TORTOISE ENERGY INFRASTRUCTURE CORP
Form 486BPOS
March 01, 2011

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As filed with the Securities and Exchange Commission on March 1, 2011

Securities Act Registration No. 333-165006

Investment Company Act Registration No. 811-21462

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

þ **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**
o **PRE-EFFECTIVE AMENDMENT NO.**
þ **POST-EFFECTIVE AMENDMENT NO. 2**

and/or

þ **REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940**
þ **AMENDMENT NO. 45**

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Approximate Date of Proposed Public Offering: From time to time after the effective date of the 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. þ

This post-effective amendment will become effective immediately upon filing pursuant to paragraph (b) of Rule 486.

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Base Prospectus

$375,000,000
Tortoise Energy Infrastructure Corporation
Common Stock
Preferred Stock
Debt Securities

Tortoise Energy Infrastructure Corporation (the Company, we or our) is a nondiversified, closed-end management investment company. Our investment objective is to seek a high level of total return with an emphasis on current distributions paid to stockholders. We seek to provide our stockholders with an efficient vehicle to invest in a portfolio of publicly traded master limited partnerships (MLPs) in the energy infrastructure sector. Under normal circumstances, we invest at least 90% of our total assets (including assets obtained through leverage) in securities of energy infrastructure companies and invest at least 70% of our total assets in equity securities of MLPs. We cannot assure you that we will achieve our investment objective. Unlike most investment companies, we have not elected to be treated as a regulated investment company under the Internal Revenue Code.

We may offer, on an immediate, continuous or delayed basis, including through a rights offering to existing stockholders, up to $375,000,000 aggregate initial offering price of our common stock ($0.001 par value per share), preferred stock ($0.001 par value per share) or debt securities, which we refer to in this prospectus collectively as our securities, in one or more offerings. We may offer our common stock, preferred stock or debt securities separately or together, in amounts, at prices and on terms set forth in a prospectus supplement to this prospectus. In addition, from time to time, certain of our stockholders may offer our common stock in one or more offerings. The sale of such stock by certain of our stockholders may involve shares of common stock that were issued to the stockholders in one or more private transactions and will be registered by us for resale. The identity of any selling stockholder, the number of shares of our common stock to be offered by such selling stockholder, the price and terms upon which our shares of common stock are to be sold from time to time by such selling stockholder, and the percentage of common stock held by any selling stockholder after the offering, will be set forth in a prospectus supplement to this prospectus. You should read this prospectus and the related prospectus supplement carefully before you decide to invest in any of our securities. We will not receive any of the proceeds from common stock sold by any selling stockholder.

We may offer our securities, or certain of our stockholders may offer our common stock, directly to one or more purchasers through agents that we or they designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the particular offering will identify any agents or underwriters involved in the sale of our securities, and will set forth any applicable purchase price, fee, commission or discount arrangement between us or any selling stockholder and such agents or underwriters or among the underwriters or the basis upon which such amount may be calculated. For more information about the manner in which we may offer our securities, or a selling stockholder may offer our common stock, see Plan of Distribution and Selling Stockholders. Our securities may not be sold through agents, underwriters or dealers without delivery of a prospectus supplement.

Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol TYG. As of February 25, 2011, the last reported sale price for our common stock was $40.09.

Investing in our securities involves certain risks. You could lose some or all of your investment. See Risk Factors beginning on page 30 of this prospectus. You should consider carefully these risks together with all of the other information contained in this prospectus and any prospectus supplement before making a decision to purchase our securities.

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.

Prospectus dated March 1, 2011

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This prospectus, together with any prospectus supplement, sets forth concisely the information that you should know before investing. You should read this prospectus and any related prospectus supplement, which contain important information, before deciding whether to invest in our securities. You should retain this prospectus and any related prospectus supplement for future reference. A statement of additional information, dated March 1, 2011, as supplemented from time to time, containing additional information, has been filed with the Securities and Exchange Commission (SEC) 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 65 of this prospectus, request a free copy of our annual, semi-annual and quarterly reports, request other information or make stockholder inquiries, by calling toll-free at 1-866-362-9331 or by writing to us at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. Our annual, semi-annual and quarterly reports and the statement of additional information also are available on our investment adviser s website at www.tortoiseadvisors.com. Information included on our website does not form part of this prospectus. You can review and copy documents we have filed at the SEC s Public Reference Room in Washington, D.C. Call 1-202-551-5850 for information. The SEC charges a fee for copies. You can get the same information free from the SEC s website (http://www.sec.gov). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC s Public Reference Section, 100 F Street, N.E., Room 1580, Washington, D.C. 20549.

Our securities 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 or incorporated by reference in this prospectus and any related prospectus supplement in making your investment decisions. We have not authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any prospectus supplement do not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this prospectus and in any prospectus supplement is accurate only as of the dates on their covers. Our business, financial condition and prospects may have changed since such dates. We will advise investors of any material changes to the extent required by applicable law.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the statement of additional information contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar terms and the negative of such terms. Such forward-looking statements may be contained in this prospectus as well as in any accompanying prospectus supplement. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the conditions in the U.S. and international financial, petroleum and other markets, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the Securities and Exchange Commission (the SEC).

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors section of this prospectus. All forward-looking statements contained or incorporated by reference in this prospectus or any accompanying prospectus supplement are made as of the date of this prospectus or the accompanying prospectus supplement, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this prospectus and any accompanying prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the 1933 Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors section of this prospectus. We urge you to review carefully that section for a more detailed discussion of the risks of an investment in our securities.

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PROSPECTUS SUMMARY

The following summary contains basic information about us and our securities. It is not complete and may not contain all of the information you may want to consider. You should review the more detailed information contained in this prospectus and in any related prospectus supplement and in the statement of additional information, especially the information set forth under the heading Risk Factors beginning on page 30 of this prospectus.

The Company

We seek to provide our stockholders with an efficient vehicle to invest in a portfolio of publicly traded master limited partnerships (MLPs) in the energy infrastructure sector. Our investment objective is to seek a high level of total return with an emphasis on current distributions paid to stockholders. For purposes of our investment objective, total return includes capital appreciation of, and all distributions received from, securities in which we invest regardless of the tax character of the distributions. Similar to the tax characterization of cash distributions made by MLPs to unitholders, a significant portion of our distributions have been and are expected to continue to be treated as a return of capital to stockholders.

We are a nondiversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). We were organized as a corporation on October 30, 2003, pursuant to a charter (the Charter) governed by the laws of the State of Maryland. Our fiscal year ends on November 30. We commenced operations in February 2004 following our initial public offering. Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol TYG. As of January 31, 2011, we had net assets of approximately $935.5 million attributable to our common stock. As of the date of this prospectus, we have outstanding $73 million of our Mandatory Redeemable Preferred Stock due December 31, 2019 (the Tortoise Preferred Shares) and approximately $170 million of our privately placed Senior Notes (the Tortoise Notes).

We have established an unsecured credit facility with U.S. Bank N.A. serving as a lender and the lending syndicate agent on behalf of other lenders participating in the credit facility, which currently allows us to borrow up to $70 million. Outstanding balances under the credit facility generally accrue interest at a variable annual rate equal to the one-month LIBOR rate plus 1.25%, with a fee of 0.20% on any unused balance of the credit facility. As of the date of this prospectus, the current rate is 1.51%. The credit facility remains in effect through June 20, 2011. We currently expect to seek to renew the credit facility at an amount sufficient to meet our operating needs. We may draw on the facility from time to time in accordance with our investment policies. As of the date of this prospectus, we have outstanding approximately $57.5 million under the credit facility.

Investment Adviser

Tortoise Capital Advisors, L.L.C., a registered investment adviser specializing in managing portfolios of investments in MLPs and other energy companies (the Adviser), serves as our investment adviser. As of January 31, 2011, the Adviser managed assets of approximately $6.3 billion in the energy sector, including the assets of six publicly traded closed-end management investment companies and separate accounts for institutions and high net worth individuals. The Adviser s investment committee is comprised of five portfolio managers. See Management of the Company .

The principal business address of the Adviser is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.

