

TORTOISE ENERGY INFRASTRUCTURE CORP
Form N-CSRS
July 29, 2013

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

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number **811-21462**

Tortoise Energy Infrastructure Corporation
(Exact name of registrant as specified in charter)

11550 Ash Street, Suite 300, Leawood, KS 66211
(Address of principal executive offices) (Zip code)

Terry Matlack
Diane Bono
11550 Ash Street, Suite 300, Leawood, KS 66211
(Name and address of agent for service)

913-981-1020
Registrant's telephone number, including area code

Date of fiscal year end: **November 30**

Date of reporting period: **May 31, 2013**

Item 1. Reports to Stockholders.

Company at a Glance

Tortoise Energy Infrastructure Corp. (NYSE: TYG) is a pioneering closed-end investment company investing primarily in equity securities of publicly-traded Master Limited Partnerships (MLPs) and their affiliates in the energy infrastructure sector.

Investment Goals: Yield, Growth and Quality

TYG seeks a high level of total return with an emphasis on current distributions paid to stockholders.

In seeking to achieve **yield**, we target distributions to our stockholders that are roughly equal to the underlying yield on a direct investment in MLPs. In order to accomplish this, we maintain our strategy of investing primarily in energy infrastructure MLPs with attractive current yields and growth potential.

We seek to achieve distribution **growth** as revenues of our underlying companies grow with the economy, with the population and through rate increases. This revenue growth generally leads to increased operating profits, and when combined with internal expansion projects and acquisitions, is expected to provide attractive growth in distributions to us. We also seek distribution growth through timely debt and equity offerings.

TYG seeks to achieve **quality** by investing in companies operating energy infrastructure assets that are critical to the U.S. economy. Often these assets would be difficult to replicate. We also back experienced management teams with successful track records. By investing in us, our stockholders have access to a portfolio that is diversified through geographic regions and across product lines, including natural gas, natural gas liquids, crude oil and refined products.

About Energy Infrastructure Master Limited Partnerships

MLPs are limited partnerships whose units trade on public exchanges such as the New York Stock Exchange (NYSE), the NYSE Alternext US and NASDAQ. Buying MLP units makes an investor a limited partner in the MLP. There are currently more than 90 MLPs in the market in industries related to energy and natural resources.

We primarily invest in MLPs and their affiliates in the energy infrastructure sector. Energy infrastructure MLPs are engaged in the transportation, storage and processing of crude oil, natural gas and refined products from production points to the end users. Our investments are primarily in midstream (mostly pipeline) operations, which typically produce steady cash flows with less exposure to commodity prices than many alternative investments in the broader energy industry. With the growth potential of this sector, along with our disciplined investment approach, we endeavor to generate a predictable and increasing distribution stream for our investors.

A TYG Investment Versus a Direct Investment in MLPs

We provide our stockholders an alternative to investing directly in MLPs and their affiliates. A direct MLP investment potentially offers an attractive distribution with a significant portion treated as return of capital, and a historically low correlation to returns on stocks and bonds. However, the tax characteristics of a direct MLP investment are generally undesirable for tax-exempt investors such as retirement plans. We are structured as a C Corporation accruing federal and state income taxes, based on taxable earnings and profits. Because of this innovative structure, pioneered by Tortoise Capital Advisors, institutions and retirement accounts are able to join individual stockholders as investors in MLPs.

Additional features include:

- ◆ One Form 1099 per stockholder at the end of the year, thus avoiding multiple K-1s and multiple state filings for individual partnership investments;
- ◆ A professional management team, with more than 130 years combined investment experience, to select and manage the portfolio on your behalf;

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- ◆ The ability to access investment grade credit markets to enhance stockholder return; and
 - ◆ Access to direct placements and other investments not available through the public markets.
-

June 18, 2013

Dear Fellow Stockholders,

The equity market continued its bullish start in fiscal year 2013, with the S&P 500 Index[®] gaining 8.2 percent and 16.4 percent for the three and six months ending May 31st. A confluence of events conspired to buoy investor confidence and sustain the market's upward trajectory during the period, as fiscal cliff concerns abated and economic data continued to suggest a moderate economic recovery. Midstream MLPs had a positive first half, continuing to demonstrate the resiliency of their underlying fundamentals and to benefit from energy infrastructure build-out across North America.

