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TORTOISE ENERGY INFRASTRUCTURE CORP

Form N-2/A

April 01, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 1, 2005

1933 ACT FILE NO. 333-122350

1940 ACT FILE NO. 811-21462

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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-2

(CHECK APPROPRIATE BOX OR BOXES)

- REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
 PRE-EFFECTIVE AMENDMENT NO. 1  
 POST-EFFECTIVE AMENDMENT NO. \_\_\_\_

AND

- REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940  
 AMENDMENT NO. 17

TORTOISE ENERGY INFRASTRUCTURE CORPORATION

10801 MASTIN BOULEVARD, SUITE 222

OVERLAND PARK, KANSAS 66210

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AGENT FOR SERVICE

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APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING: As soon as practicable after the effective date of this Registration Statement

\_\_\_\_\_

If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.  It is proposed that this filing will become effective (check appropriate box)

when declared effective pursuant to section 8(c)

\_\_\_\_\_

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

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TITLE OF SECURITIES BEING REGISTERED	AMOUNT REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	A REGIS
Tortoise Notes.....	n/a	n/a	\$55,000,000	

THE REGISTRANT INTENDS TO AMEND THIS REGISTRATION STATEMENT ON SUCH LATER DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATES AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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

SUBJECT TO COMPLETION  
PRELIMINARY PROSPECTUS DATED JANUARY 27, 2005

[Tortoise Logo]

\$55,000,000  
TORTOISE ENERGY INFRASTRUCTURE CORPORATION  
AUCTION RATE SENIOR NOTES ("TORTOISE NOTES")  
\$ SERIES C, DUE , 2045  
\$25,000,000 DENOMINATIONS

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

The Company is offering an aggregate principal amount of \$55,000,000 Series C Tortoise Notes in this Prospectus. The notes offered in this Prospectus, together with Series A and Series B notes currently outstanding, are referred to as "Tortoise Notes." Individual series of Tortoise Notes are referred to as a "series." Except as otherwise described in this Prospectus, the terms of this series and all other series are the same.

The Tortoise Notes will be issued without coupons in denominations of \$25,000 and any integral multiple thereof. The principal amount of the Series C Tortoise Notes will be due and payable on , 2045 (the "Stated Maturity").

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There is no sinking fund with respect to the Tortoise Notes. The Tortoise Notes will be unsecured obligations of the Company and, upon liquidation, dissolution or winding up of the Company, will rank: (1) senior to all of the Company's outstanding common stock and any outstanding preferred stock; (2) on a parity with any unsecured creditors of the Company and any unsecured senior securities representing indebtedness of the Company, including other series of Tortoise Notes; and (3) junior to any secured creditors of the Company. The Company may redeem the Tortoise Notes prior to their Stated Maturity in certain circumstances described in this Prospectus.

Holders of Tortoise Notes will be entitled to receive cash interest payments at an annual rate that may vary for each rate period. The initial rate period for Series C Tortoise Notes is from the issue date through \_\_\_\_\_, 2005. The interest rate for the initial rate period from and including the issue date through \_\_\_\_\_, 2005, will be \_\_\_% per year for the Series C Tortoise Notes. For each subsequent rate period, the interest rate will be determined by an auction conducted in accordance with the procedures described in this Prospectus. Generally, following the initial rate period, each rate period will be seven (7) days for the Series C Tortoise Notes.

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

(continued on next page)

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INVESTING IN TORTOISE NOTES INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 31 OF THIS PROSPECTUS.

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

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	PER \$25,000 PRINCIPAL AMOUNT OF TORTOISE NOTES	TOTAL
	-----	-----
Public offering price.....	\$25,000	\$
Underwriting discounts and commissions.....	\$	\$
Proceeds to the Company (before expenses) (1).....	\$	\$

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(1) Does not include offering expenses payable by the Company, estimated to be \$ .

The underwriters expect to deliver the Series C Tortoise Notes in

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book-entry form, through the facilities of The Depository Trust Company, to broker-dealers on or about April \_\_, 2005.

LEHMAN BROTHERS

STIFEL, NICOLAUS & COMPANY  
INCORPORATED

, 2005

On July 15, 2004, the Company issued Series A and Series B of Tortoise Notes due July 15, 2044, in an aggregate principal amount of \$110,000,000. On September 16, 2004, the Company issued 1,400 auction rate preferred shares (denominated as Money Market Cumulative Preferred Shares or "MMP Shares"), liquidation preference \$25,000 per share (\$35,000,000 aggregate liquidation preference). The outstanding Tortoise Notes are rated "Aaa" and "AAA" by Moody's Investors Service Inc. ("Moody's") and Fitch Ratings ("Fitch"), respectively. The MMP Shares are rated "AA2" and "AA" by Moody's and Fitch respectively. The Company may issue additional series of Tortoise Notes or MMP Shares in the future. The MMP Shares and the Tortoise Notes are intended to increase funds available for investment. This practice, which is known as leverage, is speculative and involves significant risks.

The offering is conditioned upon the Series C Tortoise Notes receiving a rating of "Aaa" from Moody's and "AAA" from Fitch Ratings.

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

You should read this Prospectus, which contains important information about the Company, before deciding whether to invest in the Tortoise Notes and retain it for future reference. A Statement of Additional Information, dated , 2005, and as it may be supplemented, containing additional information about the Company, has been filed with the Securities and Exchange Commission (the "Commission") and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of the Statement of Additional Information, the table of contents of which is on page 69 of this Prospectus, by calling (888) 728-8784 or by writing to the Company, or you may obtain a copy (and other information regarding the Company) from the Commission's web site (<http://www.sec.gov>). You also may e-mail requests for these documents to the Commission at [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or make a request in writing to the Commission's Public Reference Section, Washington, D.C. 20549-0102.

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

PROSPECTUS SUMMARY

This is only a summary. You should review the more detailed information contained elsewhere in this Prospectus and in the Statement of Additional Information, including the "Summary of Certain Provisions of the Indenture" included in Appendix A to the Statement of Additional Information. Capitalized terms used but not defined in this Prospectus shall have the meanings given to

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such terms in Appendix A to the Statement of Additional Information.

The Company..... Tortoise Energy Infrastructure Corporation (the "Company") is a nondiversified, closed-end management investment company that commenced operations in February 2004. The Company's common stock, \$0.001 par value per share, is traded on the New York Stock Exchange (the "NYSE") under the symbol "TYG." See "Description of Capital Stock." As of January 31, 2005, the Company had 14,744,095 shares of common stock outstanding and net assets applicable to shares of common stock of \$421,149,068.

The Adviser..... Tortoise Capital Advisors, LLC (the "Adviser") was formed in October 2002 to provide portfolio management services to institutional and high-net-worth investors seeking professional management of their master limited partnership ("MLP") investments. The Adviser is controlled equally by Fountain Capital Management, L.L.C. ("Fountain Capital") and Kansas City Equity Partners LC ("KCEP"). As of February 28, 2005, the Adviser had approximately \$760 million of client assets under management. The Adviser's investment committee is comprised of five portfolio managers.

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

The Offering..... The Company is offering Series C Tortoise Notes in an aggregate principal amount of \$55,000,000. Series C Tortoise Notes are available in denominations of \$25,000 and any integral multiple thereof. The Series C Tortoise Notes are being offered by Lehman Brothers Inc. ("Lehman Brothers") and Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus") as underwriters. See "Underwriting."

It is a condition of the underwriters' obligation to purchase the Series C Tortoise Notes that the notes receive a rating of "Aaa" from Moody's and "AAA" from Fitch.

The issuance of the Series C Tortoise Notes represents the leveraging of the Company's common stock. See

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

The Series C Tortoise Notes will be unsecured obligations of the Company and, upon liquidation, dissolution or winding up of the Company, will rank: (1) senior to all of the Company's outstanding common stock and any outstanding preferred stock, including MMP Shares; (2) on a parity with any unsecured creditors of the Company and any unsecured senior securities representing indebtedness of the Company, including any other series of Tortoise Notes; and (3) junior to any secured creditors of the Company.

Unsecured creditors of the Company may include service providers to the Company, including the Adviser, Custodian, Auction Agent, Broker-Dealers and the Trustee, as such parties are defined herein, pursuant to the terms of various contracts with the Company. Secured creditors of the Company may include, without limitation, parties entering into any interest rate swaps, floor or cap transactions, forward rate transactions, or other similar transactions with the Company that create liens, pledges, charges, security interests, security agreements or other encumbrances on the assets of the Company.

The interest rate for Series C Tortoise Notes for the initial Rate Period from and including the Original Issue Date through \_\_\_\_\_, 2005, will be \_\_\_% per year. The first Auction Date for the Series C Tortoise Notes will be \_\_\_\_\_, 2005, and the initial Interest Payment Date will be \_\_\_\_\_, 2005. Subsequent Auctions generally will be held every seven (7) days (unless the then current Rate Period is a Special Rate Period, the day that normally would be the Auction Date is not a Business Day or unforeseen events preclude holding an Auction.)

Each Subsequent Rate Period normally will begin on the Business Day following an Auction Date.

Auction Procedures.....

You may buy, sell or hold Tortoise Notes through an Auction. Beneficial Owners and Potential Beneficial Owners of Tortoise Notes may participate in Auctions only by submitting Orders through their Broker-Dealers. In general, the types of Orders that may be placed with a Broker-Dealer include: Hold Orders, Sell Orders, Bids to sell and Bids to purchase. The following is a brief summary of the Auction Procedures for both Beneficial

Owners and Potential Beneficial Owners. See "The Auction--Auction Procedures" for more detailed information.

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

- o Hold Order - indicating its desire to hold Tortoise Notes of such series without regard to the Applicable Rate for Tortoise Notes of such series for the next Rate Period.

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

- o Sell Order - indicating its desire to sell the principal amount of Outstanding Tortoise Notes, if any, of such series held by such Beneficial Owner without regard to the Applicable Rate for Tortoise Notes of such series for the next succeeding Rate Period of Tortoise Notes of such series.

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

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

- o A Beneficial Owner of Tortoise Notes of such series that fails to submit an Order with respect to such Tortoise Notes to its Broker-Dealer will be deemed to have submitted a Hold Order with respect to Tortoise Notes of such series; provided, however, that if a Beneficial Owner of Series C Tortoise Notes fails to submit an Order with respect to Tortoise Notes of such series to its Broker-Dealer for an Auction

relating to a Special Rate Period of more than seven (7) days, such Beneficial Owner will be deemed to have submitted a Sell Order with respect to such Tortoise Notes.

Potential Beneficial Owners. A customer of a Broker-Dealer that is not a Beneficial Owner of a series of Tortoise Notes but that wishes to purchase Tortoise

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

The Auction Process. If Sufficient Clearing Bids for a series of Tortoise Notes exist (that is, the aggregate principal amount of Outstanding Tortoise Notes of such series subject to Submitted Bids of Potential Beneficial Owners specifying one or more rates between the Minimum Rate (for Standard Rate Periods or less, only) and the Maximum Rate (for all Rate Periods) for Tortoise Notes of such series exceeds, or is equal to, the sum of the aggregate principal amount of Outstanding Tortoise Notes of such series subject to Submitted Sell Orders), the Applicable Rate for Tortoise Notes of such series for the next succeeding Rate Period will be the lowest rate specified in the Submitted Bids which, taking into account such rate and all lower rates bid by Broker-Dealers as or on behalf of Beneficial Owners and Potential Beneficial Owners, would result in Beneficial Owners and Potential Beneficial Owners owning the aggregate principal amount of Tortoise Notes of such series available for purchase in the Auction. If Sufficient Clearing Bids for a series of Tortoise Notes do not exist (other than because all of the Outstanding Tortoise Notes of such series are subject to Submitted Hold Orders), then the Applicable Rate for all Tortoise Notes of such series

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for the next succeeding Rate Period will be the Maximum Rate for Tortoise Notes of such series.

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

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

Interest and Rate Periods....

The initial Rate Period shall be \_\_\_ days for the Series C Tortoise Notes. Subsequent to the initial Rate Period, the Series C Tortoise Notes will bear interest at an annual rate that the Auction Agent advises results from an Auction. Subsequent to the initial Rate Period, each Rate Period generally will be seven (7) days in length (a "Standard Rate Period"). The Applicable Rate for a particular Rate Period usually will be determined by an Auction conducted on the Business Day immediately preceding the start of the Rate Period. In most instances, interest also is payable every seven (7) days, on the day following the end of the Rate Period. A Special Rate Period (any period other than a Rate Period of seven (7) days) will not be effective unless Sufficient Clearing Bids exist at the Auction in respect of a Special Rate Period. See "Description of Tortoise Notes--Interest and Rate Periods--Determination of Interest Rate" and "The Auction."

Determination of  
Applicable Rate.....

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

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

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

For Standard Rate Periods or less only, the Applicable Rate resulting from an Auction will not be less than the Minimum Rate. The Applicable Rate for any Rate Period commencing during any Default Period, and the

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Default Rate described under "Description of Tortoise Notes-- Interest and Rate Periods," initially will be 300% of the Reference Rate. The Reference Rate is the greater of:

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

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

Payment Restrictions on  
Shares of the Company.....

Tortoise Notes constitute senior securities representing indebtedness under the Investment Company Act of 1940, as amended (the "1940 Act"). While any Tortoise Notes are outstanding, the Company will not be permitted to declare any dividend (except a dividend payable in stock of the Company), or declare any other distribution, upon any outstanding common stock or declare any distribution upon any preferred stock of the Company, including the MMP Shares, or purchase any such stock, unless, in every such case, the Tortoise Notes have, at the time of the declaration of any such dividend or distribution or at the time of any such purchase, an asset coverage of at least 300% after deducting the amount of such dividend,

distribution or purchase price, as the case may be. Dividends may, however, be declared upon any preferred stock, including the MMP Shares, provided the Tortoise Notes have an asset coverage of at least 200% at the time of declaration after deducting the amount of such dividend. Dividends or other distributions on, or redemptions or purchases of, common stock and preferred stock also would be prohibited at any time that an event of default under the Tortoise Notes (which includes an interest payment default on the Tortoise Notes, when due) has occurred and is continuing. See "Description of Tortoise Notes--Payment Restrictions on Shares."

Asset Maintenance.....

The Company must maintain Eligible Assets having an aggregated Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount as of each Valuation Date. The Company also must maintain asset coverage for the Tortoise Notes on a non-discounted basis of at least 300% as of the last business day of each month. See "Rating Agency Guidelines." The Discount Factors and guidelines for calculating the Discounted Value of the Company's portfolio for purposes of determining whether the Tortoise Notes Basic

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Maintenance Amount has been satisfied have been established by Moody's and Fitch in connection with the Company's receipt from Moody's and Fitch of the "Aaa" and "AAA" credit ratings, respectively, with respect to the Tortoise Notes on their Original Issue Date.

Redemption.....

Although the Company ordinarily will not redeem Tortoise Notes prior to their Stated Maturity, it may be required to redeem Tortoise Notes if, for example, the Company does not meet an asset coverage ratio required by law or in order to correct a failure to meet Rating Agency Guidelines in a timely manner. The Company may voluntarily redeem Tortoise Notes in certain circumstances. See "Description of Tortoise Notes--Redemption."

Events of Default;  
Remedies.....

With respect to each series of Tortoise Notes any one of the following events constitutes an "event of default" for that series of Tortoise Notes under the

Indenture (as defined herein):

o default in the payment of any interest upon a series of Tortoise Notes when it becomes due and payable and the continuance of such default for thirty (30) days;

o default in the payment of the principal of, or any premium on, a series of Tortoise Notes at its Stated Maturity;

o default in the performance, or breach, of any covenant or warranty of the Company in the Indenture, and continuance of such default or breach for a period of ninety (90) days after written notice has been given to the Company by the Trustee;

o certain voluntary or involuntary proceedings involving the Company and relating to bankruptcy, insolvency or other similar laws;

o if, on the last business day of each of twenty-four (24) consecutive calendar months, the 1940 Act Tortoise Notes Asset Coverage is less than 100%; or

o any other "event of default" provided with respect to a series, including a default in the payment of any Redemption Price payable on the Redemption Date.

