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TORTOISE ENERGY INFRASTRUCTURE CORP

Form N-2/A

July 07, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 7, 2005

1933 ACT FILE NO. 333-124079

1940 ACT FILE NO. 811-21462

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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-2

(CHECK APPROPRIATE BOX OR BOXES)

☒ REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

☒ PRE-EFFECTIVE AMENDMENT NO. 1

☐ POST-EFFECTIVE AMENDMENT NO. ____

AND

☒ REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

☒ AMENDMENT NO. 19

TORTOISE ENERGY INFRASTRUCTURE CORPORATION

10801 MASTIN BOULEVARD, SUITE 222

OVERLAND PARK, KANSAS 66210

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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 are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. ☐

It is proposed that this filing will become effective (check appropriate box)
/ / when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

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TITLE OF SECURITIES BEING REGISTERED	AMOUNT REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED AGGREGATE PRICE
Series II Money Market Cumulative Preferred Shares.....	1,400	\$25,000	\$35,000

THE REGISTRANT INTENDS TO AMEND THIS REGISTRATION STATEMENT ON SUCH LATER DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES 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 COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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

SUBJECT TO COMPLETION, DATED JULY 7, 2005

PROSPECTUS

LOGO

\$35,000,000
TORTOISE ENERGY INFRASTRUCTURE CORPORATION
1,400 SERIES II MONEY MARKET CUMULATIVE PREFERRED (MMP(R)) SHARES
Liquidation Preference \$25,000 per share

Tortoise Energy Infrastructure Corporation (the "Company") is a nondiversified, closed-end management investment company that commenced operations in February 2004. The Company's investment objective is to seek a high level of total return with an emphasis on current distributions to stockholders.

The Company is offering an additional series ("Series II") of auction rate preferred stock (referred to as "Money Market Cumulative Preferred Shares" or "MMP Shares") in this Prospectus. The Series II MMP Shares offered in this Prospectus, together with the previously issued and currently outstanding MMP Shares ("Series I"), are collectively referred to as "MMP Shares." Individual series of MMP Shares are referred to as a "series". Except as otherwise described in this Prospectus, the terms of this series and all other series are the same.

Investors in MMP Shares will be entitled to receive cash dividends at an annual rate that may vary for each dividend period. The dividend rate for the initial period for Series II from and including the issue date through _____, 2005 will be ____% per year. For each subsequent dividend period, the dividend

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rate will be determined by an auction conducted in accordance with the procedures described in this Prospectus, and in additional detail in Appendix A to the Statement of Additional Information. Generally, following the initial dividend period, each dividend period will be twenty-eight (28) days.

MMP Shares will not be listed on any exchange or automated quotation system. Generally, investors may only buy and sell MMP Shares through an order placed at an auction with or through a broker-dealer that has entered into an agreement with the auction agent or in a secondary market that those broker-dealers may maintain. These broker-dealers are not required to maintain a market in MMP Shares, and a secondary market, if one develops, may not provide investors with liquidity. See "Risk Factors - Risks of Investing in MMP Shares - Secondary Market Risk."

(continued on next page)

INVESTING IN MMP SHARES INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 32 OF THIS PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PER SHARE	TOTAL
	-----	-----
Public offering price.....	\$25,000	\$
Sales Load.....	\$	\$
Proceeds to the Company (before expenses) (1)	\$	\$

The underwriters expect to deliver the Series II MMP Shares in book-entry form, through the facilities of The Depository Trust Company, to broker-dealers on or about _____, 2005.

LEHMAN BROTHERS

STIFEL, NICOLAUS & COMPANY
INCORPORATED

, 2005

On July 15, 2004, the Company issued two series (Series A and Series B) of auction rate senior notes ("Tortoise Notes") due July 15, 2044, in an aggregate principal amount of \$110,000,000. On September 16, 2004, the Company issued 1,400 MMP Shares (referred to in this Prospectus as "Series I MMP Shares"), liquidation preference \$25,000 per share (\$35,000,000 aggregate

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liquidation preference). On April 11, 2005, the Company issued an additional series (Series C) of Tortoise Notes due April 11, 2045, in an aggregate principal amount of \$55,000,000. The outstanding Tortoise Notes are rated "Aaa" and "AAA" by Moody's Investors Service Inc. ("Moody's") and Fitch Ratings ("Fitch"), respectively. The Series I MMP Shares are rated "Aa2" and "AA" by Moody's and Fitch, respectively. The Company may issue additional series of Tortoise Notes or MMP Shares in the future. The MMP Shares and the Tortoise Notes are intended to increase funds available for investment. This practice, which is known as leverage, is speculative and involves significant risks.

This offering is conditioned upon the Series II MMP Shares receiving a rating of "Aa2" from Moody's and "AA" from Fitch.

MMP Shares are senior in liquidation and distribution rights to the Company's common stock. MMP Shares are junior in liquidation and distribution rights to Tortoise Notes.

The Company's investment objective is to seek a high level of total return with an emphasis on current distributions paid to stockholders. Under normal circumstances, the Company invests at least 90% of total assets (including assets obtained through leverage) in securities of energy infrastructure companies, and invests at least 70% of total assets in equity securities of master limited partnerships. Energy infrastructure companies engage in the business of transporting, processing, storing, distributing or marketing natural gas, natural gas liquids (primarily propane), coal, crude oil or refined petroleum products, or exploring, developing, managing or producing such commodities. There can be no assurance that the Company will achieve its investment objective. Tortoise Capital Advisors, LLC serves as the Company's investment adviser.

This Prospectus sets forth concisely the information about the Company that a prospective investor should know before investing. You should read this Prospectus, which contains important information about the Company, before deciding whether to invest and retain it for future reference. A Statement of Additional Information, dated _____, 2005, and as it may be supplemented, containing additional information about the Company, has been filed with the Securities and Exchange Commission (the "Commission") and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of the Statement of Additional Information, the table of contents of which is on page ___ of this Prospectus, request a free copy of the Company's annual and semi-annual reports, request other information or make shareholder inquiries, by calling toll-free at (888) 728-8784 or by writing to the Company. The Company's annual, semi-annual and quarterly reports and the Statement of Additional Information are also available on the Company's website at www.tortoiseenergy.com. You may also obtain copies of these documents (and other information regarding the Company) from the Commission's web site (<http://www.sec.gov>). You also may email requests for these documents to the Commission at publicinfo@sec.gov or make a request in writing to the Commission's Public Reference Section, Washington D.C. 20549-0102. Copies of the documents may be obtained from the Commission upon paying the applicable fee.

The MMP Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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You should rely only on the information contained in or incorporated by reference in this Prospectus. Neither the Company nor the underwriters have authorized anyone to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. The Company is not, and the underwriters are not, making an offer to sell these Series II MMP Shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this Prospectus is accurate only as of the date of this Prospectus, and that the Company's business, financial condition and prospects may have changed since this date. The Company will amend or supplement this Prospectus to reflect material changes to the information contained in this Prospectus to the extent required by applicable law.