Master Limited Partnership Sector Review

The Tortoise MLP Index[®] had a total return of 4.8 percent and 15.9 percent for the three months and six months ending May 31, 2013, respectively. Midstream MLPs outperformed upstream MLPs during both periods, supported by strong distribution growth and visible cash flow streams. While MLPs enjoyed a strong out-of-the-gate performance, they took a break late in the second fiscal quarter, underperforming broader equities in May as interest rate concerns began to surface following the release of the Federal Open Market Committee's (FOMC) rather ambiguous statement on quantitative easing. The markets responded with some immediate volatility, particularly impacting yield-oriented securities, a reaction we often see in the wake of uncertain comments out of the FOMC, and attractive yielding MLPs were not immune to this. However, we believe that quality MLPs are different from most yielding securities as they offer the potential for growth in addition to income. While market volatility can prevail in the short term, we believe that those growth-oriented MLPs with quality business models remain fundamentally well positioned over the longer term.

Growing production levels out of the country's oil and gas shale deposits remains a dominant story across the U.S. energy value chain. The ongoing development of these unconventional resources has become a predominant driver of growth for the midstream portion of the energy value chain, particularly pipeline MLPs helping to de-bottleneck the transportation of energy from new supply sources to areas of demand. In just the next three years through 2015, we project that approximately \$50 billion will be invested in MLP organic growth projects. The bulk of projects currently underway involve the build-out of petroleum pipelines particularly in the resource-rich Bakken, Eagle Ford and Permian fields.

Capital markets continue to be active, with MLPs raising approximately \$19 billion in equity and \$17 billion in debt fiscal year-to-date through May 31st. This included the launch of eight new MLP initial public offerings, which included gathering/processing and natural gas pipeline MLPs, among other less-traditional businesses. Merger and acquisition (M&A) activity has also been healthy for the period, with announced MLP transactions totaling more than \$22 billion. The largest among these was Kinder Morgan Energy Partners' \$5 billion acquisition of Copano Energy, L.L.C., a gathering and processing MLP, which closed on May 1st.

Fund Performance Review

Our total assets increased from \$1.7 billion on Nov. 30, 2012 to \$2.0 billion on May 31, 2013, resulting primarily from market appreciation of our investments. Our market-based total return to stockholders was negative 4.7 percent and positive 16.4 percent (both including the reinvestment of distributions) for the three and six months ending May 31, 2013, respectively. Our NAV-based total return was 5.1 percent and 16.6 percent for the same periods. We ended the six-month period with a stock price premium to NAV consistent with where the period began; as our market return outperformed our NAV return in the first fiscal quarter and underperformed our NAV return during the second fiscal quarter.

During the fiscal first half of 2013, our asset performance was helped by our exposure to crude oil and refined product pipeline MLPs, which continued to benefit from growing production volumes in North American shale basins, infrastructure constraints and related pipeline build-out. Natural gas pipeline MLPs also posted positive returns though not as strong as those of crude and refined MLPs. With no holdings in upstream, our performance was positively affected by our overall midstream strategy.

We paid a distribution of \$0.57 per common share (\$2.28 annualized) to our stockholders on June 3, 2013, an increase of 0.4 percent quarter over quarter and of 1.8 percent year over year. This distribution represented an annualized yield of 5.1 percent based on our second fiscal quarter closing price of \$44.43. Our distribution payout coverage (distributable cash flow divided by distributions) for the fiscal quarter was 111.6 percent, reflective of our emphasis on sustainability. For tax purposes, we currently

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expect 80 to 100 percent of TYG's distributions to be characterized as qualified dividend income, or QDI, with the remainder characterized as a return of capital. A final determination of the characterization will be made in January 2014.

(Unaudited)

We ended the first fiscal half of 2013 with leverage (including bank debt, senior notes and preferred stock) at 16.0 percent of total assets, below our long-term target of 25 percent. This provides us flexibility in managing the portfolio across market cycles and allows us to add leverage when compelling opportunities arise. As of May 31, 2013, our leverage had a weighted average maturity of 6.2 years and a weighted average cost of approximately 4.7 percent, with 87 percent at fixed rates. We believe TYG's balance sheet is strong, with rates fixed on the majority of our leverage, laddered due dates and extended average maturities.

