective of whether such Lender shall have made demand hereunder and although such Obligations may be unmatured. Each Lender agrees promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender; provided, that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees to apply all amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Borrower and any of its Subsidiaries to such Lender.

Section 10.8. Counterparts; Integration. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letter, the other Loan Documents, and any separate letter agreement(s) relating to any fees payable to the Administrative Agent and its Affiliates constitute the entire agreement among the parties hereto and thereto and their affiliates regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this Agreement or any other Loan Document by facsimile transmission or by electronic mail in pdf form shall be as effective as delivery of a manually executed counterpart hereof.

Section 10.9. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.16, 2.17, 2.18, and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination

of this Agreement or any provision hereof. All representations and warranties made herein, in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Loans.

Section 10.10. Severability. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.11. Confidentiality. Each of the Administrative Agent and each Lender agrees to take normal and reasonable precautions to maintain the confidentiality of any information designated in writing as confidential and provided to it by the Borrower or any Subsidiary, except that such information may be disclosed (i) to any Related Party of the Administrative Agent or any such Lender, including without limitation accountants, legal counsel and other advisors, (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iii) to the extent requested by any regulatory agency or authority, (iv) to the extent that such information becomes publicly available other than as a result of a breach of this Section 10.11, or which becomes available to the Administrative Agent, any Lender or any Related Party of any of the foregoing on a nonconfidential basis from a source other than the Borrower, (v) in connection with the exercise of any remedy hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to provisions substantially similar to this Section 10.11, to any actual or prospective assignee or Participant, or (vii) with the consent of the Borrower. Any Person required to maintain the confidentiality of any information as provided for in this Section 10.11 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information.

Section 10.12. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which may be treated as interest on such Loan under applicable law (collectively, the "***Charges***"), shall exceed the maximum lawful rate of interest (the "***Maximum Rate***") which may be contracted for, charged, taken, received or reserved by a Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 10.12 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment (to the extent permitted by applicable law), shall have been received by such Lender.

Section 10.13. Waiver of Effect of Corporate Seal. The Borrower represents and warrants that neither it nor any other Loan Party is required to affix its corporate seal to this Agreement or any other Loan Document pursuant to any Requirement of Law or regulation, agrees that this Agreement is delivered by Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Loan Documents.

Section 10.14. Patriot Act. The Administrative Agent and each Lender hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "***Patriot Act***"), it is required to obtain, verify and record

information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act.

Section 10.15. NO ORAL AGREEMENTS, WAIVER. THE LOAN DOCUMENTS EMBODY THE ENTIRE AGREEMENT AND UNDERSTANDING BETWEEN THE PARTIES AND SUPERSEDE ALL OTHER AGREEMENTS AND UNDERSTANDINGS BETWEEN SUCH PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF. THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 10.16. Location of Closing. Each Lender acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement to the Administrative Agent, c/o King & Spalding LLP, 1185 Avenue of the Americas, New York, New York 10036. Borrower acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement and each other Loan Document, together with all other documents, instruments, opinions, certificates and other items required under Section 3.1, to the Administrative Agent, c/o King & Spalding LLP, 1185 Avenue of the Americas, New York, New York 10036. All parties agree that closing of the transactions contemplated by this Agreement has occurred in New York.

Section 10.17. Existing Credit Agreement. Effective upon satisfaction of the conditions set forth in Section 3.1, this Agreement amends, restates, supersedes and replaces the Existing Credit Agreement in its entirety.

Section 10.18. Amendment and Restatement. This Agreement constitutes an amendment and restatement of the Existing Credit Agreement and is not, and is not intended by the parties to be, a novation of the Existing Credit Agreement. All rights and obligations of the parties shall continue in effect, except as otherwise expressly set forth herein. Without limiting the foregoing, no Default or Event of Default existing under the Existing Credit Agreement as of the Closing Date shall be deemed waived or cured by this amendment and restatement thereof. The Revolving Commitments of the Lenders under this Agreement after giving effect to this amendment and restatement are set forth on Schedule II. On and after the Closing Date, all Revolving Loans and other extensions of credit shall be made by the Lenders under this Agreement in accordance with their respective Pro Rata Shares of the Revolving Commitments as in effect from time to time. All references in the other Loan Documents to the Credit Agreement shall be deemed to refer to and mean this Agreement, as the same may be further amended, supplemented, and restated from time to time. On the Closing Date, all amounts outstanding under the Existing Credit Agreement, together with all accrued and unpaid interest, fees and other amounts shall be automatically paid in full by the initial Borrowing hereunder and the commitments of the Lenders under the Existing Credit Agreement which are not parties to this Agreement to fund additional advances shall terminate automatically.