The Offering

We may offer, on an immediate, continuous or delayed basis, up to $375,000,000 of our securities, including common stock pursuant to a rights offering, or certain of our stockholders who purchased shares from us in private placement transactions may offer our common stock, on terms to be determined at the time of the offering. Our securities will be offered at prices and on terms to be set forth in one or more prospectus supplements to this prospectus. Subject to certain conditions, we may offer our common stock at prices below our net asset value (NAV). We will provide information in the prospectus supplement for the expected trading market, if any, for our preferred stock or debt securities.

While the number and amount of securities we may issue pursuant to this registration statement is limited to $375,000,000 of securities, our board of directors (the Board of Directors or the Board) may, without any action by the stockholders, amend our Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue under our Charter or the 1940 Act.

We may offer our securities, or certain of our stockholders may offer our common stock, directly to one or more purchasers through agents that we or they designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our securities, and will set forth any applicable purchase price, fee, commission or discount arrangement between us or any selling stockholder and such agents or underwriters or among underwriters or the basis upon which such amount may be calculated. See Plan of Distribution and Selling Stockholders. Our securities may not be sold through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of our securities.

Use of Proceeds

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds of any sale of our securities primarily to invest in energy infrastructure companies in accordance with our investment objective and policies as described under Investment Objective and Principal Investment Strategies within approximately three months of receipt of such proceeds. We may also use proceeds from the sale of our securities to retire all or a portion of any debt we incur, to redeem preferred stock or for working capital purposes, including the payment of distributions, interest and operating expenses, although there is currently no intent to issue securities primarily for this purpose. We will not receive any of the proceeds from a sale of our common stock by any selling stockholder.

Federal Income Tax Status of Company

Unlike most investment companies, we have not elected to be treated as a regulated investment company under the U.S. Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Therefore, we are obligated to pay federal and applicable state corporate taxes on our taxable income. On the other hand, we are not subject to the Internal Revenue Code s diversification rules limiting the assets in which regulated investment companies can invest. Under current federal income tax law, these rules limit the amount that regulated investment companies may invest directly in the securities of certain MLPs to 25% of the value of their total assets. We invest a substantial portion of our assets in MLPs. Although MLPs generate taxable income to us, we expect the MLPs to pay cash distributions in excess of the taxable income reportable by us. Similarly, we expect to distribute substantially all of our distributable cash flow (DCF) to our common stockholders. DCF is the amount we receive as cash or paid-in-kind distributions from MLPs or affiliates of MLPs in which we invest, and interest payments received on debt securities owned by us, less current or anticipated operating expenses, taxes on our taxable income, and leverage costs paid by us (including leverage costs of preferred stock, debt securities and borrowings under our unsecured credit facility). However, unlike regulated investment companies, we are not effectively required by the Internal Revenue Code to distribute substantially all of our income and capital gains. See Certain Federal Income Tax Matters.

Distributions

We expect to distribute substantially all of our DCF to holders of common stock through quarterly distributions. Our Board of Directors adopted a policy to target distributions to common stockholders in an amount of at least 95% of DCF on an annual basis. We will pay distributions on our common stock each fiscal quarter out of DCF, if any. As of the date of this prospectus, we have paid distributions every quarter since the completion of our first full fiscal quarter ended on May 31, 2004. There is no assurance that we will continue to make regular distributions. If distributions paid to holders of our common and preferred stock exceed the current and accumulated earnings and profit allocated to the particular shares held by a stockholder, the excess of such distribution will constitute, for federal income tax purposes, a tax-free return of capital to the extent of the stockholder s basis in the shares and capital gain thereafter. A return of capital reduces the basis of the shares held by a stockholder, which may increase the amount of gain recognized upon the sale of such shares. Our preferred stock and debt securities will pay distributions and interest, respectively, in accordance with their terms. So long as we have preferred stock and debt securities outstanding, we may not declare distributions on common or preferred stock unless we meet applicable asset coverage tests.

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Principal Investment Policies

Under normal circumstances, we invest at least 90% of our total assets (including assets we obtain through leverage) in securities of energy infrastructure companies and invest at least 70% of our 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. We invest primarily in energy infrastructure companies organized in the United States. It is anticipated that all of the publicly traded MLPs in which we will invest have a market capitalization greater than $100 million at the time of investment.

We also may invest in equity and debt securities of energy infrastructure companies that are organized and/or taxed as corporations to the extent consistent with our investment objective. We also may invest in securities of general partners or other affiliates of MLPs and private companies operating energy infrastructure assets.

We have adopted the following additional nonfundamental investment policies:

- We may invest up to 30% of our total assets in restricted securities, primarily through direct placements. Subject to this policy, we may invest without limitation in illiquid securities. The types of restricted securities that we may purchase include securities of private energy infrastructure companies and privately issued securities of publicly traded energy infrastructure companies. Restricted securities, whether issued by public companies or private companies, are generally considered illiquid. Investments in private companies that do not have any publicly traded shares or units are limited to 5% of total assets.

- We may invest up to 25% of our 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 Investors Service, Inc. (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.

- We will not invest more than 10% of total assets in any single issuer.

- We will not engage in short sales.

We may change our 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 our total assets in energy infrastructure companies requires at least 60 days prior written notice to stockholders. Unless otherwise stated, these investment restrictions apply at the time of purchase and we 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.

Under adverse market or economic conditions, we may invest up to 100% of our 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 liquid fixed income securities deemed by the Adviser to be consistent with a defensive posture (collectively, short-term securities), or we may hold cash. To the extent we invest in short-term securities or cash for defensive purposes, such investments are inconsistent with, and may result in us not achieving, our investment objective.

We also may invest in short-term securities or cash pending investment of offering proceeds 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.

Use of Leverage by the Company

The borrowing of money and the issuance of preferred stock and debt securities represents the leveraging of our common stock. The issuance of additional common stock may enable us to increase the aggregate amount of our leverage. We reserve the right at any time to use financial leverage to the extent permitted by the 1940 Act (50% of total assets for preferred stock and 331/3% of total assets for senior debt securities) or we may elect to reduce the use of leverage or use no leverage at all. Our Board of Directors has approved a leverage target of up to 25% of our total assets at the time of incurrence and has also approved a policy permitting temporary increases in the amount of leverage we may use from 25% of our total assets to up to 30% of our total assets at the time of incurrence, provided that (i) such leverage is consistent with the limits set forth in the 1940 Act and (ii) that we expect to reduce such increased leverage over time in an orderly fashion. The timing and terms of any leverage transactions will be determined by our Board of Directors. Additionally, the percentage of our assets attributable to leverage may vary significantly during periods of extreme market volatility and will increase during periods of declining market prices of our portfolio holdings.

The use of leverage creates an opportunity for increased income and capital appreciation for common stockholders, but at the same time, it creates special risks that may adversely affect common stockholders. Because the Adviser s fee is based upon a percentage of our Managed Assets (as defined below), the Adviser s fee is higher when we are leveraged. Therefore, the Adviser has a financial incentive to use leverage, which will create a conflict of interest between the Adviser and our common stockholders, who will bear the costs of our leverage. There can be no assurance that a leveraging strategy will be successful during any period in which it is used. The use of leverage involves risks, which can be significant. See Leverage and Risk Factors Additional Risks to Common Stockholders Leverage Risk.

We may use interest rate transactions for hedging purposes only, in an attempt to reduce the interest rate risk arising from our leveraged capital structure. We do not intend to hedge the interest rate risk of our portfolio holdings. Accordingly, if no leverage is outstanding, we currently do not expect to engage in interest rate transactions. Interest rate transactions that we may use for hedging purposes may expose us to certain risks that differ from the risks associated with our portfolio holdings. See Leverage Hedging Transactions and Risk Factors Company Risks Hedging Strategy Risk.

Conflicts of Interest

Conflicts of interest may arise from the fact that the Adviser and its affiliates carry on substantial investment activities for other clients, in which we have no interest. The Adviser or its affiliates may have financial incentives to favor certain of these accounts over us. Any of the Adviser s or its affiliates proprietary accounts and other customer accounts may compete with us for specific trades. The Adviser or its affiliates may give advice and recommend securities to, or buy or sell securities for, other accounts and customers, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for, us, even though their investment objectives may be the same as, or similar to, our objectives.