Additional information about our financial performance is available in the Key Financial Data and Management's Discussion sections of this report.

Concluding Thoughts

We continue to be excited about the significant transformation underway in North American energy, with midstream MLPs playing a key role in the significant build-out underway. However, we also think it is important to note that while a rising tide may lift all boats, market cycles will separate quality companies from those with weaker business models. We believe this will play out over time, and we look forward to serving you as your professional investment adviser in navigating the course ahead.

As a final note, if you have not yet had a chance to listen to our May webcast, we invite and encourage you to do so at www.tortoiseadvisors.com.

Sincerely,
The Managing Directors
Tortoise Capital Advisors, L.L.C.
The adviser to Tortoise Energy Infrastructure Corp.

P. Bradley Adams

H. Kevin Birzer

Zachary A. Hamel

Kenneth P. Malvey

Terry Matlack

David J. Schulte

The Tortoise MLP Index® is a float-adjusted, capitalization-weighted index of energy master limited partnerships (MLPs). The S&P 500 Index® is an unmanaged market-value weighted index of stocks, which is widely regarded as the standard for measuring large-cap U.S. stock market performance.

(Unaudited)

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Key Financial Data *(Supplemental Unaudited Information)**(dollar amounts in thousands unless otherwise indicated)*

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which we believe is meaningful to understanding our operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and we believe they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with our full financial statements.

	2012			2013	
	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾
Total Income from Investments					
Distributions received from master limited partnerships	\$23,031	\$23,788	\$24,232	\$24,594	\$25,525
Dividends paid in stock	1,683	1,745	1,918	1,811	1,492
Total from investments	24,714	25,533	26,150	26,405	27,017
Operating Expenses Before Leverage Costs and Current Taxes					
Advisory fees, net of fees waived	3,946	3,892	4,045	4,166	4,752
Other operating expenses	296	292	291	348	348
Total	4,242	4,184	4,336	4,514	5,100
Distributable cash flow before leverage costs and current taxes	20,472	21,349	21,814	21,891	21,917
Leverage costs ⁽²⁾	4,087	4,084	4,052	4,243	3,816
Current income tax expense ⁽³⁾					
Distributable Cash Flow⁽⁴⁾	\$16,385	\$17,265	\$17,762	\$17,648	\$18,101
As a percent of average total assets⁽⁵⁾					
Total from investments	5.89%	6.17%	6.06%	5.94%	5.41%
Operating expenses before leverage costs and current taxes	1.01%	1.01%	1.00%	1.02%	1.02%
Distributable cash flow before leverage costs and current taxes	4.88%	5.16%	5.06%	4.92%	4.39%
As a percent of average net assets⁽⁵⁾					
Total from investments	10.05%	10.55%	10.28%	10.10%	9.04%
Operating expenses before leverage costs and current taxes	1.72%	1.73%	1.70%	1.73%	1.71%
Leverage costs and current taxes	1.66%	1.69%	1.59%	1.62%	1.28%
Distributable cash flow	6.67%	7.13%	6.99%	6.75%	6.05%
Selected Financial Information					
Distributions paid on common stock	\$15,629	\$15,772	\$15,972	\$16,101	\$16,225
Distributions paid on common stock per share	0.5600	0.5625	0.5650	0.5675	0.5700
Distribution coverage percentage for period ⁽⁶⁾	104.8%	109.5%	111.2%	109.6%	111.6%
Net realized gain, net of income taxes, for the period	3,617	19,994	36,877	20,300	32,768
Total assets, end of period	1,550,766	1,705,337	1,729,272	1,900,047	1,974,131
Average total assets during period ⁽⁷⁾	1,668,944	1,645,938	1,735,812	1,803,562	1,981,853
Leverage ⁽⁸⁾	313,275	310,575	331,375	314,700	315,900
Leverage as a percent of total assets	20.2%	18.2%	19.2%	16.6%	16.0%
Net unrealized appreciation, end of period	418,760	509,018	501,993	603,431	630,465
Net assets, end of period	907,097	1,001,336	1,020,421	1,121,950	1,167,024
Average net assets during period ⁽⁹⁾	978,713	962,943	1,023,366	1,060,308	1,185,578
Net asset value per common share	32.49	35.70	36.06	39.54	40.98
Market value per share	37.36	40.23	39.17	47.25	44.43
Shares outstanding (actual)	27,919,062	28,048,320	28,296,347	28,372,298	28,480,993