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Upon the occurrence and continuance of an event of default with respect to a series, the holders of a majority in principal amount of that series of outstanding Tortoise Notes or the Trustee may declare the principal amount of Tortoise Notes of that series immediately due and payable. A default that relates only to one series of Tortoise Notes will not affect any other series. Upon an event of default relating to bankruptcy, insolvency, or other similar laws, acceleration of maturity occurs automatically with respect to all series of Tortoise Notes.

At any time after a declaration of acceleration with respect to a series of Tortoise Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in principal amount of the outstanding Tortoise Notes of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if certain conditions are met. See "Description of

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Tortoise Notes--Events of Default and Acceleration of Maturity; Remedies."

Investment Objective and  
Principal Investment  
Strategies.....

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

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

MLP Securities. The Company invests primarily in equity securities of MLPs, which currently consist of the following instruments: common units, convertible subordinated units, I-Shares and limited liability company ("LLC") common units. As of the date of this Prospectus, almost all MLP common units, I-Shares and

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

MLP common unit holders have typical limited partner rights, including limited management and voting rights. MLP common units have priority over convertible subordinated units

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

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

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

assets.

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

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

The Company may change its nonfundamental investment policies without stockholder approval and will provide notice to stockholders of material changes (including notice through stockholder reports); provided, however, that a change in the policy of investing at least 90% of its total assets in energy infrastructure companies requires 60 days' prior written notice to stockholders.

Unless otherwise stated, all investment restrictions apply only at the time of purchase and the Company will not be required to reduce a position due solely to market value fluctuations. The term total assets includes assets obtained through leverage for the purpose of each

investment restriction. The Company may deviate temporarily from its investment policies pending investment of the leverage proceeds. Pending receipt of the leverage proceeds, the Board of Directors has approved an interim policy permitting investments in a single issuer in excess of 10% of total assets under limited circumstances (but not exceeding 12%). The interim policy will terminate upon the receipt of the proceeds of the Series C Tortoise Notes.

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

Hedging Transactions.....

The Company currently uses, and may in the future use, interest rate transactions for hedging purposes only, in an attempt to reduce the interest rate risk arising from the Company's leveraged capital structure. The Company has entered into interest rate swap transactions intended to hedge the Company's interest payment obligations under currently outstanding Tortoise Notes against material increases in interest rates through mid-July 2007. The Company's dividend payment obligations under the MMP Shares remain unhedged as of the date of this Prospectus. The Company does not intend to

hedge interest rate risk of portfolio holdings. Interest rate transactions that the Company may use for hedging purposes will expose the Company to certain risks that differ from the risks associated with its

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portfolio holdings. See "Investment Objective and Principal Investment Strategies--Hedging Transactions" and "Risk Factors--General Risks of Investing in the Company--Hedging Risk."

Use of Leverage.....

The Company intends to issue Series C Tortoise Notes in an amount representing approximately 8.2% of total assets, which together with already outstanding Tortoise Notes and MMP Shares, will represent approximately 29.8% of its total assets. The Company intends to use leverage proceeds primarily for investment purposes. The Company also may leverage through other borrowings, including the issuance of additional series of Tortoise Notes, the issuance of additional series of MMP Shares or commercial paper. The timing and terms of any leverage transactions will be determined by the Company's Board of Directors. Throughout this Prospectus, Tortoise Notes, commercial paper or other borrowings are collectively referred to as "Borrowings."

Risks.....

The following discussion summarizes the principal risks that you should consider before investing in Tortoise Notes and the Company. For additional information about the risks associated with Tortoise Notes and the Company, see "Risk Factors."

Risks of Tortoise Notes. The primary risks of investing in Tortoise Notes are as follows:

Interest Rate Risk. Tortoise Notes pay interest based on short-term interest rates. If short-term interest rates rise, interest rates on the Tortoise Notes may rise so that the amount of interest payable to holders of Tortoise Notes would exceed the amount of income from the Company's portfolio securities. This might require that the Company sell portfolio securities at a time when it would otherwise not do so, which may affect adversely the Company's future earnings ability. In addition, rising market interest rates could impact negatively the

value of the Company's investment portfolio, reducing the amount of assets serving as asset coverage for the Tortoise Notes.

Auction Risk. You may not be able to sell your Tortoise Notes at an Auction if the Auction fails; that is, if there are more Tortoise Notes offered for sale than there are buyers for those Tortoise Notes. Also, if you place hold orders (orders to retain Tortoise Notes) at an Auction only at a specified rate, and the bid rate exceeds the rate set at the Auction, you will not retain your Tortoise Notes. Finally, if you buy Tortoise Notes or elect to retain Tortoise Notes without specifying a rate below

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which you would not wish to buy or continue to hold those Tortoise Notes, and the Auction sets a below-market rate, you may receive a lower rate of return on your Tortoise Notes than the market rate of interest. See "Description of Tortoise Notes" and "The Auction--Auction Procedures."

Secondary Market Risk. If you try to sell your Tortoise Notes between Auctions, you may not be able to sell any or all of your Tortoise Notes, or you may not be able to sell them in the \$25,000 increments in which they were purchased plus accrued and unpaid interest. If the Company has designated a Special Rate Period (a rate period other than seven (7) days for Series C Tortoise Notes), changes in interest rates could affect the price you would receive if you sold your Tortoise Notes in the secondary market. Lehman Brothers, Stifel Nicolaus and broker-dealers that maintain a secondary trading market for Tortoise Notes are not required to maintain this market and the Company has no control over the establishment or maintenance of this market. The Company is not required to redeem Tortoise Notes if an Auction or an attempted secondary market sale fails. Tortoise Notes are not listed on an exchange or automated quotation system. If you sell your Tortoise Notes to a broker-dealer between Auctions, you may receive less than the price you paid for them, especially when market interest rates have risen since the last Auction.

Ratings and Asset Coverage Risk. While Moody's and Fitch have assigned ratings of "Aaa" and "AAA," respectively, to Tortoise Notes, including Series C Tortoise Notes,

the ratings do not eliminate or necessarily mitigate the risks of investing in Tortoise Notes. A rating may not fully or accurately reflect all of the credit and market risks associated with a security. A rating agency could downgrade Tortoise Notes, which may make your securities less liquid at an Auction or in the secondary market, though probably with higher resulting interest rates. If a rating agency downgrades the ratings assigned to Tortoise Notes, the Company may alter its portfolio or redeem Tortoise Notes. The Company may voluntarily redeem Tortoise Notes under certain circumstances. See "Description of Tortoise Notes--Redemption."

Inflation Risk. Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation adjusted (or "real") value of your

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Tortoise Notes investment or the income from that investment will be worth less in the future. As inflation occurs, the real value of the Tortoise Notes and the interest on the Tortoise Notes declines. In an inflationary period, however, it is expected that, through the Auction process, interest rates would increase, tending to offset this risk. See "Risk Factors--Risks of Investing in Tortoise Notes--Inflation Risk."

Company Risks. The Company's net asset value, its ability to pay interest and principal on Tortoise Notes, and its ability to meet asset coverage requirements depends on the performance of the Company's investment portfolio. The performance of the Company's investment portfolio is subject to a number of risks, including the following:

Concentration Risk. The Company intends to concentrate its investments in the energy infrastructure sector, with an emphasis on securities issued by MLPs. The primary risks inherent in the energy infrastructure 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.

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

**Liquidity Risk.** Certain MLP securities may trade less frequently than those of other companies due to their smaller capitalizations. Investment in securities that are less actively traded or over time experience decreased trading volume may be difficult to dispose of when the Company believes it is desirable to do so, may restrict the ability of the Company to take advantage of other opportunities, and may be more difficult to value.

**Valuation Risk.** The Company may invest up to 30% of total assets in restricted securities, which are subject to restrictions on resale. The value of such investments ordinarily will be determined based on fair valuations

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determined by the Adviser pursuant to procedures adopted by the Board of Directors. Restrictions on resale or the absence of a liquid secondary market may affect adversely the ability of the Company to determine net asset value. The sale price of securities that are restricted or otherwise not readily marketable may be higher or lower than the Company's most recent valuations.

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

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

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risks of investing in the Company.

Federal Income Tax Matters...

Holders of Tortoise Notes will receive interest payments from the Company and will not receive any distributions to which holders of common stock or preferred stock of the Company are entitled. Interest payments generally will be taxed as ordinary income for federal income tax purposes and will not be eligible for the reduced rates of taxation available for "qualified dividend income." See "Federal Income Tax Matters."

Tax Status of the Company....

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

Trading Market.....

Tortoise Notes are not listed on an exchange or automated quotation system. Instead, you may buy or sell Series C Tortoise Notes at an Auction that normally is held every seven (7) days by submitting orders to a broker-dealer that has entered into an agreement with the

Auction Agent and the Company (a "Broker-Dealer"), or to a broker-dealer that has entered into a separate agreement with a Broker-Dealer. In addition to the Auctions, Broker-Dealers and other broker-dealers may maintain a secondary trading market in Tortoise Notes outside of Auctions, but may discontinue this activity at any time. There is no assurance that a secondary market will provide Tortoise Note holders with liquidity. You may transfer Tortoise Notes outside of Auctions only to or through a Broker-Dealer, or a broker-dealer that has entered into a separate agreement with a Broker-Dealer or to the Company or any of its affiliates, in certain cases.

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Trustee and Auction Agent.... BNY Midwest Trust Company serves as the Trustee under the Indenture and The Bank of New York will serve as the Auction Agent under the Auction Agency Agreement.

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## FINANCIAL HIGHLIGHTS

Information contained in the table below under the headings "Common Stock Per Share Data" and "Supplemental Data and Ratios" shows the audited operating performance of the Company's common stock from commencement of the Company's investment operations on February 27, 2004 through the end of its fiscal year on November 30, 2004, and the unaudited operating performance of the Company from December 1, 2004 through January 31, 2005. Except when noted, the information in this table is derived from the Company's financial statements audited by Report of Ernst & Young LLP, whose report is contained in the Statement of Additional Information and is available from the Company. The table covers approximately eleven (11) months of operations. Accordingly, the information presented may not provide a meaningful picture of the Company's operating performance.

	PERIOD FROM DECEMBER 1, 2004 THROUGH JANUARY 31, 2005 (UNAUDITED)	
	-----	-----
PER COMMON SHARE DATA(2)		
Net Asset Value, beginning of period.....	\$ 26.53	
Public offering price.....	--	
Underwriting discounts and offering costs on initial public offering.....	--	
Underwriting discounts and offering costs on issuance of preferred shares.....	--	
Underwriting discounts and offering costs on secondary offering(3).....	(0.14)	
Income (loss) from Investment Operations:		
Net investment loss.....	(0.01)	
Net realized and unrealized gain on investments..	2.19	
	-----	
Total increase from investment operations.....	2.18	
	-----	
Less Dividends to Preferred Stockholders:		
Net investment income.....	--	
Return of capital.....	(0.01)	
	-----	
Total dividends to preferred stockholders.....	(0.01)	
	-----	
Less Dividends to Common Stockholders:		
Net investment income.....	--	
Return of capital.....	--	
	-----	
Total dividends to common stockholders.....	--	

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Net Asset Value, end of period.....	----- \$ 28.56 =====
Per common share market value, end of period.....	\$ 28.44
Total Investment Return Based on Market Value(4)....	5.10%

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	PERIOD FROM DECEMBER 1, 2004 THROUGH JANUARY 31, 2005 (UNAUDITED)	P FEBRUAR THROUG
	-----	-----
SUPPLEMENTAL DATA AND RATIOS		
Net assets applicable to common stockholders, end of period (000's).....	\$421,149	
Ratio of expenses to average net assets before waiver:(5) (6).....	2.38%	
Ratio of expenses to average net assets after waiver:(5) (6).....	2.06%	
Ratio of expenses, without regard to non-recurring organizational expenses, to average net assets before waiver:(5) (6).....	2.38%	
Ratio of expenses, without regard to non-recurring organizational expenses, to average net assets after waiver:(5) (6).....	2.06%	
Ratio of net investment loss to average net assets before waiver:(5) (6).....	(0.96)%	
Ratio of net investment loss to average net assets after waiver:(5) (6).....	(0.64)%	
Portfolio turnover rate.....	1.89%	
Tortoise Auction Rate Senior Notes, end of period (000's).....	\$110,000	
Tortoise Preferred Shares, end of period (000's)....	\$ 35,000	
Per common share amount of borrowings outstanding at end of period.....	\$ 7.46	
Per common share amount of net assets, excluding borrowings, at end of period.....	\$ 36.02	
Asset coverage, per \$1,000 of principal amount of auction rate senior notes		
Series A.....	\$ 5,147	
Series B.....	\$ 5,147	
Asset coverage, per \$25,000 liquidation value per share of preferred shares.....	\$325,821	
Asset coverage ratio of auction rate senior notes(7)	515%	

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

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TITLE OF SECURITY	TOTAL PRINCIPAL AMOUNT/LIQUIDATION PREFERENCE OUTSTANDING	ASSET COVERAGE PER \$1,000 OF PRINCIPAL AMOUNT	ASSET COVERAGE PER SHARE (\$25,000 LIQUIDATION PREFERENCE)
Tortoise Notes:			
Series A.....	\$60,000,000	\$5,147	
Series B.....	\$50,000,000	\$5,147	
Money Market			
Cumulative Preferred Shares (1,400 MMP shares).....	\$35,000,000		\$325,821

USE OF PROCEEDS

As of January 31, 2005, the Company had invested 94.8% of its total investment portfolio in securities of energy infrastructure companies. The net proceeds of the offering of Series C Tortoise Notes will be approximately \$54,000,000 after payment of the underwriting discounts and commissions and estimated offering costs. The Company anticipates that it will be able to invest the net proceeds of this offering in securities of energy infrastructure companies that meet the Company's investment objective and policies within approximately three months after the completion of the offering. Because of the investment opportunities presented by restricted MLP securities and the limited trading volume of certain publicly traded MLP securities the Company often relies on direct placements to acquire portfolio securities. To the extent direct placement opportunities are not available, the Company would have to acquire such securities in the open market, which would take longer than the three-month period following this offering. Pending investment in securities that meet the Company's investment objective, it is anticipated that the proceeds will be invested in securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations.

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CAPITALIZATION

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

ACTUAL

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	(UNAUD
LONG-TERM DEBT:	
Tortoise Notes, denominations of \$25,000 or any multiple thereof*.....	\$110,000,000
PREFERRED SHARES OUTSTANDING:	
MMP Shares, \$.001 par value per share, \$25,000 stated value per share at liquidation; 10,000,000 shares authorized/1,400 shares issued*..	35,000,000
COMMON STOCKHOLDERS' EQUITY:	
Common Stock, \$.001 par value per share; 100,000,000 shares authorized; 14,744,095 shares outstanding and 14,744,095 shares outstanding as adjusted, respectively*.....	14,744
Additional paid-in capital.....	343,142,140
Accumulated net investment loss, net of deferred tax benefit.....	(488,889)
Accumulated realized gain from investments, net of deferred tax expense.....	454,264
Net unrealized gain on investments.....	78,026,809
	-----
Net assets applicable to common stock.....	\$421,149,068
	=====

THE COMPANY

The Company is a nondiversified, closed-end management investment company registered under the 1940 Act that commenced operations on February 27, 2004. The Company was organized as a Maryland corporation on October 30, 2003, pursuant to a charter (the "Charter") governed by the laws of the State of Maryland. On February 27, 2004, the Company issued an aggregate of 11,000,000 shares of common stock, par value \$0.001 per share, in an initial public offering. On March 23, 2004 and April 8, 2004, the Company issued an additional 1,100,000 shares of common stock and 500,000 shares of common stock, respectively, in connection with partial exercises by the underwriters of their over-allotment option. On December 22, 2004, the Company issued an additional 1,755,027 shares of common stock in a registered offering to the public. On January 25, 2005, the Company issued 263,254 additional shares of common stock pursuant to the exercise by the underwriters of their over-allotment option. As of January 31, 2005 the Company had net assets of \$421,149,068 attributable to the Company's common stock. The Company's common stock is listed on the NYSE under the symbol "TYG." The Company's principal office is located at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210 and its telephone number is (913) 981-1020.