(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed under seal in the case of the Borrower by their respective authorized officers as of the day and year first above written.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

By: /s/ Terry Hart
Name: Terry Hart
Title: Chief Financial Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT]

SUNTRUST BANK, as Administrative Agent, and as a Lender

By: /s/ David Simpson
Name: David Simpson
Title: Vice President

[SIGNATURE PAGE TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT]

CITIBANK, NA, as a Lender

By: /s/ John F. Miller
Name: John F. Miller
Title: Attorney-in- Fact

[SIGNATURE PAGE TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT]

UBS LOAN FINANCE LLC, as a Lender

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director Banking Products Services, US

By: /s/ Michael Cerniglia
Name: Michael Cerniglia
Title: Director Banking Products Services, US

[**SIGNATURE PAGE TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT]**

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Jeanne Horn
Name: Jeanne Horn
Title: Executive Director

[SIGNATURE PAGE TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT]

STIFEL BANK & TRUST, as a Lender

By: /s/ John H. Phillips
Name: John H. Phillips
Title: Senior Vice President

[SIGNATURE PAGE TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT]

Schedule I
COMMITMENT AMOUNTS

SunTrust Bank	$ 20,000,000
Citibank, NA	$ 20,000,000
UBS Loan Finance LLC	$ 18,000,000
JPMorgan Chase Bank, N.A.	$ 7,000,000
Stifel Bank & Trust	$ 5,000,000

SCHEDULE II

Approved Dealers and Appraisers

SCHEDULE III

Approved Brokerage Accounts

SCHEDULE 4.5

ENVIRONMENTAL MATTERS

Schedule I

SCHEDULE 4.10

INVESTMENT OBJECTIVE

<u>SCHEDULE 4.15</u>

<u>SUBSIDIARIES</u>

None

SCHEDULE 7.1

OUTSTANDING INDEBTEDNESS

SCHEDULE 7.2

EXISTING LIENS

EXHIBIT A

FORM OF ASSIGNMENT AND ACCEPTANCE

[date to be supplied]

Reference is made to the Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 (as amended and in effect on the date hereof, the "Credit Agreement"), among Kayne Anderson Energy Development Company, a Maryland corporation, the lenders from time to time party thereto and SunTrust Bank, as Administrative Agent for such lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

The **[*name of* assignor]** (the "Assignor") hereby sells and assigns, without recourse, to **[*name of* assignee]** (the "Assignee"), and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Date set forth below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the interests set forth below in the Revolving Commitment of the Assignor on the Assignment Date and Revolving Loans owing to the Assignor which are outstanding on the Assignment Date, together with the participations in the Swingline Exposure of the Assignor on the Assignment Date, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights and be released from its obligations under the Credit Agreement.

This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is a Foreign Lender, any documentation required to be delivered by the Assignee pursuant to Section 2.18(e) of the Credit Agreement, duly completed and executed by the Assignee, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form supplied by the Administrative Agent, duly completed by the Assignee. The Assignee shall pay the fee payable to the Administrative Agent pursuant to Section 10.4(b) of the Credit Agreement.

The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby, and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by

the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

Assignment Date:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee’s Address for Notices:

Effective Date of Assignment:
(“***Effective Date***”):

Facility	**Principal Amount Assigned**	**Percentage Assigned of Revolving Commitment (set forth, to at least 8 decimals, as a percentage of the aggregate Revolving Commitments of all Lenders thereunder)**
Revolving Loans:	$	%

The terms set forth above are hereby agreed to:

[**Name of Assignor**], as Assignor

By: ______________________________
Name:
Title:

[**Name of Assignee**], as Assignee

By: ______________________________
Name:
Title:

The undersigned hereby consents to the within assignment[1]:

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

By: ______________________________
Name:
Title:

SunTrust Bank, as Administrative Agent:

By: ______________________________
Name:
Title:

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[1] Consents to be included to the extent required by Section 10.4(b) of the Credit Agreement.

[SIGNATURE PAGE TO ASSIGNMENT AND ACCEPTANCE]

EXHIBIT B
SUBSIDIARY GUARANTY AGREEMENT

THIS SUBSIDIARY GUARANTY AGREEMENT (the "Agreement"), dated as of [DATE], each of the subsidiaries of the Borrower listed on Schedule I hereto (each such subsidiary individually, a "Guarantor" and collectively, the "Guarantors") and SUNTRUST BANK, a Georgia banking corporation, as administrative agent (the "Administrative Agent") for the several banks and other financial institutions (the "Lenders") from time to time party to the Amended and Restated Senior Secured Revolving Credit Agreement, dated as March 30, 2010, by and among Kayne Anderson Energy Development Company, a Maryland corporation (the "Borrower"),, the Lenders, the Administrative Agent, and SunTrust Bank, as Swingline Lender (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms used herein and not otherwise defined herein shall the meanings assigned to such terms in the Credit Agreement).

