TORTOISE CAPITAL RESOURCES CORP
Form N-2/A
July 26, 2007

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As filed with the Securities and Exchange Commission on July 26, 2007

Securities Act Registration No. 333-142859

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form N-2

þ **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

þ **PRE-EFFECTIVE AMENDMENT NO. 2**

o **POST-EFFECTIVE AMENDMENT NO.**

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

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

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

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

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock (1)	3,948,991 shares	$ 16.03	$63,302,325	$1,943.38(3)(4)
Warrants to Purchase Common Stock	946,254 warrants			(5)

(1)

Includes 946,254 shares of common stock issuable upon the exercise of the warrants.

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

(3) Estimated solely for purposes of calculating the registration fee, and calculated pursuant to Rule 457(c) based upon the average of the high and low prices of our common stock as reported on the New York Stock Exchange on July 23, 2007.

(4) Previously paid.

(5) Because the common stock to be offered pursuant to the exercise of the warrants is being registered herein, no additional filing fee is required pursuant to Rule 457(g)(3).

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

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

Subject to Completion
Preliminary Prospectus dated July 26, 2007

PROSPECTUS

Tortoise Capital Resources Corporation
3,002,737 Shares of Common Stock
946,254 Warrants to Purchase Shares of Common Stock
946,254 Shares of Common Stock Issuable upon Exercise of the Warrants

We are a non-diversified closed-end management investment company focused on the U.S. energy infrastructure sector. We have elected to be regulated as a business development company under the Investment Company Act of 1940. We invest primarily in privately-held and micro-cap public energy companies operating in the midstream and downstream segments, and to a lesser extent the upstream segment of the U.S. energy infrastructure sector. Our goal is to provide our stockholders with a high level of total return, with an emphasis on dividends and dividend growth. We invest primarily in the equity securities of companies that we expect to pay us distributions on a current basis and provide us distribution growth. As of July 23, 2007, we have made investments totaling $124.7 million in 11 portfolio companies.

We are externally managed by Tortoise Capital Advisors, L.L.C., a registered investment advisor specializing in the energy sector that had over $3.0 billion of assets under management as of June 30, 2007, including the assets of three other publicly traded closed-end management investment companies.

This prospectus relates to (i) the resale of up to 3,002,737 of our common shares, (ii) the resale of up to 946,254 warrants to purchase our common shares, and (iii) the issuance and sale of up to 946,254 of our common shares issuable upon the exercise of the warrants.

The common shares and warrants offered for resale by this prospectus are offered for the accounts of the current holders of such common shares and warrants, whom we refer to as the selling holders. The selling holders may sell, on a continuous basis, the common shares, the warrants and the common shares issuable upon exercise of the warrants directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. The common shares and warrants may be sold in one or more transactions at fixed prices, prevailing market prices at the time of sale, prices related to prevailing market prices, varying prices determined at the time of sale or negotiated prices. This offering is occurring pursuant to Rule 415 under the Securities Act of 1933. We will update the information in this prospectus to reflect any material changes occurring prior to the completion of this offering.

We will not receive any of the proceeds from the common shares or warrants sold by the selling holders. We will, however, receive cash consideration equal to the exercise price of $15.00 per warrant in connection with the exercise of the warrants. We anticipate that the exercise of warrants will not occur unless the market value of our common shares exceeds the exercise price per warrant. We have agreed to bear specific expenses in connection with the registration and sale of the common shares and warrants being offered by the selling holders.

Our common shares are listed on the New York Stock Exchange under the symbol TTO. On July 23, 2007, the last reported sale price of our common shares on the New York Stock Exchange was $ 15.93. Currently, no public market exists for our warrants. We do not intend to apply to list the warrants on any national securities exchange or the Nasdaq National Market. There can be no assurance that an active public market for the warrants will develop, or if such a market develops, it will be maintained.

Investing in our common shares and warrants involves risks, including the risk of leverage, that are described in the Risk Factors section of this prospectus beginning on page 17.

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

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closed-end management investment companies have in the past frequently traded at a discount to their net asset value. If our common shares trade at a discount to net asset value, it may increase the risk of loss for purchasers in this offering.

We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210 or by telephone at 1-866-362-9331 or on our website at www.tortoiseadvisors.com/tto.cfm. The Securities and Exchange Commission also maintains a website at www.sec.gov that contains such information. Information posted to our website is not incorporated by reference into this prospectus.

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

The date of this prospectus is , 2007.

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

PROSPECTUS SUMMARY

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

The Company

We invest primarily in privately-held and micro-cap public energy companies focused on the midstream and downstream segments, and to a lesser extent the upstream segment of the U.S. energy infrastructure sector. We believe companies in the energy infrastructure sector generally produce stable cash flows as a result of their fee-based revenues and limited direct commodity price risk. Our goal is to provide our stockholders with a high level of total return, with an emphasis on dividends and dividend growth. We invest primarily in the equity securities of companies that we expect to pay us distributions on a current basis and provide us distribution growth. These securities will generally be limited partner interests, including interests in master limited partnerships (MLPs), and limited liability company interests, and may also include, among others, general partner interests, common and preferred stock, convertible securities, warrants and depository receipts of companies that are organized as corporations, limited partnerships or limited liability companies. Unlike most investment companies, we have not elected, and do not intend to elect, to be treated as a regulated investment company (RIC) under the Internal Revenue Code of 1986, as amended (the Code).

Companies in the midstream segment of the energy infrastructure sector engage in the business of transporting, processing or storing natural gas, natural gas liquids, coal, crude oil, refined petroleum products and renewable energy resources. Companies in the downstream segment of the energy infrastructure sector engage in distributing or marketing such commodities and companies in the upstream segment of the energy infrastructure sector engage in exploring, developing, managing or producing such commodities. Under normal conditions, we intend to invest at least 90% of our total assets (including assets obtained through leverage) in companies in the energy infrastructure sector. Companies in the energy infrastructure sector include (i) companies that derive a majority of their revenues from activities within the downstream, midstream and upstream segments of the energy infrastructure sector, and (ii) companies that derive a majority of their revenues from providing products or services to such companies. Our investments are expected to range between $5.0 million and $20.0 million per investment, although investment sizes may be smaller or larger than this targeted range.

We raised approximately $42.5 million of net proceeds through the private placement of 3,088,596 of our common shares and warrants to purchase 772,124 of our common shares prior to our initial public offering. We also raised approximately $18.4 million of net proceeds in the private placement of 1,233,333 shares of our Series A Redeemable Preferred Stock and warrants to purchase 185,006 of our common shares prior to our initial public offering. Each warrant entitles the holder thereof to purchase one common share at the exercise price of $15.00 per share. We raised approximately $79.5 million of net proceeds in our initial public offering on February 7, 2007 through the sale of 5,740,000 of our common shares. We redeemed all of our outstanding Series A Redeemable Preferred Stock with a portion of the proceeds of our initial public offering. None of our warrants were redeemed. On April 23, 2007, we entered into a new credit facility with U.S. Bank National Association (U.S. Bank) as a lender, agent and lead arranger, and Bank of Oklahoma, N.A. The new credit facility replaces our previous revolving credit facility with U.S. Bank. On July 18, 2007, the new credit facility was amended to increase the maximum principal amount of the revolving credit facility from $20 million to $35 million. As of July 23, 2007, we had an outstanding balance of $3.6 million under the new credit facility.

As of July 23, 2007, we have invested a total of $124.7 million in 11 portfolio companies in the U.S. energy infrastructure sector. Of the $124.7 million, we have invested $82.9 million in the midstream and downstream segments of the U.S. energy infrastructure sector, $19.5 million in the upstream segment of the U.S. energy infrastructure sector and $22.3 in other segments of the U.S. energy infrastructure sector.

The following table summarizes our investments in portfolio companies as of July 23, 2007. All of our investment securities were purchased directly from the portfolio company. Eagle Rock Energy Partners, L.P., EV Energy Partners, L.P. and Legacy Reserves L.P. are publicly-traded.

Company (Segment)	Principal Business	Funded Investment	Expected Current Yield
Eagle Rock Energy Partners, L.P. (Midstream)	Parent holding company of Eagle Rock Pipeline, L.P., a gatherer and processor of natural gas in north and east Texas	$12.1 million in registered Common Units	7.9%(1)
High Sierra Energy, L.P. (Midstream)	Diversified midstream operations primarily in Colorado, Wyoming and Florida	$24.8 million in Common Units	9.3%(1)
High Sierra Energy, GP, LLC (Midstream)	General Partner of High Sierra Energy, L.P.	$2.4 million in GP Interests	1.1%(3)
Quest Midstream Partners, L.P. (Midstream)	Operator of natural gas gathering pipeline network	$17.5 million in Common Units	7.7%(1)
Millennium Midstream Partners, L.P. (Midstream)	Gatherer and processor natural gas in Texas, Louisiana and offshore Gulf of Mexico	$17.5 million in Class A Common Units	8.5%(1)
		$0.02 million in Incentive Distribution Rights	n/a(3)
Mowood, LLC (Downstream)	Natural gas distribution in central Missouri with Department of Defense contract through 2014	$1.5 million in LLC Units	10.0%(2)
		$7.1 million in unsecured subordinated debt	12.0%
Legacy Reserves L.P. (Upstream)	Oil and natural gas production and development in the Permian Basin	$4.5 million in registered Limited Partner Units	9.6%(1)
Abraxas Energy Partners, L.P. (Upstream)	Natural gas and oil exploitation and development in the Delaware and Gulf Coast Basins of Texas	$7.5 million in Common Units	9.0%(1)
EV Energy Partners, L.P. (Upstream)	Acquirer, producer and developer of oil and gas properties	$7.5 million in unregistered Limited Partner Units	5.3%(1)

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Company (Segment)	Principal Business	Funded Investment	Expected Current Yield
VantaCore Partners L.P. (Aggregate)	Acquirer and operator of aggregate companies	$8.5 million in Common Units	9.5%(1)
		$3.8 in a secured credit facility	10.8%(4)
		$0.0 million in Incentive Distribution Rights	n/a(3)
International Resource Partners L.P. (Coal)	Produces both metallurgical and steam coal in Central Appalachia	$10.0 million in Class A Common Units	8.0%(1)
	Total Investments	$124.7 million	

(1) The expected current yield has been calculated by annualizing the most recent or anticipated recurring distribution and dividing by the amount invested in the underlying security. Actual distributions to us are based on each company s available cash flow. Distributions may be above or below the expected current yield and are subject to change.

(2) Represents an equity

distribution on our invested capital. We expect that, pending cash availability, such equity distributions will recur on an annual basis at or above such yield.

(3) Currently non-income producing.

(4) Floating interest rate

We are an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a business development company (a BDC) under the Investment Company Act of 1940 (the 1940 Act). As a BDC, we are subject to numerous regulations and restrictions.

Our Advisor

We are managed by Tortoise Capital Advisors, a registered investment advisor specializing in the energy sector that had over $3.0 billion of assets under management as of June 20, 2007, including the assets of three other publicly traded closed-end management investment companies. Our Advisor s aggregate managed capital is among the largest of investment advisors managing closed-end management investment companies focused on the energy sector. Our advisor also manages the investments of Tortoise Energy Infrastructure Corporation (TYG), Tortoise Energy Capital Corporation (TYY), Tortoise North American Energy Corporation (TYN), Tortoise Total Return Fund, LLC (TTRF) and Tortoise Gas and Oil Corporation (TGO). TYG is a publicly-traded, non-diversified, closed-end management investment company focused primarily on investing in MLPs in the midstream segment of the energy infrastructure sector. TYY is a publicly-traded, non-diversified, closed-end management investment company focused primarily on investing in MLPs in the midstream segment of the energy infrastructure sector. TYN is a publicly-traded, non-diversified, closed-end management investment company focused primarily on investing in publicly traded upstream Canadian royalty trusts and midstream and downstream income trusts, and publicly traded U.S. MLPs. TTRF is a privately held, closed-end management investment company owned primarily by institutions and focused primarily on investing in MLPs in the midstream segment of the energy infrastructure sector. TGO is a privately held, closed-end management investment company focused primarily on investing in companies in the upstream and midstream gas and oil segments of the energy sector. Our Advisor has limited experience managing a BDC, which is subject to different regulations than the other closed-end management investment companies managed by our Advisor.

Our Advisor has 25 full time employees. Four of our Advisor s senior investment professionals are responsible for the origination, negotiation, structuring and managing of our investments. These four senior investment professionals have over 70 years of combined experience in energy, leveraged finance and private equity investing. Each of our Advisor s investment decisions will be reviewed and approved by its investment committee, which also acts as the investment committee for TYG, TYY, TYN, TTRF and TGO.