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

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TITLE OF CLASS -----	AMOUNT AUTHORIZED -----	AMOUNT HELD BY THE COMPANY OR FOR ITS ACCOUNT -----
Tortoise Notes.....		
Series A.....	\$ 60,000,000	0
Series B.....	\$ 50,000,000	0
Preferred Stock (MMP Shares).....	10,000,000	0
Common Stock.....	100,000,000	0

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INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

INVESTMENT OBJECTIVE

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

ENERGY INFRASTRUCTURE INDUSTRY

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

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

Energy infrastructure companies (other than most pipeline MLPs) do not operate as "public utilities" or "local distribution companies," and therefore are not subject to rate regulation by state or federal utility commissions.

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However, energy infrastructure companies may be subject to greater competitive factors than utility companies, including competitive pricing in the absence of regulated tariff rates, which could cause a reduction in revenue and which could 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, the Company invests at least 70% of its total assets in equity securities of MLPs that each year derive at least 90% of their gross income from Qualifying Income and are organized as partnerships, thereby eliminating federal income tax at the entity level. An MLP generally has two classes of partners, the general partner, and the limited partners. The general partner is usually a major energy company, investment fund or the direct management of the MLP. The general partner normally controls the MLP through a 2% equity interest plus units that are subordinated to the common (publicly traded) units for at least the first five years of the partnership's existence and then only converting to common if certain financial tests are met.

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

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

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

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

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

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

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

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#### INVESTMENT PROCESS

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

#### INVESTMENT POLICIES

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

The Company's policy of investing at least 90% of its total assets

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

The Company has adopted the following additional nonfundamental policies:

- o Under normal circumstances, the Company invests at least 70% and up to 100% of its total assets in equity securities issued by MLPs. Equity securities currently consist of common units, convertible subordinated units, and pay-in-kind units.
- o The Company may invest up to 30% of its total assets in restricted securities, primarily through direct placements. Subject to this policy, the Company may invest without limitation in illiquid securities. The types of restricted securities that the Company may purchase include MLP convertible subordinated units, unregistered MLP common units and securities of private companies (i.e., non-MLPs). Investments in private companies that do not have any publicly traded shares or units are limited to 5% of total assets.
- o The Company may invest up to 25% of its total assets in debt securities of energy infrastructure companies, including certain securities rated below investment grade ("junk bonds"). Below investment grade debt securities will be rated at least B3 by Moody's and at least B- by S&P at the time of purchase, or comparably rated by another statistical rating organization or if unrated, determined to be of comparable quality by the Adviser.
- o The Company will not invest more than 10% of its total assets in any single issuer.
- o The Company will not engage in short sales.

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

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

### INVESTMENT SECURITIES

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

Equity Securities of MLPs. Consistent with its investment objective,

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

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	COMMON UNITS (FOR MLPs TAXED AS PARTNERSHIPS) (1) -----	CONVERTIBLE SUBORDINATED UNITS (FOR MLPs TAXED AS PARTNERSHIPS) -----	
VOTING RIGHTS.....	Limited to certain significant decisions; no annual election of directors	Same as common units	No dir
DIVIDEND PRIORITY.....	First right to minimum quarterly distribution ("MQD") specified in Partnership Agreement; arrearage rights	Second right to MQD; no arrearage rights	Equal priori but pa I-Shar value
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
TRADING.....	Listed on NYSE, AMEX or NASDAQ National Market	Not publicly traded	Listed
FEDERAL INCOME TAX TREATMENT.....	Ordinary income to the extent of taxable income allocated to holder; tax-free return of capital thereafter to extent of holder's basis; remainder as capital gain	Same as common units	Full d as ret since shares reduce
TYPE OF INVESTOR.....	Retail; creates unrelated business taxable income for tax-exempt investor; investment by regulated investment companies limited to 25% of assets	Same as common units	Instit create taxabl income invest
LIQUIDITY PRIORITY.....	Intended to receive return of all capital first	Second right to return of capital; pro rata with common units thereafter	Same a (indir I-shar
CONVERSION RIGHTS.....	None	One-to-one ratio into	None

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

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the partnership agreement. MLPs are required by their partnership agreements to distribute a large percentage of their current operating 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 right 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.

Limited Liability Company Common Units. Recently, some energy infrastructure companies in which the Company may invest have been organized as limited liability companies ("LLCs"). Such LLCs are treated as MLPs for federal income tax purposes. Consistent with its investment objective and policies, the Company may invest in common units or other securities of such LLCs. 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 rights 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 first rights 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 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 the MLP, 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. The Company expects 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

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received specified MQD, plus any arrearages, and may receive less 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, they 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 do not trade on a national exchange or over-the-counter, and there is no active market for convertible subordinated units. 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.

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 issuer has management rights but is not entitled to incentive distributions. The I-Share issuer's assets consist exclusively of MLP I-units. 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, however, the MLP does not allocate income or loss to the I-

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Share issuer. 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.

Debt Securities. The Company may invest up to 25% of its assets in debt securities of energy infrastructure companies, including securities rated below investment grade. The Company's debt securities may have fixed or variable principal payments and all types of interest rate and dividend payment and reset terms, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment in kind and auction rate features. To the extent that the Company invests in below investment grade debt securities, such securities will be rated, at the time of investment, at least B- by S&P or B3 by Moody's or a comparable rating by at least one other rating agency or, if unrated, determined by the Adviser to be of comparable quality. If a security satisfies the Company's minimum rating criteria at the time of purchase and subsequently is downgraded below such rating, the Company will not be required to dispose of such security. If a downgrade occurs, the Adviser will consider what action, including the sale of such security, is in the best interest of the Company and its stockholders.

Because the risk of default is higher for below investment grade securities than investment grade securities, the Adviser's research and credit analysis is an especially important part of managing securities of this type. The Adviser attempts to identify those issuers of below investment grade securities whose financial condition the Adviser believes are adequate to meet future obligations or have improved or are expected to improve in the future. The Adviser's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects and the experience and managerial strength of the issuer. Restricted Securities. The Company may invest up to 30% of its total assets in restricted securities, primarily through direct placements. An issuer may be willing to offer the purchaser more attractive features with respect to securities issued in direct

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placements because it has avoided the expense and delay involved in a public offering of securities. Adverse conditions in the public securities markets also may preclude a public offering of securities. MLP convertible subordinated units typically are purchased from affiliates of the issuer or other existing holders of convertible units rather than directly from the issuer.

Restricted securities obtained by means of direct placements 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 the Company. However, the Company could sell such securities in privately negotiated transactions with a limited number of purchasers or in public offerings under the Securities Act of 1933, as amended (the "1933 Act"). MLP convertible subordinated units also convert to publicly traded common units upon the passage of time and/or satisfaction of certain financial tests.

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

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### USE OF LEVERAGE

The Company may borrow money, issue preferred stock, or issue other senior securities to the extent permitted by the 1940 Act. These practices are known as leverage. The Company has outstanding Tortoise Notes (not including the Series C Tortoise Notes) and MMP Shares in an aggregate principal amount and liquidation preference, respectively, representing 23.5% of total assets as of January 31, 2005. The Company intends to issue Series C Tortoise Notes in an aggregate principal amount representing approximately 8.2% of the Company's total assets (including the proceeds of the Series C Tortoise Notes). The Company employs financial leverage for investment purposes when the Adviser believes that such use of proceeds will enhance the Company's ability to achieve its investment objective. The timing and terms of any leverage transactions will be determined by the Company's Board of Directors. The principal, although not exclusive, factor used in making this determination is whether the potential return is likely to exceed the cost of leverage. Before issuing additional Tortoise Notes or MMP Shares, the Company must receive confirmation from the Rating Agencies that the proposed issuance will not adversely affect such Agency's then current rating of Tortoise Notes or MMP Shares. The Company also may borrow up to an additional 5% of its total assets (not including the amount so borrowed) for temporary purposes, including the settlement and clearance of securities transactions, which otherwise might require untimely dispositions of portfolio holdings. The amount of outstanding financial leverage may vary with prevailing market or economic conditions. Leverage entails special risks. See "Risk Factors--General Risks of Investing in the Company--Leverage Risk." The management fee paid to the Adviser will be calculated on the basis of the

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Company's Managed Assets (which includes the proceeds of any financial leverage), so the fee will be higher when leverage is used.

The Company reserves the right at any time, if it believes that market conditions are appropriate, to increase its level of debt or to issue other senior securities in order to maintain or increase the Company's current level of leverage to the extent permitted by the 1940 Act and existing agreements between the Company and third parties.

### HEDGING TRANSACTIONS

In an attempt to reduce the interest rate risk arising from the Company's leveraged capital structure, the Company may, from time to time, enter into interest rate transactions such as swaps, caps and floors. The use of interest rate transactions is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Company would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") a fixed rate payment in exchange for the counterparty agreeing to pay to the Company a variable rate payment that is intended to approximate the Company's variable rate payment obligation on any variable rate borrowings. The payment obligations would be based on the notional amount of the swap. In an interest rate cap, the Company would pay a premium to the counterparty up to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. In an interest rate floor, the Company would be entitled to receive, to the extent that a specified index falls below a predetermined interest rate, payments of interest on a notional principal amount from the party selling the interest rate floor. The Company has entered into interest rate swap transactions intended to hedge against the Company's interest payment obligations under the outstanding Tortoise Notes against material increases in interest rates through mid-July 2007. The Company's dividend payment obligations under the MMP Shares remain unhedged as of the date of this Prospectus. Depending on the state of interest rates in general, the Company's use of interest rate transactions could affect the Company's ability to make required interest payments on the Tortoise Notes. To the extent there is a decline in interest rates, the value of the interest rate transactions could decline. If the

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counterparty to an interest rate transaction defaults, the Company would not be able to use the anticipated net receipts under the interest rate transaction to offset the Company's cost of financial leverage.

### 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 the Company has no interest. The Adviser or its affiliates may have financial incentives to favor certain of such accounts over the Company. Any of their proprietary accounts and other customer accounts may compete with the Company for specific trades. The Adviser or its affiliates may give advice and recommend securities to, or buy or sell securities for the Company which advice or securities may differ from advice given to, or securities recommended or bought or sold for, other accounts and customers, even though their investment objectives may be the same as, or similar to, those of the Company.

The Adviser also serves as investment adviser to Tortoise North

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American Energy Corporation ("TYN") and Tortoise MLP Investment Corporation ("TMLP"), each recently organized, nondiversified, closed-end investment management companies. Once TYN commences operations, it intends to invest primarily in publicly traded Canadian royalty trusts and income trusts and publicly traded MLPs. Once TMLP commences operations, it intends to invest primarily in publicly traded MLPs. To the extent certain MLP securities or other energy infrastructure company securities meet the investment objectives of the companies, the Company may compete with TYN and TMLP for the same investment opportunities.

The Adviser will evaluate a variety of factors in determining whether a particular investment opportunity or strategy is appropriate and feasible for the relevant account at a particular time, including, but not limited to, the following: (1) the nature of the investment opportunity taken in the context of the other investments at the time; (2) the liquidity of the investment relative to the needs of the particular entity or account; (3) the availability of the opportunity (i.e., size of obtainable position); (4) the transaction costs involved; and (5) the investment or regulatory limitations applicable to the particular entity or account. Because these considerations may differ when applied to the Company and relevant accounts under management in the context of any particular investment opportunity, the investment activities of the Company, on the one hand, and other managed accounts, on the other hand, may differ considerably from time to time. In addition, the fees and expenses of the Company will differ from those of the other managed accounts. Accordingly, stockholders should be aware that the future performance of the Company and other accounts of the Adviser may vary.

Situations may occur when the Company could be disadvantaged because of the investment activities conducted by the Adviser and its affiliates for its other 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 the Company or the other accounts, thereby limiting the size of the Company's position; or (2) the difficulty of liquidating an investment for the Company or the other accounts where the market cannot absorb the sale of the combined position. The Company's investment opportunities may be limited by affiliations of the Adviser or its affiliates with energy infrastructure companies.

Under the 1940 Act, the Company and its affiliates may be precluded from co-investing in negotiated private placements of securities. The Company and the Adviser have applied to the SEC for exemptive relief to permit the Company and its affiliates to make such investments. There is no assurance that the requested relief will be granted by SEC. Unless and until the Company and the Adviser obtain an exemptive order, the Company will not co-invest with its affiliates in negotiated private placement transactions. Until the Company and the Adviser receive exemptive relief, the Adviser will observe a policy for allocating negotiated private placement opportunities among its clients that takes into account the amount of each client's available cash and its investment objectives.

The Adviser and its principals, officers, employees, and affiliates may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on behalf of the Company. As a result of differing trading and investment strategies or constraints, positions may be taken by principals, officers, employees, and affiliates of the Adviser that are the same as, different from,

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or made at a different time than positions taken for the Company.

### PORTFOLIO TURNOVER

The Company's annual portfolio turnover rate may vary greatly from year to year. Although the Company cannot accurately predict its annual portfolio turnover rate, it is not expected to exceed 30% under normal circumstances. From the commencement of operations through November 30, 2004, the Company's actual portfolio turnover rate was 1.39%. For the period beginning December 1, 2004 through January 31, 2005, the portfolio turnover rate was 1.89%. However, portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Company. A higher turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Company. High portfolio turnover may result in the Company's recognition of gains that will increase the Company's tax liability and thereby lower the amount of after-tax cash available for the payment of interest on the Tortoise Notes.

### RISK FACTORS

Risk is inherent in all investing. Investing in any investment company security, like the Tortoise Notes, involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment. Therefore, before investing you should consider carefully the following risks that you assume when you invest in Tortoise Notes.

#### RISKS OF INVESTING IN TORTOISE NOTES

**Unsecured Investment.** The Tortoise Notes represent an unsecured obligation of the Company to pay interest and principal, when due. The Company cannot assure you that it will have sufficient funds or that it will be able to arrange for additional financing to pay interest on the Tortoise Notes when due or to repay the Tortoise Notes at the Stated Maturity. The Company's failure to pay interest on the Tortoise Notes when due or to repay the Tortoise Notes upon the Stated Maturity would, subject to the cure provisions under the Indenture, constitute an event of default under the Indenture and could cause a default under other agreements that the Company may enter into from time to time. There is no sinking fund with respect to the Tortoise Notes, and at the Stated Maturity, the entire outstanding principal amount of the Tortoise Notes will become due and payable. See "Description of Tortoise Notes--Events of Default and Acceleration of Maturity; Remedies."

**Interest Rate Risk.** Tortoise Notes pay interest based on short-term interest rates. If short-term interest rates rise, interest rates on the Tortoise Notes may rise so that the amount of interest payable to holders of Tortoise Notes would exceed the amount of income from the Company's portfolio securities. This might require that the Company sell portfolio securities at a time when it otherwise would not do so, which may affect adversely the Company's future earnings ability. While the Company intends to manage this risk through interest rate transactions, there is no guarantee these strategies will be implemented or will be successful in reducing or eliminating interest rate risk. In addition, rising market interest rates could impact negatively the value of the Company's investment portfolio, reducing the amount of assets serving as asset coverage for the Tortoise Notes.