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to established a revolving credit facility in favor of the Borrower;

WHEREAS, each of the Guarantors is a direct or indirect Subsidiary of the Borrower and will derive substantial benefit from the making of Loans by the Lenders; and

WHEREAS, Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary that was not in existence or not a Guarantor on the date of the Credit Agreement is required to enter into this Agreement as a Guarantor upon becoming a Subsidiary, and each Guarantor wishes to comply with the requirements of the Credit Agreement;

NOW, THEREFORE, in order to induce Lenders to make additional Loans and as consideration for Loans previously made and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Guarantee. Each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, (i) the due and punctual payment of all Obligations including, without limitation, (A) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (B) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Administrative Agent and the Lenders under the Credit Agreement and the other Loan Documents, (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Loan Parties under or pursuant to the Credit Agreement and the other Loan Documents; (iii) the due and punctual payment and performance of all obligations of the Borrower, monetary or otherwise, arising under any Hedging Transaction incurred to limit interest rate or fee fluctuation with respect to the Loans entered into with a counterparty that was a Lender or an Affiliate of a Lender at the time such Hedging Transaction was entered into (each such person a "Specified Hedge Provider"; and

(iv) the due and punctual payment and performance of all Bank Product Obligations; the Administrative Agent, the Lenders, the Specified Hedge Providers and Bank Product Providers, collectively, the "Secured Parties" and each individually a "Secured Party") (all the monetary and other obligations referred to in the preceding clauses (i) through (iv) being collectively called the "Guaranteed Obligations"). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice to or further assent from such Guarantor, and that such Guarantor will remain bound upon its guarantee notwithstanding any extension or renewal of any Guaranteed Obligations.

Section 2. Obligations Not Waived. To the fullest extent permitted by applicable law, each Guarantor waives presentment or protest to, demand of or payment from the other Loan Parties of any of the Guaranteed Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Guarantor hereunder shall not be affected by (i) the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce or exercise any right or remedy against the Borrower or any other Guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise, (ii) the failure of any Secured Party to assert any claim or demand or to enforce or exercise any right or remedy against the Borrower or any other Guarantor under the provisions or any instruments, agreements or documents executed in connection with any Hedging Transaction incurred to limit interest rate or fee fluctuation with respect to the Loans entered into with a Specified Hedge Provider (each such document, a "Hedging Document"), (iii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, this Agreement, any other Loan Document, any Hedging Document, any guarantee or any other agreement, including with respect to any other Guarantor under this Agreement, or (iv) the failure to perfect any security interest in, or the release of, any of the security held by or on behalf of the Administrative Agent or any Secured Party.

Section 3. Guarantee of Payment. Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any Secured Party to any of the security held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any Secured Party in favor of the Borrower or any other Person.

Section 4. No Discharge or Diminishment of Guarantee. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Guaranteed Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the Guaranteed Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any Secured Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document, any Hedging Document or any other agreement, by any waiver or modification of any provision of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or omission that may or might in any manner or to the extent vary the risk of any Guarantor or that would otherwise operate as a discharge of each Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations).

Section 5. Defenses of Borrower Waived. To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of any defense of any Loan Party or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Loan Party, other than the final and indefeasible payment in full in cash of the Guaranteed Obligations. The Administrative Agent and the Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any other Loan Party or any other guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other Guarantor or guarantor, as the case may be, or any security.

Section 6. Agreement to Pay; Subordination. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent for the benefit of the Secured Parties in cash the amount of such unpaid Obligation. Upon payment by any Guarantor of any sums to the Administrative Agent, all rights of such Guarantor against any Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Guaranteed Obligations. In addition, any indebtedness of any Loan Party now or hereafter held by any Guarantor is hereby subordinated in right of payment to the prior payment in full in cash of the Guaranteed Obligations. If any amount shall erroneously be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of any Loan Party, such amount shall be held in trust for the benefit of the Administrative Agent and the Secured Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

Section 7. Information. Each Guarantor assumes all responsibility for being and keeping itself informed of other Loan Parties' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the Secured Parties will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

Section 8. Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 6), the Borrower agrees that (a) in the event a payment shall be made by any Guarantor under this Agreement, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment and (b) in the event any assets of any Guarantor shall be sold to satisfy a claim of any Secured Party under this Agreement, the Borrower shall

indemnify such Guarantor in an amount equal to the greater of the book value or the fair market value of the assets so sold.