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PROSPECTUS SUMMARY

This is only a summary. You should review the more detailed information contained elsewhere in this Prospectus and in the Statement of Additional Information, including the Articles Supplementary related to Series II Money Market Cumulative Preferred Shares ("Series II MMP Shares") (the "Articles Supplementary") attached as Appendix A to the Statement of Additional Information. Capitalized terms used but not defined in this Prospectus shall have the meanings given to such terms in Appendix A of the Statement of Additional Information.

The Company.....	Tortoise Energy Infrastructure Corporation (the "Company") is a nondiversified, closed-end management investment company
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that commenced operations in February 2004. The Company's common stock, \$0.001 par value per share, is traded on the New York Stock Exchange ("NYSE") under the symbol "TYG." See "Description of Common Stock." As of May 31, 2005, the Company had 14,787,324 shares of common stock outstanding and net assets applicable to shares of common stock of approximately \$410 million.

The Adviser.....

Tortoise Capital Advisors, LLC (the "Adviser") was formed in October 2002 to provide portfolio management services to institutional and high-net-worth investors seeking professional management of their MLP investments. The Adviser is controlled equally by Fountain Capital Management, L.L.C. ("Fountain Capital") and Kansas City Equity Partners LC ("KCEP"). As of May 31, 2005, the Adviser had approximately \$1.16 billion of client assets under management. The Adviser's investment committee is comprised of five portfolio managers.

The principal business address of the Adviser is 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210.

The Offering

The Company is offering 1,400 Series II MMP Shares at a purchase price of \$25,000 per share (\$35,000,000 aggregate liquidation preference) plus accumulated dividends, if any, from the Original Issue Date. Series II MMP Shares are being offered by Lehman Brothers Inc. and Stifel, Nicolaus & Company, Incorporated as underwriters. See "Underwriting."

It is a condition of the underwriters' obligation to purchase the Series II MMP Shares that the Series II MMP Shares receive a rating of "Aa2" from Moody's Investors Service Inc. ("Moody's") and "AA" from Fitch Ratings ("Fitch").

The issuance of MMP Shares represents the leveraging of the Company's common stock. See "Risk Factors -

General Risks of Investing in the Company - Leverage Risk."

The Company anticipates that it will be able to invest the net proceeds of this offering in securities of energy infrastructure companies that meet the Company's investment objective and policies within approximately three months after the completion of this offering. Because of the investment

opportunities presented by restricted MLP securities and the limited trading volume of certain publicly traded MLP securities, the Company often relies on direct placements to acquire portfolio securities. To the extent direct placement opportunities are not available, the Company would have to acquire such securities in the open market, which could take longer than the three-month period following this offering. Pending investment in securities that meet the Company's investment objective, it is anticipated that the proceeds will be invested in securities issued by the U.S. government or its agencies or instrumentalities or in high quality short-term or long-term debt obligations.

MMP Shares.....

MMP Shares are not listed on an exchange or automated quotation system. Instead, you may buy or sell MMP Shares at an Auction that normally is held every twenty-eight (28) days by submitting orders to a Broker-Dealer. In addition to the Auctions, Broker-Dealers and other broker-dealers may maintain a secondary trading market in MMP Shares outside of Auctions, but may discontinue this activity at any time. There is no assurance that a secondary market will provide MMP stockholders with liquidity. You may transfer MMP Shares outside of Auctions only to or through a Broker-Dealer, or a broker-dealer that has entered into a separate agreement with a Broker-Dealer or to the Company or any of its affiliates, in certain cases.

For Series II MMP Shares, the dividend rate for the initial Dividend Period from and including the Original Issue Date through _____, 2005, will be ____% per year. The first Auction Date for Series II MMP Shares will be _____, 2005 and the initial Dividend Payment Date will be _____, 2005. Subsequent Auctions generally will be held every twenty-eight (28) days unless the then current Dividend Period is a Special Dividend Period, the date that normally would be the Auction Date is not a Business Day or unforeseen events preclude the holding of an Auction.

Auction Procedures.....

You may buy, sell or hold MMP Shares through an Auction. Beneficial Owners and Potential Beneficial

Auctions only by submitting Orders through broker-dealers who have entered into an agreement with the Auction Agent and the Company (a "Broker-Dealer") or through a broker-dealer that has entered into a separate agreement with a Broker-Dealer. In general, the types of Orders that may be placed with a Broker-Dealer include: Hold Orders, Sell Orders, Bids to sell and Bids to purchase. The following is a brief summary of the Auction Procedures for both Beneficial Owners and Potential Beneficial Owners. See "The Auction--Auction Procedures" for more detailed information.

Beneficial Owners. Prior to the Submission Deadline on each Auction Date for MMP Shares, each Beneficial Owner may submit Orders with respect to a series of MMP Shares to a Broker-Dealer as follows:

- o Hold Order - indicating its desire to hold MMP Shares of such series without regard to the Applicable Rate for MMP Shares of such series for the next succeeding Dividend Period of MMP Shares of such series.

- o Bid - indicating its desire to sell the number of Outstanding MMP Shares, if any, of such series held by such Beneficial Owner if the Applicable Rate for MMP Shares of such series for the next succeeding Dividend Period of MMP Shares of such series shall be less than the rate per annum specified by such Beneficial Owner (also known as a hold at rate order).

- o Sell Order - indicating its desire to sell the number of Outstanding MMP Shares, if any, of such series held by such Beneficial Owner without regard to the Applicable Rate for MMP Shares of such series for the next succeeding Dividend Period of MMP Shares of such series.

Orders submitted (or the failure to do so) by Beneficial Owners under certain circumstances will have the effects as described below:

- o A Beneficial Owner of MMP Shares of such series that submits a Bid with respect to MMP Shares of such series to its Broker-Dealer having a rate higher than the Maximum Rate for MMP Shares of such series on the Auction Date will be treated as having submitted a Sell Order with respect to such MMP Shares.

- o A Beneficial Owner of MMP Shares of such series that fails to submit an Order with

respect to such MMP Shares to its Broker-Dealer will be deemed to have

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submitted a Hold Order with respect to such MMP Shares; provided, however, that if a Beneficial Owner of Series II MMP Shares fails to submit an Order with respect to Series II MMP Shares to its Broker-Dealer for an Auction relating to a Special Dividend Period of more than twenty-eight (28) days, such Beneficial Owner will be deemed to have submitted a Sell Order with respect to Series II MMP Shares.

Potential Beneficial Owners. A customer of a Broker-Dealer that is not a Beneficial Owner of a series of MMP Shares but that wishes to purchase MMP Shares of such series, or that is a Beneficial Owner of a series of MMP Shares that wishes to purchase additional MMP Shares of such series (in each case, a "Potential Beneficial Owner"), may submit Bids to its Broker-Dealer in which it offers to purchase such number of Outstanding MMP Shares of such series specified in such bid if the Applicable Rate for MMP Shares of such series determined on such Auction Date shall be higher than the rate specified in such Bid. A Bid placed by a Potential Beneficial Owner of MMP Shares of such series specifying a rate higher than the Maximum Rate for MMP Shares of such series on the Auction Date will not be accepted.