**Auction Risk.** You may not be able to sell your Tortoise Notes at an Auction if the Auction fails; that is, if there are more Tortoise Notes offered

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for sale than there are buyers for those Tortoise Notes. Also, if you place hold orders (orders to retain Tortoise Notes) at an Auction only at a specified rate, and that bid rate exceeds the rate set at the Auction, you will not retain your Tortoise Notes. Finally, if you buy Tortoise Notes or elect to retain Tortoise Notes without specifying a rate below which you would not wish to buy or continue to hold those Tortoise Notes, and the Auction sets a below-market rate, you may receive a lower rate of return on your Tortoise Notes than the market rate. See "Description of Tortoise Notes" and "The Auction--Auction Procedures."

**Secondary Market Risk.** If you try to sell your Tortoise Notes between Auctions, you may not be able to sell any or all of your Tortoise Notes, or you may not be able to sell them in the \$25,000 increments for which they were purchased or \$25,000 increments for which they were purchased plus accrued and unpaid interest. If the Company has designated a Special Rate Period (a rate period other than seven (7) days for Series C Tortoise Notes, changes in interest rates could affect the price you would receive if you sold your Tortoise Notes in the secondary market. Lehman Brothers, Stifel Nicolaus and broker-dealers that maintain a secondary trading market for Tortoise Notes are not required to maintain this market and the Company has no control over the establishment or maintenance of this market. The Company is not required to redeem Tortoise Notes if an Auction or an attempted secondary market sale fails. Tortoise Notes are not listed on an exchange or automated quotation system. If you sell your Tortoise Notes to a broker-dealer between Auctions, you may receive less than the price you paid for them, especially when market interest rates have risen since the last Auction.

**Ratings and Asset Coverage Risk.** While Moody's and Fitch have assigned ratings of Aaa and AAA, respectively, to the Series C Tortoise Notes, the ratings do not eliminate or necessarily mitigate the risks of investing in Tortoise Notes. A rating agency could downgrade Tortoise Notes, which may make your securities less liquid at an Auction or in the secondary market, though probably with higher resulting interest rates. If a rating agency downgrades the ratings assigned to Tortoise Notes, the Company may alter its portfolio or redeem Tortoise Notes. The Company may voluntarily redeem Tortoise Notes under certain circumstances. See "Rating Agency Guidelines" for a description of the asset maintenance tests and other requirements the Company must meet.

**Inflation Risk.** Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation adjusted (or "real") value of your Tortoise Notes investment or the income from that investment will be worth less in the future. As inflation occurs, the real value of the Tortoise Notes and interest declines. In an inflationary period, however, it is expected that, through the Auction process, Tortoise Notes interest rates would increase, tending to offset this risk.

**Decline in Net Asset Value Risk.** A material decline in the Company's net asset value may impair the Company's ability to maintain required levels of asset coverage for Tortoise Notes. For a description of risks affecting the Company, please see "--General Risks of Investing in the Company" below.

### GENERAL RISKS OF INVESTING IN THE COMPANY

**Limited Operating History.** The Company is a nondiversified, closed-end management investment company that commenced operations in February 2004. There is no assurance that the Company will continue to meet its investment objective.

**Delay in Use of Proceeds.** Although the Company currently intends to invest the proceeds of Series C Tortoise Notes within approximately three months

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following the closing of this offering, such investments may be delayed if suitable investments are unavailable at the time or for other reasons. Because of the investment opportunities presented by restricted MLP securities and the limited trading

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volume of certain publicly traded MLP securities, the Company often acquires portfolio securities through direct placements. To the extent direct placement opportunities are not available, the Company would have to acquire such securities in the open market, which could take longer than the three-month period following this offering. Due to the trading market and trading volumes for MLPs, it may take the Company some time to accumulate positions in certain securities. Because the market for the MLP securities may, at times, be less liquid than the market for many other securities, the Company may be unable to obtain such securities within the time, and in the amount, it currently anticipates. As a result, the proceeds from this offering may be invested in cash, cash equivalents, high-quality debt instruments, or other securities pending investment in MLPs or securities of energy infrastructure companies. A delay in the anticipated use of proceeds could lower returns and reduce the amount of cash available to make interest payments on the Tortoise Notes.

Energy Infrastructure Sector. Under normal circumstances, the Company concentrates its investments in the energy infrastructure sector, with an emphasis on securities issued by MLPs. Certain risks inherent in the energy infrastructure business of these types of MLPs include the following:

- o Processing and coal MLPs may be directly affected by energy commodity prices. The volatility of commodity prices can indirectly affect certain other MLPs due to the impact of prices on volume of commodities transported, processed, stored or distributed. Pipeline MLPs are not subject to direct commodity price exposure because they do not own the underlying energy commodity. While propane MLPs do own the underlying energy commodity, the Adviser seeks high quality MLPs that are able to mitigate or manage direct margin exposure to commodity price levels. The MLP sector can be hurt by market perception that MLPs performance and distributions are directly tied to commodity prices.
- o The profitability of MLPs, particularly processing and pipeline MLPs, may be materially impacted by the volume of natural gas or other energy commodities available for transporting, processing, storing or distributing. A significant decrease in the production of natural gas, oil, coal or other energy commodities, due to the decline of production from existing facilities, import supply disruption, depressed commodity prices or otherwise, would reduce revenue and operating income of MLPs and, therefore, the ability of MLPs to make distributions to partners.
- o A sustained decline in demand for crude oil, natural gas and refined petroleum products could adversely affect MLP revenues and cash flows. Factors that could lead to a decrease in market demand include a recession or other adverse economic conditions, an increase in the market price of the underlying commodity, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products.

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- o A portion of any one MLP's assets may be dedicated to natural gas reserves and other commodities that naturally deplete over time, which could have a materially adverse impact on an MLP's ability to make distributions. Often the MLPs are dependent upon exploration and development activities by third parties. MLPs employ a variety of means of increasing cash flow, including increasing utilization of existing facilities, expanding operations through new construction, expanding operations through acquisitions, or securing additional long-term contracts. Thus, some MLPs may be subject to construction risk, acquisition risk or other risk factors arising from their specific business strategies. A significant slowdown in large energy companies' disposition of energy infrastructure assets and other merger and acquisition activity in the energy MLP industry could reduce the growth rate of cash flows received by the Company from MLPs that grow through acquisitions.

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- o The profitability of MLPs could be adversely affected by changes in the regulatory environment. Most MLPs' assets are heavily regulated by federal and state governments in diverse matters such as the way in which certain MLP assets are constructed, maintained and operated and the prices MLPs may charge for their services. Such regulation can change over time in scope and intensity. For example, a particular byproduct of an MLP process may be declared hazardous by a regulatory agency and unexpectedly increase production costs. Moreover, many state and federal environmental laws provide for civil as well as regulatory remediation, thus adding to the potential exposure an MLP may face.
- o A rising interest rate environment could adversely impact the performance of MLPs. Rising interest rates could limit the capital appreciation of equity units of MLPs as a result of the increased availability of alternative investments at competitive yields with MLPs. Rising interest rates may also increase an MLP's cost of capital. A higher cost of capital could limit growth from acquisition/expansion projects and limit MLP distribution growth rates.
- o Since the September 11th attacks, the U.S. government has issued public warnings indicating that energy assets, specifically those related to pipeline infrastructure, production facilities and transmission and distribution facilities, might be specific targets of terrorist activity. The continued threat of terrorism and related military activity will likely increase volatility for prices in natural gas and oil and could affect the market for products of MLPs.
- o Holders of MLP units are subject to certain risks inherent in the partnership structure of MLPs including (1) tax risks (described below), (2) limited ability to elect or remove management, (3) limited voting rights, except with respect to extraordinary transactions, and (4) conflicts of interest of the general partner, including those arising from incentive distribution payments.

Industry Specific Risk. Energy infrastructure companies are also subject to risks that are specific to the industry they serve.

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Pipeline MLPs are subject to demand for crude oil or refined products in the markets served by the pipeline, sharp decreases in crude oil or natural gas prices that cause producers to curtail production or reduce capital spending for exploration activities, and environmental regulation. Demand for gasoline, which accounts for a substantial portion of refined product transportation, depends on price, prevailing economic conditions in the markets served, and demographic and seasonal factors. Pipeline MLP unit prices are primarily driven by distribution growth rates and prospects for distribution growth.

The Federal Energy Regulatory Commission ("FERC"), which regulates the amount pipeline operators may charge for their services, currently is reconsidering the rates pipeline operators may charge their customers. While it is not possible to know the outcome of this matter, a decision by the FERC to reduce the rates may adversely impact the profitability of some pipeline MLPs in which the Company invests.

Processing MLPs are subject to declines in production of natural gas fields, which utilize the processing facilities as a way to market the gas, prolonged depression in the price of natural gas or crude oil refining, which curtails production due to lack of drilling activity and declines in the prices of NGL products and natural gas prices, resulting in lower processing margins.

Propane MLPs are subject to earnings variability based upon weather patterns in the locations where the company operates and the wholesale cost of propane sold to end customers.

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Propane MLP unit prices are based on safety in distribution coverage ratios, interest rate environment and, to a lesser extent, distribution growth.

Coal MLPs are subject to demand variability based on favorable weather conditions, strong or weak domestic economy, the level of coal stockpiles in the customer base, and the general level of prices of competing sources of fuel for electric generation. They also are subject to supply variability based on the geological conditions that reduce productivity of mining operations, regulatory permits for mining activities and the availability of coal that meets Clean Air Act standards.

Cash Flow Risk. The Company derives substantially all of its cash flow from investments in equity securities of MLPs. The amount of cash that the Company has available to distribute to holders of Tortoise Notes and stockholders depends entirely on the ability of MLPs held by the Company to make distributions to its partners and the tax character of those distributions. The Company has no control over the actions of underlying MLPs. The amount of cash that each individual MLP can distribute to its partners will depend on the amount of cash it generates from operations, which will vary from quarter to quarter depending on factors affecting the energy infrastructure market generally and on factors affecting the particular business lines of the MLP. Available cash will also depend on the MLPs' level of operating costs (including incentive distributions to the general partner), level of capital expenditures, debt service requirements, acquisition costs (if any), fluctuations in working

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capital needs and other factors.

**Tax Risk of MLPs.** The Company's ability to meet its investment objective will depend on the level of taxable income and distributions and dividends it receives from the MLPs and other securities of energy infrastructure companies in which the Company invests, a factor over which the Company has no control. The benefit the Company derives from its investment in MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. If, as a result of a change in current law or a change in an MLP's business, an MLP were treated as a corporation for federal income tax purposes, the MLP would be obligated to pay federal income tax on its income at the corporate tax rate. If an MLP were classified as a corporation for federal income tax purposes, the amount of cash available for distribution would be reduced and the distributions the Company receives would be taxed entirely as dividend income. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the Company's ability to meet its investment objective.

**Deferred Tax Risks of MLPs.** As a limited partner in the MLPs in which the Company invests, it will receive a pro rata share of income, gains, losses and deductions from those MLPs. Historically, a significant portion of income from such MLPs has been offset by tax deductions. The Company will incur a current tax liability on that portion of an MLP's income and gains that is not offset by tax deductions and losses. The percentage of an MLP's income and gains which is offset by tax deductions and losses will fluctuate over time for various reasons. A significant slowdown in acquisition activity by MLPs held in the Company's portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased current income tax liability to the Company.

The Company will accrue deferred income taxes for its future tax liability associated with that portion of MLP distributions considered to be a tax-deferred return of capital as well as capital appreciation of its investments. Upon the Company's sale of an MLP security, the Company may be liable for previously deferred taxes. The Company will rely to some extent on information provided by the MLPs, which is not necessarily timely, to estimate deferred tax liability for purposes of financial statement reporting and determining its net asset value. From time to time the Company will modify its estimates or assumptions regarding its deferred tax liability as new information becomes available.

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**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 towards 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 distributable cash flow). Prices of common units of individual MLPs and other equity securities can also be affected by fundamentals unique to the partnership or company, including earnings power and coverage ratios.

Investing in securities of smaller companies may involve greater risk than is associated with investing in more established companies. Smaller capitalization companies may have limited product lines, markets or financial resources; may lack management depth or experience; and may be more vulnerable to adverse general market or economic developments than larger more established companies.

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Because convertible subordinated units generally convert to common units on a one-to-one ratio, the price that the Company can be expected to pay upon purchase or to realize upon resale is generally tied to the common unit price less a discount. The size of the discount varies depending on a variety of factors including the likelihood of conversion, and the length of time remaining to conversion, and the size of the block purchased.

The price of I-Shares and their volatility tend to be correlated to the price of common units, although the price correlation is not precise.

**Leverage Risk.** The outstanding Tortoise Notes and MMP Shares along with the issuance of Series C Tortoise Notes offered in this Prospectus, and any additional Borrowings or other transactions involving Company indebtedness (other than for temporary or emergency purposes) are or would be considered "senior securities" for purposes of the 1940 Act and constitute or would constitute leverage. If the return on securities acquired with borrowed funds or other leverage proceeds does not exceed the cost of the leverage, the use of leverage could cause the Company to lose money. Successful use of leverage depends on the Adviser's ability to predict or hedge correctly interest rates and market movements, and there is no assurance that the use of a leveraging strategy will be successful during any period in which it is used.

The Company intends to use financial leverage in an amount currently anticipated to represent approximately 33% of its total assets, including the issuance of the Series C Tortoise Notes, which the Company currently expects to represent approximately 8.2% of its total assets (including the proceeds of the Series C Tortoise Notes). The Company may leverage through Borrowings, including the issuance of commercial paper or additional Tortoise Notes or MMP Shares. In addition, the Company also may borrow funds in an amount up to 5% of its total assets for temporary purposes only. In the event of a default under any secured Borrowings, the lenders may have the right to cause a liquidation of the collateral (i.e., sell portfolio securities) and if any such default is not cured, the lenders may be able to control the liquidation as well.

Tortoise Notes constitute senior securities representing indebtedness under the requirements of the 1940 Act. While any Tortoise Notes are outstanding, the value of the Company's total assets, less all liabilities and indebtedness of the Company not represented by senior securities, must be at least equal to 300% of the aggregate value of the Tortoise Notes and any other senior securities representing indebtedness.

In order to maintain the ratings of Tortoise Notes and MMP Shares, the Rating Agencies impose asset coverage and portfolio composition requirements in addition to and more stringent than those required by the 1940 Act in connection with the issuance of such a rating. See "Rating Agency

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Guidelines." In addition, the Rating Agencies impose restrictions on certain investment practices in which the Company may otherwise engage.

The Company reserves the right at any time, if it believes that market conditions are appropriate, to increase its level of debt to maintain or increase its current level of leverage to the extent permitted by the 1940 Act, Rating Agency Guidelines and existing agreements between the Company and third parties.

Because the fee paid to the Adviser will be calculated on the basis of Managed Assets, the fee will be higher when leverage is utilized, giving the Adviser an incentive to utilize leverage.

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Hedging Strategy Risk. The Company currently uses, and may in the future use, interest rate transactions for hedging purposes only, in an attempt to reduce the interest rate risk arising from the Company's leveraged capital structure. Interest rate transactions that the Company may use for hedging purposes expose the Company to certain risks that differ from the risks associated with its portfolio holdings. There are economic costs of hedging reflected in the price of interest rate swaps, floors, caps and similar techniques, the costs of which can be significant, particularly when long-term interest rates are substantially above short-term rates. In addition, the Company's success in using hedging instruments is subject to the Adviser's ability to predict correctly changes in the relationships of such hedging instruments to the Company's leverage risk, and there can be no assurance that the Adviser's judgment in this respect will be accurate. Consequently, the use of hedging transactions might result in a poorer overall performance for the Company, whether or not adjusted for risk, than if the Company had not engaged in such transactions.