Section 9. Contribution and Subrogation. Each Guarantor (a "Contributing Guarantor") agrees (subject to Section 6) that, in the event a payment shall be made by any other Guarantor under this Agreement or assets of any other Guarantor shall be sold to satisfy a claim of any Secured Party and such other Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by the Borrower as provided in Section 8, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as the case may be, in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor on the date hereof and the denominator shall be the aggregate net worth of all the Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 21, the date of the Supplement hereto executed and delivered by such Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 9 shall be subrogated to the rights of such Claiming Guarantor under Section 8 to the extent of such payment.

Section 10. Subordination. Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantors under Section 8 and Section 9 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Guaranteed Obligations. No failure on the part of the Borrower or any Guarantor to make the payments required under applicable law or otherwise shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder.

Section 11. Representations and Warranties. Each Guarantor represents and warrants as to itself that all representations and warranties relating to it (as a Subsidiary of the Borrower) contained in the Credit Agreement are true and correct.

Section 12. Termination. The guarantees made hereunder (i) shall terminate when all the Guaranteed Obligations (other than those Guaranteed Obligations relating to the Hedging Obligations) have been paid in full in cash and the Lenders have no further commitment to lend under the Credit Agreement and (ii) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Lender or any Guarantor upon the bankruptcy or reorganization of the Borrower, any Guarantor or otherwise. In connection with the foregoing, the Administrative Agent shall execute and deliver to such Guarantor or Guarantor's designee, at such Guarantor's expense, any documents or instruments, without representation or recourse, which such Guarantor shall reasonably request from time to time to evidence such termination and release.

Section 13. Binding Effect; Several Agreement; Assignments. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Guarantors that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Guarantor when a counterpart hereof executed on behalf of such Guarantor shall have been delivered to the Administrative Agent, and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of

such Guarantor, the Administrative Agent and the Secured Parties, and their respective successors and assigns, except that no Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void). If all of the capital stock of a Guarantor is sold, transferred or otherwise disposed of pursuant to a transaction permitted by the Credit Agreement, such Guarantor shall be released from its obligations under this Agreement without further action. This Agreement shall be construed as a separate agreement with respect to each Guarantor and may be amended, modified, supplemented, waived or released with respect to any Guarantor without the approval of any other Guarantor and without affecting the obligations of any other Guarantor hereunder.

Section 14. Waivers; Amendment.

(a) No failure or delay of the Administrative Agent of any kind in exercising any power, right or remedy hereunder and no course of dealing between any Guarantor on the one hand the and Administrative Agent or any holder of any Note on the other hand shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy hereunder, under any other Loan Document or under any Hedging Document, or any abandonment or discontinuance of steps to enforce such a power, right or remedy, preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and of the Administrative Agent hereunder and of the Secured Parties under the other Loan Documents and the Hedging Documents, as applicable, are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by subsection (b) below, and then such waiver and consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Guarantors with respect to which such waiver, amendment or modification relates and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

Section 15. Notices. All communications and notices hereunder shall be in writing and given as provided in Section 10.1 of the Credit Agreement. All communications and notices hereunder to each Guarantor shall be given to it at its address set forth on Schedule I attached hereto.

Section 16. Severability. Any provision of this Agreement held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 17. Counterparts; Integration. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract (subject to Section 13), and shall become effective as provided in Section 13. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement. This

Agreement constitutes the entire agreement among the parties hereto regarding the subject matters hereof and supersedes all prior agreements and understandings, oral or written, regarding such subject matter.

Section 18. Rules of Interpretation. The rules of interpretation specified in Section 1.4 of the Credit Agreement shall be applicable to this Agreement.

Section 19. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of **[State]**.

(b) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States courts located within the Southern district in the State of New York, and any state court of the State of New York located in New York, New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, any other Loan Document or any Hedging Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement against any Guarantor or its properties in the courts of any jurisdiction.

(c) Each Guarantor irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section and brought in any court referred to in paragraph (b) of this Section. Each party hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each Guarantor irrevocably consents to the service of process in the manner provided for notices in Section 10.1 of the Credit Agreement. Nothing in this Agreement will affect the right of the Administrative Agent or any Secured Party to serve process in any other manner permitted by law.

Section 20. Waiver of Jury Trial. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY HEDGING DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND

THE HEDGING DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 21. Additional Guarantors. Pursuant to Section 5.11 of the Credit Agreement, each Subsidiary that was not in existence on the date of the Credit Agreement is required to enter into this Agreement as a Guarantor upon becoming a Subsidiary. Upon execution and delivery after the date hereof by the Administrative Agent and such Subsidiary of an instrument in the form of Annex 1, such Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any instrument adding an additional Guarantor as a party to this Agreement shall not require the consent of any other Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Agreement.