The Auction Process. If Sufficient Clearing Bids for a series of MMP Shares exist (that is, the aggregate number of MMP Shares of such series subject to Submitted Bids of Potential Beneficial Owners specifying one or more rates between the Minimum Rate (for Standard Dividend Periods or less, only) and the Maximum Rate (for all Dividend Periods) for MMP Shares of such series exceeds, or is equal to, the number of MMP Shares of such series subject to Submitted Sell Orders), the Applicable Rate for MMP Shares of such series for the next succeeding Dividend Period will be the lowest rate specified in the Submitted Bids which, taking into account such rate and all lower rates bid by Broker-Dealers as or on behalf of Beneficial Owners and Potential Beneficial Owners, would result in Beneficial Owners and Potential Beneficial Owners owning the aggregate number of MMP Shares of such series available for purchase in the Auction.

If Sufficient Clearing Bids for a series of MMP Shares do not exist (other than because all of the Outstanding MMP Shares of such series are subject to Submitted Hold Orders), then the Applicable Rate for all MMP Shares of such series for the next succeeding Dividend

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Period will be the Maximum Rate for MMP Shares of such series.

The Auction Procedures include a pro rata allocation of MMP Shares for purchase and sale, which may result in a Beneficial Owner continuing to hold or selling, or a Potential Beneficial Owner purchasing, a number of MMP Shares of a series that is less than the number of MMP Shares of such series specified in its Order. To the extent the allocation procedures have that result, Broker-Dealers will be required to make appropriate pro rata allocations among their respective customers.

Settlement of purchases and sales will be made on the next Business Day (also a Dividend Payment Date) after the Auction Date through the Securities Depository in accordance with the Securities Depository's normal procedures.

Dividends and Dividend
Periods.....

The initial Dividend Period shall be ____ (____) days for the Series II MMP Shares. Subsequent to the initial Dividend Period, each Dividend Period for Series II MMP Shares generally will be twenty-eight (28) days in length. The Applicable Rate for a particular Dividend Period usually will be determined by an Auction conducted on the Business Day immediately preceding the start of the Dividend Period. In most instances, dividends are also payable every twenty-eight (28) days, on the day following the end of the Dividend Period. Prior to any Auction, the Company may elect, subject to limitations described herein, upon giving notice to the Auction Agent and each Broker-Dealer, a Special Dividend Period. A Special Dividend Period is a Dividend Period consisting of a specified number of days (other than twenty-eight (28) for Series II MMP Shares). A Special Dividend Period will not be effective unless Sufficient Clearing Bids exist at the Auction in respect of a Special Dividend Period. If Sufficient Clearing Bids do not exist at the Auction, the Dividend Period commencing on the

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Business Day succeeding the Auction will be a twenty-eight (28) day Dividend Period. See "Description of Money Market Cumulative Preferred Shares--Dividends and Dividend Periods--Determination of Dividend Rate" and "The Auction."

Determination of
Applicable Rate.....

Except during a Default Period, the Applicable Rate for any Dividend Period for a series of MMP Shares will not be more than the Maximum Rate. The Maximum Rate will depend on the credit rating assigned to that series of MMP Shares and on the duration of the Dividend Period. The Maximum Rate will be the Applicable Percentage of

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the Reference Rate, subject to upward but not downward adjustment in the discretion of the Board of Directors after consultation with the Broker-Dealers. The Applicable Percentage will be determined based on the lower of the credit ratings assigned on that date to that series of MMP Shares by Moody's and Fitch, as follows:

MOODY'S CREDIT RATING	FITCH CREDIT RATING	APPLICABLE PERCENTAGE
-----	-----	-----
Aa3 or above	AA- or above	200%
A3 to A1	A- to A+	250%
Baa3 to Baa1	BBB- to BBB+	275%
Below Baa3	Below BBB-	300%

For Standard Dividend Periods or less only, the Applicable Rate resulting from an Auction will not be less than the Minimum Rate. The Applicable Rate for any Dividend Period commencing during any Default Period, and the Default Rate described under "Description of Money Market Cumulative Preferred Shares," initially will be 300% of the Reference Rate. The Reference Rate is the greater of:

(1) the applicable AA Composite Commercial Paper Rate (for a Dividend Period of fewer than 184 days) or the applicable Treasury Index Rate (for a Dividend Period of 184 days or more), or

(2) the applicable London-Interbank Offered Rate ("LIBOR").

Restrictions on Dividends,
Redemption and Other
Payments.....

As of May 31, 2005, the Company had three

series of auction rate senior notes outstanding in an aggregate principal amount of \$165,000,000 ("Tortoise Notes"), which constitute senior securities representing indebtedness (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")). The Company may not declare any dividend on MMP Shares of any series unless, after giving effect to such dividend, asset coverage with respect to such Tortoise Notes (and any other Borrowings) is at least 200%. In addition, the Company would not be permitted to declare any other distribution on or purchase or redeem MMP Shares of any series unless, after giving effect to such distribution, purchase or redemption, asset coverage with respect to such Tortoise Notes (and any other Borrowings) is at least 300%. Dividends or other distributions on, or redemptions or purchases of, MMP Shares of any series also would be prohibited at any time that an event of default under the Tortoise Notes (and any other Borrowings) has occurred and is continuing. See

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"Description of Money Market Cumulative Preferred Shares--Restrictions on Dividend, Redemption and Other Payments." In addition, the Company may make further use of financial leverage through other Borrowings (defined below) which constitute senior securities representing indebtedness under the 1940 Act.

Asset Maintenance.....

The Company must maintain Eligible Assets having an aggregated Discounted Value at least equal to the MMP Shares Basic Maintenance Amount as of each Valuation Date. The Company also must maintain asset coverage for the MMP Shares on a non-discounted basis of at least 200% as of the last business day of each month (the "1940 Act MMP Shares Asset Coverage"). See "Rating Agency Guidelines."

The Discount Factors and guidelines for calculating the Discounted Value of the Company's portfolio for purposes of determining whether the MMP Shares Basic Maintenance Amount has been satisfied have been established by Moody's and Fitch in connection with the Company's receipt from Moody's and Fitch of the "Aa2" and "AA" Credit Ratings, respectively, with respect to the Series II MMP Shares on their Original Issue Date.

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The Company estimates that on the Original Issue Date, the 1940 Act MMP Shares Asset Coverage, based on the composition of its portfolio as of May 31, 2005, after giving effect to the issuance of the Series II MMP Shares offered hereby (\$35,000,000) and the deduction of the sales load and estimated offering expenses for Series II MMP Shares (\$577,050), will be 274%.

In addition, the Company must maintain asset coverage requirements imposed in connection with Tortoise Notes and there may be additional asset coverage requirements imposed in connection with other Borrowings, if any.

Redemption.....

Although the Company ordinarily will not redeem MMP Shares, it may be required to redeem MMP Shares if, for example, the Company does not meet an asset coverage ratio required by law or in order to correct a failure to meet Rating Agency Guidelines in a timely manner. The Company may voluntarily redeem MMP Shares in certain circumstances. See "Description of Money Market Cumulative Preferred Shares--Redemption."

Liquidation Preference.....

The liquidation preference of the Series II MMP Shares will be \$25,000 per share plus accumulated but unpaid dividends, if any, thereon. See "Description of Money

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Market Cumulative Preferred
Shares--Liquidation Rights."