Depending on the state of interest rates in general, the Company's use of interest rate transactions could enhance or decrease the cash available to holders of common stock and/or the net assets available for coverage of Tortoise Notes. To the extent there is a decline in interest rates, the value of interest rate swaps or caps could decline, and result in a decline in net assets available for coverage of the Tortoise Notes. In addition, if the counterparty to an interest rate swap or cap defaults, the Company would not be able to use the anticipated net receipts under the interest rate swap or cap to offset the Company's cost of financial leverage.

Competition Risk. At the time the Company completed its initial public offering in February 2004, it was the only publicly traded investment company offering access to a portfolio of energy infrastructure MLPs. Since that time a limited number of other alternatives to the Company as a vehicle for investment in a portfolio of energy infrastructure MLPs, including other publicly traded investment companies and private funds, have emerged. In addition, recent tax law changes have increased, and future tax law changes may again increase, the ability of regulated investment companies or other institutions to invest in MLPs. These competitive conditions may adversely impact the Company's ability to meet its investment objective which in turn could adversely impact the Company's ability to make interest payments.

Restricted Security Risk. The Company may invest up to 30% of its 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. As discussed further below, this lack of liquidity creates special risks for the Company. However, the Company could sell such securities in privately negotiated transactions with a limited number of purchasers or in public offerings under the 1933 Act. MLP convertible subordinated units also convert to publicly traded common units upon the passage of time and/or satisfaction of certain financial tests.

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Restricted securities are subject to statutory and contractual restrictions on their public resale, which may make it more difficult to value them, may limit the Company's ability to dispose of them and may lower the amount the Company could realize upon their sale. To enable the Company to sell its holdings of a restricted security not registered under the 1933 Act, the Company may have to cause those securities to be registered. The expenses of

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registering restricted securities may be negotiated by the Company with the issuer at the time the Company buys the securities. When the Company must arrange registration because the Company wishes to sell the security, a considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that the Company could sell it. The Company would bear the risks of any downward price fluctuation during that period.

**Liquidity Risk.** Although common units of MLPs trade on the NYSE, AMEX, and the NASDAQ National Market, certain MLP securities may trade less frequently than those of larger companies due to their smaller capitalizations. In the event certain MLP securities experience limited trading volumes, the prices of such MLPs may display abrupt or erratic movements at times. Additionally, it may be more difficult for the Company to buy and sell significant amounts of such securities without an unfavorable impact on prevailing market prices. As a result, these securities may be difficult to dispose of at a fair price at the times when the Company believes it is desirable to do so. These securities also are more difficult to value, and the Adviser's judgment as to value will often be given greater weight than market quotations, if any exist. Investment of the Company's capital in securities that are less actively traded or over time experience decreased trading volume may restrict the Company's ability to take advantage of other market opportunities or to dispose of securities in order to make required payments of interest on the Tortoise Notes or to redeem such notes.

**Valuation Risk.** Market prices generally will not be available for MLP convertible subordinated units, or securities of private companies, and the value of such investments ordinarily will be determined based on fair valuations determined by the Adviser pursuant to procedures adopted by the Board of Directors. Similarly, common units acquired through direct placements will be valued based on fair value determinations because of their restricted nature; however, the Adviser expects that such values will be based on a discount from publicly available market prices. Restrictions on resale or the absence of a liquid secondary market may adversely affect the ability of the Company to determine its net asset value. The sale price of securities that are not readily marketable may be lower or higher than the Company's most recent determination of their fair value. Additionally, the value of these securities typically requires more reliance on the judgment of the Adviser than that required for securities for which there is an active trading market. Due to the difficulty in valuing these securities and the absence of an active trading market for these investments, the Company may not be able to realize these securities' true value, or may have to delay their sale in order to do so. This may affect adversely the Company's ability to make required payments of interest on the Tortoise Notes or redemption payments on such notes.

**Interest Rate Risk.** Generally, when market interest rates rise, the values of debt securities decline, and vice versa. The Company's investment in such securities means that the net asset value and market price of the Company's common stock will tend to decline if market interest rates rise. During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Company to reinvest in lower yielding securities. This is known as call or prepayment risk. Lower grade securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem a lower grade obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

**Below Investment Grade Securities Risk.** Investing in lower grade debt instruments involves additional risks than investment grade securities. Adverse changes in economic conditions are more

likely to lead to a weakened capacity of a below investment grade issuer to make principal payments and interest payments than an investment grade issuer. An economic downturn could adversely affect the ability of highly leveraged issuers to service their obligations or to repay their obligations upon maturity. Similarly, downturns in profitability in the energy infrastructure industry could adversely affect the ability of below investment grade issuers in that industry to meet their obligations. The market values of lower quality securities tend to reflect individual developments of the issuer to a greater extent than do higher quality securities, which react primarily to fluctuations in the general level of interest rates.

The secondary market for below investment grade securities may not be as liquid as the secondary market for more highly rated securities. There are fewer dealers in the market for below investment grade securities than investment grade obligations. The prices quoted by different dealers may vary significantly, and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for below investment grade securities could contract further, independent of any specific adverse change in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Company could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. This may affect adversely the Company's ability to make required payments of interest on the Tortoise Notes or redemption payments on such notes. Prices realized upon the sale of such lower-rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Company's net asset value.

Because investors generally perceive that there are greater risks associated with lower quality securities of the type in which the Company may invest a portion of its assets, the yields and prices of such securities may tend to fluctuate more than those for higher rated securities. In the lower quality segments of the debt securities market, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the debt securities market, resulting in greater yield and price volatility.

Factors having an adverse impact on the market value of below investment grade securities may have an adverse effect on the Company's net asset value and the market value of its common stock. In addition, the Company may incur additional expenses to the extent it is required to seek recovery upon a default in payment of principal or interest on its portfolio holdings. In certain circumstances, the Company may be required to foreclose on an issuer's assets and take possession of its property or operations. In such circumstances, the Company would incur additional costs in disposing of such assets and potential liabilities from operating any business acquired.

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 the Company since it began operations in February 2004 and is currently in the formation process with two other investment companies that will invest in the securities of energy infrastructure companies. The Adviser relies on the officers, employees, and resources of Fountain Capital, KCEP and their affiliates for certain functions. Three of the five members of the investment committee are affiliates of, but not employees of, the Adviser, and each have other significant responsibilities with such affiliated entities. Fountain Capital, KCEP and their affiliates conduct businesses and activities of their own in which the Adviser has no economic interest. If these separate activities

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become significantly greater than the Adviser's activities, there could be material competition for the efforts of key personnel.

**Nondiversification Risk.** The Company is a nondiversified, closed-end management investment company under the 1940 Act and will not be treated as a regulated investment company under the Internal Revenue

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Code. Accordingly, there are no regulatory limits under the 1940 Act or the Internal Revenue Code on the number or size of securities held by the Company. There currently are approximately forty-seven companies presently organized as MLPs and only a limited number of those companies operate energy infrastructure assets. The Company selects MLP investments from this small pool of issuers. The Company may invest in non-MLP securities issued by energy infrastructure companies to a lesser degree, consistent with its investment objective and policies.

**Counterparty Risk.** The Company may be subject to credit risk with respect to the counterparties to certain derivative agreements entered into by the Company. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Company may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Company may obtain only a limited recovery or may obtain no recovery in such circumstances.

**Effects of Terrorism.** The U.S. securities markets are subject to disruption as a result of terrorist activities, such as the terrorist attacks on the World Trade Center on September 11, 2001; war, such as the war in Iraq and its aftermath; and other geopolitical events. Such events have led, and in the future may lead, to short-term market volatility and may have long-term effects on the U.S. economy and markets.

### MANAGEMENT OF THE COMPANY

#### DIRECTORS AND OFFICERS

The business and affairs of the Company are managed under the direction of the Board of Directors. Accordingly, the Company's Board of Directors provides broad supervision over the affairs of the Company, including supervision of the duties performed by the Adviser. The officers of the Company are responsible for the Company's day-to-day operations. The names and business addresses of the directors and officers of the Company, together with their principal occupations and other affiliations during the past five years, are set forth in the Statement of Additional Information. The Board of Directors of the Company consists of a majority of directors who are not interested persons (as defined in the 1940 Act) of the Adviser or its affiliates.

#### INVESTMENT ADVISER

Pursuant to an Advisory Agreement, the Adviser provides the Company with investment research and advice and furnishes the Company with an investment program consistent with the Company's investment objective and policies, subject to the supervision of the Board. The Adviser determines which portfolio securities will be purchased or sold, arranges for the placing of orders for the purchase or sale of portfolio securities, selects brokers or dealers to place those orders, maintains books and records with respect to the Company's securities transactions and reports to the Board on the Company's investments and performance.

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The Adviser is located at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210. The Adviser specializes in managing portfolios of MLPs and other energy infrastructure companies. 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. As of February 28, 2005, the Adviser had approximately \$760 million of client assets under management. The Adviser's investment committee is comprised of five seasoned portfolio managers.

The Adviser is controlled equally by Fountain Capital Management, L.L.C. ("Fountain Capital") and Kansas City Equity Partners LC ("KCEP"). Fountain Capital was formed in 1990 and is focused primarily on providing investment advisory services to institutional investors with respect to below

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investment grade debt. Atlantic Asset Management LLC ("Atlantic") is a minority owner, and an affiliate, of Fountain Capital. Atlantic was formed in 1992 and provides, directly or through affiliates, a variety of fixed-income investment advisory services including investment grade bond and high-yield bond strategies, investment grade collateralized debt obligations and mortgage hedge funds. KCEP was formed in 1993 and is focused solely on managing two private equity funds. KCEP focuses on private equity investments, including investments in two natural resource infrastructure companies.

The Adviser relies on the officers, employees, and resources of Fountain Capital, KCEP and their affiliates for certain functions. Three of the five members of the investment committee of the Adviser are affiliates of, but not employees of, the Adviser. Each member of the investment committee has other significant responsibilities with such affiliated entities. The affiliated entities conduct businesses and activities of their own in which the Adviser has no economic interest. If these separate activities become significantly greater than the Adviser's activities, there could be material competition for the efforts of key personnel.

The investment management of the Company's portfolio is the responsibility of the Adviser's investment committee. The investment committee's members are David J. Schulte, H. Kevin Birzer, Zachary A. Hamel, Kenneth P. Malvey, and Terry C. Matlack, all of whom share responsibility for such investment management. It is the policy of the investment committee, that any one member can require the Adviser to sell a security and any one member can veto the committee's decision to invest in a security. Each committee member has been a portfolio manager since the commencement of the Company's operations in February 2004.

David J. Schulte. Mr. Schulte has been a Managing Director of the Adviser since 2002 and also is a Managing Director of KCEP. While a Managing Director at KCEP, he led private financings for two growth companies in the natural resource infrastructure sector. Since February, 2004, Mr. Schulte has been an employee of the Adviser. Prior to joining KCEP in 1993, Mr. Schulte had over five years of experience completing acquisition and public equity financings as an investment banker at the predecessor of Oppenheimer & Co, Inc. From 1986 to 1989, he was a securities law attorney. Mr. Schulte holds a Bachelor of Science degree in Business Administration from Drake University and a Juris Doctorate degree from the University of Iowa. He earned his CFA designation in 1992, and is a member of the Corporate Governance Task

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Force of the CFA Institute.

H. Kevin Birzer. Mr. Birzer has been a Managing Director of the Adviser since 2002 and also is a Partner/Senior Analyst with Fountain Capital. Mr. Birzer, who joined Fountain Capital in 1990, has 22 years of investment experience including 19 in high-yield securities. Mr. Birzer began his career with Peat Marwick. His subsequent experience includes three years working as a Vice President for F. Martin Koenig & Co., focusing on equity and option investments, and three years at Drexel Burnham Lambert, where he was a Vice President in the Corporate Finance Department. Mr. Birzer graduated with a Bachelor of Business Administration degree from the University of Notre Dame and holds a Master of Business Administration degree from New York University. He earned his CFA designation in 1988.

Zachary A. Hamel. Mr. Hamel has been a Managing Director of the Adviser since 2002 and also is a Partner/Senior Analyst with Fountain Capital. Mr. Hamel joined Fountain Capital in 1997. He covers energy, chemicals and utilities. Prior to joining Fountain Capital, Mr. Hamel worked for the Federal Deposit Insurance Corporation for eight years as a Bank Examiner and a Regional Capital Markets Specialist. Mr. Hamel graduated from Kansas State University with a Bachelor of Science in Business Administration. He also attained a Master in Business

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Administration from the University of Kansas School of Business. He earned his CFA designation in 1998.

Kenneth P. Malvey. Mr. Malvey has been a Managing Director of the Adviser since 2002 and also is a Partner/Senior Analyst with Fountain Capital. Prior to joining Fountain Capital in 2002, Mr. Malvey was one of three members of the Global Office of Investments for GE Capital's Employers Reinsurance Corporation. Most recently he was the Global Investment Risk Manager for a portfolio of approximately \$24 billion of fixed-income, public equity and alternative investment assets. Prior to joining GE Capital in 1996, Mr. Malvey was a Bank

Examiner and Regional Capital Markets Specialist with the FDIC for nine years. Mr. Malvey graduated with a Bachelor of Science degree in Finance from Winona State University, Winona, Minnesota. He earned his CFA designation in 1996.

Terry C. Matlack. Mr. Matlack has been a Managing Director of the Adviser since 2002 and also is a Managing Director of KCEP. Prior to joining KCEP in 2001, Mr. Matlack was President of GreenStreet Capital and its affiliates in the telecommunications service industry. Prior to 1995, he was Executive Vice President and a member of the board of directors of W. K. Communications, Inc., a cable television acquisition company, and Chief Operating Officer of W. K. Cellular, a cellular rural service area operator. He also has served as a specialist in corporate finance with George K. Baum & Company, and as Executive Vice President of Corporate Finance at B.C. Christopher Securities Company. Mr. Matlack graduated with a Bachelor of Science in Business Administration from Kansas State University and holds a Masters of Business Administration and a Juris Doctorate from the University of Kansas. He earned his CFA designation in 1985.

COMPENSATION AND EXPENSES

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Under the Advisory Agreement, the Company pays to the Adviser quarterly, as compensation for the services rendered by it, a fee equal on an annual basis to 0.95% of the Company's average monthly Managed Assets. Managed Assets means the total assets of the Company (including any assets attributable to leverage that may be outstanding) minus accrued liabilities other than (1) deferred taxes, (2) debt entered into for the purpose of leverage and (3) the aggregate liquidation preference of any outstanding preferred stock. Because the fee paid to the Adviser is determined on the basis of the Company's Managed Assets, the Adviser's interest in determining whether to leverage the Company may conflict with the interests of the Company. The Company's average monthly Managed Assets are determined for the purpose of calculating the management fee by taking the average of the monthly determinations of Managed Assets during a given calendar quarter. The fees are payable for each calendar quarter within five days after the end of that quarter. The Adviser has contractually agreed to waive or reimburse the Company for fees and expenses, including the investment advisory fee and other expenses in the amount of 0.23% of average monthly Managed Assets through February 28, 2006 and 0.10% of average monthly Managed Assets through February 28, 2009.