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If TYG, TYY, TYN, TTRF or TGO were ever to target investment opportunities similar to ours, our Advisor intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objective and strategies and in accordance with written allocation policies and procedures of our Advisor, so that we will not be disadvantaged in relation to any other client. See Risk Factors Risks Related to Our Operations.

Our Advisor has retained Kenmont Investments Management, L.P. (Kenmont) as a sub-advisor. Kenmont is a Houston, Texas based registered investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts to us and enhances our number and range of potential investment opportunities. The principals of Kenmont have collectively created and managed private equity portfolios in excess of $1.5 billion and have over 50 years of experience working for investment banks, commercial banks, accounting firms, operating companies and money management firms. Kenmont has no prior experience managing a BDC. Our Advisor compensates Kenmont for the services it provides to us. Our Advisor also indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. Entities managed by Kenmont own approximately 7.6% of our outstanding common shares and warrants to purchase an additional 281,666 of our common shares.

U.S. Energy Infrastructure Sector Focus

We pursue our investment objective by investing principally in a portfolio of privately-held and micro-cap public companies in the energy infrastructure sector. We focus our investments in the midstream and downstream segments, and to a lesser extent in the upstream segment, of the energy infrastructure sector. We also intend to allocate our investments among asset types and geographic regions within the United States.

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

Strong Supply and Demand Fundamentals. The U.S. is the largest consumer of crude oil and natural gas products, the third largest producer of crude oil and the second largest producer of natural gas products in the world. The United States Department of Energy s Energy Information Administration, or EIA, projects that domestic natural gas and refined petroleum products consumption will increase annually by 0.8% and 1.1%, respectively, through 2030.

Substantial Capital Requirements. We believe, based on industry sources, that approximately $20 billion of capital was invested by the midstream segment of the U.S. energy infrastructure sector during 2006 and that additional capital expenditures will occur in the future. We also believe that existing downstream infrastructure will require new capital investment to maintain an aging asset base, as well as to upgrade the asset base to respond to the evolution of supply and environmental regulations.

Substantial Asset Ownership Realignment. We believe that in the midstream and downstream segments of the U.S. energy infrastructure sector, the acquisition and divestiture market has averaged approximately $34 billion of annual transactions between 2001 and 2006 and that such activity, particularly in the midstream segment, will continue. We also believe that the substantial number of domestic companies in the downstream segment of the U.S. energy infrastructure sector provides for attractive consolidation opportunities.

Renewable Energy Resources Opportunities. We believe that the demand for project financing relating to renewable energy resources is expected to be significant and will provide investment opportunities consistent with our investment objective.

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

Substantial Asset Ownership Realignment. We believe that in the upstream segment of the U.S. energy infrastructure sector, the property acquisition and divestiture market has averaged approximately $38 billion of annual transactions between 2001 and 2006 and that the level of activity will remain consistent with historical levels for the foreseeable future.

Substantial Number of Small and Middle Market Companies. We believe that there are more than 900 private domestic exploration and production businesses and more than 140 publicly-listed domestic exploration and production companies.

Increasing Importance of MLP Market for Upstream Energy Companies. We believe that there will continue to be an increasing number of MLPs operating in the upstream segment of the energy infrastructure sector. We believe that attractive investment opportunities exist in those upstream MLPs whose cash distributions allow them to reserve funds to be used for the replacement of depleted assets. We also believe that the ratio of subordinated units to common units in a typical MLP structure helps mitigate the commodity exposure of upstream MLPs for their common unit investors.

Market Opportunity

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

Increased Demand Among Small and Middle Market Private Companies for Capital. We believe many private and micro-cap public companies have faced increased difficulty accessing the capital markets due to a continuing preference by investors for issuances in larger companies with more liquid securities. Such difficulties have been magnified in asset-focused and capital intensive industries such as the energy infrastructure sector. We believe that the U.S. energy infrastructure sector s high level of projected capital expenditures and continuing acquisition and divestiture activity will provide us with numerous attractive investment opportunities.

Investment Activity of Private Equity Capital Sponsors. We believe there is a large pool of uninvested private equity capital available for private and micro-cap public companies, including those involved in the U.S. energy infrastructure sector. Given the anticipated positive long-term supply and demand dynamics of the energy industry and the current and expected public market valuations for companies involved in certain sectors of the energy industry, private equity capital has been increasingly attracted to the U.S. energy infrastructure sector. In particular, we believe that the public market valuations of many MLPs will cause private equity firms to invest and aggregate smaller U.S. energy infrastructure assets. We also expect those private equity firms to combine their capital with equity or mezzanine debt investors such as ourselves.

Finance Market for Small and Middle Market Energy Companies is Underserved by Many Capital Providers. We believe that many lenders have, in recent years, de-emphasized their service and product offerings to small and middle market energy companies in favor of lending to large corporate clients and managing capital markets transactions. We believe, in addition, that many capital providers lack the necessary technical expertise to evaluate the quality of the underlying assets of small and middle market private companies and micro-cap public companies in the energy infrastructure sector and lack a network of relationships with such companies.

Attractive Companies with Limited Access to Other Capital. We believe there are, and will continue to be, attractive companies that will benefit from private equity investments prior to a public offering of their equity, whether as an MLP or otherwise. We also believe that there are a number of companies in the midstream and downstream segments of the U.S. energy infrastructure sector with the same stable cash flow characteristics as those being acquired by MLPs or funded by private equity capital in anticipation of contribution to an MLP. We believe that many such companies are not being acquired by MLPs or attracting private equity capital because they do not produce income that qualifies for inclusion in an MLP pursuant to the applicable U.S. Federal income tax laws, are perceived by such investors as too small, or are in areas of the midstream energy infrastructure segment in which most MLPs do not have specific expertise. We believe that these companies represent attractive investment candidates for us.

Competitive Advantages

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

Existing Investment Platform and Focus on the Energy Infrastructure Sector. We believe that our Advisor s current investment platform provides us with significant advantages in sourcing, evaluating, executing and managing investments. Our Advisor specializes in the energy sector and had over $3.0 billion of assets under management as of June 30, 2007, including the assets of three other publicly traded closed-end management investment companies. Our Advisor created the first publicly traded closed-end management investment company focused primarily on investing in MLPs involved in the energy infrastructure sector, and its aggregate managed capital is among the largest of those closed-end management investment company advisors focused on the energy infrastructure sector.

Experienced Management Team. The members of our Advisor s investment committee have an average of over 20 years of financial investment experience. Our Advisor s four senior investment professionals are responsible for the negotiation, structuring and managing of our investments and have over 70 years of combined experience in energy, leveraged finance and private equity investing. We believe that the members of our Advisor s investment committee and the Advisor s senior

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

Disciplined Investment Philosophy. In making its investment decisions, our Advisor intends to continue the disciplined investment approach that it has used since its founding. That investment approach emphasizes current income with the potential for enhanced returns through dividend growth, capital appreciation, low volatility and minimization of downside risk. Our Advisor s investment process involves an assessment of the overall attractiveness of the specific subsector of the energy infrastructure sector in which a prospective portfolio company is involved; such company s specific competitive position within that subsector; potential commodity price, supply and demand and regulatory concerns; the stability and potential growth of the prospective portfolio company s cash flows; the prospective portfolio company s management track record and incentive structure and our Advisor s ability to structure an attractive investment.

Flexible Transaction Structuring. We are not subject to many of the regulatory limitations that govern traditional lending institutions such as commercial banks. As a result, we can be flexible in structuring investments and selecting the types of securities in which we invest. Our Advisor s senior investment professionals have substantial experience in structuring investments that balance the needs of energy infrastructure companies with appropriate risk control.

Extended Investment Horizon. Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. These provisions often force private equity and venture capital funds to seek quicker returns on their investments through mergers, public equity offerings or other liquidity events than may otherwise be desirable, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio companies. We believe our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment funds enhances our ability to generate attractive returns on invested capital.

Targeted Investment Characteristics

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

Long-Life Assets with Stable Cash Flows and Limited Commodity Price Sensitivity. We anticipate that most of our investments will be made in companies with assets having the potential to generate stable cash flows over long periods of time. We intend to invest a portion of our assets in companies that own and operate assets with long useful lives and that generate cash flows by providing critical services primarily to the producers or end-users of energy. We expect to limit the direct exposure to energy commodity price risk in our portfolio. We intend to target companies that have a majority of their cash flows generated by contractual obligations.

Experienced Management Teams with Energy Infrastructure Focus. We target investments in companies with management teams that have a track record of success and that often have substantial knowledge and focus in particular segments of the energy infrastructure sector or with certain types of assets. We expect that our management team s extensive experience and network of business relationships in the energy infrastructure sector will allow us to identify and attract portfolio company management teams that meet these criteria.

Fixed Asset-Intensive Investments. We anticipate that most of our investments will be made in companies with a relatively significant base of fixed assets that we believe will provide for reduced downside risk compared to making investments in companies with lower relative fixed asset levels. As fixed asset-intensive companies typically have less variable cost requirements, we expect they will generate attractive cash flow growth even with limited demand-driven or supply-driven growth.

Limited Technological Risk. We do not intend to target investment opportunities involving the application of new technologies or significant geological, drilling or development risk.

Exit Opportunities. We focus our investments on prospective portfolio companies that we believe will generate a steady stream of cash flow to generate returns on our investments as well as allow such companies to reinvest in their respective businesses. We expect that such internally generated cash flow will lead to distributions or the repayment of the principal of our investments in portfolio companies and will be a key means by which we monetize our investments over time. In addition, we seek to invest in companies whose business models and expected future cash flows offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay, or provide liquidity for, our investments through an initial public offering of common stock or other capital markets transactions. We believe our Advisor s investment experience will help us identify such companies.

Corporate Information

Our offices are located at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210, our telephone number is 1-866-362-9331 and our website is www.tortoiseadvisors.com/tto.cfm. Information posted to our website should not be considered part of this prospectus.

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THE OFFERING

Common shares offered by selling holders	Up to 3,948,991 of our common shares, including 946,254 shares issuable to the selling holders pursuant to outstanding warrants.
Common shares outstanding after this offering	Up to 9,788,110 of our common shares, including 948,005 shares issuable to the selling holders pursuant to outstanding warrants. See Description of Capital Stock.
Warrants offered by selling holders	Up to 946,254 warrants.
Exercisability of Warrants	The warrants are exercisable at any time or from time to time until their expiration date. During any period when this shelf registration statement is not effective, U.S. holders of our warrants will not be able to exercise their warrants unless they are an accredited investor, as defined in the Securities Act, and make certain representations to us in connection with their exercise. We cannot assure you that we will be able to keep this shelf registration statement continuously effective until all of the warrants have been exercised or expired. Common shares issued upon exercise of the warrants at a time when the shelf registration statement is not effective will be restricted securities for purposes of Rule 144 under the Securities Act and will be subject to restrictions on transfer. See Risk Factors Risks Related to this Offering.
Expiration Date of Warrants	February 6, 2013.
Exercise Price of Warrants	Each warrant entitles the holder thereof to purchase one common share at $15.00 per share.
Listing of Common Shares and Warrants	Our common shares are listed on the New York Stock Exchange under the symbol TTO. Currently, no public market exists for our warrants. We do not intend to apply to list the warrants on any national securities exchange or the Nasdaq National Market. There can be no assurance that an active public market for the warrants will develop, or if such a market develops, it will be maintained.
Use of proceeds	We will not receive any proceeds from the sale of the common shares or warrants by the selling holders. However, upon any exercise of the warrants, we will receive cash consideration equal to the exercise price of $15.00 per warrant. We anticipate that the exercise of warrants will not occur unless the market value of our common shares exceeds the exercise price per warrant. We anticipate that proceeds received by us from the exercise of the warrants, if any, will be used to retire all or a portion of our outstanding balance under our secured credit facility with any remainder used to fund investments in prospective portfolio companies in accordance with our investment objective and strategies described in this prospectus, and for temporary working capital needs. Pending such uses and investments, we expect to invest the net

	proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment. See Use of Proceeds.
Regulatory status	We have elected to be regulated as a BDC under the 1940 Act. See Election to Be Regulated as a Business Development Company.
Distributions	We intend, subject to adjustment at the discretion of our board of directors, each quarter to pay out substantially all of the amounts we receive as recurring cash or paid-in-kind distributions on equity securities we own and interest payments on debt securities we own, less current or anticipated operating expenses, current