Situations may occur when we could be disadvantaged because of the investment activities conducted by the Adviser and its affiliates for their other funds or accounts. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for us or the other accounts, thereby limiting the size of our position; (2) the difficulty of liquidating an investment for us or the other accounts where the market cannot absorb the sale of the combined position; or (3) limits on co-investing in private placement securities under the 1940 Act. Our investment opportunities may be limited by affiliations of the Adviser or its affiliates with energy infrastructure companies. See Investment Objective and Principal Investment Strategies Conflicts of Interest.

Company Risks

Our NAV, our ability to make distributions, our ability to service debt securities and preferred stock, and our ability to meet asset coverage requirements depends on the performance of our investment portfolio. The performance of our investment portfolio is subject to a number of risks, including the following:

Capital Markets Volatility Risk. Our capital structure and performance may be adversely impacted by weakness in the credit markets and stock market if such weakness results in declines in the value of MLPs in which we invest. If the value of our investments decline or remain volatile, there is a risk that we may be required to reduce outstanding leverage, which could adversely affect our stock price and ability to pay distributions at historical levels. A sustained economic slowdown may adversely affect the ability of MLPs to sustain their historical distribution levels, which in turn, may adversely affect our ability to sustain distributions at historical levels. MLPs that have historically relied heavily on outside capital to fund their growth may be impacted by a slowdown in the capital markets. The performance of the MLP sector is dependent on several factors including the condition of the financial sector, the general economy and the commodity markets.

Concentration Risk. Under normal circumstances, we concentrate our investments in the energy sector, with an emphasis on securities issued by MLPs in the energy infrastructure sector, a subset of the energy sector. The primary risks inherent in investments in MLPs in the energy infrastructure sector 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 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.

Industry Specific Risk. Energy infrastructure companies also are subject to risks specific to the industry they serve. For risks specific to the pipeline, processing, propane, coal and marine shipping industries, see Risk Factors Company Risks Industry Specific Risk.

MLP Risk. We invest primarily in equity securities of MLPs. As a result, we are subject to the risks associated with an investment in MLPs, including cash flow risk, tax risk, deferred tax risk and capital markets risk. Cash flow risk is the risk that MLPs will not make distributions to holders (including us) at anticipated levels or that such distributions will not have the expected tax character. MLPs also are subject to tax risk, which is the risk that an MLP might lose its partnership status for tax purposes. Deferred tax risk is the risk that we incur a current tax liability on that portion of an MLP s income and gains that is not offset by tax deductions and losses. Capital markets risk is the risk that MLPs will be unable to raise capital to meet their obligations as they come due or execute their growth strategies, complete future acquisitions, take advantage of other business opportunities or respond to competitive pressures.

Equity Securities Risk. MLP common units and other equity securities can be affected by macro-economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment toward MLPs or the energy sector, changes in a particular issuer s financial condition, or unfavorable or unanticipated poor performance of a particular issuer (in the case of MLPs, generally measured in terms of DCF). Prices of common units of individual MLPs and other equity securities also can be affected by fundamentals unique to the partnership or company, including size, earnings power, coverage ratios and characteristics and features of different classes of securities. See Risk Factors Company Risks Equity Securities Risk and Risk Factors Additional Risks to Common Stockholders Leverage Risk.

Hedging Strategy Risk. We may use interest rate transactions for hedging purposes only, in an attempt to reduce the interest rate risk arising from our leveraged capital structure. There is no assurance that the interest rate hedging transactions into which we enter will be effective in reducing our exposure to interest rate risk. Hedging transactions are subject to correlation risk, which is the risk that payment on our hedging transactions may not correlate exactly with our payment obligations on senior securities. Interest rate transactions that we may use for hedging purposes, such as swaps, caps and floors, will expose us to certain risks that differ from the risks associated with our portfolio holdings. See Risk Factors Company Risks Hedging Strategy Risk.

Competition Risk. At the time we completed our initial public offering in February 2004, we were the only publicly traded investment company offering access to a portfolio of energy infrastructure MLPs. Since that time a number of alternative vehicles for investment in a portfolio of energy infrastructure MLPs, including other publicly traded investment companies and private funds, have emerged. In addition, tax law changes have increased the ability of regulated investment companies or other institutions to invest in MLPs. These competitive conditions may adversely impact our ability to meet our investment objective, which in turn could adversely impact our ability to make interest or distribution payments.

Restricted Security Risk. We may invest up to 30% of total assets in restricted securities, primarily through direct placements. Restricted securities are less liquid than securities traded in the open market because of statutory and contractual restrictions on resale. Such securities are, therefore, unlike securities that are traded in the open market, which can be expected to be sold immediately if the market is adequate. This lack of liquidity creates special risks for us. See Risk Factors Company Risks Restricted Security Risk.

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 we believe it is desirable to do so, may restrict our ability to take advantage of other opportunities, and may be more difficult to value.

Valuation Risk. We 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 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 our ability to determine NAV. The sale price of securities that are restricted or otherwise are not readily marketable may be higher or lower than our most recent valuations.

Nondiversification Risk. We are a nondiversified investment company under the 1940 Act and we are not a regulated investment company under the Internal Revenue Code. Accordingly, there are no regulatory limits under the 1940 Act or Internal Revenue Code with respect to the number or size of securities held by us and we may invest more assets in fewer issuers as compared to a diversified fund.

Tax Risk. Because we are treated as a corporation for federal income tax purposes, our financial statements reflect deferred tax assets or liabilities according to generally accepted accounting principles. Deferred tax assets may constitute a relatively high percentage of NAV. Realization of deferred tax assets including net operating loss and capital loss carryforwards, are dependent, in part, on generating sufficient taxable income of the appropriate character prior to expiration of the loss carryforwards. In addition, a substantial change in our ownership may limit our ability to utilize our loss carryforwards. Unexpected significant decreases in MLP cash distributions or significant declines in the fair value of our MLP investments, among other factors, may change our assessment regarding the recoverability of deferred tax assets and would likely result in a valuation allowance, or recording of a larger allowance. If a valuation allowance is required to reduce the deferred tax asset in the future, it could have a material impact on our NAV and results of operations in the period it is recorded. Conversely, in periods of generally increasing MLP prices, we will accrue a deferred tax liability to the extent the fair value of our assets exceeds our tax basis. We may incur significant tax liability during periods in which gains on MLP investments are realized.

Management Risk. 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 has been managing our portfolio since we began operations in February 2004. As of January 31, 2011, the Adviser had client assets under management of approximately $6.3 billion. To the extent that the Adviser s assets under management continue to grow, the Adviser may have to hire additional personnel and, to the extent it is unable to hire qualified individuals, its operations may be adversely affected.

See Risk Factors Company Risks for a more detailed discussion of these and other risks of investing in our securities.

Additional Risks to Common Stockholders

Leverage Risk. We are currently leveraged and intend to continue to use leverage primarily for investment purposes. Leverage, which is a speculative technique, could cause us to lose money and can magnify the effect of any losses. Weakness in the credit markets may cause our leverage costs to increase and there is a risk that we may not be able to renew or replace existing leverage on favorable terms or at all. If the cost of leverage is no longer favorable, or if we are otherwise required to reduce our leverage, we may not be able to maintain common stock distributions at historical levels and common stockholders will bear any costs associated with selling portfolio securities. If our net asset value of our portfolio declines or remains subject to heightened market volatility, there is an increased risk that we will be unable to maintain coverage ratios for senior debt securities and preferred stock mandated by the 1940 Act, rating agency guidelines or contractual terms of bank lending facilities or privately placed notes. If we do not cure any deficiencies within specified cure periods, we will be required to redeem such

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senior securities in amounts that are sufficient to restore the required coverage ratios or, in some cases, offer to redeem all of such securities. As a result, we may be required to sell portfolio securities at inopportune times, and we may incur significant losses upon the sale of such securities. There is no assurance that a leveraging strategy will be successful.

Market Impact Risk. The sale of our common stock (or the perception that such sales may occur) may have an adverse effect on prices in the secondary market for our common stock. An increase in the number of common shares available may put downward pressure on the market price for our common stock. Our ability to sell shares of common stock below NAV may increase this pressure. These sales also might make it more difficult for us to sell additional equity securities in the future at a time and price we deem appropriate.