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- (1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.
- (2) Leverage costs include interest expense, distributions to preferred stockholders, and other recurring leverage expenses.
- (3) Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of Distributable Cash Flow (DCF).
- (4) Net investment income (loss), before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on MLP distributions, the value of paid-in-kind distributions, distributions included in direct placement discounts and amortization of debt issuance costs; and decreased by current taxes paid on net investment income.
- (5) Annualized for periods less than one full year.
- (6) Distributable Cash Flow divided by distributions paid.
- (7) Computed by averaging month-end values within each period.
- (8) Leverage consists of long-term debt obligations, preferred stock and short-term borrowings.
- (9) Computed by averaging daily net assets within each period.

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Management's Discussion *(Unaudited)*

The information contained in this section should be read in conjunction with our Financial Statements and the Notes thereto. In addition, this report contains certain forward-looking statements. These statements include the plans and objectives of management for future operations and financial objectives and can be identified by the use of forward-looking terminology such as may, will, expect, intend, anticipate, estimate, or continue or the negative thereof or other variations thereon or comparable terminology. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results and conditions to differ materially from those projected in these forward-looking statements are set forth in the Risk Factors section of our public filings with the SEC.

Overview

Tortoise Energy Infrastructure Corp.'s (the Company) goal is to provide a stable and growing distribution stream to our investors. We seek to provide our stockholders with an efficient vehicle to invest in the energy infrastructure sector. While we are a registered investment company under the Investment Company Act of 1940, as amended (the 1940 Act), we are not a regulated investment company for federal tax purposes. Our distributions do not generate unrelated business taxable income (UBTI) and our stock may therefore be suitable for holding by pension funds, IRAs and mutual funds, as well as taxable accounts. We invest primarily in MLPs through private and public market purchases. MLPs are publicly traded partnerships whose equity interests are traded in the form of units on public exchanges, such as the NYSE or NASDAQ. Tortoise Capital Advisors, L.L.C. serves as our investment adviser.

Company Update

Total assets increased approximately \$74 million during the 2nd quarter, primarily as a result of higher market values of our MLP investments. Distribution increases from our MLP investments were in-line with our expectations, and asset-based expenses increased from the previous quarter along with average managed assets. Total leverage as a percent of total assets decreased and we increased our quarterly distribution to \$0.57 per share. Additional information on these events and results of our operations are discussed in more detail below.

Critical Accounting Policies

The financial statements are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex, or subjective judgments. Our critical accounting policies are those applicable to the valuation of investments, tax matters and certain revenue recognition matters as discussed in Note 2 in the Notes to Financial Statements.

Determining Distributions to Stockholders

Our portfolio generates cash flow from which we pay distributions to stockholders. Our Board of Directors has adopted a policy of declaring what it believes to be sustainable distributions. In determining distributions, our Board of Directors considers a number of current and anticipated factors, including, among others, distributable cash flow (DCF), realized and unrealized gains, leverage amounts and rates, current and deferred taxes payable, and potential volatility in returns from our investments and the overall market. While the Board considers many factors in determining distributions to stockholders, particular emphasis is given to DCF and distribution coverage. Distribution coverage is DCF divided by distributions paid to stockholders and is discussed in more detail below. Over the long term, we expect to distribute substantially all of our DCF to holders of common stock. Our Board of Directors reviews the distribution rate quarterly and may adjust the quarterly distribution throughout the year.

Determining DCF

DCF is distributions received from investments, less expenses. The total distributions received from our investments include the amount received by us as cash distributions from MLPs, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes

include taxes paid on our net investment income, in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income. A reconciliation of Net Investment Loss, before Income Taxes to DCF is included below.