	income taxes on our income and our leverage costs. On February 7, 2007, we paid a $0.10 per share distribution to shareholders of record as of January 31, 2007. On June 1, 2007, we paid a $0.16 per share distribution to shareholders of record as of May 24, 2007. See Price Range of Common Shares and Distributions and Management s Discussion and Analysis of Financial Condition and Results of Operation Determining Distributions to Stockholders.
Taxation	Unlike most investment companies, we have not elected, and do not intend to elect, to be treated as a RIC under the Code. Therefore, we are, and intend to continue to be, obligated to pay federal and applicable state corporate income taxes on our taxable income. As a result of not electing to be treated as a RIC, we are not subject to the Code s diversification rules limiting the assets in which a RIC can invest. In addition, we are not subject to the Code s restrictions on the types of income that a RIC can recognize without adversely affecting its election to be treated as a RIC, allowing us the ability to invest in operating entities treated as partnerships under the Code, which we believe provide attractive investment opportunities. Finally, unlike RICs, we are not effectively required by the Code to distribute substantially all of our income and capital gains. Distributions on the common shares will be treated first as taxable dividend income to the extent of our current or accumulated earnings and profits, then as a tax free return of capital to the extent of a stockholder s tax basis in the common shares, and last as capital gain. We anticipate that the distributed cash from our portfolio investments in entities treated as partnerships for tax purposes will exceed our share of taxable income from those portfolio investments. Thus, we anticipate that only a portion of distributions we make on the common shares will be treated as taxable dividend income to our stockholders. If you are an individual citizen or resident of the United States or a United States estate or trust for U.S. federal income tax purposes and meet certain holding period and other applicable requirements, the portion of such distributions treated as taxable dividend income will be qualified dividend income currently subject to a maximum 15% U.S. federal income tax rate. See Certain U.S. Federal Income Tax Considerations Taxation of U.S. Stockholders.
Investment advisor	Tortoise Capital Advisors, a Delaware limited liability company and registered investment adviser, serves as our investment advisor. See Portfolio Management, Management and Advisor.
Fees	Pursuant to our investment advisory agreement, we pay our Advisor a fee consisting of two components a base management fee and an incentive fee. The base management fee commenced on December 8, 2005, is paid quarterly in arrears, and is equal to 0.375% (1.5% annualized) of our average monthly Managed Assets (our total assets, including any assets purchased with or attributable to any borrowed

funds, minus accrued liabilities other than (1) deferred taxes and (2) debt entered into for the purpose of leverage).

The incentive fee consists of two parts. The first part, the investment income fee, is calculated and payable quarterly in arrears and will equal 15% of the excess, if any, of our net investment income for the quarter over a quarterly hurdle rate equal to 2% (8% annualized) of our average monthly net assets. No investment income fee was paid or earned prior to December 8, 2006.

The second part of the incentive fee, the capital gains fee, will be determined and payable in arrears as of the end of each fiscal year (or, upon termination of the investment advisory agreement, as of the termination date), and will equal (i) 15% of (a) our net realized capital gains on a cumulative basis from the commencement of our operations on December 8, 2005 to the end of each fiscal

	year, less (b) any unrealized capital depreciation at the end of such fiscal year, less (ii) the aggregate amount of all capital gains fees paid to our Advisor in prior years. Our Advisor will use at least 25% of any capital gains fees received from us at any time on or prior to December 8, 2007 to purchase our common shares in the open market. There can be no assurance that our Advisor will earn any capital gains fee and, as a result, there can be no assurance that our Advisor will make any such purchases. During the six month period ended May 31, 2007, we accrued $1,496,494 as a provision for capital gains incentive fees. The provision for capital gains incentive fees resulted from the increase in fair value and unrealized appreciation on investments. Pursuant to the investment advisory agreement, the capital gains incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due. As of May 31, 2007, no payments have been made, or are due to, our Advisor. See Advisor Investment Advisory Agreement, which also contains a discussion of our expenses.
Sub-advisor	Kenmont Investment Management, L.P. serves as our sub-advisor. Kenmont is a Houston, Texas based registered investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Pursuant to the sub-advisory agreement between Kenmont and our Advisor, our Advisor pays Kenmont a portion of the fee it receives from us. See Advisor Sub-Advisor Arrangement.
Leverage	We have and may borrow funds to make investments, and we have and may grant a security interest in our assets in connection with such borrowings, including any borrowings by any of our subsidiaries. We use this practice, which is known as leverage, to attempt to increase returns to our stockholders. However, leverage involves significant risks and the costs of any leverage transactions will be borne by our stockholders. See Risk Factors. With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. The amount of leverage that we may employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing. On April 23, 2007, we entered into a new credit facility with U.S. Bank as a lender, agent and lead arranger, and Bank of Oklahoma, N.A. The new credit facility replaces our previous revolving credit facility with U.S. Bank. On July 18, 2007, the new credit facility was amended to increase the maximum principal amount of the revolving credit facility from $20 million to $35 million. As of July 23, 2007, we had an outstanding balance of $3.6 million under the new credit facility. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources

	and Management s Discussion and Analysis of Financial Conditions and Result of Operations Borrowings and Management s Discussion and Analysis of Financial Condition and Results of Operations Senior Securities.
Dividend reinvestment plan	We have an opt out dividend reinvestment plan. As a result, if we declare a distribution, stockholders cash distributions will be automatically reinvested in additional common shares, unless they specifically opt out of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of common shares will generally be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Dividend Reinvestment Plan and Certain U.S. Federal Income Tax Considerations Taxation of U.S. Stockholders.
Trading at a discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The possibility that our common shares may trade at a discount to

	our net asset value is separate and distinct from the risk that our net asset value per share may decline. Our net asset value immediately following this offering will reflect reductions resulting from the amount of the offering expenses paid. This risk may have a greater effect on investors expecting to sell their shares soon after completion of this offering. We generally may not issue additional common shares at a price below our net asset value (net of any sales load (underwriting discount)) without first obtaining approval of our stockholders and board of directors. Our stockholders granted us the authority to sell our common shares below net asset value, subject to certain conditions. This authority extends through December 20, 2007. We cannot predict whether our common shares will trade above, at, or below net asset value.
Dilution	The issuance of additional common shares upon the exercise of the warrants registered for resale by this prospectus, if the warrants are exercised at a time when the exercise price of $15.00 per warrant is less than the net asset value per share of our common shares, will have a dilutive effect on the value of our common shares. In addition, if we sell our common shares below net asset value, our net asset value will decrease immediately following such issuance. Our stockholders granted us authority to sell our common shares below net asset value, subject to certain conditions. This authority extends through December 20, 2007.
Anti-takeover provisions	Our board of directors is divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may deter hostile takeovers or proxy contests, as may certain provisions of Maryland law, our Charter or Bylaws or other measures adopted by us. These provisions or measures also may limit the ability of our stockholders to sell their shares at a premium over then-current market prices by discouraging a third party from seeking to obtain control of us. See Certain Provisions of Our Charter and Bylaws and the Maryland General Corporation Law.
Risk factors	Investing in our common shares or warrants involves certain risks relating to our structure and our investment objective that you should consider before deciding whether to invest in our common shares and warrants. In addition, we expect that our portfolio will consist primarily of securities issued by privately-held energy infrastructure companies. These investments may involve a high degree of business and financial risk, and they are generally illiquid. Our portfolio companies typically will require additional outside capital beyond our investment in order to succeed. A large number of entities compete for the same kind of investment opportunities as we seek. We borrow funds to make our investments in portfolio companies. As a result, we

	are and will be exposed to the risks of leverage, which may be considered a speculative investment technique. Borrowings magnify the potential for gain and loss on amounts invested and, therefore, increase the risks associated with investing in our common shares and warrants.
	Also, we are subject to certain risks associated with valuing our portfolio, changing interest rates, accessing additional capital, fluctuating quarterly results and operating in a regulated environment. See Risk Factors for a discussion of factors you should carefully consider before deciding whether to invest in our common shares.
Available information	We have filed with the Securities and Exchange Commission, or SEC, a registration statement on Form N-2, including any amendments thereto and related exhibits, under the Securities Act of 1933, which we refer to as the

Securities Act, with respect to our common shares offered by this prospectus. The registration statement contains additional information about us and our common shares and warrants being offered by this prospectus.

Our common shares are registered under the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and we are required to file reports, proxy statements and other information with the SEC. This information may be obtained free of charge by contacting us at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210 or by telephone at 1-866-362-9331 or on our website at www.tortoiseadvisors.com/tto.cfm and is also available at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the SEC s public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website, at http://www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers, including us, that file documents electronically with the SEC. Information posted to our website is not incorporated by reference into this prospectus.

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FEES AND EXPENSES

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

Stockholder transaction expenses (as a percentage of net assets attributable to common shares):

Sales load	0.00%
Offering expenses	0.07%(1)
Dividend reinvestment plan expenses	0.00%(2)
Total stockholder transaction expenses paid	0.07%

Annual expenses following this offering (as a percentage of net assets attributable to common shares)(3):

Management fee payable under investment advisory agreement	2.03%(4)
Incentive fees payable under investment advisory agreement	1.17%(5)
Interest payments on borrowed funds	2.46%(6)
Other expenses	0.30%(7)
Current income tax expense	0.21%
Deferred income tax expense	0.20%(8)
Total annual expenses	6.37%(9)

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common shares. These amounts are based upon assumed offering expenses of 0.07% and our payment of annual operating expenses at the levels set forth in the table above except as indicated below.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 59	$176	$291	$567

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. Moreover, while the example assumes, as required by the applicable rules of the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. A 5% annual return will not require payment of an incentive fee to our Advisor based on Net Investment Income, and thus no income incentive fee is included in this example. A 5% annual return may not, depending on the percentage of such return comprised of capital gains, require payment of a capital gains incentive fee to our Advisor. We have assumed the entire 5% annual return is comprised of capital gains and thus included a capital gains incentive fee in this example. See Advisor Examples of Quarterly Incentive Fee Calculation for additional information concerning incentive fee calculations. In addition, while the example assumes reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan may receive common shares valued at the market price in effect at that time. This price may be at, above or below net asset value. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

(1) The percentage reflects estimated

offering expenses of approximately $89,300.

(2) The expenses associated with the administration of our dividend reinvestment plan are included in Other expenses. The participants in our dividend reinvestment plan will pay a pro rata share of brokerage commissions incurred with respect to open market purchases, if any, made by the Plan Agent under the Plan. For more details about the plan, see Dividend Reinvestment Plan.

(3) Net assets attributable to common shares equals net assets (i.e., total assets less total liabilities and the aggregate liquidation preference of any outstanding shares of preferred stock) of (i) approximately $124 million at May 31, 2007, plus (ii) investments of $10,000,011 in High Sierra

Energy, L.P., $7,499,990 in EV Energy Partners, L.P., $10,000,000 in International Resource Partners, L.P., and $2,000,000 in Mowood, LLC, all valued at their purchase price, and (iii) reflecting leverage of approximately $44.8 million determined using the assumptions set forth in footnote (6) below.

(4) Although our management fee is 1.5% (annualized) of our average monthly Managed Assets, the table above reflects expenses as a percentage of net assets. Managed Assets means total assets (including any assets purchased with any borrowed funds) minus accrued liabilities other than (i) deferred taxes and (ii) debt entered into for the purpose of leverage. Net assets is Managed Assets minus deferred taxes, debt entered into for the purposes of leverage and

the aggregate liquidation preference of any outstanding preferred shares. See Advisor Investment Advisory Agreement Management Fee.