Voting Rights.....

Except as otherwise indicated, holders of MMP Shares have one vote per share and vote together with holders of common stock as a single class.

The 1940 Act requires that the holders of the MMP Shares and any other preferred stock voting as a separate class have the right to elect two directors of the Company at all times. The holders of outstanding common stock and preferred stock, including MMP Shares, voting together, shall elect the remainder. However, upon the Company's failure to pay dividends on preferred stock in an amount equal to two full years of dividends, the holders of preferred stock have the right to elect, as a class, the smallest number of additional directors as shall be necessary to assure that a majority of the directors has been elected by the holders of preferred stock. The terms of the

additional directors shall end when the Company pays or provides for all accumulated and unpaid dividends. See "Description of Money Market Cumulative Preferred Shares--Voting Rights."

Investment Objective and
Principal Investment
Strategies.....

The Company's investment objective is to seek a high level of total return with an emphasis on current distributions to stockholders. There is no assurance that the Company will attain its investment objective. See "Investment Objective and Principal Investment Strategies" and "Risk Factors."

Under normal circumstances, the Company invests at least 90% of its total assets (including assets obtained through leverage) in securities of energy infrastructure companies, and invests at least 70% of its total assets in equity securities of MLPs. Energy infrastructure companies engage in the business of transporting, processing, storing, distributing or marketing natural gas, natural gas liquids (primarily propane), coal, crude oil or refined petroleum products, or exploring, developing, managing or producing such commodities. The Company invests solely in energy infrastructure companies organized in the United States. All publicly traded companies in which the Company invests have an equity market capitalization greater than \$100 million.

MLP Securities. The Company invests primarily in equity securities of MLPs, which currently consist of the following instruments: common units, convertible subordinated units, I-Shares and limited liability

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company ("LLC") common units. As of the date of this Prospectus, almost all MLP common units, I-Shares and LLC common units in which the Company invests are listed and traded on the NYSE, American Stock Exchange ("AMEX") or NASDAQ National Market. The Company also may purchase MLP common units through direct placements. MLP convertible subordinated units are not listed or publicly traded, and typically are purchased in directly negotiated transactions with MLP affiliates or institutional holders of such shares.

MLP common unit holders have typical limited partner rights, including limited management and voting rights. MLP common units have priority over convertible subordinated units upon liquidation. Common unit holders are entitled to minimum quarterly distributions ("MQD"), including arrearage rights, prior to any distribution payments to convertible subordinated unit holders or incentive distribution payments to the general partner. MLP convertible subordinated units are convertible to common units on a one-to-one basis after the passage of time and/or achievement of specified financial goals. MLP convertible subordinated units are entitled to MQD after the payments to holders of common units and before incentive distributions to the general partner. MLP convertible subordinated units do not have arrearage rights. I-Shares typically are issued by a limited liability company that owns an interest in and manages an MLP. An I-Share issuer's assets consist solely of MLP I-units and therefore I-Shares represent an indirect investment in MLPs, I-Shares have similar features to common units except that distributions are payable in additional I-Shares rather than cash. The Company invests in I-Shares only if it believes it will have adequate cash to satisfy its distribution targets.

Recently, some energy infrastructure companies in which the Company may invest have been organized as LLCs. Such companies are treated in the same manner as MLPs for federal income tax purposes and, unless otherwise noted, the term MLP includes all entities that are treated in the same manner as MLPs for federal income tax purposes regardless of their form of organization. Consistent with its investment objective and policies, the Company may invest in common units or other securities of such LLCs. These common units possess characteristics similar to those of MLP common units, as discussed in more detail below. See "Investment Objectives and Principal Investment

Strategies - Investment Securities - Limited Liability Company Common Units."

Other Securities. Although the Company also may invest in equity and debt securities of energy infrastructure companies that are organized and/or taxed as corporations, it is likely that any such investments will be

in debt securities because the dividends from equity securities from such corporations typically do not meet the Company's investment objective. The Company also may invest in securities of general partners or other affiliates of MLPs and private companies operating energy infrastructure assets.

Nonfundamental Policies. The Company has adopted the following additional nonfundamental investment policies:

- o The Company may invest up to 30% of its total assets in restricted securities, primarily through direct placements. Subject to this policy, the Company may invest without limitation in illiquid securities. The types of direct placements that the Company may purchase consist of MLP convertible subordinated units, MLP common units and securities of private energy infrastructure companies (i.e., non-MLPs). Investments in private companies that do not have any publicly traded shares or units outstanding are limited to 5% of total assets.
- o The Company may invest up to 25% of its total assets in debt securities of energy infrastructure companies, including securities rated below investment grade (commonly referred to as "junk bonds"). Below investment grade debt securities will be rated at least B3 by Moody's and at least B- by Standard & Poor's Ratings Group ("S&P") at the time of purchase, or comparably rated by another statistical rating organization or if unrated, determined to be of comparable quality by the Adviser.
- o The Company will not invest more than 10% of total assets in any single issuer.
- o The Company will not engage in short sales.

The Company may change its nonfundamental investment policies without stockholder approval and will provide notice to stockholders of material changes (including notice through stockholder reports); provided, however, that a change in the policy of investing at least

90% of its total assets in energy infrastructure companies requires 60 days' prior written notice to stockholders. Unless otherwise stated, all investment restrictions apply only at the time of purchase and the Company will not be required to reduce a position due solely to market value fluctuations. The term total assets includes assets obtained through leverage for the purpose of each investment restriction. The Company may deviate temporarily from its nonfundamental investment policies pending investment of the leverage proceeds. Pending receipt of the leverage proceeds of this offering, the Board of Directors has approved an interim policy permitting investments in a single issuer in excess of 10% of total assets under limited circumstances (but not exceeding 12%). The interim policy will terminate upon the receipt of the proceeds of Series II MMP Shares.

Under adverse market or economic conditions or pending investment of leverage proceeds, the Company may invest up to 100% of its total assets in securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, short-term debt securities, certificates of deposit, bankers' acceptances and other bank obligations, commercial paper rated in the highest category by a rating agency or other fixed income securities deemed by the Adviser to be consistent with a defensive posture, or may hold cash. The Adviser also may invest in such instruments to meet working capital needs including, but not limited to, for collateral in connection with certain investment techniques, to hold a reserve pending payment of distributions, and to facilitate the payment of expenses and settlement of trades. The yield on such securities may be lower than the returns on MLPs or yields on lower rated fixed income securities. To the extent the Company uses this strategy, it may not achieve its investment objective.

Hedging Transactions.....

The Company currently uses, and may in the future use, interest rate transactions for hedging purposes only, in an attempt to reduce the interest rate risk arising from the Company's leveraged capital structure. The Company has entered into interest rate swap transactions intended to hedge the

Company's interest payment obligations under currently outstanding Series A, Series B and Series C Tortoise Notes against material increases in interest rates through June 2011 with respect to Series A and Series B Tortoise Notes and through April 2014 with respect to Series C Tortoise Notes. The Company's dividend payment obligations under the currently outstanding Series I MMP Shares remain unhedged as of the date of this Prospectus. The

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Company does not intend to hedge interest rate risk of its portfolio holdings. Interest rate transactions that the Company may use for hedging purposes may expose the Company to certain risks that differ from the risks associated with its portfolio holdings. See "Investment Objective and Principal Investment Strategies - Hedging Transactions" and "Risk Factors - General Risks of Investing in the Company - Hedging Risk."