Section 22. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Secured Party is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Secured Party to or for the credit or the account of any Guarantor against any or all the obligations of such Guarantor now or hereafter existing under this Agreement, the other Loan Documents and the Hedging Documents held by such Secured Party, irrespective of whether or not such Person shall have made any demand under this Agreement, any other Loan Document or any Hedging Document and although such obligations may be unmatured. The rights of each Secured Party under this Section 22 are in addition to other rights and remedies (including other rights of setoff) that such Secured Party may have.

Section 23. Savings Clause.

(a) It is the intent of each Guarantor and the Administrative Agent that each Guarantor's maximum obligations hereunder shall be, but not in excess of:

(i) in a case or proceeding commenced by or against any Guarantor under the provisions of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") on or within two years from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor owed to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under (i) Section 548 of the Bankruptcy Code or (ii) any state fraudulent transfer or fraudulent conveyance act or statute applied in such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(ii) in a case or proceeding commenced by or against any Guarantor under the Bankruptcy Code subsequent to two years from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(iii) in a case or proceeding commenced by or against any Guarantor under any law, statute or regulation other than the Bankruptcy Code (including, without limitation, any other bankruptcy, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar debtor relief laws), the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under such law, statute or regulation including, without limitation, any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding.

(b) The substantive laws under which the possible avoidance or unenforceability of the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) as may be determined in any case or proceeding shall hereinafter be referred to as the "Avoidance Provisions". To the extent set forth in Section 23(a)(i), (ii), and (iii), but only to the extent that the Guaranteed Obligations would otherwise be subject to avoidance or found unenforceable under the Avoidance Provisions, if any Guarantor is not deemed to have received valuable consideration, fair value or reasonably equivalent value for the Guaranteed Obligations, or if the Guaranteed Obligations would render such Guarantor insolvent, or leave such Guarantor with an unreasonably small capital to conduct its business, or cause such Guarantor to have incurred debts (or to have intended to have incurred debts) beyond its ability to pay such debts as they mature, in each case as of the time any of the Guaranteed Obligations are deemed to have been incurred under the Avoidance Provisions and after giving effect to the contribution by such Guarantor, the maximum Guaranteed Obligations for which such Guarantor shall be liable hereunder shall be reduced to that amount which, after giving effect thereto, would not cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties), as so reduced, to be subject to avoidance or unenforceability under the Avoidance Provisions.

(c) This Section 23 is intended solely to preserve the rights of the Administrative Agent and the Secured Parties hereunder to the maximum extent that would not cause the Guaranteed Obligations of such Guarantor to be subject to avoidance or unenforceability under the Avoidance Provisions, and neither the Guarantors nor any other Person shall have any right or claim under this Section 23 as against the Administrative Agent or Secured Parties that would not otherwise be available to such Person under the Avoidance Provisions.

[*Signatures Follow*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

____

By ____

Name:
Title:

[SIGNATURE PAGE TO AMENDED AND RESTATED SUBSIDIARY GUARANTY AGREEMENT]

SUNTRUST BANK, as
Administrative Agent

By ______________________________

Name:
Title:

[SIGNATURE PAGE TO AMENDED AND RESTATED SUBSIDIARY GUARANTY AGREEMENT]

SCHEDULE I TO THE
SUBSIDIARY GUARANTY AGREEMENT

Guarantor(s)	Address

ANNEX 1
to
SUBSIDIARY GUARANTY AGREEMENT

SUPPLEMENT NO. _____ dated as of _____, to the Subsidiary Guaranty Agreement, dated as of _____ (the "Guaranty Agreement"), among each of the subsidiaries of the Borrower listed on Schedule I thereto (each such subsidiary individually, a "Guarantor" and collectively, the "Guarantors") and SUNTRUST BANK, a Georgia banking corporation, as administrative agent (the "Administrative Agent") for the Lenders (as defined in the Credit Agreement referred to below).

Reference is made to the Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 30, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Kayne Anderson Energy Development Company, a Maryland corporation (the "Borrower"), the lenders from time to time party thereto (the "Lenders") and SunTrust Bank, as Administrative Agent and Swingline Lender.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guaranty Agreement and the Credit Agreement.

The Guarantors have entered into the Guaranty Agreement in order to induce the Lenders to make Loans. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary that was not in existence or not a Guarantor on the date of the Credit Agreement is required to enter into the Guaranty Agreement as a Guarantor upon becoming a Subsidiary. Section 21 of the Guaranty Agreement provides that additional Subsidiaries of the Borrower may become Guarantors under the Guaranty Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary of the Borrower (the "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guaranty Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made.