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(5) We pay our Advisor a fee consisting of two components a base management fee and an incentive fee. The base management fee is paid quarterly in arrears and is equal to 0.375% (1.5% annualized) of our average monthly Managed Assets for such quarter. The incentive fee consists of two parts. The first part, the investment income fee, is calculated and payable quarterly in arrears and will equal 15% of the excess, if any, of our Net Investment Income for the fiscal quarter over a quarterly hurdle rate equal to 2% (8% annualized) of our average monthly Net Assets for the quarter. For purposes of calculating the investment income fee, Net Investment Income means interest income

(including accrued interest that we have not yet received in cash), dividend and distribution income from equity investments (but excluding that portion of cash distributions that are treated as return of capital), and any other income (including any fees such as commitment, origination, syndication, structuring, diligence, monitoring, and consulting fees or other fees that we receive from portfolio companies) accrued during the fiscal quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable by us, any interest expense, any accrued income taxes related to Net Investment Income and dividends paid on issued and outstanding preferred stock, if any, but excluding the incentive fees payable to our Advisor). No investment income fee was paid or earned prior to December 8, 2006. The second part of the incentive fee, the capital gains fee, will be determined and payable in arrears as of the end of each fiscal year (or upon termination of the investment advisory agreement, as of the termination date), and will equal (i) 15% of (a) our net realized capital gains, excluding the impact of current and deferred income taxes, on a cumulative basis from the commencement of our operations on December 8, 2005 to the end of each fiscal year, less (b) any unrealized capital depreciation, excluding the impact of deferred income taxes, at the end of such fiscal year, less (ii) the aggregate amount of all capital gains fees paid to our Advisor in prior years. Our Advisor will use at least 25% of any capital gains fee, if any, received on or prior to December 8, 2007 to purchase our common shares in the open market. There can be no assurance that our Advisor will earn any capital gains fee and, as a result, there can be no assurance that our Advisor will make any such purchases. During the six month period ended May 31, 2007, we accrued $1,496,494 as a provision for capital gains incentive fees. The provision for capital gains incentive fees resulted from the increase in fair value and unrealized appreciation on investments. Pursuant to the Advisory

Agreement, the capital gains incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due. We may have capital gains and interest income that could result in the payment of an incentive fee to our Advisor in the first year after completion of this offering. Although we cannot predict whether we will meet the necessary performance targets, we have assumed $1,496,494 as a provision for capital gains incentive fees in this table.

(6) We intend to borrow funds to make investments to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities or

if the market for debt financing presents attractively priced debt financing opportunities, and, in either case, if our board of directors determines that leveraging our portfolio would be in our best interests and the best interests of our stockholders. On April 25, 2007, we entered into a new credit facility with U.S. Bank as a lender, agent and lead arranger, and Bank of Oklahoma, N.A. The new credit facility replaces our previous revolving credit facility with U.S. Bank. On July 18, 2007, the new credit facility was amended to increase the maximum principal amount of the revolving credit facility from $20 million to $35 million. As of July 23, 2007, we had an outstanding balance under the new credit facility of $3.6 million. The table above assumes we borrow for investment purposes an amount equal to 25.0% of our total assets (including such borrowed funds) and that the annual interest rate on the amount borrowed is 7%.

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

(8) For our fiscal year ended November 30, 2006, we accrued $250,156 in net deferred tax expense related to our net

investment income and unrealized gains. Deferred income tax expense represents an estimate of our potential tax liability if we were to recognize the unrealized appreciation of our portfolio assets accumulated during our fiscal year ended November 30, 2006, based on the market value and tax basis of our assets as of November 30, 2006. Actual income tax expense (if any) will be incurred over many years, depending on if and when investment gains are realized, the then-current tax basis of assets, the level of net loss carryforwards (if any) and other factors.

(9) The table presented above estimates what our annual expenses would be, stated as a percentage of

our net assets attributable to our common shares. The table presented below, unlike the table presented above, assumes we do not use any form of leverage and excludes current and deferred income tax expenses. In addition, the table presented below, unlike the table presented above, excludes incentive fees as we cannot predict whether we will meet the necessary performance targets to earn such fees. As a result, our estimated total annual expenses would be as follows:

Management fee	1.50%

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

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common shares. These amounts are based upon assumed offering expenses of 0.07% and our payment of annual operating expenses (excluding incentive fees payable under the investment advisory agreement and current and deferred income tax expenses) at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 18	$ 55	$ 95	$ 207

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SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Senior Securities and the financial statements and related notes included in this prospectus. Financial information presented below for the fiscal quarters ended February 28, 2006, May 31, 2006, August 31, 2006, November 30, 2006, February 28, 2007 and May 31, 2007 is unaudited. Financial information presented below for the period from December 8, 2005 to November 30, 2006, and as of November 30, 2006, has been derived from our financial statements audited by Ernst & Young LLP, an independent registered public accounting firm, which are included herein. The historical data is not necessarily indicative of results to be expected for any future period.

	Period from December 8, 2005 to November 30, 2006(1)	Fiscal Quarter Ended					
		February 28, 2006(2)	May 31, 2006	August 31, 2006	November 30, 2006	February 28, 2007	May 31, 2007
Statement of operations data:							
Investment income	$ 2,119,843	$ 403,505	$ 347,496	$ 448,124	$ 920,718	$ 391,635	545,856
Advisory fees	634,989	136,796	169,367	163,364	165,462	867,694(3)	1,476,879(3)
All other expenses	360,156	97,925	81,930	87,010	93,291	1,233,225(4)	207,967
Total operating expenses	$ 995,145	$ 234,721	$ 251,297	$ 250,374	$ 258,753	$ 2,100,919	1,684,846
Current and deferred tax expense, net	516,055	61,100	34,855	163,679	256,421	795,916	2,128,190
Net realized loss on investments before current tax benefit	1,462				1,462		13,712
Unrealized gain on investments before deferred tax expense	328,858			297,054	31,804	2,921,990	6,725,778
Increase in net assets resulting from operations	$ 936,039	$ 107,684	$ 61,344	$ 331,125	$ 435,886	$ 416,790	3,472,310

	As of					
	February 28, 2006(2)	May 31, 2006	August 31, 2006	November 30, 2006	February 28, 2007	May 31, 2007
Statement of assets and liabilities data:						
Short-term investments	$ 42,845,831	$ 25,758,402	$ 20,649,152	$ 5,431,414	$ 49,674,007	27,763,129
Investments	0	16,999,991	22,549,991	37,144,100	74,586,033	102,841,396
Other assets	160,044	124,730	233,569	357,498	228,413	296,308
Total assets	$ 43,005,875	$ 42,883,123	$ 43,432,712	$ 42,933,012	$ 124,488,453	130,900,833
Total liabilities	494,720	271,608	922,476	604,610	2,296,062	6,763,865

Total net assets	$ 42,511,155	$ 42,611,515	$ 42,510,236	$ 42,328,402	$ 122,192,391	124,136,968
Net asset value per share	$ 13.76	$ 13.80	$ 13.76	$ 13.70	$ 13.84	$ 14.05

(1) We were incorporated on September 8, 2005, but did not commence operations until December 8, 2005.

(2) We did not commence operations until December 8, 2005. As a result, the fiscal quarter ended February 28, 2006 was not a full fiscal quarter.

(3) During the periods ended February 28, 2007 and May 31, 2007, the Company accrued $487,627 and $1,008,867, respectively, as a provision for capital gains incentive fees. The provision for capital gains incentive fees resulted from the increase in fair value and unrealized appreciation on investments. Pursuant to the investment advisory agreement, the

capital gains incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due.

(4) Includes $765,059 of non-recurring expenses related to the loss on redemption of the previously outstanding Series A Redeemable Preferred Stock. The Series A Redeemable Preferred Stock issuance was utilized as bridge financing to fund portfolio investments and was fully redeemed upon completion of the initial public offering.

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FORWARD-LOOKING STATEMENTS

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

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

For a discussion of factors that could cause our actual results to differ from forward-looking statements contained in this prospectus, please see the discussion under Risk Factors. You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this prospectus. The forward-looking statements contained in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933.

RISK FACTORS

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

Risks Related to Our Operations

We are a new company with limited operating history.

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

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

Our Advisor was formed in October 2002 and has been managing investments in portfolios of MLPs securities in the energy sector since that time, including management of the investments of TYG since February 27, 2004, TYY since May 31, 2005, TYN since October 31, 2005, TTRF since June 2007, and TGO since July 2007. From time to time the Advisor may pursue areas of investments in which the Advisor has more limited experience.

We, TYG, TYY, TYN, TTRF and TGO have the same investment advisor, rely on some of the same personnel and will use the same investment committee. Our Advisor s services under the investment advisory agreement are not exclusive, and it is free to furnish the same or similar services to other entities, including businesses that may directly or indirectly compete with us so long as its services to us are not impaired by the provision of such services to others. In addition, the publicly traded funds and private accounts managed by our Advisor may make investments similar to investments that we may pursue, although these entities generally target investments in publicly traded companies with market capitalizations in excess of $250 million, while we generally target investments in companies that are privately-held or have market capitalizations of less than $250 million, and that are earlier in their stage of development. This may change in the future, however. Accordingly, our Advisor and the members of its investment committee may have obligations to other investors, the fulfillment of which might not be in the best interests of us or our stockholders, and it is possible that our Advisor might allocate investment opportunities to other entities, and thus might divert attractive investment opportunities away from us. However, our Advisor intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies, and in accordance with written allocation policies and procedures of our Advisor, so that we will not be disadvantaged in relation to any other client.

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

We depend on the diligence, expertise and business relationships of the senior management of our Advisor. The Advisor s senior investment professionals and senior management will evaluate, negotiate, structure, close and monitor our investments. Our future success will depend on the continued service of the senior management team of our Advisor. The departure of one or more senior investment professionals of our Advisor, and particularly Terry Matlack, Abel Mojica III, Ed Russell or David Schulte could have a material adverse effect on our ability to achieve our investment objective and on the value of our common shares and warrants. We will rely on certain employees of the Advisor, especially Messrs. Matlack and Schulte, who will be devoting significant amounts of their time to non-Company related activities of the Advisor. To the extent Messrs. Matlack or Schulte and other employees of the Advisor who are not committed exclusively to us are unable to, or do not, devote sufficient amounts of their time and energy to our affairs, our performance may suffer.

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

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

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

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

Our Advisor has limited experience in managing a BDC.

Our Advisor has limited experience in managing or serving as investment advisor to a BDC. Additionally, the time required to maintain a BDC could distract our Advisor from its other duties. See Regulation.

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

Our business will require a substantial amount of capital if we distribute substantially all of our income to our stockholders and we are to grow. We may acquire additional capital from the issuance of securities senior to our common shares, including additional borrowings or other indebtedness or the issuance of additional securities. We may also acquire additional capital through the issuance of additional equity. However, we may not be able to raise additional capital in the future on favorable terms or at all. Our new credit facility contains a covenant precluding us from incurring additional debt. We may issue debt securities, other instruments of indebtedness or preferred stock, and we intend to borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. Our ability to pay distributions or issue additional senior securities is restricted if our asset coverage ratio is not at least 200%, or put another way, the value of our assets (less all liabilities and indebtedness not represented by senior securities) must be at least twice that of any outstanding senior securities (plus the aggregate involuntary liquidation preference of any preferred stock). If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous. As a result of issuing senior securities, we will also be exposed to typical risks associated with leverage, including increased risk of loss. If we issue preferred securities which will rank senior to our common shares in our capital structure, the holders of such preferred securities may have separate voting rights and other rights, preferences or privileges more favorable than those of our common shares, and the issuance of such preferred securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for securityholders or otherwise be in our best interest.

To the extent our ability to issue debt or other senior securities is constrained, we will depend on issuances of additional common shares to finance our operations. As a BDC, we generally are not be able to issue additional common shares at a price below net asset value (net of any sales load (underwriting discount)) without first obtaining required approvals of our stockholders and our independent directors which could constrain our ability to issue additional equity. Our stockholders granted us the authority to sell our common shares below net asset value, subject to certain conditions. This authority extends through December 20, 2007. If we raise additional funds by issuing more of our common shares or senior securities convertible into, or exchangeable for, our common shares, the percentage ownership of our stockholders at that time would decrease, and you may experience dilution.

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

As a BDC, we are prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our independent directors or the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities is our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits joint transactions with an affiliate, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors. If a person acquires more than 25% of our voting securities, we will be prohibited from buying or selling any security from or to such person, or entering into joint transactions with such person, absent the prior approval of the SEC. Our Advisor and TYG have previously applied to the SEC for exemptive relief to permit TYG, TYY, TYN and other clients of our Advisor, including us, to co-invest in negotiated private placements of securities. Unless and until such an exemptive order is obtained, we will not co-invest with affiliates in negotiated private placement transactions.

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

As a BDC, we must not acquire any assets other than qualifying assets unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. If our investments are deemed not to be qualifying assets, our status as a BDC may be jeopardized or we may be precluded from investing in the manner described in this prospectus, either of which would have a material adverse effect on our business, financial condition and results of operations. We also may be required to dispose of investments, which could have a material adverse effect on us and our stockholders, because even if we were successful in finding a buyer, we may have difficulty in finding a buyer to purchase such investments on favorable terms or in a sufficient time frame.

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

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

Our debt increases the risk of investing in us.