Leverage.....

The Company intends to issue Series II MMP Shares in an amount representing approximately 5% of its total assets, which, together with already outstanding Tortoise Notes and MMP Shares, will represent approximately 33% of its total assets, as of May 31, 2005 (including the proceeds of Series II MMP Shares). The Company intends to use leverage proceeds primarily for investment purposes. The Company may leverage through other borrowings, including the issuance of additional series of Tortoise Notes or through commercial paper. The Company also may leverage through the issuance of additional series of MMP Shares. The timing and terms of any leverage transactions will be determined by the Company's Board of Directors. Throughout this Prospectus, Tortoise Notes, commercial paper or other borrowings, are collectively referred to as "Borrowings." Payments to holders of MMP Shares in liquidation or otherwise will be subject to the prior payment of all outstanding indebtedness, including Borrowings.

Risks.....

The following discussion summarizes the principal risks that you should consider before investing in MMP Shares and the Company. For additional information about the risks associated with MMP Shares and the

Company, see "Risk Factors."

Risks of MMP Shares. The primary risks of investing in MMP Shares are as follows:

Interest Rate Risk. MMP Shares pay dividends based on short-term interest rates. If short-term interest rates rise, dividends on the MMP Shares may rise so that the amount of dividends due to holders of MMP Shares would exceed the Distributable Cash Flow (as defined below) by the Company's portfolio securities. This might require that the Company sell portfolio securities at a time when it would otherwise not do so, which may affect adversely the Company's future ability to generate cash flow. In addition, rising market interest rates could impact negatively the value of the Company's

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investment portfolio, reducing the amount of assets serving as asset coverage for the MMP Shares.

Auction Risk. You may not be able to sell your MMP Shares at an Auction if the Auction fails; that is, if there are more MMP Shares offered for sale than there are buyers for those MMP Shares. Also, if you place hold orders (orders to retain MMP Shares) at an Auction only at a specified rate, and the bid rate exceeds the rate set at the Auction, you will not retain your MMP Shares. Finally, if you buy MMP Shares or elect to retain MMP Shares without specifying a rate below which you would not wish to buy or continue to hold those MMP Shares, and the Auction sets a below-market rate, you may receive a lower rate of return on your MMP Shares than the market rate of interest. See "Description of Money Market Cumulative Preferred Shares" and "The Auction - Auction Procedures."

Secondary Market Risk. If you try to sell your MMP Shares between Auctions, you may not be able to sell any or all of your MMP Shares, or you may not be able to sell them for the liquidation preference plus accumulated dividends. If the Company has designated a Special Dividend Period (a dividend period other than twenty-eight (28) days for Series II MMP Shares), changes in interest rates could affect the price you would receive if you sold your MMP Shares in the secondary market. Lehman Brothers Inc., Stifel, Nicolaus & Company, Incorporated and broker-dealers that maintain a secondary

trading market for MMP Shares are not required to maintain this market and the Company has no control over the establishment or maintenance of this market. The Company is not required to redeem MMP Shares if an Auction or an attempted secondary market sale fails. MMP Shares are not listed on an exchange or automated quotation system. If you sell your MMP Shares to a broker-dealer between Auctions, you may receive less than the price you paid for them, especially if market interest rates have risen since the last Auction.

Senior Leverage Risk. The Series II MMP Shares will be junior to Tortoise Notes and any other Borrowings in liquidation and with respect to distribution rights, and will rank on a parity with currently outstanding MMP Shares. The Tortoise Notes and any other Borrowings may constitute a substantial lien and burden on MMP Shares by reason of their prior claim against the income of the Company and against the net assets of the Company in liquidation. The Company may not be permitted to declare dividends or other distributions with

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respect to any series of MMP Shares unless at the time thereof the Company meets certain asset coverage requirements and the payment of principal and interest is not in default with respect to the Tortoise Notes or any other Borrowings.

Ratings and Asset Coverage Risk. While Moody's and Fitch have assigned ratings of "Aa2" and "AA," respectively, to Series I MMP Shares and are expected to assign such ratings to Series II MMP Shares, the ratings do not eliminate or necessarily mitigate the risks of investing in MMP Shares. A rating may not fully or accurately reflect all of the credit and market risks associated with a security. A rating agency could downgrade MMP Shares, which may make your securities less liquid at an Auction or in the secondary market, though probably with higher resulting interest rates. If a rating agency downgrades the ratings assigned to MMP Shares, the Company may alter its portfolio or redeem MMP Shares. The Company may voluntarily redeem MMP Shares under certain circumstances. See "Description of Money Market Cumulative Preferred Shares-Redemption."

Inflation Risk. Inflation is the reduction

in the purchasing power of money resulting from an increase in the price of goods and services. Inflation risk is the risk that the inflation adjusted or "real" value of your MMP Shares investment or the income from that investment will be worth less in the future. As inflation occurs, the real value of the MMP Shares and the dividend payable to holders of MMP Shares declines. In an inflationary period, however, it is expected that, through the Auction process, dividend rates would increase, tending to offset this risk. See "Risk Factors - Risks of Investing in the MMP Shares - Inflation Risk."

Company Risks. The Company's net asset value, its ability to pay dividends and the liquidation preference on MMP Shares, and its ability to meet asset coverage requirements depends on the performance of the Company's investment portfolio. The performance of the Company's investment portfolio is subject to a number of risks, including the following:

Concentration Risk. The Company intends to concentrate its investments in the energy infrastructure sector, with an emphasis on securities issued by MLPs. The primary risks inherent in the energy infrastructure industry include the following: (1) the performance and level of distributions of MLPs can be affected by direct and indirect commodity price exposure, (2) a decrease in

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market demand for natural gas or other energy commodities could adversely affect MLP revenues or cash flows, (3) energy infrastructure assets deplete over time and must be replaced, and (4) a rising interest rate environment could increase an MLP's cost of capital.

Nondiversification Risk. The Company is a nondiversified investment company under the 1940 Act, and it is not a regulated investment company under the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). Accordingly, there are no limits under the 1940 Act or Internal Revenue Code with respect to the number or size of issuers held by the Company.

Liquidity Risk. Certain MLP securities may trade less frequently than those of other companies due to their smaller

capitalizations. Investments in securities that are less actively traded or over time experience decreased trading volume may be difficult to dispose of when the Company believes it is desirable to do so, may restrict the ability of the Company to take advantage of other opportunities, and may be more difficult to value.

Valuation Risk. The Company may invest up to 30% of total assets in restricted securities, which are subject to restrictions on resale. The value of such investments ordinarily will be determined based on fair valuations determined by the Adviser pursuant to procedures adopted by the Board of Directors. Restrictions on resale or the absence of a liquid secondary market may affect adversely the ability of the Company to determine net asset value. The sale price of securities that are restricted or otherwise are not readily marketable may be higher or lower than the Company's most recent valuations.