Dilution Risk. The voting power of current stockholders will be diluted to the extent that such stockholders do not purchase shares in any future common stock offerings or do not purchase sufficient shares to maintain their percentage interest. In addition, if we sell shares of common stock below NAV, our NAV will fall immediately after such issuance. See Description of Securities Common Stock Issuance of Additional Shares which includes a table reflecting the dilutive effect of selling our common stock below NAV.

If we are unable to invest the proceeds of such offering as intended, our per share distribution may decrease and we may not participate in market advances to the same extent as if such proceeds were fully invested as planned.

Market Discount Risk. Our common stock has traded both at a premium and at a discount in relation to NAV. We cannot predict whether our shares will trade in the future at a premium or discount to NAV.

See Risk Factors Additional Risks to Common Stockholders for a more detailed discussion of these risks.

Additional Risks to Senior Security Holders

Additional risks of investing in senior securities, include the following:

Interest Rate Risk. Distributions and interest payable on our senior securities are subject to interest rate risk. To the extent that distributions or interest on such securities are based on short-term rates, our leverage costs may rise so that the amount of distributions or interest due to holders of senior securities would exceed the cash flow generated by our portfolio securities. To the extent that our leverage costs are fixed, our leverage costs may increase when our senior securities mature. This might require that we sell portfolio securities at a time when we would otherwise not do so, which may adversely affect our future ability to generate cash flow. In addition, rising market interest rates could negatively impact the value of our investment portfolio, reducing the amount of assets serving as asset coverage for senior securities.

Senior Leverage Risk. Our preferred stock will be junior in liquidation and with respect to distribution rights to our debt securities and any other borrowings. Senior securities representing indebtedness may constitute a substantial lien and burden on preferred stock by reason of their prior claim against our income and against our net assets in liquidation. We may not be permitted to declare distributions with respect to any series of our preferred stock unless at such time we meet applicable asset coverage requirements and the payment of principal or interest is not in default with respect to senior debt securities or any other borrowings.

Our debt securities, upon issuance, are expected to be unsecured obligations and, upon our liquidation, dissolution or winding up, will rank: (1) senior to all of our outstanding common stock and any outstanding preferred stock; (2) on a parity with any of our unsecured creditors and any unsecured senior securities representing our indebtedness; and (3) junior to any of our secured creditors. Secured creditors of ours may include, without limitation, parties entering into interest rate swap, floor or cap transactions, or other similar transactions with us that create liens, pledges, charges, security interests, security agreements or other encumbrances on our assets.

Ratings and Asset Coverage Risk. To the extent that senior securities are rated, a rating does not eliminate or necessarily mitigate the risks of investing in our senior securities, and a rating may not fully or accurately reflect all of the credit and market risks associated with that senior security. A rating agency could downgrade the rating of our shares of preferred stock or debt securities, which may make such securities less liquid in the secondary market, though probably with higher resulting interest rates. If a

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rating agency downgrades, or indicates a potential downgrade to, the rating assigned to a senior security, we may alter our portfolio or redeem a portion of our senior securities. We may voluntarily redeem a senior security under certain circumstances to the extent permitted by its governing documents.

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 an investment in preferred stock or debt securities or the income from that investment will be worth less in the future. As inflation occurs, the real value of the preferred stock or debt securities and the distributions or interest payable to holders of preferred stock or debt securities declines.

Decline in Net Asset Value Risk. A material decline in our NAV may impair our ability to maintain required levels of asset coverage for our preferred stock or debt securities.

See Risk Factors Additional Risks to Senior Security Holders for a more detailed discussion of these risks.

SUMMARY OF COMPANY EXPENSES

The following table and example contain information about the costs and expenses that common stockholders will bear directly or indirectly. In accordance with SEC requirements, the table below shows our expenses, including leverage costs, as a percentage of our net assets as of November 30, 2010, and not as a percentage of gross assets or Managed Assets. By showing expenses as a percentage of net assets, expenses are not expressed as a percentage of all of the assets we invest. The table and example are based on our capital structure as of November 30, 2010. As of that date, we had $281.2 million in senior securities outstanding, including $73 million of our Tortoise Preferred Shares, three series of Tortoise Notes in an aggregate principal amount of approximately $170 million and $38.2 million outstanding under our unsecured credit facility. Such senior securities represented 19.4% of total assets as of November 30, 2010.

Stockholder Transaction Expenses

Sales Load (as a percentage of offering price)	(1)
Offering Expenses Borne by the Company (as a percentage of offering price)	(1)
Dividend Reinvestment and Cash Purchase Plan Fees(2)	None

Annual Expenses	Percentage of Net Assets Attributable to Common Stockholders
Management Fee	1.54%
Leverage Costs(3)	1.73%
Other Expenses(4)	0.18%
Current Income Tax Expense	0.11%
Deferred Income Tax(5)	15.60%
Total Annual Expenses(6)	19.16%

Example:

The following example illustrates the expenses that common stockholders would pay on a $1,000 investment in common stock, assuming (1) total annual expenses of 19.16% of net assets attributable to common shares; (2) a 5% annual return; and (iii) all distributions are reinvested at NAV:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Paid by Common Stockholders(7)(8)	$ 178	$ 462	$ 672	$ 984

The example should not be considered a representation of future expenses. Actual expenses may be greater or less than those assumed. Moreover, our actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

(1) If the securities to which this prospectus relates are sold to or through underwriters, the prospectus supplement will set forth any applicable sales load, the estimated offering expenses borne by us and a revised expense example.

(2) Stockholders will pay a transaction fee plus brokerage charges if they direct the Plan Agent to sell common stock held in a Plan account. See Automatic Dividend Reinvestment and Cash Purchase Plan.

(3) Leverage Costs in the table reflect the weighted average cost of distributions payable on Tortoise Preferred Shares and the interest payable on the Tortoise Notes and unsecured credit facility at borrowing rates as of November 30, 2010 expressed as a percentage of net assets as of November 30, 2010.

(4) Other Expenses are based on amounts incurred for the fiscal year ended November 30, 2010.

(5) For the year ended November 30, 2010, we accrued $139,019,876 in net deferred income tax expense related to our net investment loss and realized 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, 2010, based on the market value and tax basis of our assets as of November 30, 2010. 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 and other factors.

(6) The table presented in this footnote presents certain of our annual expenses as a percentage of Managed Assets as of November 30, 2010, excluding current and deferred income tax expense.

Annual Expenses	Percentage of Managed Assets
Management Fee	0.95%
Leverage Costs[(a)]	1.07%
Other Expenses (excluding current and deferred income tax expenses)[(b)]	0.11%
Total Annual Expenses (excluding current and deferred income tax expenses)	2.13%

(a) Leverage Costs are calculated as described in Note 3 above.

(b) Other Expenses are based on amounts incurred for the fiscal year ended November 30, 2010.

(7) Includes deferred income tax expense. See footnote(s) for more details.

(8) The example does not include sales load or estimated offering costs.

The purpose of the table and the example above is to help investors understand the fees and expenses that they, as common stockholders, would bear directly or indirectly. For additional information with respect to our expenses, see Management of the Company.

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FINANCIAL HIGHLIGHTS

Information contained in the table below under the heading Per Common Share Data and Supplemental Data and Ratios shows our per common share operating performance. The information in this table is derived from our financial statements audited by Ernst & Young LLP, whose report on such financial statements is contained in our 2010 Annual Report and is incorporated by reference into the statement of additional information, both of which are available from us upon request. See Available Information in this prospectus.