On April 23, 2007, we entered into a new credit facility that replaces our previous revolving credit facility. On July 18, 2007, the new credit facility was amended to increase the maximum principal amount of the revolving credit facility from $20 million to $35 million. As of July 23, 2007, we had an outstanding balance of $3.6 million under the new credit facility. The new credit facility precludes us from incurring additional debt and we may face liquidity constraints as a result. We may in the future incur incremental debt to increase our ability to make investments. Lenders from whom we may borrow money or holders of our debt securities will have fixed dollar claims on our assets that are superior to the claims of our stockholders, and we have and may grant a security interest in our assets in connection with our debt. In the case of a liquidation event, those lenders or note holders would receive proceeds before our stockholders. In addition, debt, also known as leverage, magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in our securities. Leverage is generally considered a speculative investment technique and the costs of any leverage transactions will be borne by our stockholders. In addition, because the base management fee we pay to our Advisor is based on Managed Assets (which includes any assets purchased with borrowed funds), our Advisor may imprudently borrow funds in an attempt to increase our managed assets and in conflict with our or our stockholders best interests. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common shares to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause the net asset value attributable to our common shares to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common shares. Our ability to service any debt that we incur will depend largely on our financial performance and the performance of our portfolio companies and will be subject to prevailing economic conditions and competitive pressures.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common shares assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed Return on our Portfolio (net of expenses)				
	-10%	**-5%**	**0%**	**5%**	**10%**
Corresponding return to stockholder(1)	(17.0)%	(10.7)%	(4.3)%	2.0%	8.4%

(1) Assumes $179,334,444 in total assets, $44,833,611 debt outstanding, $127,736,968 in stockholders equity and an average cost of funds of 7%. Actual interest payments may be different.

We operate in a highly competitive market for investment opportunities.

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

Our quarterly results may fluctuate.

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

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

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

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

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

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

Most of our investments are and will be in the form of securities or loans that are not publicly traded. The fair value of these investments may not be readily determinable. We will value these investments quarterly at fair value as determined in good faith by our board of directors. Our board of directors has retained Duff & Phelps, LLC, an independent valuation firm, to provide valuation assistance to the board of directors, if they so request, which our board of directors may consider, among a number of other factors, in connection with assessing whether the fair value determinations made by the investment committee of our Advisor are unreasonable. The types of factors that may be considered in fair value pricing of an investment include the nature and realizable value of any collateral, the portfolio company s earnings and ability to make payments, the markets in which the portfolio company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations are inherently uncertain, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. As a result, we may not be able to dispose of our holdings at a price equal to or greater than the determined fair value, which could have a negative impact our net asset value.

Our equity investments may decline in value.

The equity securities in which we invest may not appreciate or may decline in value. We may thus not be able to realize gains from our equity securities, and any gains that we do realize on the disposition of any equity securities may not be sufficient to offset any other losses we experience. As a result, the equity securities in which we invest may decline in value, which may negatively impact our ability to pay distributions and cause you to lose all or part of your investment.

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

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

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

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

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

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

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

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. See Regulation. Also, restrictions and provisions in any future credit facilities and debt securities may limit our ability to make distributions. We cannot assure you that you will receive distributions at a particular level or at all.

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

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

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

Equity securities may be particularly sensitive to rising interest rates, which generally increase borrowing costs and the cost of capital and may reduce the ability of portfolio companies in which we own equity securities to either execute acquisitions or expansion projects in a cost-effective manner or provide us liquidity by completing an initial public offering or completing a sale. Fluctuations in interest rates will also impact any debt investments we make. Changes in interest rates may also negatively impact the costs of our outstanding borrowings, if any.

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

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

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

We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, we may have to incur significant expenses in order to comply, or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, or fail to obtain licenses that may become necessary for the conduct of our business, we may be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

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

We are evaluating our internal controls over financial reporting. We plan to design enhanced processes and controls to address any issues that might be identified. As a result, we expect to incur significant additional expenses in the near term, which will negatively impact our financial performance and our ability to make distributions. This process also will result in a diversion of management s time and attention. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the

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impact of the same on our operations and may not be able to ensure that the process is effective or that the internal controls are or will be effective in a timely manner. Beginning with our annual report for our fiscal year ended November 30, 2008, our management will be required to report on our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC thereunder. We will be required to review on an annual basis our internal controls over financial reporting, and to disclose on a quarterly basis changes that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. There can be no assurance that our quarterly reviews will not identify material weaknesses.

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

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

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

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

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

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

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

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

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

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

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

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

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

Acts of terrorism may adversely affect us.

The value of our common shares, warrants and our investments could be significantly and negatively impacted as a result of terrorist activities, such as the terrorist attacks on the World Trade Center on September 11, 2001; war, such as the war in Iraq and its aftermath; and other geopolitical events, including upheaval in the Middle East or other energy producing regions. The U.S. government has issued warnings that energy assets, specifically those related to pipeline infrastructure, production facilities and transmission and distribution facilities, might be specific targets of terrorist activity. Such events have led, and in the future may lead, to short-term market volatility and may have long-term effects on the U.S. economy and markets. Such events may also adversely affect our business and financial condition.

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Risks Related to this Offering

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

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

- changes in the value of our portfolio of investments;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of securities of BDCs or other financial services companies;
- our dependence on the domestic energy infrastructure sector;
- our inability to deploy or invest our capital;
- fluctuations in interest rates;
- increases in the taxable portion of distributions we receive on our equity investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- operating performance of companies comparable to us;
- changes in regulatory policies with respect to BDCs;
- our ability to borrow money or obtain additional capital;
- losing BDC status;
- actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;
- general economic conditions and trends;
- departures of key personnel; or
- the sale by the selling holders named in this prospectus of a substantial number of our common shares in the public market.

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

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

We cannot assure you that the market price of our common shares will not decline following the offering.

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

We cannot assure you that an active public market for the warrants will develop.

Currently, no public market exists for our warrants. We cannot assure you that one will develop or be sustained after this offering. We do not intend to apply to list the warrants on any national securities exchange or the Nasdaq National Market.

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

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

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

There will be dilution of the value of our common shares when the warrants are exercised or if we issue common shares below our net asset value.

As a result of our private placements completed in 2006, warrants were issued permitting the holders thereof to acquire 957,130 of our common shares upon payment of the exercise price. The warrants represent the right to purchase, in the aggregate, approximately 10% of our common shares. These warrants are currently exercisable and are being registered for resale by this prospectus. The issuance of additional common shares upon the exercise of the warrants, if the warrants are exercised at a time when the exercise price is less than the net asset value per share of our common shares, will have a dilutive effect on the value of our common shares. In addition, if we sell our common shares below net asset value, our net asset value will decrease immediately following such issuance. Our stockholders granted us authority to sell our common shares below net asset value, subject to certain conditions. This authority extends through December 20, 2007.

The warrants may have no value in bankruptcy.

In the event a bankruptcy or reorganization is commenced by or against us, a bankruptcy court may hold that unexercised warrants are executory contracts subject to rejection by us with approval of the bankruptcy court. As a result, holders of the warrants may, even if sufficient funds are available, not be entitled to receive any consideration or may receive an amount less than they would be entitled to if they had exercised their warrants prior to the commencement of any such bankruptcy or reorganization.

As a holder of warrants, you will not receive distributions on our common shares.

Holders of warrants will not have the right to receive any distributions so long as their warrants are unexercised.

There may be limitations on the ability of the holders of warrants to exercise their warrants and receive the underlying common shares.

We have agreed to use our reasonable efforts to maintain an effective shelf registration statement on an appropriate form under the Securities Act covering the common shares, the warrants and the common shares issuable upon exercise of the warrants until the earlier of (i) the date on which the common shares, warrants and common shares issuable upon exercise of the warrants are sold in accordance with the intended distribution of such common shares or warrants, (ii) the date on which none of the shares of common shares or warrants are registrable securities, or (iii) the second anniversary of the effective date of the shelf registration statement of

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which this prospectus is a part. During any period when the shelf registration statement is not effective, U.S. holders of the warrants will not be able to exercise their warrants unless they are an accredited investor, within the meaning of the Securities Act, and make certain representations to us in connection with their exercise.

We cannot assure you that we will be able to keep the shelf registration statement continuously effective until all of the warrants have been exercised or expired. Common shares issued upon exercise of the warrants at a time when the shelf registration statement is not effective will be restricted securities for purposes of Rule 144 under the Securities Act and will be subject to restrictions on transfer.

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ELECTION TO BE REGULATED AS A BUSINESS DEVELOPMENT COMPANY

We have elected to be regulated as a BDC under the 1940 Act. There can be no assurance that we will be successful in maintaining our status as a BDC.

Investment Reporting

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

Distributions Policy

We intend, subject to adjustment in the discretion of our board of directors, to pay out substantially all of the amounts we receive as cash or paid-in-kind distributions on equity securities we own and interest payments on debt securities we own, less current or anticipated operating expenses, current income taxes on our income and our leverage costs. On January 16, 2007, our board of directors declared, and on February 7, 2007 we paid, a $0.10 per share distribution to shareholders of record as of January 31, 2007.

On May 14, 2007, our board of directors declared, and on June 1, 2007 we paid, a $0.16 per share distribution to shareholders of record as of May 24, 2007.

See Price Range of Common Shares and Distributions and Management s Discussion and Analysis of Financial Condition and Results of Operation Determining Distributions to Stockholders.

Warrants

Our outstanding warrants are currently exercisable and entitle the holder thereof to purchase one common share at the exercise price of $15.00 per common share. All warrants will expire on February 6, 2013. No fractional warrant shares will be issued upon exercise of the warrants. We will pay to the holder of the warrant at the time of exercise an amount in cash equal to the current market value of any such fractional warrant shares.

Exemptive Relief

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

USE OF PROCEEDS

We will not receive any proceeds from the sale of the common shares or warrants by the selling holders. However, upon any exercise of the warrants, we will receive cash consideration equal to the exercise price of $15.00 per warrant. We anticipate that the exercise of warrants will occur when the market value of our common shares exceeds the exercise price per warrant. We anticipate that proceeds received by us from the exercise of the warrants, if any, will be used to retire all or a portion of our outstanding balance under our secured credit facility with any remainder used to fund investments in prospective portfolio companies in accordance with our investment objective and strategies described in this prospectus and for temporary working capital needs. Pending such uses and investments, we expect to invest these proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment.

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PRICE RANGE OF COMMON SHARES AND DISTRIBUTIONS

Our common shares are traded on the New York Stock Exchange under the symbol TTO. We completed the initial public offering of our common shares on February 7, 2007 at a price of $15.00 per share. Prior to such date, there was no public market for our common shares.

The following table sets forth the range of high and low sales prices of our common shares as reported on the New York Stock Exchange, and the dividends declared by us for each fiscal quarter since our initial public offering. The stock quotations are interdealer quotations and do not include markups, markdowns or commissions.

		Price Range		Premium/ Discount of High Sales Price to NAV	Premium/ Discount of Low Sales Price to NAV	Cash Dividend Per Share (2)
	NAV(1)	High	Low			
2007						
First quarter	$13.84	$15.03	$14.50	8.60%	4.77%	$ 0.10
Second Quarter	$14.05	$18.47	$14.31	31.46%	1.85%	$ 0.16
June 1 through July 23, 2007	$	$18.99	$15.93	%	%	$

(1) Net asset value per share is generally determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices.

(2) Represents the dividend declared in the specified quarter.

The last reported price for our common shares on July 23, 2007 was $15.93 per share.

Shares of business development companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our common shares will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. At times, our common shares have traded at a premium to net asset value and at times our shares of common stock have traded at a discount to the net assets attributable to those shares. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

On January 16, 2007 our board of directors declared, and on February 7, 2007 we paid, a $0.10 per share distribution to shareholders of record as of January 31, 2007. On May 14, 2007 our board of directors declared and on June 1, 2007 we paid, a $0.16 per share distribution to shareholders of record as of May 24, 2007.

We intend, subject to adjustment in the discretion of our board of directors, to pay out substantially all of the amounts we receive as recurring cash or paid-in-kind distributions on equity securities we own and interest payments on debt securities we own, less current or anticipated operating expenses, current income taxes on our income and our leverage costs.

We have an opt out dividend reinvestment plan. As a result, unless a stockholder opts out, distributions will be reinvested in our common shares pursuant to our dividend reinvestment plan. See Certain U.S. Federal Income Tax Considerations and Dividend Reinvestment Plan. We anticipate that only a portion of distributions we make on the common shares will be treated as taxable dividend income to our stockholders. If you are an individual citizen or resident of the United States or a United States estate or trust for U.S. federal income tax purposes and meet certain holding period and other applicable requirements, the portion of such distributions treated as taxable dividend income will be qualified dividend income currently subject to a maximum 15% U.S. federal income tax rate. See Certain U.S. Federal Income Tax Considerations Taxation of U.S. Stockholders.