Leverage Risk. Subject to limits imposed by the 1940 Act and the Rating Agency Guidelines, the Company may increase its leverage above the amount estimated after issuance of the Series II MMP Shares. The Company intends to use leverage primarily for investment purposes. The Company's use of leverage may result in risks and can magnify the effect of any losses. There is no assurance that a leveraging strategy will be successful.

See "Risk Factors--General Risks of Investing in the Company" for a more detailed discussion of these risks and other risks of investing in the Company.

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Tax Status of Company.....

Unlike most investment companies, the Company has not elected to be treated as a regulated investment company under the Internal Revenue Code. Therefore, the Company is obligated to pay federal and applicable state corporate taxes on its taxable income. On the other hand, the Company is not subject to the diversification rules applicable to regulated investment companies. Under current federal income tax law, the diversification rules limit the amount that regulated investment companies may invest directly in MLPs to 25% of the value of their total assets. In addition, unlike regulated investment companies, the Company is not effectively required by the Internal

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Revenue Code to distribute substantially all of its income and capital gains.

Taxation of MMP

Distributions.....

Dividends with respect to MMP Shares from the Company's earnings and profits allocated to such shares generally will be taxed as ordinary income, but may qualify for the dividends received deduction for corporate stockholders or for treatment as "qualified dividend income" that is generally subject to reduced rates of federal income taxation for noncorporate stockholders. Distributions in excess of the Company's allocable earnings and profits, if any, will first reduce a stockholder's adjusted tax basis in his or her MMP Shares, and, after such adjusted basis is reduced to zero, will be treated as gain from the sale or exchange of such MMP Shares. Because the Company will invest a substantial portion of its assets in MLPs, which are expected to generate cash in excess of the taxable income allocated to holders, it is possible that dividends payable on MMP Shares could exceed earnings and profits, which would be treated as a tax-free return of capital and gain from the sale or exchange of MMP Shares, as described above. See "Federal Income Tax Matters."

Auction Agent.....

Bank of New York will serve as Auction Agent, transfer agent, registrar, dividend paying agent and redemption agent with respect to MMP Shares.

Book-Entry Only.....

Except as described herein, investors in MMP Shares will not receive certificates representing ownership of their shares. Ownership of MMP Shares will be maintained in book-entry form by the Securities Depository or its nominee for the account of the investor's Agent Member. The investor's Agent Member, in turn, will maintain records of the investor's beneficial ownership of MMP Shares. Accordingly, references in this Prospectus to an investor's investment in or purchase, sale or ownership of MMP Shares are to

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purchases, sales or ownership of those shares by Beneficial Owners.

Dividends on the MMP Shares will be paid through the Securities Depository on each Dividend Payment Date. The Securities Depository's normal procedures provide for it to distribute the dividends in same-day funds to Agent Members, who are in turn expected to distribute the dividends to the

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person for whom they are acting as agent in accordance with the instructions of that person. See "Description of Money Market Cumulative Preferred Shares-Dividends and Dividend Periods."

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FINANCIAL HIGHLIGHTS

Information contained in the table below under the headings "Per Common Share Data" and "Supplemental Data and Ratios" shows the audited operating performance of the Company from commencement of investment operations on February 27, 2004 through the end of its fiscal year on November 30, 2004, and the unaudited operating performance of the Company for the six months ended May 31, 2005. Except when noted, the information in this table is derived from the Company's financial statements audited by Ernst & Young, LLP, whose report is contained in the Statement of Additional Information and is available from the Company.

	SIX MONTHS ENDED MAY 31, 2005 (UNAUDITED) -----
PER COMMON SHARE DATA(2)	
Net asset value, beginning of period	\$26.53
Public offering price	--
Underwriting discounts and offering costs on initial public offering	--
Underwriting discounts and offering costs on issuance of preferred stock	--
Premiums and underwriting discounts and offering costs on secondary offering(7)	--
Income (loss) from investment operations:	
Net investment loss	(0.11)
Net realized and unrealized gain on investments	2.25

Total increase from investment operations	2.14
Less dividends to preferred stockholders:	
Net investment income	--
Return of capital	(0.03)

Total dividends to preferred stockholders	(0.03)

Less dividends to common stockholders:	
Net investment income	--
Return of capital	(0.89)

Total dividends to common stockholders	(0.89)

Net asset value, end of period	\$27.75
	=====
Per share common share market value, end of period	\$28.33

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Total investment return based on market value(3)

8.02%

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SIX MONTHS
ENDED
MAY 31, 2005
(UNAUDITED)

SUPPLEMENTAL DATA AND RATIOS

Net assets applicable to common stockholders, end of period (000's)	\$410,284
Ratio of expenses to average net assets before waiver:(4) (6) (8)	2.75%
Ratio of expenses to average net assets after waiver:(4) (6) (8)	2.40%
Ratio of expenses, without regard to non-recurring organizational expenses, to average net assets before waiver:(4) (6)	2.75%
Ratio of expenses, without regard to non-recurring organizational expenses, to average net assets after waiver:(4) (6)	2.40%
Ratio of net investment loss to average net assets before waiver:(4) (6)	(1.17)%
Ratio of net investment loss to average net assets after waiver:(4) (6)	(0.82)%
Portfolio turnover rate	3.51%
Tortoise Auction Rate Senior Notes, end of period (000's)	\$165,000
Tortoise Preferred Stock, end of period (000's)	\$ 35,000
Per common share amount of borrowings outstanding at end of period	\$ 11.16
Per common share amount of net assets, excluding borrowings, at end of period	\$ 38.91
Asset coverage, per \$1,000 of principal amount of auction rate senior notes	
Series A	\$ 3,699
Series B	\$ 3,699
Series C	\$ 3,699
Asset coverage, per \$25,000 liquidation value per share of preferred stock	\$318,060
Asset coverage ratio of auction rate senior notes(5)	370%

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The following table sets forth information about the Company's outstanding senior securities as of May 31, 2005:

TITLE OF SECURITY	TOTAL PRINCIPAL AMOUNT/LIQUIDATION PREFERENCE OUTSTANDING	ASSET COVERAGE PER \$1,000 OF PRINCIPAL AMOUNT	ASSET COVERAGE PER SHARE (\$25,000 LIQUIDATION PREFERENCE)
-----	-----	-----	-----
Tortoise Notes			
Series A	\$60,000,000	\$3,699	
Series B	\$50,000,000	\$3,699	
Series C	\$55,000,000	\$3,699	
Series I Money Market			

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Cumulative Preferred
Shares (1,400 MMP
Shares)

\$35,000,000

\$318,060

USE OF PROCEEDS

As of May 31, 2005, the Company had invested over 96% of its total investment portfolio in securities of energy infrastructure companies. The net proceeds of the offering of Series II MMP Shares will be approximately \$34,422,950 after payment of the sales load and estimated offering costs. The Company anticipates that it will be able to invest the net proceeds of this offering in securities of energy infrastructure companies that meet the Company's investment objective and policies as described under "Investment Objective and Principal Investment Strategies" within approximately three months after the completion of the offering. Because of the investment opportunities presented by restricted MLP securities and the limited trading volume of certain publicly traded MLP securities, the Company often relies on direct placements to acquire portfolio securities. To the extent direct placement opportunities are not available, the Company would have to acquire such securities in the open market, which could take longer than the three-month period following this offering. Pending the investment in securities that meet the Company's investment objective, it is anticipated that the proceeds will be invested in securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of May 31, 2005, and as adjusted to give effect to the issuance of the Series II MMP Shares offered hereby. As indicated below, common stockholders will bear the offering costs associated with this offering.