The Company bears all expenses not specifically assumed by the Adviser incurred in the Company's operations and will bear the expenses of the offering of its Tortoise Notes. Expenses borne by the Company include, but are not limited to, the following: (1) expenses of maintaining the Company and continuing its existence, (2) registration of the Company under the 1940 Act, (3) commissions, spreads, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments, including placement and similar fees in connection with direct placements entered into on behalf of the Company, (4) auditing, accounting and legal expenses, (5) taxes and interest, (6) governmental fees, (7) expenses of listing shares of the Company with a stock exchange, and expenses of the issue, sale, repurchase and redemption (if any) of interests in the Company, including expenses of

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conducting tender offers for the purpose of repurchasing Company interests, (8) expenses of registering and qualifying the Company and its shares under federal and state securities laws and of preparing and filing registration statements and amendments for such purposes, (9) expenses of reports and notices to stockholders and of meetings of stockholders and proxy solicitations therefor, (10) expenses of reports to governmental officers and commissions, (11) insurance expenses, (12) association membership dues, (13) fees, expenses and disbursements of custodians and subcustodians for all services to the Company (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records, and determination of net asset values), (14) fees, expenses and disbursements of transfer agents, dividend paying agents, stockholder servicing agents and registrars for all services to the Company, (15) compensation and expenses of directors of the Company who are not members of the Adviser's organization, (16) pricing and valuation services employed by the Company, (17) all expenses incurred in connection with leveraging of the Company's assets through a line of credit, or issuing and maintaining notes or preferred stock, (18) all expenses incurred in connection with the organization of the Company and offerings of the Company's common stock, and (19) such non-recurring items as may arise, including expenses incurred in connection with litigation, proceedings and claims and the obligation of the Company to indemnify its directors, officers and stockholders with respect thereto.

RATING AGENCY GUIDELINES

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The Ratings Agencies impose asset coverage requirements, which may limit the Company's ability to engage in certain types of transactions and may limit the Company's ability to take certain actions without confirming that such action will not impair the ratings.

The Company may, but is not required to, adopt any modifications to the guidelines that may hereafter be established by any Rating Agency. Failure to adopt any modifications, however, may result in a change in the ratings described above or a withdrawal of ratings altogether. In addition, any Rating Agency may, at any time, change or withdraw any rating. The Board may, without stockholder approval, amend, alter or repeal certain of the definitions and related provisions which have been adopted by the Company pursuant to the Rating Agency Guidelines only in the event the Company receives written confirmation from the Rating Agency or Agencies that any amendment, alteration or repeal would not impair the ratings then assigned to the Tortoise Notes.

Tortoise Notes Basic Maintenance Amount. The Company must maintain, as of each Valuation Date on which any Tortoise Notes are outstanding, Eligible Assets having an aggregate Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount, which is calculated separately for each Rating Agency that is then rating the Tortoise Notes and so requires. If the Company fails to maintain Eligible Assets having an aggregated Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount as of any Valuation Date and such failure is not cured on or before the related Asset Coverage Cure Date, the Company will be required in certain circumstances to redeem certain of the Tortoise Notes. See "--Redemption--Mandatory Redemption."

The Tortoise Notes Basic Maintenance Amount as of any Valuation Date is currently defined in the Rating Agency Guidelines as the dollar amount equal to:

(1) the sum of

(A) the product resulting from multiplying the number of outstanding Tortoise Notes of each series on such date by \$25,000 plus any redemption premium;

(B) the aggregate amount of accrued interest at the Applicable Rate to and including the first Interest Payment Date that follows such Valuation Date (or to the 30th

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day after such Valuation Date, if such 30th day occurs before the first following Interest Payment Date);

(C) the amount of anticipated Company non-interest expenses for the 90 days subsequent to such Valuation Date;

(D) the amount of the current outstanding balances of any indebtedness senior to the Tortoise Notes plus interest actually accrued together with 30 days' additional interest on the current outstanding balances calculated at the current rate; and

(E) any current liabilities, payable during the 30 days subsequent to such Valuation Date, including, without limitation, indebtedness due within one year and any redemption premium due with respect to Tortoise Notes for which a Notice of Redemption has been given, as of such Valuation Date, to the extent not reflected in any of (i) (A)

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through (i) (D); less

(2) any cash plus the value of any of the Company's assets irrevocably deposited by the Company for the payment of any (1) (B) through (1) (E) ("value," for purposes of this clause (2), means the Discounted Value of the security, except that if the security matures prior to the relevant redemption payment date and is either fully guaranteed by the U.S. Government or is rated at least P-1 by Moody's, it will be valued at its face value).

Each Rating Agency may amend the definition of Tortoise Notes Basic Maintenance Amount from time to time.

The Market Value of the Company's portfolio securities (used in calculating the Discounted Value of Eligible Assets) is calculated using readily available market quotations when appropriate, and in any event, consistent with the Company's Valuation Procedures. For the purpose of calculating the Tortoise Notes Basic Maintenance Amount, portfolio securities are valued in the same manner as the Company calculates its net asset value. See "Net Asset Value" in the Statement of Additional Information.

Each Rating Agency's Discount Factors, the criteria used to determine whether the assets held in the Company's portfolio are Eligible Assets, and the guidelines for determining the Discounted Value of the Company's portfolio holdings for purposes of determining compliance with the Tortoise Notes Basic Maintenance Amount are based on Rating Agency Guidelines established in connection with assigning a rating to the Tortoise Notes. The Discount Factor relating to any asset of the Company, the Tortoise Notes Basic Maintenance Amount, the assets eligible for inclusion in the calculation of the Discounted Value of the Company's portfolio and certain definitions and methods of calculation relating thereto may be changed from time to time by the applicable Rating Agency, without the approval of the Company, Board of Directors, holders of Tortoise Notes or stockholders.

A Rating Agency's Guidelines will apply to Tortoise Notes only so long as such Rating Agency is rating such Tortoise Notes. The Company will pay certain fees to Moody's and Fitch and any Other Rating Agency that may provide a rating for the Tortoise Notes. The ratings assigned to Tortoise Notes are not recommendations to buy, sell or hold Tortoise Notes. Such ratings may be subject to revision or withdrawal by the assigning Rating Agency at any time.

1940 Act Tortoise Notes Asset Coverage. The Company also is required to maintain, with respect to Tortoise Notes, as of the last Business Day on any month in which any Tortoise Notes are outstanding, asset coverage of at least 300% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing indebtedness of a closed-end

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investment company as a condition of declaring dividends on its common shares) ("1940 Act Tortoise Notes Asset Coverage"). If the Company fails to maintain the 1940 Act Tortoise Notes Asset Coverage as of the last Business Day of any month and such failure is not cured as of the last business day of the following month (the "Asset Coverage Cure Date"), the Company will be required to redeem certain Tortoise Notes. See "Description of Tortoise Notes--Redemption--Mandatory Redemption."

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The Company estimates that based on the composition of its portfolio as of January 31, 2005, assuming the issuance of all Series C Tortoise Notes offered hereby, the 1940 Act Tortoise Notes Asset Coverage would be:

Value of Company assets less all liabilities and indebtedness not represented by senior securities	\$621,149,068	
-----	=	----- = 376%
Senior securities representing indebtedness, including the aggregate principal amount of Tortoise Notes	\$165,000,000	

Notices. Under the current Rating Agency Guidelines, after the Original Issue Date and in certain other circumstances, the Company is required to deliver to any Rating Agency which is then rating the Tortoise Notes (i) a certificate with respect to the calculation of the Tortoise Notes Basic Maintenance Amount; (ii) a certificate with respect to the calculation of the 1940 Act Tortoise Notes Asset Coverage and the value of the portfolio holdings of the Company; and (iii) a letter prepared by the Company's independent accountants regarding the accuracy of such calculations.

Notwithstanding anything herein to the contrary, the Rating Agency Guidelines, as they may be amended from time to time by each Rating Agency, will be reflected in a written document and may be amended by each Rating Agency without the vote, consent or approval of the Company, the Board of Directors and any holder of Tortoise Notes, or any stockholder of the Company.

A copy of the current Rating Agency Guidelines will be provided to any holder of Tortoise Notes promptly upon written request by such holder to the Company at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210.

### DESCRIPTION OF TORTOISE NOTES

Tortoise Notes of each series will rank on a parity with any other series of Tortoise Notes as to the payment of interest and distribution of assets upon liquidation. All Tortoise Notes rank senior to the Company's common and preferred stock as to the payment of interest and distribution of assets upon liquidation. Under the 1940 Act, the Company may only issue one class of senior securities representing indebtedness.

On July 15, 2004, the Company issued two series of Tortoise Notes, Series A and Series B, pursuant to the terms of an Original Indenture and a Supplemental Indenture, each dated as of July 13, 2004 between the Company and BNY Midwest Trust Company, as Trustee (the "Trustee"). The Series C Tortoise Notes will be issued pursuant to the Original Indenture and a Supplemental Indenture dated as of \_\_\_\_\_, 2005 (referred to herein collectively with the Original Indenture as the "Indenture"). The following summaries of certain significant provisions of the Indenture are not complete and are qualified in their entirety by the provisions of the Indenture, a more detailed summary of which is contained in Appendix A to the Statement of Additional Information, which is on file with the Commission and is incorporated herein by reference. Whenever defined terms are used, but not defined in this Prospectus, the terms have the meaning given to them in Appendix A to the Statement of Additional Information.

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The Board of Directors has authorized the Company to issue the Series C Tortoise Notes representing indebtedness pursuant to the terms of the Indenture. Currently, the Indenture provides for the issuance of up to \$55,000,000 aggregate principal amount of Series C Tortoise Notes. The principal amount of the Series C Tortoise Notes is due and payable on \_\_\_\_\_, 2045. The Series C Tortoise Notes, when issued and sold pursuant to the terms of the Indenture, will be issued in fully registered form without coupons and in denominations of \$25,000 and any integral multiple thereof, unless otherwise provided in the Indenture. The Series C Tortoise Notes will be unsecured obligations of the Company and, upon liquidation, dissolution or winding up of the Company, will rank: (1) senior to the Company's outstanding common stock and any outstanding preferred stock, including the MMP Shares; (2) on a parity with any unsecured creditors of the Company, including any other series of Tortoise Notes; and (3) junior to any secured creditors of the Company. The Tortoise Notes are subject to optional and mandatory redemption as described below under "--Redemption," and acceleration of maturity, as described below under "--Events of Default and Acceleration of Maturity; Remedies."

While serving as the Auction Agent in connection with the Auction Procedures described below, the Auction Agent generally will serve merely as the agent of the Company, acting in accordance with the Company's instructions.

The Company has the right (to the extent permitted by applicable law) to purchase or otherwise acquire any Tortoise Notes, so long as the Company is current in the payment of interest on the Tortoise Notes and on any other notes of the Company ranking on a parity with the Tortoise Notes with respect to the payment of interest.

The Tortoise Notes have no voting rights, except to the extent required by law or as otherwise provided in the Indenture relating to the acceleration of maturity upon the occurrence and continuance of an event of default.

### SECURITIES DEPOSITORY

The nominee of the Securities Depository is expected to be the sole record Holder of the Tortoise Notes. Accordingly, each purchaser of Tortoise Notes must rely on (1) the procedures of the Securities Depository and, if such purchaser is not a member of the Securities Depository, such purchaser's Agent Member, to receive interest payments and notices and (2) the records of the Securities Depository and, if such purchaser is not a member of the Securities Depository, such purchaser's Agent Member, to evidence its ownership of the Tortoise Notes.

Purchasers of Tortoise Notes will not receive certificates representing their ownership interest in such securities. DTC initially will act as Securities Depository for the Agent Members with respect to the Tortoise Notes.

### INTEREST AND RATE PERIODS

General. Tortoise Notes will bear interest at the Applicable Rate determined as set forth below under "--Determination of Interest Rate." Interest on the Tortoise Notes shall be payable when due as described below. If the Company does not pay interest when due, it will trigger an event of default under the Indenture (subject to the cure provisions), and the Company will be restricted from declaring dividends and making other distributions with respect to its common stock and preferred stock.

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On the Business Day next preceding each Interest Payment Date, the Company is required to deposit with the Paying Agent sufficient funds for the payment of interest. The Company does not intend to establish any reserves for the payment of interest.

All moneys paid to the Paying Agent for the payment of interest shall be held in trust for the payment of such interest to the Holder. Interest will be paid by the Paying Agent to the Holder as its name appears on the securities ledger or securities records of the Company, which Holder is expected to be the nominee of the Securities Depository. The Securities Depository will credit the accounts of the Agent Members of the Beneficial Owners in accordance with the Securities Depository's normal procedures. The Securities Depository's current procedures provide for it to distribute interest in same-day funds to Agent Members who are, in turn, expected to distribute such interest to the persons for whom they are acting as agents. The Agent Member of a Beneficial Owner will be responsible for holding or disbursing such payments on the applicable Interest Payment Date to such Beneficial Owner in accordance with the instructions of such Beneficial Owner.

Interest in arrears for any past Rate Period may be subject to a Default Rate of interest (described below) and may be paid at any time, without reference to any regular Interest Payment Date, to the Holder as its name appears on the securities ledger or securities records of the Company on such date, not exceeding fifteen (15) days preceding the payment date thereof, as may be fixed by the Board of Directors. Any interest payment shall first be credited against the earliest accrued but unpaid interest. No interest will be payable in respect of any payment or payments which may be in arrears. See "--Default Period" below.

The amount of interest payable on each Interest Payment Date (or in respect of interest on another date in connection with a redemption during such Rate Period) shall be computed by multiplying the Applicable Rate (or the Default Rate) for such Rate Period (or a portion thereof) by a fraction, the numerator of which will be the number of days in such Rate Period (or portion thereof) that such Tortoise Notes were outstanding and for which the Applicable Rate or the Default Rate was applicable and the denominator of which will be 360, multiplying the amount so obtained by \$25,000, and rounding the amount so obtained to the nearest cent.

Determination of Interest Rate. The interest rate for the initial Rate Period for Series C Tortoise Notes (i.e., the period from and including the Original Issue Date to and including the initial Auction Date) and the initial Auction Date are set forth on the cover page of the Prospectus. After the initial Rate Period, subject to certain exceptions, the Tortoise Notes will bear interest at the Applicable Rate that the Auction Agent advises the Company has resulted from an Auction.

The initial Rate Period for the Series C Tortoise Notes will be \_\_\_ days. Rate Periods after the initial Rate Period shall either be Standard Rate Periods or, subject to certain conditions and with notice to the Holder, Special Rate Periods.

A Special Rate Period will not be effective unless, among other things, Sufficient Clearing Bids exist at the Auction in respect of such Special Rate Period (that is, in general, the aggregate amount of a series of Tortoise Notes subject to Buy Orders by Potential Holders is at least equal to the aggregate amount of that series of Tortoise Notes subject to Sell Orders by Existing Holders).

Interest will accrue at the Applicable Rate from the Original Issue Date and shall be payable on each Interest Payment Date thereafter. For Rate Periods of less than 30 days, Interest Payment Dates shall occur on the first

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Business Day following such Rate Period and, if greater than 30 days, then on a monthly basis on the first Business Day of each month within such Rate Period, not including the initial Rate Period, and on the Business Day following the last day of such Rate Period. Interest will be paid through the Securities Depository on each Interest Payment Date.

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Except during a Default Period as described below, the Applicable Rate resulting from an Auction will not be greater than the Maximum Rate, which is equal to the Applicable Percentage of the Reference Rate, subject to upward but not downward adjustment in the discretion of the Board of Directors after consultation with the Broker-Dealers. The Applicable Percentage will be determined based on the lower of the credit ratings assigned on that date to a series of Tortoise Notes by Moody's and Fitch, as follows:

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

The Reference Rate is the greater of (1) the applicable AA Composite Commercial Paper Rate (for a Rate Period of fewer than 184 days) or the applicable Treasury Index Rate (for a Rate Period of 184 days or more), or (2) the applicable LIBOR. For Standard Rate Periods or less only, the Applicable Rate resulting from an Auction will not be less than the Minimum Rate, which is 70% of the applicable AA Composite Commercial Paper Rate. No Minimum Rate is specified for Auctions in respect to Rate Periods of more than the Standard Rate Period.