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

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CAPITALIZATION

The following table sets forth (i) our actual capitalization as of May 31, 2007, (ii) our capitalization as adjusted to reflect our investments in High Sierra Energy, L.P., EV Energy Partners, L.P., International Resource Partners, L.P., and Mowood, LLC, and $3.6 million outstanding under our secured credit facility; and (iii) our capitalization as further adjusted to reflect the exercise of all 948,005 outstanding warrants. You should read this table together with Use of Proceeds and our statement of assets and liabilities included elsewhere in this prospectus.

	Actual May 31, 2007 (Unaudited)	**As Adjusted** (Unaudited)	**As Further Adjusted** (Unaudited)
Short-term investments	$ 27,763,129	$ 1,863,128	$ 12,393,903
Investments	102,841,396	132,341,397	132,341,397
Short-term debt:			
Secured credit facility		3,600,000	
Net Assets Applicable to Common Stockholders Consist of			
Warrants, no par value, 5,000,000 authorized; 948,005 issued and outstanding actual and as adjusted; 0 issued and outstanding as further adjusted	$ 1,374,147	$ 1,374,147	$
Capital Stock, $0.001 par value, 100,000,000 common shares authorized; 8,837,721 common shares issued and outstanding actual and as adjusted; 9,785,726 common shares issued and outstanding as further adjusted	8,838	8,838	9,786
Additional paid-in capital	118,662,119	118,662,119	134,166,093
Accumulated net investment loss, net of deferred tax benefit	(2,101,017)	(2,101,017)	(2,101,017)
Accumulated realized gain, net of deferred tax expense	7,595	7,595	7,595
Net unrealized appreciation of investments, net of deferred tax expense	6,185,286	6,185,286	6,185,286
Net assets applicable to common stockholders	$ 124,136,968	$ 124,136,968	$ 138,267,743

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

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

Overview

We invest in companies operating in the U.S. energy infrastructure sector, primarily in privately-held and micro-cap public companies focused on the midstream and downstream segments, and to a lesser extent the upstream segment. We believe companies in the energy infrastructure sector generally produce stable cash flows as a result of their fee-based revenues and have limited direct commodity price risk. Our goal is to provide our stockholders with a high level of total return, with an emphasis on dividends and dividend growth. We invest primarily in the equity securities of companies that we expect to pay us distributions on a current basis and provide us distribution growth.

On February 1, 2007, we filed an election to be treated as a BDC under the 1940 Act. We are classified as a closed-end, non-diversified management investment company under the 1940 Act. As a BDC, we are subject to numerous regulations and restrictions. Unlike most investment companies, we are, and intend to continue to be, taxed as a general business corporation under the Code. See Certain U.S. Federal Income Tax Considerations - Federal Income Taxation of the Company.

Portfolio and Investment Activity

In May 2007, we completed two additional new investments. We invested $12,250,000 in a newly formed private partnership, VantaCore Partners, L.P. The partnership was formed to acquire companies in the aggregate industry. Aggregate companies operate quarries and typically mine limestone, gravel, granite and sand which are used in road construction and other public works projects. The investment consisted of $8,500,000 in common units and incentive distribution rights, and a $3,750,000 participation investment in a secured credit facility. We also invested $7,500,015 in a newly formed private partnership, Abraxas Energy Partners, L.P. Abraxas Petroleum Corporation (NYSE: ABP) formed Abraxas Energy Partners, L.P. and has contributed long-lived, low decline natural gas and oil reserves located in the Delaware and Gulf Coast Basins of Texas.

Additionally, in May 2007, we completed two follow on investments. We exercised our option to purchase a 3 percent interest in High Sierra Energy GP, L.L.C., the general partner of High Sierra Energy, L.P., at an exercise price of $2,250,000 and we invested an additional $1,000,000 in Mowood, L.L.C. to fund the expansion of its newest subsidiary, Timberline Energy, L.L.C. Timberline Energy, L.L.C. is a developer and operator of landfill methane gas collection systems. In June 2007, we also completed an addition follow on investment in which we purchased a $2.0 million unsecured subordinated debenture from Mowood, L.L.C.

As of July 23, 2007, our funded investments totaled approximately $124.7 million, in 11 portfolio companies in the U.S. energy infrastructure sector. Of the $124.7 million, we have invested $82.9 million in the midstream and downstream segments of the U.S. energy infrastructure sector, $19.5 million in the upstream segment of the U.S. energy infrastructure sector and $22.3 million in other segments of the U.S. energy infrastructure sector.

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

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

(1) The portfolio company is performing at or above expectations and the trends and risk factors are generally favorable to neutral.

(2) The portfolio company is performing below expectations and the investment s risk has increased materially since origination. The portfolio company is generally out of compliance with various covenants; however, payments are generally not more than 120 days past due.

(3) The portfolio company is performing materially below expectations and the investment risk has substantially increased since origination. Most or all of the covenants are out of compliance and payments are substantially delinquent. Investment is not expected to provide a full repayment of the amount invested.

As of May 31, 2007, all of our portfolio companies have a rating of (1), with the exception of one which has a rating of (2).

Results of Operations

Set forth are the results of operations for the three and six months ended May 31, 2007 as compared to the three months ended May 31, 2006 and the period from December 8, 2005 (Commencement of Operations) through May 31, 2006.

Investment Income: Investment income totaled $545,856 and $937,491 for the three and six-month periods ended May 31, 2007, respectively, compared to $347,496 and $751,001 for the three months ended May 31, 2006 and the period from December 8, 2005 through May 31, 2006, respectively. Investment income for the three-month period ended May 31, 2007 consisted of $1,425,467 in gross distributions from investments, including $1,484,141 characterized as return of capital (which includes $314,000 related to the reclassification of investment income and return of capital based on the 2006 tax reporting information received from our portfolio companies), and $604,530 in dividends from money market mutual funds and interest income from debt investments. Investment income for the six-month period ended May 31, 2007 consisted of $2,029,154 in gross distributions from investments, including $1,964,198 characterized as return of capital, and $872,535 in dividends from money market mutual funds and interest income from debt investments. Investment income for the three-month period ended May 31, 2006 and the period from December 8, 2005 through May 31, 2006 consisted only of dividends from money market mutual funds. The increase in investment income for the three and six months ended May 31, 2007 as compared to the three months ended May 31, 2006 and the period from December 8, 2005 (Commencement of Operations) through May 31, 2006, respectively, is directly related to an increase in the number of investments in our portfolio and the distributions received from these investments. The weighted average yield on our investment portfolio (excluding short-term investments) as of May 31, 2007 was 8.8 percent, as compared to 7.8 percent at May 31, 2006.

Operating Expenses: Total operating expenses totaled $1,684,846 and $3,785,765 for the three and six-month periods ended May 31, 2007, respectively, compared to $251,297 and $486,018 for the three months ended May 31, 2006 and the period from December 8, 2005 through May 31, 2006, respectively. Total operating expenses for the three-month period ended May 31, 2007 consisted of $468,012 in management fees, $1,008,867 in capital gain incentive fees, and $247,084 in other operating expenses, less $39,117 related to a reduction of issuance costs on previously outstanding Series A Redeemable Preferred Stock. For the six-month period ended May 31, 2007, total operating expenses consisted of $848,079 in management fees, $1,496,494 in capital gain incentive fees, $731,713 in redemption premium and issuance costs on previously outstanding Series A Redeemable Preferred Stock, $346,460 in interest expense on our line of credit and preferred dividends, and $363,019 in other operating expenses. Total operating expenses for the three-month period ended May 31, 2006 consisted of $169,367 in management fees and $81,930 in other operating expenses and for the period from December 8, 2005 through May 31, 2006 consisted of $306,163 in management fees, and $179,855 in other operating expenses. The increase in expenses for the three and six-month periods ended May 31, 2007 as compared to the three months ended May 31, 2006 and the period from December 8, 2005 (Commencement of Operations) through May 31, 2006, respectively, generally relate to capital gain incentive fees and the redemption premium and issuance costs on previously outstanding Series A Redeemable Preferred Stock, which was utilized as bridge financing to fund portfolio investments and was fully redeemed upon completion of the initial public offering. The provision for capital gains incentive fees resulted from the increase in fair value and unrealized appreciation on investments. Pursuant to the Investment Advisory Agreement, the capital gains incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due.

Distributable Cash Flow: Our portfolio generates cash flow to us from which we pay dividends to stockholders. When our Board of Directors determines the amount of any distribution we expect to pay our stockholders, it will review distributable cash flow (DCF). DCF is simply distributions received from investments less our total expenses. The total distributions received from our investments include the amount received by us as cash distributions from equity investments, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes on our operating income. Total expenses do not include deferred income taxes or accrued capital gain incentive fees.

We disclose DCF in order to provide supplemental information regarding our results of operations and to enhance our investors overall understanding of our core financial performance and our prospects for the future. We believe that our investors benefit from seeing the results of DCF in addition to GAAP information. This non-GAAP information facilitates management s comparison of current results with historical results of operations and with those of our peers. This information is not in accordance with, or an alternative to, GAAP and may not be comparable to similarly titled measures reported by other companies.

The following table represents DCF for the three and six-month periods ended May 31, 2007. DCF comparisons to the same periods last year are not meaningful as we did not pay our first dividend until the third quarter of 2006.

Distributable Cash Flow *(unaudited)*

	For the three months ended May 31, 2007	For the six months ended May 31, 2007
Total Distributions Received from Investments		
Distributions received from equity investments	$ 1,425,467	$ 2,029,154
Interest income from debt investments	162,404	290,876
Dividend and interest income on short-term investments	442,126	581,659
Total from Investments	2,029,997	2,901,689
Operating Expenses Before Leverage Costs and Current Taxes		
Advisory fees	468,012	848,079
Other operating expenses (excluding capital gain incentive fees)	247,084	363,019
	715,096	1,211,098
Distributable cash flow before leverage costs and current taxes	1,314,901	1,690,591
Leverage Costs	(5,771)	346,460
Current income tax expense		
Distributable Cash Flow	$ 1,320,672	$ 1,344,131
DCF/GAAP Reconciliation		
Adjustments to reconcile to Net Investment Income (Loss), before Income Taxes		
Return of capital on distributions received from equity investments	(1,484,141)	(1,964,198)
Capital gain incentive fees	(1,008,867)	(1,496,494)
Loss on redemption of preferred stock	33,346	(731,713)
Net Investment Income (Loss), before Income Taxes	$ (1,138,990)	$ (2,848,274)

Net Investment Income (Loss): Net investment loss for the three and six-month period ended May 31, 2007 was $706,173 (including a deferred tax benefit of $432,817) and $2,101,017 (including a deferred tax benefit of $747,257), respectively. Net investment income for the three-month period ended May 31, 2006 and the period from December 8, 2005 through May 31, 2006 was $61,344 (including current tax expense of $34,855) and $169,028 (including current tax expense of $95,955), respectively. The increased net investment loss for the three and six-month periods ended May 31, 2007 as compared to the three months ended May 31, 2006 and the period from December 8, 2005 (Commencement of Operations) through May 31, 2006, respectively, generally relate to capital gain incentive fees and the redemption premium and issuance costs on previously outstanding Series A Redeemable Preferred Stock as described in Operating Expenses above.

Net Realized and Unrealized Gains (Losses): For the three-month period ended May 31, 2007, we had net unrealized gains of $4,169,982 after a deferred tax expense of $2,555,796. For the six-month period ended May 31, 2007, we had net unrealized gains of $5,981,617 after a deferred tax expense of $3,666,151. There were no net unrealized gains or losses for the three months ended May 31, 2006 or for the period from December 8, 2005 through May 31, 2006. The increase in unrealized gains as compared to last year is a result of the increased number of portfolio investments and the length of maturity of these investments. For the three-month period ended May 31, 2007 and the six-month period ended May 31, 2007, we recognized realized gains of $8,501 after a deferred tax expense of $5,211. The recognition of realized gains was not the result of a sale during these periods, but was related to a reclassification of the amount of investment income and return of capital we recognized based on the 2006 tax reporting information received from the individual MLPs resulting in an adjustment to realized gains.

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Recent Developments

On June 1, 2007, we paid a dividend in the amount of $0.16 per share, for a total of $1,414,035. Of this total, the dividend reinvestment amounted to $42,537.