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	ACTUAL

	(UNAUDITED)
LONG-TERM DEBT:	
Tortoise Notes, denominations of \$25,000 or any multiple thereof*	\$165,000,000
PREFERRED STOCK OUTSTANDING:	
MMP Shares, \$.001 par value per share, \$25,000 stated value per share at liquidation; 1,400 shares issued and 2,800 shares issued, as adjusted, respectively*.....	\$ 35,000,000
COMMON STOCKHOLDERS' EQUITY:	
Common Stock, \$.001 par value per share; 14,787,324 shares issued and outstanding*.....	\$ 14,787
Additional paid-in capital.....	\$330,617,461**
Accumulated net investment loss, net of deferred tax benefit.....	\$ (1,898,492)

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Undistributed net realized gain, net of deferred tax expense.....	\$ (2,399,443)
Net unrealized gain on investments and interest rate swap contracts, net of deferred tax expense.....	\$ 79,151,266

Net assets applicable to common stock.....	\$410,284,465

THE COMPANY

The Company is a nondiversified, closed-end management investment company registered under the 1940 Act that commenced operations on February 27, 2004. The Company was organized as a Maryland corporation on October 30, 2003, pursuant to a charter (the "Charter") governed by the laws of the State of Maryland. On February 27, 2004, the Company issued an aggregate of 11,000,000 shares of common stock, par value \$0.001 per share, in an initial public offering. On March 23, 2004 and April 8, 2004, the Company issued an additional 1,100,000 shares of common stock and 500,000 shares of common stock, respectively, in connection with the partial exercises by the underwriters of their over-allotment option. On July 15, 2004, the Company issued \$110,000,000 aggregate principal amount of Series A and Series B Tortoise Notes. On September 16, 2004, the Company issued 1,400 Series I MMP Shares, liquidation preference \$25,000 per share (\$35,000,000 aggregate liquidation preference). On December 22, 2004, the Company issued an additional 1,755,027 shares of common stock in a registered offering to the public. On January 25, 2005, the Company issued 263,254 additional shares of common stock pursuant to the exercise by the underwriters of their over-allotment option. On April 11, 2005, the Company issued Series C Tortoise Notes in an aggregate principal amount of \$55,000,000. As of May 31, 2005 the company had net assets of \$410,284,465 attributable to the Company's common stock. The Company's common stock is listed on the NYSE under the symbol "TYG." The Company's principal office is located at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210 and its telephone number is (913) 981-1020.

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The following provides information about the Company's outstanding securities as of May 31, 2005:

TITLE OF CLASS	AMOUNT AUTHORIZED	AMOUNT HELD BY THE COMPANY OR FOR ITS ACCOUNT
-----	-----	-----
Shares of Common Stock.....	100,000,000	0
Tortoise Notes		
Series A.....	\$60,000,000	0
Series B.....	\$50,000,000	0

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Series C.....	\$55,000,000	0
Preferred Stock	10,000,000	
Series I MMP Shares.....	--	0

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INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

INVESTMENT OBJECTIVE

The Company's investment objective is to seek a high level of total return with an emphasis on current distributions paid to stockholders. For purposes of the Company's investment objective, total return includes capital appreciation of, and all distributions received from, securities in which the Company invests regardless of the tax character of the distributions. The Company seeks to provide its stockholders with an efficient vehicle to invest in a portfolio of MLPs. Similar to the federal income tax characterization of cash distributions made by MLPs to its unit holders, the Company believes that its common stockholders will have relatively high levels of deferred taxable income associated with cash distributions made by the Company to stockholders.

ENERGY INFRASTRUCTURE INDUSTRY

The Company concentrates its investments in the energy infrastructure sector. The Company pursues its objective by investing principally in a portfolio of equity securities issued by MLPs. MLP common units historically have generated higher average total returns than domestic common stock (as measured by the S&P 500) and fixed income securities. A more detailed description of investment policies and restrictions and more detailed information about portfolio investments are contained in the Statement of Additional Information.

Energy Infrastructure Companies. For purposes of the Company's policy of investing 90% of total assets in securities of energy infrastructure companies, an energy infrastructure company is one that derives each year at least 50% of its gross income from "Qualifying Income" under Section 7704 of the Internal Revenue Code or one that derives at least 50% of its revenues from the provision of services directly related to the generation of Qualifying Income. Qualifying Income is defined as including any income and gains from the exploration, development, mining or production, processing, refining, transportation (including pipelines transporting gas, oil or products thereof), or the marketing of any mineral or natural resource (including fertilizer, geothermal energy, and timber).

Energy infrastructure companies (other than most pipeline MLPs) do not operate as "public utilities" or "local distribution companies," and therefore are not subject to rate regulation by state or federal utility commissions. However, energy infrastructure companies may be subject to greater competitive factors than utility companies, including competitive pricing in the absence of regulated tariff rates, which could cause a reduction in revenue and which could affect adversely profitability. Most pipeline MLPs are subject to government regulation concerning the construction, pricing and operation of pipelines. Pipeline MLPs are able to set prices (rates or tariffs) to cover operating costs, depreciation and taxes, and provide a return on investment. These rates are monitored by the Federal Energy Regulatory Commission (FERC) which seeks to ensure that consumers receive adequate and reliable supplies of energy at the lowest possible price while providing energy suppliers and transporters a just

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and reasonable return on capital investment and the opportunity to adjust to changing market conditions.

Master Limited Partnerships. Under normal circumstances, the Company invests at least 70% of its total assets in equity securities of MLPs that each year derive at least 90% of their gross income from Qualifying Income and are taxed as partnerships, thereby eliminating federal income tax at the entity level. An MLP generally has two classes of partners, the general partner and the limited partners. The general partner is usually a major energy company, investment fund or the direct management of the MLP. The general partner normally controls the MLP through a 2% equity interest plus units that are subordinated to the common (publicly traded) units for at least the first five years of the partnership's existence and then only convert to common if certain financial tests are met.

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As a motivation for the general partner to manage the MLP successfully and increase cash flows, the terms of most MLPs typically provide that the general partner receives a larger portion of the net income as distributions reach higher target levels. As cash flow grows, the general partner receives a greater interest in the incremental income compared to the interest of limited partners. The general partner's incentive compensation typically increases up to 50% of incremental income. Nevertheless, the aggregate amount distributed to limited partners will increase as MLP distributions reach higher target levels. Given this incentive structure, the general partner has an incentive to streamline operations and undertake acquisitions and growth projects in order to increase distributions to all partners.