Accordingly, the Administrative Agent and the New Guarantor agree as follows:

Joinder. In accordance with Section 21 of the Guaranty Agreement, the New Guarantor by its signature below becomes a Guarantor under the Guaranty Agreement with the same force and effect as if originally named therein as a Guarantor and the New Guarantor hereby (i) agrees to all the terms and provisions of the Guaranty Agreement applicable to it as Guarantor thereunder and (ii) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof. Each reference to a Guarantor in the Guaranty Agreement shall be deemed to include the New Guarantor. The Guaranty Agreement is hereby incorporated herein by reference.

Representations and Warranties. The New Guarantor represents and warrants to the Administrative Agent and the Secured Parties that this Supplement has been duly authorized, executed and delivered by it and that each of this Supplement and the Guaranty Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

Binding Effect. This Supplement shall become effective when it shall have been executed by the New Guarantor and thereafter shall be binding upon the New Guarantor and shall inure to the benefit of the Administrative Agent and the Secured Parties. Upon the effectiveness of this

Supplement, this Supplement shall be deemed to be a part of and shall be subject to all the terms and conditions of the Guaranty Agreement. The New Guarantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Secured Parties.

Governing Law. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF) OF THE STATE OF NEW YORK.

Execution in Counterparts. This Supplement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Notices to New Guarantor. All communications and notices hereunder shall be in writing and given as provided in Section 15 of the Guaranty Agreement. All communications and notices hereunder to the New Guarantor shall be given to it at the address set forth under its signature below, with a copy to the Borrower..

[*Signatures Follow*]

IN WITNESS WHEREOF, the New Guarantor and the Administrative Agent have duly executed this Supplement to the Guaranty Agreement as of the day and year first above written.

[NAME OF NEW GUARANTOR]

By ______________________________
Name:
Title:
Address:

SUNTRUST BANK, as
Administrative Agent

By ______________________________
Name:
Title:

EXHIBIT 2.3
FORM OF NOTICE OF REVOLVING BORROWING

[__________], 20__

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Ladies and Gentlemen:

Reference is made to the Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 (as amended and in effect on the date hereof, the "Credit Agreement"), among the undersigned, as Borrower, the lenders from time to time party thereto, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Revolving Borrowing, and the Borrower hereby requests a Revolving Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Revolving Borrowing requested hereby:

(A) Aggregate principal amount of Revolving Borrowing[1]: __________

(B) Date of Revolving Borrowing (which is a Business Day)[2]: __________

(C) Interest Rate basis[3]: __________

(D) Interest Period[4]: __________

(E) Location and number of Borrower's account to which proceeds of Revolving Borrowing are to be disbursed: __________

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1 Not less than $1,000,000 and an integral multiple of $250,000 for Eurodollar borrowing and not less than $250,000 and an integer multiple of $100,000 for Base Rate Borrowing.

2 With respect to Base Rate Borrowings, notice must be given prior to 11:00 a.m. (New York time) on the day of borrowing, and with respect to Eurodollar Borrowings, notice must be given prior to 2:00 p.m. (New York time) no later than three (3) business days prior to the date of borrowing.

3 Eurodollar Borrowing or Base Rate Borrowing.

4 Which must comply with the definition of "Interest Period" and end not later than the Revolving Commitment Termination Date.

The Borrower hereby represents and warrants that the conditions specified in paragraphs (a), (b) and (c) of Section 3.2 of the Credit Agreement are satisfied.

Very truly yours,

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

By: ______________________________

Name:

Title:

[SIGNATURE PAGE TO NOTICE OF REVOLVING BORROWING]

EXHIBIT 2.4

FORM OF NOTICE OF SWINGLINE BORROWING

[_______], 20__

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Ladies and Gentlemen:

Reference is made to the Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 (as amended and in effect on the date hereof, the "Credit Agreement"), among the undersigned, as Borrower, the Lenders named therein, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Swingline Borrowing, and the Borrower hereby requests a Swingline Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Swingline Borrowing requested hereby:

(A) Principal amount of Swingline Loan[1]: __________

(B) Date of Swingline Loan (which is a Business Day)[2] __________

(C) Location and number of Borrower's account to which proceeds of Swingline Loan are to be disbursed: __________

---

[1] Not less than $100,000 and an integral multiple of $50,000.

[2] Notice must be given prior to 10:00 a.m. (New York time) on the day of borrowing

The Borrower hereby represents and warrants that the conditions specified in paragraphs (a), (b) and (c) of Section 3.2 of the Credit Agreement are satisfied.