	Year Ended November 30, 2010	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007	Year Ended November 30, 2006
Per Common Share Data[1]					
Net Asset Value, beginning of period	$ 25.53	$ 17.36	$ 32.96	$ 31.82	$ 27.12
Income (loss) from Investment Operations:					
Net investment loss[2][3]	(0.66)	(0.16)	(0.29)	(0.61)	(0.32)
Net realized and unrealized gains (losses) on investments and interest rate swap contracts[2][3]	10.10	10.65	(12.76)	4.33	7.41
Total income (loss) from investment operations	9.44	10.49	(13.05)	3.72	7.09
Distributions to Auction Preferred Stockholders:					
Net investment income					
Return of capital	(0.01)	(0.19)	(0.40)	(0.39)	(0.23)
Total distributions to auction preferred stockholders	(0.01)	(0.19)	(0.40)	(0.39)	(0.23)
Distributions to Common Stockholders:					
Net investment income					
Return of capital	(2.16)	(2.16)	(2.23)	(2.19)	(2.02)
Total distributions to common stockholders	(2.16)	(2.16)	(2.23)	(2.19)	(2.02)
Capital Stock Transactions					
Underwriting discounts and offering costs on issuance of			(0.01)	(0.08)	(0.14)

common and auction preferred stock[(4)]					
Premiums less underwriting discounts and offering costs on issuance of common stock[(5)]	0.11	0.03	0.09	0.08	
Total capital stock transactions	0.11	0.03	0.08		(0.14)
Net Asset Value, end of period	$ 32.91	$ 25.53	$ 17.36	$ 32.96	$ 31.82
Per common share market value, end of period	$ 36.25	$ 29.50	$ 17.11	$ 32.46	$ 36.13
Total Investment Return Based on Market Value[(6)]	31.58%	88.85%	(42.47)%	(4.43)%	34.50%
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of period (000 s)	$ 890,879	$ 613,601	$ 407,031	$ 618,412	$ 532,433
Average Net Assets (000 s)	$ 782,541	$ 500,661	$ 573,089	$ 659,996	$ 446,210
Ratio of Expenses to Average Net Assets					
Advisory fees	1.53%	1.54%	1.82%	1.79%	1.62%
Other operating expenses	0.21	0.26	0.27	0.25	0.30
Expense reimbursement		(0.03)	(0.19)	(0.19)	(0.22)
Subtotal	1.74	1.77	1.90	1.85	1.70
Leverage expenses[(7)]	2.11	2.54	3.42	2.71	2.05
Income tax expense (benefit)[(8)]	17.89	29.98	(32.24)	6.44	16.06
Total expenses	21.74%	34.29%	(26.92)%	11.00%	19.81%

	Year Ended November 30, 2010	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007	Year Ended November 30, 2006
Ratio of net investment loss to average net assets before expense reimbursement[7]	(2.23)%	(0.97)%	(2.09)%	(2.08)%	(1.52)%
Ratio of net investment loss to average net assets after expense reimbursement[7]	(2.23)%	(0.94)%	(1.90)%	(1.89)%	(1.30)%
Portfolio turnover rate	10.26%	17.69%	5.81%	9.30%	2.18%
Short-term borrowings, end of period (000 s)	$ 38,200	$ 10,400		$ 38,050	$ 32,450
Long-term debt obligations, end of period (000 s)	$ 169,975	$ 170,000	$ 210,000	$ 235,000	$ 165,000
Preferred stock, end of period (000 s)	$ 73,000	$ 70,000	$ 70,000	$ 185,000	$ 70,000
Per common share amount of long-term debt obligations outstanding, end of period	$ 6.28	$ 7.07	$ 8.96	$ 12.53	$ 9.86
Per common share amount of net assets, excluding long-term debt obligations, end of period	$ 39.19	$ 32.60	$ 26.32	$ 45.49	$ 41.68
Asset coverage, per $1,000 of principal amount of long-term debt obligations and short-term borrowings[9][10]	$ 5,630	$ 4,789	$ 3,509	$ 3,942	$ 4,051
Asset coverage ratio of long-term debt obligations and short-term borrowings[9][10]	563%	479%	351%	394%	405%
Asset coverage, per $25,000 liquidation value per share of auction preferred stock[10][11]		$ 86,262	$ 64,099	$ 58,752	$ 74,769
Asset coverage, per $10 liquidation value per share of mandatory redeemable preferred stock[11]	$ 42				
Asset coverage ratio of preferred stock[10][11]	417%	345%	256%	235%	299%

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

(2)

The per common share data for the years ended November 30, 2009, 2008, 2007, and 2006 do not reflect the change in estimate of investment income and return of capital, for the respective period. See Note 2C to the financial statements for further disclosure.

(3) The per common share data for the year ended November 30, 2008 reflects the cumulative effect of adopting ASC 740-10, which was a $1,165,009 increase to the beginning balance of accumulated net investment loss, or $(0.06) per share.

(4) Represents the dilution per common share from underwriting and other offering costs for the year ended November 30, 2008. Represents the effect of the issuance of preferred stock for the year ended November 30, 2007. Represents the dilution per common share from underwriting and other offering costs for the year ended November 30, 2006.

(5) Represents the premium on the shelf offerings of $0.25 per share, less the underwriting and offering costs of $0.14 per share for the year ended November 30, 2010. Represents the premium on the shelf offerings of $0.05 per share, less the underwriting and offering costs of $0.02 per share for the year ended November 30, 2009. Represents the premium on the shelf offerings of $0.34 per share, less the underwriting and offering costs of $0.25 per share for the year ended November 30, 2008. Represents the premium on the shelf offerings of $0.21 per share, less the underwriting and offering costs of $0.13 per share for the year ended November 30, 2007.

(6) Total investment return is calculated assuming a purchase of common stock at the beginning of the period and a sale at the closing price on the last day of the period reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to the Company s dividend reinvestment plan.

(7) The expense ratios and net investment loss ratios do not reflect the effect of distributions to auction preferred stockholders.

(8) For the year ended November 30, 2010, the Company accrued $984,330 for current income tax expense and $139,019,876 for net deferred income tax expense. For the year ended November 30, 2009, the Company accrued $230,529 for net income tax benefit and $150,343,906 for net deferred income tax expense. For the year ended November 30, 2008, the Company accrued $260,089 for net current income tax expense and $185,024,497 for deferred income tax benefit. For the year ended November 30, 2007, the Company accrued $344,910 for current income tax expense and $42,171,411 for net deferred income tax expense. For the year ended November 30, 2006, the Company accrued $471,753 for current income tax expense and $71,190,049 for net deferred income tax expense.

(9) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations, short-term borrowings and preferred stock at the end of the period divided by long-term debt obligations and short-term borrowings outstanding at the end of the period.

(10) As of November 30, 2008, the Company had restricted cash in the amount of $20,400,000 to be used to redeem long-term debt obligations with a par value of $20,000,000, which are excluded from these asset coverage calculations.

(11) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations, short-term borrowings and preferred stock at the end of the period divided by long-term debt obligations, short-term borrowings and preferred stock outstanding at the end of the period.

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SENIOR SECURITIES

The following table sets forth information about our outstanding senior securities as of each fiscal year ended November 30 since our inception:

Year	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)	Average Estimated Fair Value Per $25,000 Denomination or per Share Amount
2004	Tortoise Notes Series A and B	$ 110,000,000	$ 4,378		$ 25,000
	Tortoise Preferred Shares Series I(1) (1,400 shares)	$ 35,000,000		$ 83,026	$ 25,000
		$ 145,000,000			
2005	Tortoise Notes Series A, B and C	$ 165,000,000	$ 3,874		$ 25,000
	Tortoise Preferred Shares Series I(1) and II(2) (2,800 shares)	$ 70,000,000		$ 68,008	$ 25,000
		$ 235,000,000			
2006	Tortoise Notes Series A, B and C	$ 165,000,000	$ 4,051		$ 25,000
	Tortoise Preferred Shares Series I(1) and II(2) (2,800 shares)	$ 70,000,000		$ 74,769	$ 25,000
	Borrowings Unsecured Revolving Credit Facility(3)	$ 32,450,000	$ 4,051		
		$ 267,450,000			
2007	Tortoise Notes Series A	$ 60,000,000	$ 3,942		$ 25,781(4)

	Series B	$ 50,000,000	$ 3,942		$ 25,185[4]
	Series C and D	$ 125,000,000	$ 3,942		$ 25,000[5]
	Tortoise Preferred Shares				
	Series I[1](1,400 shares)	$ 35,000,000		$ 58,752	$ 25,604[4]
	Series II[2] (1,400 shares)	$ 35,000,000		$ 58,752	$ 25,667[4]
	Series III and IV (4,600 shares)	$ 115,000,000		$ 58,752	$ 25,000[5]
	Borrowings				
	Unsecured Revolving Credit Facility[3]	$ 38,050,000	$ 3,942		
		$ 458,050,000			
2008	Tortoise Notes				
	Series A	$ 60,000,000	$ 3,509		$ 24,241[6]
	Series E	$ 150,000,000[7]	$ 3,509		$ 22,767[6]
	Tortoise Preferred Shares				
	Series I[1](1,400 shares)	$ 35,000,000		$ 64,099	$ 24,041[8]
	Series II[2](1,400 shares)	$ 35,000,000		$ 64,099	$ 24,050[8]
	Borrowings				
	Unsecured Revolving Credit Facility[3]	$ 0			
		$ 280,000,000			