Energy infrastructure MLPs in which the Company invests generally can be classified in the following categories:

Pipeline MLPs are common carrier transporters of natural gas, natural gas liquids (primarily propane, ethane, butane and natural gasoline), crude oil or refined petroleum products (gasoline, diesel fuel and jet fuel). Pipeline MLPs also may operate ancillary businesses, such as storage and marketing of such products. Revenue is derived from capacity and transportation fees. Historically, pipeline output has been less exposed to cyclical economic forces due to its low cost structure and government-regulated nature. In addition, pipeline MLPs do not have direct commodity price exposure because they do not own the product being shipped.

Processing MLPs are gatherers and processors of natural gas, as well as providers of transportation, fractionation and storage of natural gas liquids ("NGLs"). Revenue is derived from providing services to natural gas producers, which require treatment or processing before their natural gas commodity can be marketed to utilities and other end user markets. Revenue for the processor is fee based, although it is not uncommon to have some participation in the prices of the natural gas and NGL commodities for a portion of revenue.

Propane MLPs are distributors of propane to homeowners for space and water heating. Revenue is derived from the resale of the commodity on a margin over wholesale cost. The ability to maintain margin is a key to profitability. Propane serves approximately 3% of the household energy needs in the United States, largely for homes beyond the geographic reach of natural gas distribution pipelines. Approximately 70% of annual cash flow is earned during the winter heating season (October through March). Accordingly, volumes are weather dependent, but have utility type functions similar to

electricity and natural gas.

Coal MLPs own, lease and manage coal reserves. Revenue is derived from production and sale of coal, or from royalty payments related to leases to coal producers. Electricity generation is the primary use of coal in the United States. Demand for electricity and supply of alternative fuels to generators are the primary drivers of coal demand. Coal MLPs are subject to operating and production risks, such as: the MLP or a lessee meeting necessary production volumes; federal, state and local laws and regulations which may limit the ability to produce coal; the MLP's ability to manage production costs and pay mining reclamation costs; and the effect on demand that the Clean Air Act standards have on coal-end users.

Although the Company also may invest in equity and debt securities of energy infrastructure companies that are organized and/or taxed as corporations, it is likely that any such investments will be in debt securities because the equity dividends from such corporations typically do not meet the Company's investment objective. The Company also may invest in securities of general partners or other affiliates of MLPs and private companies operating energy infrastructure assets.

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INVESTMENT PROCESS

Under normal circumstances, the Company invests at least 90% of its total assets (including assets obtained through leverage) in securities of energy infrastructure companies. The Adviser seeks to invest in securities that offer a combination of quality, growth and yield intended to result in superior total returns over the long run. The Adviser's securities selection process includes a comparison of quantitative, qualitative, and relative value factors. Although the Adviser uses research provided by broker-dealers and investment firms, primary emphasis is placed on proprietary analysis and valuation models conducted and maintained by the Adviser's in-house investment analysts. To determine whether a company meets its criteria, the Adviser generally will look for a strong record of distribution growth, a solid ratio of debt to equity and coverage ratio with respect to distributions to unit holders, and a proven track record, incentive structure and management team. All of the public energy infrastructure companies in which the Company will invest are expected to have a market capitalization greater than \$100 million.

INVESTMENT POLICIES

The Company seeks to achieve its investment objective by investing primarily in securities of MLPs that the Adviser believes offer attractive distribution rates and capital appreciation potential. The Company also may invest in other securities set forth below if the Adviser expects to achieve the Company's objective with such investments.

The Company's policy of investing at least 90% of its total assets (including assets obtained through leverage) in securities of energy infrastructure companies is nonfundamental and may be changed by the Board of Directors without stockholder approval, provided that stockholders receive at least 60 days' prior written notice of any change.

The Company has adopted the following additional nonfundamental policies:

- o Under normal circumstances, the Company invests at least 70% and up to 100% of its total assets in equity securities issued

by MLPs. Equity units currently consist of common units, convertible subordinated units, and pay-in-kind units.

- o The Company may invest up to 30% of its total assets in restricted securities, primarily through direct placements. Subject to this policy, the Company may invest without limitation in illiquid securities. The types of restricted securities that the Company may purchase include MLP convertible subordinated units, unregistered MLP common units and securities of private companies (i.e., non-MLPs). Investments in private companies that do not have any publicly traded shares or units are limited to 5% of total assets.
- o The Company may invest up to 25% of its total assets in debt securities of energy infrastructure companies, including certain securities rated below investment grade ("junk bonds"). Below investment grade debt securities will be rated at least B3 by Moody's and at least B- by S&P at the time of purchase, or comparably rated by another statistical rating organization or if unrated, determined to be of comparable quality by the Adviser.
- o The Company will not invest more than 10% of its total assets in any single issuer.
- o The Company will not engage in short sales.

Unless otherwise stated, all investment restrictions apply at the time of purchase and the Company will not be required to reduce a position due solely to market value fluctuations. The Company may temporarily deviate from its nonfundamental investment policies pending investment of the leverage

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proceeds. Pending receipt of the leverage proceeds, the Board of Directors has approved an interim policy permitting investments in a single issuer in excess of 10% of total assets under limited circumstances (but not exceeding 12%). The interim policy will terminate upon the receipt of the proceeds of this offering.

INVESTMENT SECURITIES

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

Equity Securities of MLPs. Consistent with its investment objective, the Company may invest up to 100% of its total assets in equity securities issued by energy infrastructure MLPs, including common units, convertible subordinated units, I-Shares and common units of LLCs. The table below summarizes the features of these securities, and a further discussion of these securities follows.

COMMON UNITS (FOR MLPs TAXED AS PARTNERSHIPS) (1)	CONVERTIBLE SUBORDINATED UNITS (FOR MLPs TAXED AS PARTNERSHIPS)
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VOTING RIGHTS.....	Limited to certain significant decisions; no annual election of directors	Same as common units	No dire
DIVIDEND PRIORITY.....	First right to minimum quarterly distribution ("MQD") specified in Partnership Agreement; arrearage rights	Second right to MQD; no arrearage rights	Equal i priorit but pai I-Share value o
DIVIDEND RATE.....	Minimum set in Partnership Agreement; participate pro rata with subordinated after both MQDs are met	Equal in amount to common units; participate pro rata with common units above the MQD	Equal i units
TRADING.....	Listed on NYSE, AMEX and NASDAQ National Market	Not publicly traded	Listed

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	COMMON UNITS (FOR MLPS TAXED AS PARTNERSHIPS) (1)	CONVERTIBLE SUBORDINATED UNITS (FOR MLPS TAXED AS PARTNERSHIPS)	
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FEDERAL INCOME TAX TREATMENT.....	Ordinary income to the extent of taxable income allocated to holder; tax-free return of capital thereafter to extent of holder's basis; remainder as capital gain	Same as common units	Full di as retu since d shares, reduced
TYPE OF INVESTOR.....	Retail; creates unrelated business taxable income for tax-exempt investor; investment by regulated investment companies limited to 25% of total assets	Same as common units	Institu create taxable income investm
LIQUIDITY PRIORITY.....	Intended to receive return of all capital first	Second right to return of capital; pro rata with common units thereafter	Same as (indire I-share
CONVERSION RIGHTS.....	None	One-to-one ratio into common units	None