Very truly yours,

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

By: ______________________________

Name:
Title:

[SIGNATURE PAGE TO NOTICE OF SWINGLINE BORROWING]

EXHIBIT 2.6(b)
FORM OF CONTINUATION/CONVERSION

[_________], 20__

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Ladies and Gentlemen:

Reference is made to the Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 (as amended and in effect on the date hereof, the "Credit Agreement"), among the undersigned, as Borrower, the lenders named therein, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Continuation/Conversion and the Borrower hereby requests the conversion or continuation of a Revolving Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Revolving Borrowing to be converted or continued as requested hereby:

(A) Revolving Borrowing to which this request applies: __________

(B) Principal amount of Revolving Borrowing to be converted/continued: __________

(C) Effective date of election (which is a Business Day): __________

(D) Interest rate basis: __________

(E) Interest Period: __________

Very truly yours,

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

By: ______________________________
Name:
Title:

[SIGNATURE PAGE TO CONTINUATION/CONVERSION]

EXHIBIT 3.1(c)(v)

FORM OF SECRETARY'S CERTIFICATE OF KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

Reference is made to the Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 (the "Credit Agreement"), among KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY (the "Borrower"), the lenders named therein, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This certificate is being delivered pursuant to Section 3.1(c)(v) of the Credit Agreement.

I, **[**____________**]**, Secretary of the Borrower, DO HEREBY CERTIFY that:

(a) there have been no amendments or supplements to, or restatements of, the articles of incorporation of the Borrower delivered pursuant to Section 3.1(c)(v) of the Credit Agreement;

(b) no proceedings have been instituted or are pending or contemplated with respect to the dissolution, liquidation or sale of all or substantially all the assets of the Borrower or threatening its existence or the forfeiture or any of its corporate rights;

(c) annexed hereto as Exhibit A is a true and correct copy of the Bylaws of the Borrower as in effect on **[*Date*]**[1] and at all times thereafter through the date hereof;

(d) annexed hereto as Exhibit B is a true and correct copy of certain resolutions duly adopted by the Board of Directors of the Borrower at a meeting of said Board of Directors duly called and held on **[*date*]**, which resolutions are the only resolutions adopted by the Board of Directors of the Borrower or any committee thereof relating to the Credit Agreement and the other Loan Documents to which the Borrower is a party and the transactions contemplated therein and have not been revoked, amended, supplemented or modified and are in full force and effect on the date hereof; and

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1 This date should be prior to the date of the resolutions referred to in clause (d).

(e) each of the persons named below is and has been at all times since **[_____]** a duly elected and qualified officer of the Borrower holding the respective office set forth opposite his or her name and the signature set forth opposite of each such person is his or her genuine signature:

Name	*Title*	*Specimen Signature*

IN WITNESS WHEREOF, I have hereunto signed my name as of the date first above written.

Name
Secretary

I, _____, [_____] of the Borrower, do hereby certify that _____ has been duly elected, is duly qualified and is the **[*Assistant*]** Secretary of the Borrower, that the signature set forth above is **[*his/her*]** genuine signature and that **[*he/she*]** has held such office at all times since **[_____]**.[1]

Name:
Title:

1 This certification should be included as part of the Secretary's certificate and signed by one of the officers whose incumbency is certified pursuant to clause (e) above.

EXHIBIT A

[Bylaws]

EXHIBIT B

[*Resolutions*]

EXHIBIT 3.1(c)(viii)
FORM OF RESPONSIBLE OFFICER'S CERTIFICATE

Reference is made to the Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 (the "Credit Agreement"), among KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY (the "Borrower"), the lenders from time to time party thereto, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This certificate is being delivered pursuant to Section 3.1(c)(viii) of the Credit Agreement.

I, _____, **[_____]** of the Borrower, DO HEREBY CERTIFY that:

(a) the representations and warranties of each Loan Party set forth in the Loan Documents are true and correct on and as of the date hereof;

(b) no Default or Event of Default has occurred and is continuing at the date hereof;

(c) since **[*the date*]**, which is the date of the most recent financial statements described in Section 5.1(a) of the Credit Agreement, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect; and

(d) there are no consents, approvals, authorizations, registrations and filings or orders required or advisable to be made or obtained under any Requirement of Law, or by any Contractual Obligation of any Loan Party, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions contemplated thereby, and all consents, approvals, authorizations, registrations, filings and orders are in full force and effect and all applicable waiting periods have expired, and no investigation or inquiry by any governmental authority regarding the Commitments or any transaction being financed with the proceeds thereof is ongoing.

IN WITNESS WHEREOF, I have hereunto signed my name as of the date first above written.