The Maximum Rate for a series of Tortoise Notes will apply automatically following an Auction for the notes in which Sufficient Clearing Bids have not been made (other than because all Tortoise Notes were subject to Submitted Hold Orders). If an Auction for any subsequent Rate Period is not held for any reason, including because there is no Auction Agent or Broker-Dealer, then the Interest Rate on a series of Tortoise Notes for any such Rate Period shall be the Maximum Rate (except for circumstances in which the Interest Rate is the Default Rate, as described below).

The All Hold Rate will apply automatically following an Auction in which all of the outstanding Tortoise Notes of a series are subject to (or are deemed to be subject to) Submitted Hold Orders. The All Hold Rate is 80% of the applicable AA Composite Commercial Paper Rate.

Prior to each Auction, Broker-Dealers will notify Holders and the Trustee of the term of the next succeeding Rate Period as soon as practicable after the Broker-Dealers have been so advised by the Company. After each Auction, on the Auction Date, Broker-Dealers will notify Holders of the Applicable Rate for the next succeeding Rate Period and of the Auction Date of the next succeeding Auction.

Notification of Rate Period. The Company will designate the duration of subsequent Rate Periods for each series of the Tortoise Notes; provided, however, that no such designation is necessary for a Standard Rate Period and, provided further, that any designation of a Special Rate Period shall be effective only if (1) notice thereof shall have been given as provided herein,

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(2) any failure to pay in a timely manner to the Trustee the full amount of any interest on, or the redemption price of, a series of Tortoise Notes shall have been cured as provided above, (3) Sufficient Clearing Bids shall have existed in an Auction held on the Auction Date immediately preceding the first day of such proposed Special Rate Period, (4) if the Company shall have mailed a Notice of Redemption with respect to any Tortoise Notes, the redemption price with respect to such Tortoise Notes shall have been deposited with the Paying Agent, and (5) the Company has confirmed that as of the Auction Date next preceding the first day of such Special Rate Period, it has Eligible Assets with an aggregate Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount, and the Company has consulted with the Broker-Dealers and has provided notice of such designation and otherwise complied with the Rating Agency Guidelines.

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Designation of a Special Rate Period. If the Company proposes to designate any Special Rate Period, not fewer than seven (7) (or two (2) Business Days in the event the duration of the Rate Period prior to such Special Rate Period is fewer than eight (8) days) nor more than thirty (30) Business Days prior to the first day of such Special Rate Period, notice shall be (1) made by press release and (2) communicated by the Company by telephonic or other means to the Trustee and confirmed in writing promptly thereafter. Each such notice shall state (A) that the Company proposes to exercise its option to designate a succeeding Special Rate Period, specifying the first and last days thereof and (B) that the Company will by 3:00 p.m., New York City time, on the second Business Day next preceding the first day of such Special Rate Period, notify the Auction Agent and the Trustee, who will promptly notify the Broker-Dealers, of either (x) its determination, subject to certain conditions, to proceed with such Special Rate Period, subject to the terms of any Specific Redemption Provisions, or (y) its determination not to proceed with such Special Rate Period, in which latter event the succeeding Rate Period shall be a Standard Rate Period.

No later than 3:00 p.m., New York City time, on the second Business Day next preceding the first day of any proposed Special Rate Period, the Company shall deliver to the Trustee and the Auction Agent, who will promptly deliver to the Broker-Dealers and Existing Holders, either:

(i) a notice stating (A) that the Company has determined to designate the next succeeding Rate Period as a Special Rate Period, specifying the first and last days thereof and (B) the terms of any Specific Redemption Provisions; or

(ii) a notice stating that the Company has determined not to exercise its option to designate a Special Rate Period.

If the Company fails to deliver either such notice with respect to any designation of any proposed Special Rate Period to the Auction Agent and the Auction Agent is unable to make the confirmation described above by 3:00 p.m., New York City time, on the second Business Day next preceding the first day of such proposed Special Rate Period, the Company shall be deemed to have delivered a notice to the Auction Agent with respect to such Rate Period to the effect set forth in clause (ii) above, thereby resulting in a Standard Rate Period.

Default Period. Subject to cure provisions, a Default Period with respect to a particular series of Tortoise Notes will commence on any date the Company fails to deposit irrevocably in trust in same-day funds, with the Paying Agent by 12:00 noon, New York City time,

(A) the full amount of any accrued interest on that series payable on the Interest Payment Date (an "Interest Default"), or

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(B) the full amount of any redemption price (the "Redemption Price") payable on the date fixed for redemption (the "Redemption Date") (a "Redemption Default" and together with an Interest Default, hereinafter referred to as "Default").

Subject to cure provisions, a Default Period with respect to an Interest Default or a Redemption Default shall end on the Business Day on which, by 12:00 noon, New York City time, all unpaid interest and any unpaid Redemption Price shall have been deposited irrevocably in trust in same-day funds with the Paying Agent. In the case of an Interest Default, the Applicable Rate for each Rate Period commencing during a Default Period will be equal to the Default Rate, and each subsequent Rate Period commencing after the beginning of a Default Period shall be a Standard Rate Period; provided, however, that the commencement of a Default Period will not by itself cause the commencement of a new Rate Period.

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No Auction shall be held during a Default Period with respect to an Interest Default applicable to that series of Tortoise Notes. No Default Period with respect to an Interest Default or Redemption Default shall be deemed to commence if the amount of any interest or any Redemption Price due (if such default is not solely due to the willful failure of the Company) is deposited irrevocably in trust, in same-day funds with the Paying Agent by 12:00 noon, New York City time within three Business Days after the applicable Interest Payment Date or Redemption Date, together with an amount equal to the Default Rate applied to the amount of such non-payment based on the actual number of days comprising such period divided by 360 for each series. The Default Rate shall be equal to the Reference Rate multiplied by three.

### EVENTS OF DEFAULT AND ACCELERATION OF MATURITY; REMEDIES

With respect to each series of Tortoise Notes any one of the following events constitutes an "event of default" for that series of Tortoise Notes under the Indenture:

- o default in the payment of any interest upon a series of Tortoise Notes when it becomes due and payable and the continuance of such default for 30 days;
- o default in the payment of the principal of, or premium on, a series of Tortoise Notes at its Stated Maturity;
- o default in the performance, or breach, of any covenant or warranty of the Company in the Indenture, and continuance of such default or breach for a period of 90 days after written notice has been given to the Company by the Trustee;
- o certain voluntary or involuntary proceedings involving the Company and relating to bankruptcy, insolvency or other similar laws;
- o if, on the last business day of each of twenty-four consecutive calendar months, the Tortoise Notes have an 1940 Act Tortoise Notes Asset Coverage of less than 100%; or
- o any other "event of default" provided with respect to a series, including a default in the payment of any Redemption Price payable on the Redemption Date.

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Upon the occurrence and continuance of an event of default, the holders of a majority in principal amount of a series of outstanding Tortoise Notes or the Trustee may declare the principal amount of that series of Tortoise Notes immediately due and payable upon written notice to the Company. A default that relates only to one series of Tortoise Notes does not affect any other series. Upon an event of default relating to bankruptcy, insolvency or other similar laws, acceleration of maturity occurs automatically with respect to all series. At any time after a declaration of acceleration with respect to a series of Tortoise Notes has been made, and before a judgment or decree for payment of the money due has been obtained, the holders of a majority in principal amount of the outstanding Tortoise Notes of that series, by written notice to the Company and the Trustee, may rescind and annul the declaration of acceleration and its consequences if all events of default with respect to that series of Tortoise Notes, other than the non-payment of the principal of that series of Tortoise Notes which has become due solely by such declaration of acceleration, have been cured or waived and other conditions have been met.

### REDEMPTION

Optional Redemption. To the extent permitted under the 1940 Act and Maryland law, the Company at its option may redeem Tortoise Notes having a Rate Period of one year or less, in whole or in part, out of funds legally available therefor, on the Interest Payment Date upon not less than 15 days' and

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not more than 40 days' prior notice. This optional redemption is not available during the initial Rate Period or during other limited circumstances. The optional redemption price shall be equal to the aggregate principal amount of the Tortoise Notes to be redeemed, plus an amount equal to accrued interest to the date fixed for redemption. Tortoise Notes having a Rate Period of more than one year are redeemable at the option of the Company, in whole or in part, out of funds legally available therefor, prior to the end of the relevant Rate Period, upon not less than 15 days, and not more than 40 days, prior notice, subject to any Specific Redemption Provisions, which may include the payment of redemption premiums in the sole discretion of the Board of Directors. The Company shall not effect any optional redemption unless after giving effect thereto (1) the Company has available on such date fixed for the redemption certain Deposit Securities with maturity or tender dates not later than the day preceding the applicable

redemption date and having a value not less than the amount (including any applicable premium) due to Holders of a series of Tortoise Notes by reason of the redemption of a series of Tortoise Notes and (2) the Company would have Eligible Assets with an aggregate Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount immediately subsequent to such redemption.

Mandatory Redemption. If the Company fails to maintain Eligible Assets with an aggregate Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount as of any Valuation Date or, fails to satisfy the 1940 Act Tortoise Notes Asset Coverage as of the last Business Day of any month, and such failure is not cured within ten Business Days following such Valuation Date in the case of a failure to maintain the Tortoise Notes Basic Maintenance Amount or on the last Business Day of the following month in the case of a failure to maintain the 1940 Act Tortoise Notes Asset Coverage as of such last Business Day (each an "Asset Coverage Cure Date"), the Tortoise Notes will be subject to mandatory redemption out of funds legally available therefor. See "Rating Agency Guidelines."

The principal amount of Tortoise Notes to be redeemed in such

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circumstances will be equal to the lesser of (1) the minimum principal amount of Tortoise Notes the redemption of which, if deemed to have occurred immediately prior to the opening of business on the relevant Asset Coverage Cure Date, would result in the Company having Eligible Assets with an aggregated Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount or sufficient to satisfy the 1940 Act Tortoise Notes Asset Coverage, as the case may be, in either case as of the relevant Asset Coverage Cure Date (provided that, if there is no such minimum principal amount of Tortoise Notes the redemption of which would have such result, all Tortoise Notes then outstanding will be redeemed), and (2) the maximum principal amount of Tortoise Notes that can be redeemed out of funds expected to be available therefor on the Mandatory Redemption Date (as defined below) at the Mandatory Redemption Price (as defined below).

Any redemption of less than all of the outstanding Tortoise Notes of a series will be made from Tortoise Notes designated by the Company. The Company shall designate Tortoise Notes to be redeemed on a pro rata basis among the Holders in proportion to the principal amount of Tortoise Notes they hold, by lot or such other method as the Company shall deem equitable. No optional or mandatory redemption of less than all outstanding Tortoise Notes of a series will be made unless the aggregate principal amount of Tortoise Notes to be redeemed is equal to \$25,000 or integral multiples thereof. Any redemption of less than all Tortoise Notes outstanding will be made in such a manner that all Tortoise Notes outstanding after such redemption are in authorized denominations.

The Company is required to effect such a mandatory redemption not later than 40 days after the Asset Coverage Cure Date, as the case may be (the "Mandatory Redemption Date"), except that if the Company does not have funds legally available for the redemption of, or is not otherwise legally permitted to redeem, all of the outstanding Tortoise Notes of a series, which are subject to mandatory redemption, or the Company otherwise is unable to effect such redemption on or prior to such Mandatory Redemption Date, the Company will redeem those Tortoise Notes on the earliest practicable date on which the Company will have such funds available, upon notice to record owners of Tortoise Notes and

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the Paying Agent. The Company's ability to make a mandatory redemption may be limited by the provisions of the 1940 Act or Maryland law. The redemption price per Tortoise Note in the event of any mandatory redemption will be the principal amount, plus an amount equal to accrued but unpaid interest to the date fixed for redemption, plus (in the case of a Rate Period of more than one year) a redemption premium, if any, determined by the Board of Directors in its sole discretion after consultation with the Broker-Dealers and set forth in any applicable Specific Redemption Provisions (the "Mandatory Redemption Price").

Redemption Procedure. Pursuant to Rule 23c-2 under the 1940 Act, the Company will file a notice of its intention to redeem with the Commission so as to provide at least the minimum notice required by such Rule or any successor provision (notice currently must be filed with the Commission generally at least 30 days prior to the redemption date). The Company shall deliver a notice of redemption to the Auction Agent and the Trustee containing the information described below one Business Day prior to the giving of notice to Holders in the case of an optional redemption and on or prior to the 30th day preceding the Mandatory Redemption Date in the case of a mandatory redemption. The Trustee will use its reasonable efforts to provide notice to each Holder of Tortoise Notes called for redemption by electronic means not later than the close of business on the Business Day immediately following the Business Day on which the Trustee determines the principal amount of Tortoise Notes to be redeemed (or, during a Default Period with respect to such Tortoise Notes, not later than the

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close of business on the Business Day immediately following the day on which the Trustee receives notice of redemption from the Company). Such notice will be confirmed promptly by the Trustee in writing not later than the close of business on the third Business Day preceding the redemption date by providing the notice to each Holder of record of Tortoise Notes called for redemption, the Paying Agent (if different from the Trustee) and the Securities Depository ("Notice of Redemption"). The Notice of Redemption will be addressed to the registered owners of the Tortoise Notes at their addresses appearing on the books or share records of the Company. Such notice will set forth (1) the redemption date, (2) the principal amount and identity of Tortoise Notes to be redeemed, (3) the redemption price (specifying the amount of accrued interest to be included therein and the amount of the redemption premium, if any), (4) that interest on the Tortoise Notes to be redeemed will cease to accrue on such redemption date, and (5) the 1940 Act provision under which redemption shall be made. No defect in the Notice of Redemption or in the transmittal or mailing thereof will affect the validity of the redemption proceedings, except as required by applicable law.

If less than all of the outstanding Tortoise Notes of a series are redeemed on any date, the amount per Holder to be redeemed on such date will be selected by the Company on a pro rata basis in proportion to the principal amount of Tortoise Notes held by such Holder, by lot or by such other method as is determined by the Company to be fair and equitable, subject to the terms of any Specific Redemption Provisions and subject to maintaining authorized denominations as described above. Tortoise Notes may be subject to mandatory redemption as described herein notwithstanding the terms of any Specific Redemption Provisions. The Auction Agent will give notice to the Securities Depository, whose nominee will be the record Holder of all of the Tortoise Notes, and the Securities Depository will determine the Tortoise Notes to be redeemed from the account of the Agent Member of each Beneficial Owner. Each Agent Member will determine the principal amount of Tortoise Notes to be redeemed from the account of each Beneficial Owner for which it acts as agent. An Agent Member may select for redemption Tortoise Notes from the accounts of some Beneficial Owners without selecting for redemption any Tortoise Notes from the accounts of other Beneficial Owners. In this case, in selecting the Tortoise Notes to be redeemed, the Agent Member will select by lot or by other fair and equitable method. Notwithstanding the foregoing, if neither the Securities Depository nor its nominee is the record Holder of all of the Tortoise Notes, the particular principal amount to be redeemed shall be selected by the Company by lot, on a pro rata basis between each series or by such other method as the Company shall deem fair and equitable, as contemplated above.