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Year	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)	Average Estimated Fair Value Per $25,000 Denomination or per Share Amount
2009	Tortoise Notes				
	Series A	$ 60,000,000(9)	$ 4,789		$ 27,206(6)
	Series E	$ 110,000,000	$ 4,789		$ 27,004(6)
	Tortoise Preferred Shares				
	Series I(1)(1,400 shares)	$ 35,000,000(10)		$ 86,262	$ 25,651(8)
	Series II(2)(1,400 shares)	$ 35,000,000(10)		$ 86,262	$ 25,638(8)
	Borrowings				
	Unsecured Revolving Credit Facility(3)	$ 10,400,000	$ 4,789		
		$ 250,400,000			
2010	Tortoise Notes				
	Series E	$ 110,000,000	$ 5,630		$ 28,184(11)
	Series F	$ 29,975,000	$ 5,630		$ 26,293(11)
	Series G	$ 30,000,000	$ 5,630		$ 28,045(11)
	Tortoise Preferred Shares				
	MRP(10)	$ 73,000,000		$ 42	$ 11
	Borrowings				
	Unsecured Revolving Credit Facility(3)	$ 38,200,000	$ 5,630		$ 25,000
		$ 281,175,000			

(1) Formerly designated as Series I MMP Shares.
(2) Formerly designated as Series II MMP Shares.
(3) On March 22, 2007, the Company entered into an agreement establishing a $150,000,000 unsecured credit facility maturing on March 21, 2008. On March 20, 2008, the Company entered into an extension of the agreement establishing a $92,500,000 unsecured credit facility maturing on March 20, 2009. On March 20, 2009, the Company entered into an extension of the agreement establishing a $40,000,000 unsecured credit facility maturing on June 20, 2009. On June 19, 2009, the Company entered into an amendment to its credit facility that provides for an unsecured credit facility of $70,000,000 through June 20, 2010. On June 20, 2010, the Company entered into an amendment to its credit facility that provides for an unsecured credit facility of $70,000,000 through June 20, 2011. We currently expect to seek to renew the credit facility at an amount

sufficient to meet our operating needs.

(4) Average estimated fair value of the Series A and B Auction Rate Senior Notes and Series I and II Tortoise Preferred Shares was calculated using the spread between the interest/distribution rates at the time the series respective special rate periods commenced to the U.S. Treasury rates with equivalent maturity dates. At November 30, 2007, the spread of each series was applied to the equivalent U.S. Treasury Rate and the future cash flows were discounted to determine the estimated fair value. There is no active trading market for these securities. Average estimated fair value does not take into account any liquidity discounts that a shareholder may have incurred upon sale.

(5) Average estimated fair value of the Series C and D Auction Rate Senior Notes and Series III and IV Tortoise Preferred Shares approximates the principal amount and liquidation preference, respectively, because the interest and distribution rates payable on Auction Rate Senior Notes and Tortoise Preferred Shares were generally determined at auctions and fluctuated with changes in prevailing market interest rates.

(6) Average estimated fair value of the Series A and Series E Notes was calculated using the spread between the AAA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the average spread between the current rates of the Notes and the AAA corporate finance debt rate. At November 30, 2008 and November 30, 2009, the total spread was applied to the equivalent U.S. Treasury rate for each series and future cash flows were discounted to determine estimated fair value. There is no active trading market for these securities. Average estimated fair value does not take into account any liquidity discounts that a shareholder may have incurred upon sale.

(7) On December 3, 2008, the Company partially redeemed a portion of the Series E Notes in the amount of $40,000,000.

(8) Average estimated fair value of Auction Preferred I and Auction Preferred II Stock was calculated using the spread between the AA corporate finance debt rate and the U.S. Treasury rate with a maturity equivalent to the remaining rate period plus the average spread between the current rates and the AA corporate finance debt rate. At November 30, 2008 and November 30, 2009, the total spread was applied to the equivalent U.S. Treasury rate for each series and future cash flows were discounted to determine estimated fair value. There is no active trading market for these securities. Average estimated fair value does not take into account any liquidity discounts that a shareholder may have incurred upon sale.

(9) On December 21, 2009, the Company issued $59,975,000 in aggregate principal amount of its Series F and Series G Private Notes. On December 21, 2009, the Company used the proceeds from the issuance of the Series F and Series G Notes to redeem all $60,000,000 of the Series A Notes.

(10) On December 14, 2009, the Company issued $65 million of its MRP Shares. On December 21, 2009, the Company issued an additional $8 million of its MRP Shares pursuant to the underwriters exercise of their overallotment option. On December 21, 2009, the Company used the proceeds from the issuance of the MRP Shares to redeem all $35,000,000 of the Series I Preferred Shares and all $35,000,000 of the Series II Preferred Shares.

(11) Average estimated fair values of the Tortoise Notes were calculated by discounting future cash flows by a rate equal to the current U.S. Treasury rate with an equivalent maturity date, plus either (i) the spread between the interest rate on recently issued debt and the U.S. Treasury rate with a similar maturity date or (ii) if there has not been a recent debt issuance, the spread between the AAA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the spread between the fixed rates of the Notes and the AAA corporate finance debt rate. There is no active trading market for these securities. Average estimated fair value does not take into account any liquidity discounts that a shareholder may have incurred upon sale.

MARKET AND NET ASSET VALUE INFORMATION

Our common stock is listed on the NYSE under the symbol TYG. Shares of our common stock commenced trading on the NYSE on February 25, 2004.

Our common stock has traded both at a premium and at a discount in relation to NAV. We cannot predict whether our shares will trade in the future at a premium or discount to NAV. The provisions of the 1940 Act generally require that the public offering price of common stock (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company s additional common stock (calculated within 48 hours of pricing). However, at our Annual Meeting of Stockholders held on May 21, 2010, our common stockholders granted to us the authority to sell shares of our common stock for less than NAV, subject to certain conditions. Our issuance of additional common stock may have an adverse effect on prices in the secondary market for our common stock by increasing the number of shares of common stock available, which may put downward pressure on the market price for our common stock. The continued development of alternatives as vehicles for investing in a portfolio of energy infrastructure MLPs, including other publicly traded investment companies and private funds, may reduce or eliminate any tendency of our shares of common stock to trade at a premium in the future. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV. See Risk Factors Additional Risks to Common Stockholders Market Discount Risk.

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The following table sets forth for each of the periods indicated the high and low closing market prices for our shares of common stock on the NYSE, the NAV per share and the premium or discount to NAV per share at which our shares of common stock were trading. See Determination of Net Asset Value for information as to the determination of our NAV.

Month Ended	Market Price(1) High	Market Price(1) Low	Net Asset Value(2)	Premium/ (Discount) To Net Asset Value(3) High	Premium/ (Discount) To Net Asset Value(3) Low
November 30, 2008	20.99	11.75	21.84	−3.9%	−46.2%
December 31, 2008	17.99	15.55	17.36	3.6%	−10.4%
January 31, 2009	22.35	17.40	16.58	34.8%	4.9%
February 28, 2009	22.85	18.40	19.46	17.4%	−5.4%
March 31, 2009	21.64	16.84	18.50	17.0%	−9.0%
April 30, 2009	24.35	20.15	18.43	32.1%	9.3%
May 31, 2009	26.00	23.38	20.44	27.2%	14.4%
June 30, 2009	26.15	24.67	21.78	20.1%	13.3%
July 31, 2009	27.41	24.03	21.55	27.2%	11.5%
August 31, 2009	27.90	25.82	24.42	14.3%	5.7%
September 30, 2009	27.69	24.17	22.92	20.8%	5.5%
October 31, 2009	26.96	24.58	23.92	12.7%	2.8%
November 30, 2009	29.50	26.67	24.62	19.8%	8.3%
December 31, 2009	32.62	29.12	25.53	27.8%	14.1%
January 31, 2010	33.02	29.48	27.38	20.6%	7.7%
February 28, 2010	30.46	28.11	27.51	10.7%	2.2%
March 31, 2010	32.93	30.50	28.06	17.4%	8.7%
April 30, 2010	35.33	32.26	28.81	22.6%	12.0%
May 31, 2010	34.72	30.74	29.43	18.0%	4.5%
June 30, 2010	32.77	30.88	27.38	19.7%	12.8%
July 31, 2010	34.10	32.10	29.08	17.3%	10.4%
August 31, 2010	35.47	32.53	31.02	14.3%	4.9%
September 30, 2010	35.10	33.14	29.52	18.9%	12.3%
October 31, 2010	36.73	34.43	31.18	17.8%	10.4%
November 30, 2010	38.68	35.91	32.98	17.3%	8.9%
December 31, 2010	38.30	36.52	32.91	16.4%	11.0%
January 31, 2011	39.38	37.30	33.78	16.6%	10.4%

Source: Bloomberg Financial and Fund Accounting Records.