____
Name:
Title:

EXHIBIT 5.1(c)
FORM OF COMPLIANCE CERTIFICATE

[__________], 20__

To: SunTrust Bank, as Administrative Agent
303 Peachtree St., N.E.
Atlanta, GA 30308
Attention: ____________

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 (as amended and in effect on the date hereof, the "Credit Agreement"), among KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY (the "Borrower"), the lenders named therein, and SunTrust Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

I, _____, being the duly elected and qualified, and acting in my capacity as **[chief executive officer][chief financial officer]** of the Borrower, hereby certify to the Administrative Agent and each Lender as follows:

1. The consolidated financial statements of the Borrower and its Subsidiaries attached hereto for the fiscal **[*quarter*][*year*]** ending _____ fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as at the end of such fiscal **[*quarter*][*year*]** on a consolidated basis, and the related statements of operations and cash flows of the Borrower and its Subsidiaries for such fiscal **[*quarter*][*year*]**, in accordance with generally accepted accounting principles in the United States consistently applied (subject, in the case of such quarterly financial statements, to normal year-end audit adjustments and the absence of footnotes).

2. The calculations set forth in Attachment 1 are computations of the financial covenants set forth in Article VI of the Credit Agreement calculated or derived from the financial statements referenced in clause 1 above in accordance with the terms of the Credit Agreement.

3. The Borrower and its Subsidiaries have complied with all the terms and provisions of Section 3.02(a) of the Sarbanes-Oxley Act as in effect on the date hereof.

4. Based upon a review of the activities of the Borrower and its Subsidiaries and the financial statements attached hereto during the period covered thereby, as of the date hereof, there exists no Default or Event of Default.

Name: ________________________

Title: ________________________

Exhibit 5.1(c)-2

Attachment to Compliance Certificate

Exhibit 5.1(c)-3

EXHIBIT 5.1(e)

FORM OF BORROWING BASE CERTIFICATE

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

Date: [_____________]

This certificate is given by KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY, a Maryland corporation (the "Borrower") pursuant to subsection 5.1(e) of that certain Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 among Borrower, the other Loan Parties party thereto, the Lenders from time to time party thereto, SunTrust Bank, as Administrative Agent for the Lenders and [_____], as Syndication Agent (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time the "Credit Agreement"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The officer executing this certificate is the [_____] of the Borrower and as such is duly authorized to execute and deliver this certificate on behalf of Borrower. By executing this certificate such officer hereby certifies to Agent and Lenders that:

(a) Attached hereto as Schedule 1 is a calculation of the Borrowing Base for the Borrower as of the above date;

(b) based on such schedule, the Borrowing Base as the above date is:

$__________________

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the date first set forth above.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

By: ____
Name:
Title:

[SIGNATURE PAGE TO BORROWING BASE CERTIFICATE]

BORROWING BASE CALCULATION

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

See Attached

EXHIBIT 7.4

FORM OF DISTRIBUTABLE CASH FLOW CERTIFICATE

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

Date: [______________]

This certificate is given by KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY, a Maryland corporation (the "Borrower") pursuant to subsection 7.4(c) of that certain Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 30, 2010 among Borrower, the other Loan Parties party thereto, the Lenders from time to time party thereto, SunTrust Bank, as Administrative Agent for the Lenders and [_____], as Syndication Agent (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time the "Credit Agreement"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The officer executing this certificate is the [_____] of the Borrower and as such is duly authorized to execute and deliver this certificate on behalf of Borrower. By executing this certificate such officer hereby certifies to Agent and Lenders that:

(a) Attached hereto as Schedule 1 is a calculation of the Distributable Cash Flow for the Borrower as of the above date;

(b) based on such schedule, the Distributable Cash Flow as the above date is:

$___________________

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the date first set forth above.

KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY

By: ____
Name:
Title:

Schedule 1 to Borrowing Base Certificate

Exhibit 31.1

Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a)

I, Kevin S. McCarthy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2010 of Kayne Anderson Energy Development Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, 2010

/s/ Kevin S. McCarthy
Kevin S. McCarthy
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a)

I, Terry A. Hart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2010 of Kayne Anderson Energy Development Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, 2010

/s/ Terry A. Hart

Terry A. Hart
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kayne Anderson Energy Development Company (the "Company") on Form 10-Q for the period ending February 28, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Kevin S. McCarthy, Chief Executive Officer of the Company, and Terry A. Hart, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

April 9, 2010

/s/ Kevin S. McCarthy
Name: Kevin S. McCarthy
Chief Executive Officer
(Principal Executive Officer)

April 9, 2010

/s/ Terry A. Hart
Name: Terry A. Hart
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by § 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.