On June 1, 2007, we invested $7,499,990 in common units in a private placement of EV Energy Partners, L.P., a master limited partnership engaged in acquiring, producing and developing oil and gas properties. EV Energy Partners, L.P. stated that it plans to use the proceeds of the private placement to repay all of its borrowings under its revolving credit facility which were used to finance a previously completed acquisition of Monroe field properties in Louisiana. In addition, proceeds will fund a portion of its $100,000,000 acquisition of oil and natural gas properties in Central and East Texas.

On June 12, 2007, we invested $10,000,000 in International Resource Partners, L.P, a newly formed private partnership. International Resource Partners, L.P. acquired International Resources, L.L.C., the coal subsidiary of International Industries, Inc. The company s initial acquisition of surface and underground coal mine operations in southern West Virginia is comprised of metallurgical and steam coal reserves, a coal washing and preparation plant, rail load-out facilities and a sales and marketing subsidiary.

On June 15, 2007, we completed another follow-on investment, purchasing $10,000,011 in common units of High Sierra Energy, L.P. The company indicated that it plans to use the proceeds to support its continued expansion.

On June 29, 2007, we completed an additional $2,000,000 follow-on debt investment in Mowood, L.L.C.

Subsequent to these investments, the current weighted average yield on our investment portfolio (excluding short-term investments) is 8.6 percent.

Liquidity and Capital Resources

On February 7, 2007, we completed our initial public offering of 5,740,000 shares of common stock at $15.00 per share for gross proceeds of $86,100,000. After underwriting discount and offering expenses, we received net proceeds of $79,222,426. Upon completion of the offering, we redeemed all of the Series A Redeemable Preferred Stock at $15.00 per share plus a 2 percent premium, for a total redemption price of $18,870,000. After attributing $283,059 in value to the warrants, the redemption premium of $370,000 and $78,654 in issuance costs, we recognized a loss on redemption of the preferred shares of $731,713. In addition, accrued dividends in the amount of $228,750 were paid to the preferred stockholders. We have used approximately $12,600,000 of the net proceeds to repay the amount outstanding under the credit facility, and approximately $23,000,000 of the net proceeds to fund additional investments in new and existing portfolio companies this fiscal quarter. The remaining net proceeds of the offering have been used to purchase short-term, temporary investments. During the fiscal quarter ended May 31, 2007, 9,125 warrants were exercised at $15.00 per common share, for proceeds of $136,875.

We expect to raise additional capital to support our future growth through equity offerings, issuances of senior securities or future borrowings to the extent permitted by the 1940 Act and our current credit facility. We generally may not issue additional common shares at a price below our net asset value (net of any sales load (underwriting discount) without first obtaining approval of our stockholders and board of directors. Our stockholders granted us the authority to sell our common shares below net asset value, subject to certain conditions, through December 20, 2007. We are restricted in our ability to incur additional debt by the terms of our credit facility.

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Contractual Obligations

There have been no material changes outside the ordinary course of business in our contractual obligations during the fiscal quarter ended May 31, 2007.

Off-Balance Sheet Arrangements

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

Borrowings

On April 23, 2007, we replaced our previous credit facility with a new secured committed credit facility with U.S. Bank as a lender, agent and lead arranger, and Bank of Oklahoma, N.A. The new credit facility matures on March 21, 2008. On July 18, 2007, the new credit facility was amended to increase the maximum principal amount of the revolving credit facility from $20 million to $35 million. The revolving credit facility has a variable annual interest rate equal to the one-month LIBOR rate plus 1.75 percent and is secured by all assets of the Company. As of July 23, 2007, we had an outstanding principal balance of $3.6 million under the new credit facility.

In the future, we may fund additional investments through borrowings from banks or other lenders or issuing debt securities.

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Critical Accounting Policies

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

Valuation of Portfolio Investments

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

Interest and Fee Income Recognition

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

Security Transactions and Investment Income Recognition

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. Distributions received from our equity investments generally are comprised of ordinary income, capital gains and return of capital from the portfolio company. We record investment income and returns of capital based on estimates made at the time such distributions are received. Such estimates are based on information available from each portfolio company and/or other industry sources. These estimates may subsequently be revised based on information received from the portfolio companies after their tax reporting periods are concluded, as the actual character of these distributions are not known until after our fiscal year-end.

Federal and State Income Taxation

We, as a corporation, are obligated to pay federal and state income tax on our taxable income. Our tax expense or benefit is included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Quantitative and Qualitative Disclosures About Market Risk

Our business activities contain elements of market risk. We consider changes in interest rates and the effect such changes can have on the valuations of the distribution-paying equity securities and debt securities we hold and the cost of capital under our credit facility to be our principal market risk.

Interest rate risk primarily results from variable rate securities in which we invest. Debt investments in our portfolio are based on floating and fixed rates. Loans bearing a floating interest rate are usually based on LIBOR and, in most cases, 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 May 31, 2007, our floating rate debt investments totaled $3,750,000 (43 percent) of our total debt investments of $8,800,000. Based on a sensitivity analysis of the variable rate financial obligations in our portfolio at May 31, 2007, we estimate that a one percentage point interest rate movement in the average market interest rates (either higher or lower) over the ten days the obligations were outstanding during the period ended May 31, 2007 would either increase or decrease net investment income by approximately $1,000.

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. 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. Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board under a valuation policy and a consistently applied valuation process. 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 our investments may differ significantly from the values that would have been used had a ready market existed for such investments, and these differences could be material. As of May 31, 2007, the value of our long-term equity investments totaled $94,041,396. The impact of a 10% change in fair value of these investments (either higher or lower), net of deferred tax and capital gain incentive fees, would increase or decrease net assets applicable to common stockholders by approximately $4,400,000.

We consider the management of risk essential to conducting our businesses. Accordingly, our risk management systems and procedures are designed to identify and analyze our risks, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs.

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SENIOR SECURITIES

The following table sets forth information about our outstanding senior securities as of July 23, 2007, based on our total assets as of May 31, 2007. The indicates information which is not required to be disclosed for certain types of senior securities.

Title of Securities	Total Amount Outstanding Exclusive of Treasury Securities	Asset Coverage per Unit(1)	Involuntary Liquidation Preference per Unit	Average Market Value per Unit
Secured Revolving Credit Facility(2)	$ 3,600,000	$ 35,482		n/a

(1) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by $1,000 to determine the Asset Coverage per Unit.

(2) On April 23, 2007, we entered into the new credit facility with U.S. Bank as a lender, agent and lead arranger, and Bank of

Oklahoma, N.A. The new credit facility replaces our previous revolving credit facility with U.S. Bank. On July 18, 2007, the new credit facility was amended to increase the maximum principal amount of the revolving credit facility from $20 million to $35 million. As of July 23, 2007, we had an outstanding balance of $3.6 million under the new credit facility.

THE COMPANY

We invest primarily in privately-held and micro-cap public energy companies focused on the midstream and downstream segments, and to a lesser extent the upstream segment. We believe companies in the energy infrastructure generally produce stable cash flows as a result of their fee-based revenue and limited direct commodity price risk. Our goal is to provide our stockholders with a high level of total return, with an emphasis on dividends and dividend growth. We invest primarily in the equity securities of companies that we expect to pay us distributions on a current basis and provide us distribution growth. Under normal conditions, we intend to invest at least 90% of our total assets (including assets obtained through leverage) in companies in the energy infrastructure sector. Companies in the energy infrastructure sector include (i) companies that derive a majority of their revenues from activities within the downstream, midstream and upstream segments of the energy infrastructure sector, and (ii) companies that derive a majority of their revenues from providing products or services to such companies.

Companies in the midstream segment of the energy infrastructure sector engage in the business of transporting, processing or storing natural gas, natural gas liquids, coal, crude oil, refined petroleum products and renewable energy resources. Companies in the downstream segment of the energy infrastructure sector engage in distributing or marketing such commodities and companies in the upstream segment of the energy infrastructure sector engage in exploring, developing, managing, or producing such commodities. Our investments are expected to range between $5.0 million and $20.0 million per investment, although investment sizes may be smaller or larger than this targeted range.

We raised approximately $46.3 million of gross proceeds ($42.5 million of net proceeds) through sales of 3,088,596 common shares and warrants to purchase 772,124 of our common shares, the last of which occurred in January 2006. We raised an additional $18.4 million of net proceeds for investment purposes in December 2006 in a private placement in which we sold 1,233,333 shares of Series A Redeemable Preferred Stock and warrants to purchase 185,006 of our common shares. We raised approximately $79.5 million of net proceeds in our initial public offering on February 7, 2007 through the sale of 5,740,000 of our common shares. On February 7, 2007, we redeemed all of the Series A Redeemable Preferred Stock at $15.00 per share plus a 2 percent premium, for a total redemption price of $18,870,000. None of our warrants were redeemed. On April 23, 2007, we entered into the new credit facility with U.S. Bank as a lender, agent and lead arranger, and Bank of Oklahoma, N.A. The new credit facility replaces our previous revolving credit facility with U.S. Bank. On July 18, 2007, the new credit facility was amended to increase the maximum principal amount of the revolving credit facility from $20 million to $35 million. As of July 23, 2007, we had an outstanding balance of $3.6 million under the new credit facility.

As of June 26, 2007, we have invested a total of $124.7 million in 11 portfolio companies in the U.S. energy infrastructure sector. Of the $124.7 million, we have invested $82.9 million in the midstream and downstream segments of the U.S. energy infrastructure sector, $19.5 million in the upstream segment of the U.S. energy infrastructure sector and $22.3 million in other segments of the U.S. energy infrastructure sector.

The following table summarizes our investments in portfolio companies as of July 23, 2007. All of our investment securities were purchased directly from the portfolio company. Eagle Rock Energy Partners, L.P., EV Energy Partners, L.P. and Legacy Reserves L.P. are publicly-traded.

Company (Segment)	Principal Business	Funded Investment	Expected Current Yield
Eagle Rock Energy Partners, L.P. (Midstream)	Parent holding company of Eagle Rock Pipeline, L.P., a gatherer and processor of natural gas in north and east Texas	$12.1 million in registered Common Units	7.9%(1)
High Sierra Energy, L.P. (Midstream)	Diversified midstream operations primarily in Colorado, Wyoming and Florida	$24.8 million in Common Units	9.3%(1)
High Sierra Energy, GP, LLC (Midstream)	General Partner of High Sierra Energy, L.P.	$2.4 million in GP Interests	1.1%(3)
Quest Midstream Partners, L.P. (Midstream)	Operator of natural gas gathering pipeline network	$17.5 million in Common Units	7.7%(1)
Millennium Midstream Partners, L.P. (Midstream)	Gatherer and processor natural gas in Texas, Louisiana and offshore Gulf of Mexico	$17.5 million in Class A Common Units	8.5%(1)
		$0.02 million in Incentive Distribution Rights	n/a(3)
Mowood, LLC (Downstream)	Natural gas distribution in central Missouri with Department of Defense contract through 2014	$1.5 million in LLC Units $7.1 million in unsecured subordinated debt	10.0%(2) 12.0%
Legacy Reserves L.P. (Upstream)	Oil and natural gas production and development in the Permian Basin	$4.5 million in registered Limited Partner Units	9.6%(1)
Abraxas Energy Partners, L.P. (Upstream)	Natural gas and oil exploitation and development in the Delaware and Gulf Coast Basins of Texas	$7.5 million in Common Units	9.0%(1)
EV Energy Partners, L.P. (Upstream)	Acquirer, producer and developer of oil and gas properties	$7.5 million in unregistered Limited Partner Units	5.3%(1)

VantaCore Partners L.P. (Aggregate)	Acquirer and operator of aggregate companies	$8.5 million in Common Units $3.8 in a secured credit facility	9.5%(1) 10.8%(4)
		$0.0 million in Incentive Distribution Rights	n/a(3)

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Company (Segment)	Principal Business	Funded Investment	Expected Current Yield
International Resource Partners L.P. (Coal)	Produces both metallurgical and steam coal in Central Appalachia	$10.0 million in Class A Common Units	8.0%(1)
	Total Investments	$124.7 million	

(1) The expected current yield has been calculated by annualizing the most recent or anticipated recurring distribution and dividing by the amount invested in the underlying security. Actual distributions to us are based on each company s available cash flow. Distributions may be above or below the expected current yield and are subject to change.

(2) Represents an equity distribution on our invested capital. We expect that, pending cash availability, such equity distributions will recur on an

annual basis at or above such yield.

(3) Currently non-income producing.

(4) Floating interest rate

We are an externally managed, non-diversified closed end investment company that has elected to be regulated as a BDC under the 1940 Act. As a BDC, we are subject to numerous regulations and restrictions.