(1) Based on high and low closing market price for the respective month.

(2) Based on the NAV calculated on the close of business on the last business day of each prior calendar month.

(3) Calculated based on the information presented. Percentages are rounded.

The last reported NAV per share, the market price and percentage premium to NAV per share of our common stock on February 25, 2011 were $35.22, $40.09 and 13.8%, respectively. As of February 25, 2011, we had 27,199,433 shares of our common stock outstanding and net assets of approximately $958.0 million.

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USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds of any sale of our securities primarily to invest in energy infrastructure companies in accordance with our investment objective and policies as described under Investment Objective and Principal Investment Strategies within approximately three months of receipt of such proceeds. We may also use proceeds from the sale of our securities to retire all or a portion of any debt we incur, to redeem preferred stock or for working capital purposes, including the payment of distributions, interest and operating expenses, although there is currently no intent to issue securities primarily for this purpose. Our investments may be delayed if suitable investments are unavailable at the time or for other reasons. Pending such investment, we anticipate that we will invest the proceeds in securities issued by the U.S. Government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations. A delay in the anticipated use of proceeds could lower returns, reduce our distribution to common stockholders and reduce the amount of cash available to make distribution and interest payments on preferred stock and debt securities, respectively. We will not receive any of the proceeds from a sale of our common stock by any selling stockholder.

THE COMPANY

We are a nondiversified, closed-end management investment company registered under the 1940 Act. We were organized as a corporation on October 30, 2003, pursuant to the Charter governed by the laws of the State of Maryland. Our fiscal year ends on November 30. We commenced operations in February 2004 following our initial public offering. Our common stock is listed on the NYSE under the symbol TYG. As of January 31, 2011, we had net assets of approximately $935.5 million attributable to our common stock. As of the date of this prospectus, we had outstanding $73 million of our Tortoise Preferred Shares and approximately $170 million of our Tortoise Notes.

The following table provides information about our outstanding securities as of January 31, 2011:

Title of Class	Amount Authorized	Amount Held by the Company or for its Account	Amount Outstanding
Common Stock	100,000,000	0	27,199,433
Tortoise Notes:			
Series E(1)	$ 150,000,000	0	$ 110,000,000
Series F(2)	$ 29,975,000	0	$ 29,975,000
Series G(3)	$ 30,000,000	0	$ 30,000,000
Tortoise Preferred Shares:			
MRP Shares(4)	$ 74,750,000	0	$ 73,000,000

(1) The Series E notes mature on April 10, 2015 and bear a fixed interest rate of 6.11%.

(2) The Series F notes mature on December 21, 2012 and bear a fixed interest rate of 4.50%.

(3) The Series G notes mature on December 21, 2016 and bear a fixed interest rate of 5.85%.

(4) The MRP Shares have a mandatory redemption date of December 31, 2019 and pay distributions at an annual rate of 6.25%. Each share has a liquidation preference of $10.00.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

Investment Objective

Our investment objective is to seek a high level of total return with an emphasis on current distributions paid to stockholders. For purposes of our investment objective, total return includes capital appreciation of, and all distributions received from, securities in which we invest regardless of the tax character of the distributions. We seek to provide our stockholders with an efficient vehicle to invest in a portfolio of publicly traded MLPs in the energy infrastructure sector. Similar to the tax characterization of cash distributions made by MLPs to unitholders, a significant portion of our distributions have been and are expected to continue to be treated as a return of capital to stockholders.

Energy Infrastructure Industry

We concentrate our investments in the energy infrastructure sector. We pursue our 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 our 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 revenues from Qualifying Income under Section 7704 of the Internal Revenue Code or one that derives at least 50% of its revenues from providing 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 reduce revenues and adversely affect 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 and reasonable return on capital investment and the opportunity to adjust to changing market conditions.

Master Limited Partnerships. Under normal circumstances, we invest at least 70% of our total assets in equity securities of MLPs that each year derive at least 90% of their gross income from Qualifying Income and are generally taxed as partnerships for federal income tax purposes, 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 units if certain financial tests are met.

As a motivation for the general partner to successfully manage the MLP and increase cash flows, the terms of most MLP partnership agreements 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 to up to 50% of incremental income. Nevertheless, the aggregate amount of distributions 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 we invest generally can be classified in the following categories:

> *Pipeline MLPs*. 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*. 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*. 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. 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

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costs and pay mining reclamation costs; and the effect on demand that the Clean Air Act standards have on coal end-users.

Marine Shipping MLPs. Marine shipping MLPs are primarily marine transporters of natural gas, crude oil or refined petroleum products. Marine shipping MLPs derive revenue from charging customers for the transportation of these products utilizing the MLPs vessels. Transportation services are typically provided pursuant to a charter or contract, the terms of which vary depending on, for example, the length of use of a particular vessel, the amount of cargo transported, the number of voyages made, the parties operating a vessel or other factors.

We also may invest in equity and debt securities of energy infrastructure companies that are organized and/or taxed as corporations to the extent consistent with our investment objective. We also may invest in securities of general partners or other affiliates of MLPs and private companies operating energy infrastructure assets.

Investment Process

Under normal circumstances, we invest at least 90% of our 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 intends to use research provided by broker-dealers and investment firms, primary emphasis will be 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. It is anticipated that all of the publicly traded MLPs in which we invest will have a market capitalization greater than $100 million at the time of investment.

Investment Policies

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

The following are our fundamental investment limitations set forth in their entirety. We may not:

issue senior securities, except as permitted by the 1940 Act and the rules and interpretive positions of the SEC thereunder;

borrow money, except as permitted by the 1940 Act and the rules and interpretive positions of the SEC thereunder;

make loans, except by the purchase of debt obligations, by entering into repurchase agreements or through the lending of portfolio securities and as otherwise permitted by the 1940 Act and the rules and interpretive positions of the SEC thereunder;

concentrate (invest 25% or more of total assets) our investments in any particular industry, except that we will concentrate our assets in the group of industries constituting the energy infrastructure sector;

underwrite securities issued by others, except to the extent that we may be considered an underwriter within the meaning of the Securities Act of 1933, as amended (the 1933 Act), in the disposition of restricted securities held in our portfolio;

purchase or sell real estate unless acquired as a result of ownership of securities or other instruments, except that we may invest in securities or other instruments backed by real estate or securities of companies that invest in real estate or interests therein; and

purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments, except that we may purchase or sell options and futures contracts or invest in securities or other instruments backed by physical commodities.

Our policy of investing at least 90% of our 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.

We have adopted the following additional nonfundamental policies:

Under normal circumstances, we invest at least 70% and up to 100% of our total assets in equity securities issued by MLPs. Equity securities currently consist of common units, convertible subordinated units, and pay-in-kind units.

We may invest up to 30% of our total assets in restricted securities, primarily through direct placements. Subject to this policy, we may invest without limitation in illiquid securities. The types of restricted securities that we may purchase include securities of private energy infrastructure companies and privately issued securities of publicly traded energy infrastructure companies. Restricted securities, whether issued by public companies or private companies, are generally considered illiquid. Investments in private companies that do not have any publicly traded shares or units are limited to 5% of total assets.

We may invest up to 25% of our 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.

We may invest up to 25% of our 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.

We will not invest more than 10% of our total assets in any single issuer.

We will not engage in short sales.

Unless otherwise stated, these investment restrictions apply at the time of purchase and we will not be required to reduce a position due solely to market value fluctuations.