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If Notice of Redemption has been given, then upon the deposit of funds with the Paying Agent sufficient to effect such redemption, interest on such Tortoise Notes will cease to accrue and such Tortoise Notes will no longer be deemed to be outstanding for any purpose and all rights of the holders of the Tortoise Notes so called for redemption will cease and terminate, except the right of the holders of such Tortoise Notes to receive the redemption price, but without any interest or additional amount. The Company shall be entitled to receive from the Paying Agent, promptly after the date fixed for redemption, any cash deposited with the Paying Agent in excess of (1) the aggregate redemption price of the Tortoise Notes called for redemption on such date and (2) such other amounts, if any, to which owners of Tortoise Notes called for redemption may be entitled. The Company will be entitled to receive, from time to time after the date fixed for redemption, from the Paying Agent the interest, if any, earned on such funds deposited with the Paying Agent and the owners of Tortoise Notes so redeemed will have no claim to any such interest. Any funds so deposited which are unclaimed two years after such redemption date will be paid, to the extent permitted by law, by the Paying Agent to the Company upon its

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request. After such payment, Holders of Tortoise Notes called for redemption may look only to the Company for payment.

So long as any Tortoise Notes are held of record by the nominee of the Securities Depository, the redemption price for such Tortoise Notes will be paid on the redemption date to the nominee of the Securities Depository. The Securities Depository's normal procedures provide for it to distribute the amount of the redemption price to Agent Members who, in turn, are expected to distribute such funds to the persons for whom they are acting as agent.

Notwithstanding the provisions for redemption described above, no Tortoise Notes may be redeemed unless all interest in arrears on the Outstanding Tortoise Notes, and any indebtedness of the Company ranking on a parity with the Tortoise Notes, have been or are being contemporaneously paid or set aside for payment, except in connection with the liquidation of the Company in which case all Tortoise Notes and all indebtedness ranking on a parity with the Tortoise Notes must receive proportionate amounts and that the foregoing shall not prevent the purchase or acquisition of all the Outstanding Tortoise Notes pursuant to the successful completion of an otherwise lawful purchase or exchange offer made on the same terms to, and accepted by, Holders of all Outstanding Tortoise Notes.

Except for the provisions described above, nothing contained in the Indenture limits any legal right of the Company to purchase or otherwise acquire Tortoise Notes outside of an Auction at any price, whether higher or lower than the price that would be paid in connection with an optional or mandatory redemption, so long as, at the time of any such purchase, there is no arrearage in the payment of interest on or the mandatory or optional redemption price with respect to, any Tortoise Notes for which Notice of Redemption has been given, and the Company is in compliance with the 1940 Act Tortoise Notes Asset Coverage and has Eligible Assets with an aggregate Discounted Value at least equal to the Tortoise Notes Basic Maintenance Amount after giving effect to such purchase or acquisition on the date thereof. If less than all outstanding Tortoise Notes are redeemed or otherwise acquired by the Company, the Company shall give notice of such transaction to the Auction Agent, in accordance with the procedures agreed upon by the Board of Directors.

### PAYMENT OF PROCEEDS UPON DISSOLUTION, ETC.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company, then (after any payments with respect to any secured creditor of the Company outstanding at such time) and in any such event the holders of Tortoise Notes shall be entitled to receive

payment in full of all amounts due or to become due on or in respect of all Tortoise Notes (including any interest accruing thereon after the commencement of any such case or proceeding), or provision shall be made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of the Tortoise Notes, before the holders of any common or preferred stock of the Company are entitled to receive any payment on account of any redemption proceeds, liquidation preference or dividends from such shares, and to that end the holders of Tortoise Notes shall be entitled to receive, for application to the payment thereof, any payment or distribution of any kind or character,

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whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Tortoise Notes, which may be payable or deliverable in respect of the Tortoise Notes in any such case, proceeding, dissolution, liquidation or other winding up event.

Unsecured creditors of the Company may include, without limitation, service providers to the Company including the Adviser, Custodian, Auction Agent, Broker-Dealers and the Trustee, pursuant to the terms of various contracts with the Company. Secured creditors of the Company may include without limitation parties entering into any interest rate swap, floor or cap transactions, or other similar transactions with the Company that create liens, pledges, charges, security interests, security agreements or other encumbrances on the assets of the Company.

A consolidation, reorganization or merger of the Company with or into any other company, or a sale, lease or exchange of all or substantially all of the assets of the Company in consideration for the issuance of equity securities of another company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

### PAYMENT RESTRICTIONS ON SHARES

Under the 1940 Act, the Company may not declare any dividend on common stock or make any distribution with respect to the common stock or any preferred stock of the Company or purchase or redeem any common or preferred stock if, at the time of such declaration (and after giving effect thereto), asset coverage with respect to the Tortoise Notes and any other senior securities representing indebtedness (as defined in the 1940 Act), would be less than 300% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing indebtedness of a closed-end investment company as a condition of declaring distributions, purchases or redemptions of shares of its common or preferred stock). Dividends may be declared upon preferred stock, provided, however, that the Tortoise Notes and any other senior securities representing indebtedness have an asset coverage of at least 200% at the time of declaration after deducting the amount of such dividend.

"Senior securities representing indebtedness" generally means any bond, debenture, note or similar obligation or instrument constituting a security (other than shares of beneficial interest) and evidencing indebtedness and could include the Company's obligations under any Borrowings. For purposes of determining asset coverage for senior securities representing indebtedness in connection with the payment of dividends or other distributions on or purchases or redemptions of stock, the term "senior security" does not include any promissory note or other evidence of indebtedness issued in consideration of any loan, extension or renewal thereof, made by a bank or other person and privately arranged, and not intended to be publicly distributed. The term "senior security" also does not include any such promissory note or other evidence of indebtedness in any case where such a loan is for temporary purposes only and in an amount not exceeding 5% of the value of the total assets of the Company at the time when the loan is made; a loan is presumed under the 1940 Act to be for temporary purposes if it is repaid within 60 days and is not extended or renewed; otherwise it is presumed not to be for temporary purposes. For purposes of determining whether the 200% and 300% asset coverage requirements described above apply in

connection with interest payments or distributions on or purchases or

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redemptions of stock, such asset coverage may be calculated on the basis of values calculated as of a time within 48 hours (not including Sundays or holidays) next preceding the time of the applicable determination.

In addition, a declaration of a dividend or other distribution on or purchase or redemption of common or preferred stock is prohibited (1) at any time that an event of default under the Tortoise Notes or any other Borrowings has occurred and is continuing; or (2) if, after giving effect to such declaration, the Company would not have eligible portfolio holdings with an aggregated Discounted Value at least equal to any asset coverage requirements associated with such Tortoise Notes or other Borrowings; or (3) the Company has not redeemed the full amount of Tortoise Notes or other Borrowings, if any, required to be redeemed by any provision for mandatory redemption.

### THE AUCTION

#### GENERAL

Auction Agency Agreement. The Company has entered into an Auction Agency Agreement (the "Auction Agency Agreement") with the Auction Agent (currently, The Bank of New York) which provides, among other things, that the Auction Agent will follow the Auction Procedures for purposes of determining the Applicable Rate for the Series C Tortoise Notes so long as the Applicable Rate for the Series C Tortoise Notes is to be based on the results of an Auction.

The Auction Agent may terminate the Auction Agency Agreement upon notice to the Company on a date no earlier than 60 days after the notice. If the Auction Agent should resign, the Company will use its best efforts to enter into an agreement with a successor Auction Agent containing substantially the same terms and conditions as the Auction Agency Agreement. The Company may remove the Auction Agent provided that prior to such removal the Company shall have entered into such an agreement with a successor Auction Agent.

Broker-Dealer Agreements. Each Auction requires the participation of one or more Broker-Dealers. The Auction Agent has entered into agreements (collectively, the "Broker-Dealer Agreements") with several Broker-Dealers selected by the Company, which provide for the participation of those Broker-Dealers in Auctions for the Series C Tortoise Notes.

After each Auction for Tortoise Notes the Auction Agent will pay to each Broker-Dealer, from funds provided by the Company, a service charge at the annual rate of 1/4 of 1% in the case of any Auction immediately preceding a Rate Period of less than one year, or a percentage agreed to by the Company and the Broker-Dealers in the case of any Auction immediately preceding a Rate Period of one year or longer, of the purchase price of Tortoise Notes placed by such Broker-Dealer at such Auction. For the purposes of the preceding sentence, Tortoise Notes will be placed by a Broker-Dealer if such Tortoise Notes were (a) the subject of Hold Orders deemed to have been submitted to the Auction Agent by the Broker-Dealer and were acquired by such Broker-Dealer for its own account or were acquired by such Broker-Dealer for its customers who are Beneficial Owners or (b) the subject of an Order submitted by such Broker-Dealer that is (1) a Submitted Bid of an Existing Holder that resulted in such Existing Holder continuing to hold such Tortoise Notes as a result of the Auction or (2) a Submitted Bid of a Potential Holder that resulted in such Potential Holder purchasing such Tortoise Notes as a result of the Auction or (3) a valid Hold Order.

The Company may request the Auction Agent to terminate one or more Broker-Dealer Agreements at any time, provided that at least one Broker-Dealer Agreement is in effect after such termination.

## AUCTION PROCEDURES

Beneficial Owners. Prior to the Submission Deadline on each Auction Date for a series of Tortoise Notes, each customer of a Broker-Dealer who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a holder of Tortoise Notes of such series (a "Beneficial Owner") may submit orders ("Orders") with respect to Tortoise Notes of such series to that Broker-Dealer as follows:

- o Hold Order - indicating its desire to hold Tortoise Notes of such series without regard to the Applicable Rate for Tortoise Notes of such series for the next Rate Period thereof.
- o Bid - indicating its desire to sell the principal amount of Outstanding Tortoise Notes, if any, of such series held by such Beneficial Owner which such Beneficial Owner offers to sell if the Applicable Rate for Tortoise Notes of such series for the next succeeding Rate Period of Tortoise Notes of such series shall be less than the rate per annum specified by such Beneficial Owner (also known as a hold at rate order).
- o Sell Order - indicating its desire to sell the principal amount of Outstanding Tortoise Notes, if any, of such series held by such Beneficial Owner which such Beneficial Owner offers to sell without regard to the Applicable Rate for Tortoise Notes of such series for the next succeeding Rate Period of Tortoise Notes of such series.

Orders submitted (or the failure to do so) by Beneficial Owners under certain circumstances will have the effects described below. A Beneficial Owner of Tortoise Notes of such series that submits a Bid with respect to Tortoise Notes of such series to its Broker-Dealer having a rate higher than the Maximum Rate for Tortoise Notes of such series on the Auction Date therefore will be treated as having submitted a Sell Order with respect to such Tortoise Notes. A Beneficial Owner of Tortoise Notes of such series that fails to submit an Order with respect to such Tortoise Notes to its Broker-Dealer will be deemed to have submitted a Hold Order with respect to such Tortoise Notes of such series; provided, however, that if a Beneficial Owner of Series C Tortoise Notes fails to submit an Order with respect to Series C Tortoise Notes to its Broker-Dealer for an Auction relating to a Special Rate Period of more than seven (7) days, such Beneficial Owner will be deemed to have submitted a Sell Order with respect to such Tortoise Notes. A Sell Order shall constitute an irrevocable offer to sell the Tortoise Notes subject thereto. A Beneficial Owner that offers to become the Beneficial Owner of additional Tortoise Notes is, for purposes of such offer, a Potential Beneficial Owner as discussed below.

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

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Date therefor will not be accepted.

The Auction Process. Each Broker-Dealer shall submit in writing, which shall include a writing delivered via e-mail or other electronic means, to the Auction Agent, prior to the Submission Deadline on each Auction Date, all Orders for Tortoise Notes of a series subject to an Auction on such Auction Date obtained by such Broker-Dealer, designating itself (unless otherwise permitted by the Company) as an Existing Holder in respect of Tortoise Notes subject to Orders submitted or deemed submitted to it by Beneficial Owners and as a Potential Holder in respect of Tortoise Notes subject to Orders submitted to it

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by Potential Beneficial Owners. However, neither the Company nor the Auction Agent will be responsible for a Broker-Dealer's failure to comply with the foregoing. Any Order placed with the Auction Agent by a Broker-Dealer as or on behalf of an Existing Holder or a Potential Holder will be treated in the same manner as an Order placed with a Broker-Dealer by a Beneficial Owner or Potential Beneficial Owner. Similarly, any failure by a Broker-Dealer to submit to the Auction Agent an Order in respect of Tortoise Notes held by it or customers who are Beneficial Owners will be treated in the same manner as a Beneficial Owner's failure to submit to its Broker-Dealer an Order in respect of Tortoise Notes held by it. A Broker-Dealer may also submit Orders to the Auction Agent for its own account as an Existing Holder or Potential Holder, provided it is not an affiliate of the Company.

If Sufficient Clearing Bids for a series of Tortoise Notes exist (that is, the aggregate principal amount of Outstanding Tortoise Notes of such series subject to Submitted Bids of Potential Holders specifying one or more rates between the Minimum Rate (for Standard Rate Periods or less, only) and the Maximum Rate (for all Rate Periods) for Tortoise Notes of such series exceeds or is equal to the sum of the aggregate principal amount of Outstanding Tortoise Notes of such series subject to Submitted Sell Orders), the Applicable Rate for Tortoise Notes of such series for the next succeeding Rate Period thereof will be the lowest rate specified in the Submitted Bids which, taking into account such rate and all lower rates bid by Broker-Dealers as or on behalf of Existing Holders and Potential Holders, would result in Existing Holders and Potential Holders owning the aggregate principal amount of Tortoise Notes of such series available for purchase in the Auction. If Sufficient Clearing Bids for a series of Tortoise Notes do not exist (other than because all of the Outstanding Tortoise Notes of such series are subject to Submitted Hold Orders), then the Applicable Rate for all Tortoise Notes of such series for the next succeeding Rate Period thereof will be equal to the Maximum Rate for Tortoise Notes of such series. In such event, Holders of Tortoise Notes of such series that have submitted or are deemed to have submitted Sell Orders may not be able to sell in such Auction all aggregate principal amount of Tortoise Notes of such series subject to such Sell Orders. If Broker-Dealers submit or are deemed to have submitted to the Auction Agent Hold Orders with respect to all Existing Holders of a series of Tortoise Notes, the Applicable Rate for all Tortoise Notes of such series for the next succeeding Rate Period will be the All Hold Rate.

The Auction Procedures include a pro rata allocation of Tortoise Notes for purchase and sale, which may result in an Existing Holder continuing to hold or selling, or a Potential Holder purchasing, a number of Tortoise Notes that is less than the number of Tortoise Notes specified in its Order. To the extent the allocation procedures have that result, Broker-Dealers that have designated themselves as Existing Holders or Potential Holders in respect of customer Orders will be required to make appropriate pro rata allocations among their respective customers.

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Settlement of purchases and sales will be made on the next Business Day (also an Interest Payment Date) after the Auction Date through the Securities Depository. Purchasers will make payment through their Agent Members in same-day funds to the Securities Depository against delivery to their respective Agent Members. The Securities Depository will make payment to the sellers' Agent Members in accordance with the Securities Depository's normal procedures, which now provide for payment against delivery by their Agent Members in same-day funds.

### BROKER-DEALERS

The Broker-Dealer agreements each provide that a Broker-Dealer may submit Orders in Auctions for its own account. Any Broker-Dealer submitting an Order for its own account in any Auction could have an advantage over other Potential Holders in that it would have knowledge of other Orders placed through it in that Auction. A Broker Dealer would not, however, have knowledge of Orders submitted by other Broker-Dealers, if any. As a result of bidding by a Broker-Dealer in an Auction, the Auction Rate may be higher or lower than the rate that would have prevailed had the Broker-Dealer not bid. A Broker-

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Dealer may also bid in an Auction in order to prevent what would otherwise be (a) a failed Auction, (b) an "all-hold" Auction, or (c) the implementation of an Interest Rate that the Broker-Dealer believes, in its sole judgment, does not reflect the market