Our Advisor

We are managed by Tortoise Capital Advisors, a registered investment advisor specializing in the energy sector that had over $3.0 billion of assets under management as of June 30, 2007, including the assets of three other publicly traded closed-end management investment companies. Our Advisor s aggregate managed capital is among the largest of investment advisors managing closed-end management companies focused on the energy sector. Our advisor also manages the investments of TYG, TYY, TYN, TTRF and TGO. TYG is a publicly-traded, non-diversified, closed-end management investment company focused primarily on investing in MLPs in the midstream segment of the energy infrastructure sector. TYY is a publicly-traded, non-diversified, closed-end management investment company focused primarily on investing in MLPs in the midstream segment of the energy infrastructure sector. TYN is a publicly-traded, non-diversified, closed-end management investment company focused primarily on investing in publicly traded upstream Canadian royalty trusts and midstream and downstream income trusts, and publicly traded U.S. MLPs. TTRF is a privately held, closed-end management investment company owned primarily by institutions and focused primarily on investing in MLPs in the midstream segment of the energy infrastructure sector. TGO is a privately held, closed-end management investment company focused primarily on investing in companies in the upstream and midstream gas and oil segments of the energy sector. Our Advisor has limited experience managing a BDC, which is subject to different regulations than the other closed-end management investment companies managed by our Advisor. The members of our Advisor s investment committee have an average of 20 years of financial investment experience.

Our Advisor is controlled by Kansas City Equity Partners, L.C. (KCEP) and Fountain Capital Management, L.L.C. (Fountain Capital).

Our Advisor has 25 full time employees. Four of our Advisor s senior investment professionals are responsible for the origination, negotiation, structuring and managing of our investments. These four senior investment professionals have over 70 years of combined experience in energy, leveraged finance and private equity investing. Each of our Advisor s investment decisions will be reviewed and approved by its investment committee, which also acts as the investment committee for TYG, TYY, TYN, TTRF and TGO.

If TYG, TYY, TYN, TTRF or TGO were ever to target investment opportunities similar to ours, our Advisor intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objective and strategies and in accordance with written allocation policies of our Advisor, so that we will not be disadvantaged in relation to any other client. See Risk Factors Risks Related to Our Operations.

Our Advisor has retained Kenmont as a sub-advisor. Kenmont is a Houston, Texas-based registered investment advisor with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts to us and enhances our number and range of potential investment opportunities. The principals of Kenmont have collectively created and managed private equity portfolios in excess of $1.5 billion and have over 50 years of experience working for investment banks, commercial banks, accounting firms, operating companies and money management firms. Kenmont has no prior experience managing a BDC. Our Advisor compensates Kenmont for the services it provides to us. Our Advisor also indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. Entities managed by Kenmont own approximately 7.6% of our outstanding common shares and warrants to purchase an additional 281,666 of our common shares. See Advisor Sub-Advisor Arrangement.

U.S. Energy Infrastructure Sector Focus

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

Midstream the gathering, processing, storing and transmission of energy resources and their byproducts in a form that is usable by wholesale power generation, utility, petrochemical, industrial and gasoline customers, including pipelines, gas processing plants, liquefied natural gas facilities and other energy infrastructure.

Downstream the refining, marketing and distribution of refined energy sources, such as customer-ready natural gas, natural gas liquids, propane and gasoline, to end-user customers, and customers engaged in the generation, transmission and distribution of power and electricity.

Upstream the development and extraction of energy resources, including natural gas and crude oil from onshore and offshore geological reservoirs as well as from renewable sources, including agricultural, thermal, solar, wind and biomass.

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

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

Strong Supply and Demand Fundamentals. The U.S. is the largest consumer of crude oil and natural gas products, the third largest producer of crude oil and the second largest producer of natural gas products in the world. The United States Department of Energy s Energy Information Administration, or EIA, annually projects that domestic natural gas and refined petroleum products consumption will increase by 0.8% and 1.1%, respectively, through 2030. The midstream energy infrastructure segment provides the critical link between the suppliers of crude oil, natural gas, refined products and other forms of energy, whether domestically-sourced or imported, and the end-user. Midstream energy infrastructure companies are typically asset-intensive, with minimal variable cost requirements, providing operating leverage that allows them to generate attractive cash flow growth even with limited demand-driven or supply-driven growth.

Substantial Capital Requirements. We believe, based on industry sources, that approximately $20 billion of capital was invested in the midstream segment of the U.S. energy infrastructure sector during 2006. We believe that additional capital expenditures in the U.S. energy infrastructure sector will result from the signing of the Energy Policy Act of 2005 on August 8, 2005, which incorporates a number of incentives for additional investments in the energy infrastructure sector including business investment tax credits and accelerated tax depreciation.

Substantial Asset Ownership Realignment. We believe that in the midstream and downstream segments of the U.S. energy infrastructure sector, the acquisition and divestiture market has averaged approximately $34 billion of annual transactions between 2001 and 2006. We believe that such activity, particularly in the midstream segment, will continue as: larger integrated companies with high cost structures continue to divest energy infrastructure assets to smaller, more entrepreneurial companies;

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MLPs continue to pursue acquisitions to drive distribution growth; and private equity firms seek to aggregate midstream U.S. energy infrastructure assets for contribution to existing or newly-formed MLPs or other public or private entities.

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

Strong Demand Fundamentals. We believe that long-term projected growth in demand for the natural gas and refined petroleum products delivered to end-users by the downstream segment of the U.S. energy infrastructure sector, combined with the 1.5% annual growth in domestic power consumption projected by the EIA through 2030, will result in continued capital expenditures and investment opportunities in the downstream segment of the U.S. energy infrastructure sector.

Requirements to Develop New Downstream Infrastructure. With the trend towards increased heavy crude supply, high light-heavy crude oil pricing differentials and the impact of recent domestic capital-intensive environmental mandates, we believe that existing downstream infrastructure will require new capital investment to maintain an aging asset base as well as to upgrade the asset base to respond to the evolution of supply and environmental regulations.

Substantial Number of Downstream Companies. There are numerous domestic companies in the downstream segment of the U.S. energy infrastructure sector. For example, it is estimated by industry sources that over 8,000 retail propane companies operate in the U.S., and the EIA reports there are 114 domestic natural gas local distribution companies. We believe the substantial number of domestic companies in the downstream segment of the U.S. energy infrastructure sector provides consolidation opportunities, particularly among propane distributors.

Renewable Energy Resources Opportunities. The increasing domestic demand for energy, recently passed energy legislation and the rising cost of carbon-based energy supplies have all encouraged a renewed and growing interest in renewable energy resources. We believe that downstream renewable energy resource assets will be brought on-line, particularly for producing and processing ethanol. The demand for related project financing is expected to be significant and we believe will provide investment opportunities consistent with our investment objective.

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

Substantial Asset Ownership Realignment. We believe that in the upstream segment of the U.S. energy infrastructure sector, the property acquisition and divestiture market has averaged $38 billion of annual transactions between 2001 and 2006. During such period, of those transactions for which values have been reported, more than 78% have a value of less than $100 million. We believe this activity has been largely independent of commodity price fluctuations, and instead, has been driven by a combination of strategic business decisions and the desire to efficiently deploy capital. We believe that the fundamental factors that drive the upstream segment of the U.S. energy infrastructure sector acquisition and divestiture market will cause the level of activity to remain consistent with historical levels for the foreseeable future.

Substantial Number of Small and Middle Market Companies. We believe that there are more than 900 private domestic exploration and production businesses and more than 140 publicly-listed domestic exploration and production companies. Small and middle market exploration and production companies play an important role in the upstream segment of the U.S. energy infrastructure sector, with a significant share of all domestic natural gas production and crude oil and natural gas drilling activity.

Increasing Importance of MLP Market for Upstream Energy Companies. We believe that there will continue to be an increasing number of MLPs operating in the upstream segment of the energy infrastructure sector. We believe that attractive investment opportunities exist in those upstream MLPs whose cash distributions allow them to reserve funds to be used for the replacement of depleted assets. We also believe that the ratio of subordinated units to common units in a typical MLP structure helps mitigate the commodity exposure of the upstream MLPs for their common unit investors.

Market Opportunity

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

Increased Demand Among Small and Middle Market Private Companies for Capital. We believe many private and micro-cap public companies have faced increased difficulty accessing the capital markets due to a continuing preference by investors for issuances in larger companies with more liquid securities. Such difficulties have been magnified in asset-focused and capital intensive industries such as the U.S. energy infrastructure sector. We believe that the energy infrastructure sector s high level of projected capital expenditures and continuing acquisition and divestiture activity will provide us with numerous attractive investment opportunities.

Investment Activity Private Equity Capital Sponsors. We believe there is a large pool of uninvested private equity capital available for private and micro-cap public companies, including those involved in the energy infrastructure sector. Given the anticipated positive long-term supply and demand dynamics of the energy industry and the current and expected public market valuations for companies involved in certain sectors of the energy industry, private equity capital has been increasingly attracted to the energy infrastructure sector. In particular, we believe that the public market valuations of many MLPs will cause private equity firms to invest in and aggregate smaller energy infrastructure assets. We also expect those private equity firms to combine their capital with equity or mezzanine debt investors sources such as ourselves.

Finance Market for Small and Middle Market Energy Companies is Underserved by Many Capital Providers. We believe that many lenders have, in recent years, de-emphasized their service and product offerings to small and middle market energy companies in favor of lending to large corporate clients and managing capital markets transactions. We believe, in addition, that many capital providers lack the necessary technical expertise to evaluate the quality of the underlying assets of small and middle market private companies and micro-cap public companies in the energy infrastructure sector and lack a network of relationships with such companies.

Attractive Companies with Limited Access to Other Capital. We believe there are, and will continue to be, attractive companies that will benefit from private equity investments prior to a public offering of their equity, whether as an MLP or otherwise. We also believe that there are a number of companies in the midstream and downstream segments of the U.S. energy infrastructure sector with the same stable cash flow characteristics as those being acquired by MLPs or funded by private equity capital in anticipation of contribution to an MLP. We believe that many such companies are not being acquired by MLPs or attracting private equity capital because they do not produce income that qualifies for inclusion in an MLP pursuant to the applicable U.S. Federal income tax laws, are perceived by such investors as too small, or are in areas of the midstream energy infrastructure segment in which most MLPs do not have specific expertise. We believe that these companies represent attractive investment candidates for us.

Competitive Advantages

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

Existing Investment Platform with Experience and Focus on the Energy Infrastructure Sector. We believe that our Advisor s current investment platform provides us with significant advantages in sourcing, evaluating, executing and managing investments. As of June 30, 2007, our Advisor managed investments of over $3.0 billion in the energy sector, including the assets of three other publicly traded closed-end management investment companies. Our Advisor created the first publicly traded closed-end management investment company focused primarily on investing in MLPs involved in the energy infrastructure sector, and its aggregate managed capital is among the largest of those closed-end management investment company advisors focused on the energy infrastructure sector.

Experienced Management Team. The members of our Advisor s investment committee have an average of over 20 years of financial investment experience. Our Advisor s four senior investment professionals are responsible for the negotiation, structuring and managing of our investments and have over 70 years of combined experience in energy, leveraged finance and private equity investing. We believe that as a result of this extensive experience, the members of our Advisor s investment committee and the Advisor s senior investment professionals have developed strong reputations in the capital markets, particularly in the energy infrastructure sector, that we believe affords us a competitive advantage in identifying and investing in energy infrastructure companies.

Disciplined Investment Philosophy. In making its investment decisions, our Advisor intends to continue the disciplined investment approach that it has utilized since its founding. That investment approach emphasizes significant current income with the potential for enhanced returns through dividend growth, capital appreciation, low volatility and minimization of downside risk. Our Advisor s investment process involves an assessment of the overall attractiveness of the specific subsector of the energy infrastructure segment in which a prospective portfolio company is involved; such company s specific competitive position within that subsector; potential commodity price, supply and demand and regulatory concerns; the stability and potential growth of the prospective portfolio company s cash flows; the prospective portfolio company s management track record and incentive structure and our Advisor s ability to structure an attractive investment.

Flexible Transaction Structuring. We are not subject to many of the regulatory limitations that govern traditional lending institutions such as commercial banks. As a result, we can be flexible in structuring investments and selecting the types of securities in which we invest. Our Advisor s senior investment professionals have substantial experience in structuring investments that balance the needs of energy infrastructure companies with appropriate risk control.

Extended Investment Horizon. Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. These provisions often force private equity and venture capital funds to seek quicker returns on their investments through mergers, public equity offerings or other liquidity events than m