As used in the bullets above, the term total assets includes assets to be obtained through anticipated leverage for the purpose of each nonfundamental investment policy. During the period in which we are investing the net proceeds of an offering, we may deviate from our investment policies with respect to the net proceeds of the offering by investing the net proceeds in cash, cash equivalents, securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, high quality, short-term money market instruments, 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 liquid fixed income securities.

Investment Securities

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

Equity Securities of MLPs. Consistent with our investment objective, we may invest up to 100% of total assets in equity securities issued by energy infrastructure MLPs, including common units, convertible subordinated units, pay-in-kind units (typically, I-Shares) and common units, subordinated units and preferred units of limited liability companies (LLCs) (that are treated as partnerships for federal income

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tax purposes). The table below summarizes the features of these securities, and a further discussion of these securities follows.

	Common Units (for MLPs taxed as partnerships)	**Convertible Subordinated Units (for MLPs taxed as partnerships)**	**I-Shares**
Voting Rights	Limited to certain significant decisions; no annual election of directors	Same as common units	No direct MLP voting rights
Dividend Priority	First right to minimum quarterly distribution (MQD) specified in Partnership Agreement; arrearage rights	Second right to MQD; no arrearage rights; may be paid in additional units	Equal in priority to common units but paid in additional I-Shares at current market value of I-Shares
Dividend Rate	Minimum set in partnership agreement; participate pro rata with subordinated units after both MQDs are met	Equal in amount to common units; participate pro rata with common units above the MQD	Equal in amount to common units
Trading	Listed on NYSE, NYSE Alternext U.S. or NASDAQ National Market	Not publicly traded	Listed on NYSE
Federal Income Tax Treatment	Generally, ordinary income to the extent of taxable income allocated to holder; distributions are tax-free return of capital to extent of holder s basis; remainder as capital gain	Same as common units	Full distribution treated as return of capital; since distribution is in shares, total basis is not 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	Retail and Institutional; does not create unrelated business taxable income; qualifying income for regulated investment companies
Liquidity Priority	Intended to receive return of all capital first	Second right to return of capital; pro rata with common units thereafter	Same as common units (indirect right through I-Share issuer)
Conversion Rights	None	Typically one-to-one ratio into common units	None

(1) Some energy infrastructure companies in which we may invest have been organized as LLCs. Such companies are generally treated in the same manner as MLPs for federal income tax purposes. Common units of LLCs have similar characteristics as those of MLP common units, except that LLC common units typically have voting rights with respect to the LLC and LLC common units held by management are not entitled to increased percentages of cash distributions as increased levels of cash distributions are received by the LLC. The characteristics of LLCs and their common units are more fully discussed below.

MLP Common Units. MLP common units represent an equity ownership interest in a partnership, providing limited voting rights and entitling the holder to a share of the company s success through distributions and/or capital appreciation. Unlike stockholders of a corporation, common unit holders do not elect directors annually and generally have the right to vote only on certain significant events, such as mergers, a sale of substantially all of the assets, removal of the general partner or material amendments to the partnership agreement. MLPs are required by their partnership agreements to distribute a large percentage of their current operating

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earnings. Common unit holders generally have first right to a MQD prior to distributions to the convertible subordinated unit holders or the general partner (including incentive distributions). Common unit holders typically have arrearage rights if the MQD is not met. In the event of liquidation, MLP common unit holders have first rights to the partnership s remaining assets after bondholders, other debt holders, and preferred unit holders have been paid in full. MLP common units trade on a national securities exchange or over-the-counter. Also, like common stock, prices of MLP common units are sensitive to general movements in the stock market and a drop in the stock market may depress the price of MLP common units to which we have exposure.

Limited Liability Company Units. Some energy infrastructure companies in which we may invest have been organized as LLCs. Such LLCs are treated in the same manner as MLPs for federal income tax purposes. Consistent with our investment objective and policies, we may invest in common units or other securities of such LLCs including preferred units, subordinated units and debt securities. LLC common units represent an equity ownership interest in an LLC, entitling the holder to a share of the LLC s success through distributions and/or capital appreciation. Similar to MLPs, LLCs typically do not pay federal income tax at the entity level and are required by their operating agreements to distribute a large percentage of their current operating earnings. LLC common unit holders generally have first right to a MQD prior to distributions to subordinated unit holders and typically have arrearage rights if the MQD is not met. In the event of liquidation, LLC common unit holders have a right to the LLC s remaining assets after bond holders, other debt holders and preferred unit holders, if any, have been paid in full. LLC common units may trade on a national securities exchange or over-the-counter.

In contrast to MLPs, LLCs have no general partner and there are generally no incentives that entitle management or other unit holders to increased percentages of cash distributions as distributions reach higher target levels. In addition, LLC common unit holders typically have voting rights with respect to the LLC, whereas MLP common units have limited voting rights.

MLP Convertible Subordinated Units. MLP convertible subordinated units are typically issued by MLPs to founders, corporate general partners of MLPs, entities that sell assets to MLPs, and institutional investors. The purpose of the convertible subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed to common unit holders. We expect to purchase convertible subordinated units in direct placements from such persons. Convertible subordinated units generally are not entitled to distributions until holders of common units have received specified MQD, plus any arrearages, and may receive less than common unit holders in distributions upon liquidation. Convertible subordinated unit holders generally are entitled to MQD prior to the payment of incentive distributions to the general partner, but are not entitled to arrearage rights. Therefore, convertible subordinated units generally entail greater risk than MLP common units. They are generally convertible automatically into the senior common units of the same issuer at a one-to-one ratio upon the passage of time or the satisfaction of certain financial tests. These units generally do not trade on a national exchange or over-the-counter, and there is no active market for convertible subordinated units. Although the means by which convertible subordinated units convert into senior common units depend on a security s specific terms, MLP convertible subordinated units typically are exchanged for common shares. The value of a convertible security is a function of its worth if converted into the underlying common units. Convertible subordinated units generally have similar voting rights to MLP common units. Distributions may be paid in cash or in-kind.

MLP I-Shares. I-Shares represent an indirect investment in MLP I-units. I-units are equity securities issued to affiliates of MLPs, typically a limited liability company, that owns an interest in and manages the MLP. The I-Share issuer has management rights but is not entitled to incentive distributions. The I-Share issuer s assets consist exclusively of MLP I-units; however, the MLP does not allocate income or loss to the I-Share issuer. Distributions by MLPs to I-unit holders are made in the form of additional I-units, generally equal in amount to the cash received by common unit holders of MLPs. Distributions to I-Share holders are made in the form of additional I-Shares, generally equal in amount to the I-units received by the I-Share issuer. The issuer of the I-Share is taxed as a corporation for federal income tax purposes. Accordingly, investors receive a Form 1099, are not allocated their proportionate share of income of the MLPs and are not subject to state income tax filing obligations based solely on the issuer s operations within a state.

Equity Securities of MLP Affiliates. In addition to equity securities of MLPs, we may also invest in equity securities of MLP affiliates, by purchasing securities of limited liability entities that own general partner interests of MLPs. General partner interests of MLPs are typically retained by an MLP s original sponsors, such as its founders,

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corporate partners, entities that sell assets to the MLP and investors such as the entities from which we may purchase general partner interests. An entity holding general partner interests, but not its investors, can be liable under certain circumstances for amounts greater than the amount of the entity s investment in the general partner interest. General partner interests often confer direct board participation rights, and in many cases, operating control over the MLP. These interests themselves are generally not publicly traded, although they may be owned by publicly traded entities. General partner interests receive cash distributions, typically 2% of the MLP s aggregate cash distributions, which are contractually defined in the partnership agreement. In addition, holders of general partner interests typically hold incentive distribution rights (IDRs), which provide them with a larger share of the aggregate MLP cash distributions as the distributions to limited partner unit holders are increased to prescribed levels. General partner interests generally cannot be converted into common units. The general partner interest can be redeemed by the MLP if the MLP unitholders choose to remove the general partner, typically with a supermajority vote by limited partner unitholders.

Other Non-MLP Equity Securities. In addition to equity securities of MLPs, we may also invest in common and preferred stock, limited partner interests, convertible securities, warrants and depository receipts of companies that are organized as corporations, limited liability companies or limited partn