Distributions Received from Investments

Our ability to generate cash is dependent on the ability of our portfolio of investments to generate cash flow from their operations. In order to maintain and grow distributions to our stockholders, we evaluate each holding based upon its contribution to our investment income, our expectation for its growth rate, and its risk relative to other potential investments.

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Management's Discussion *(Unaudited)*

(Continued)

We concentrate on MLPs we believe can expect an increasing demand for services from economic and population growth. We seek well-managed businesses with hard assets and stable recurring revenue streams. Our focus remains primarily on investing in fee-based service providers that operate long-haul, interstate pipelines. We further diversify among issuers, geographies and energy commodities to seek a distribution payment which approximates an investment directly in energy infrastructure MLPs. In addition, many crude/refined products and natural gas liquids pipeline companies are regulated and currently benefit from a tariff inflation escalation index of PPI + 2.65 percent. Over the long-term, we believe MLPs' distributions will outpace inflation and interest rate increases, and produce positive real returns.

Total distributions received from our investments for the 2nd quarter 2013 were approximately \$27.0 million, representing a 9.3 percent increase as compared to 2nd quarter 2012 and a 2.3 percent increase as compared to 1st quarter 2013. These changes reflect increases in per share distribution rates on our MLP investments, the distributions received from additional investments funded from equity and leverage proceeds and the impact of various portfolio trading activity.

Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee, and (2) leverage costs. On a percentage basis, operating expenses before leverage costs and current taxes were an annualized 1.02 percent of average total assets for the 2nd quarter 2013, an increase of 0.01 percent as compared to 2nd quarter 2012 and unchanged as compared to 1st quarter 2013. Advisory fees for the 2nd quarter 2013 increased 14.1 percent from 1st quarter 2013 as a result of increased average managed assets for the quarter. Yields on our MLP investments are currently below their 5-year historical average of approximately 7 percent. All else being equal, if MLP yields decrease and distributions remain constant or grow, MLP asset values will increase as will our managed assets and advisory fees. Other operating expenses were unchanged as compared to 1st quarter 2013.

Leverage costs consist of two major components: (1) the direct interest expense on our senior notes and short-term credit facility, and (2) distributions to preferred stockholders. Other leverage expenses include rating agency fees and commitment fees. Total leverage costs for DCF purposes were approximately \$3.8 million for the 2nd quarter 2013, a decrease of 10.0 percent as compared to 1st quarter 2013. This decrease is primarily the result of the refinance of our Mandatory Redeemable Preferred (MRP) Stock in 1st quarter 2013 at lower rates.

The weighted average annual rate of our leverage at May 31, 2013 was 4.69 percent. This rate includes balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.25 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility and as our leverage matures or is redeemed. We have entered into \$110 million notional amount of interest rate swap contracts with an effective date of March 15, 2015 in an attempt to reduce the refinance risk associated with long-term debt that matures in April 2015. Additional information on our leverage and amended credit facility is disclosed below in Liquidity and Capital Resources and in our Notes to Financial Statements.

Distributable Cash Flow

For 2nd quarter 2013, our DCF was approximately \$18.1 million, an increase of 10.5 percent as compared to 2nd quarter 2012 and an increase of 2.6 percent as compared to 1st quarter 2013. The changes are the net result of changes in distributions and expenses as outlined above. We declared a distribution of \$16.2 million, or \$0.57 per share, during the quarter. This represents an increase of \$0.01 per share as compared to 2nd quarter 2012 and an increase of \$0.0025 per share as compared to 1st quarter 2013.

Our distribution coverage ratio was 111.6 percent for 2nd quarter 2013, an increase in the coverage ratio of 6.8 percent as compared to 2nd quarter 2012 and an increase of 2.0 percent as compared to 1st quarter 2013. Our goal is to pay what we believe to be sustainable distributions with any increases safely covered by earned DCF. A distribution coverage ratio of greater than 100 percent provides flexibility for on-going management of the portfolio, changes in leverage costs, the impact of taxes from realized gains and other expenses. An on-going distribution coverage ratio of less than 100 percent will, over time, erode the earning power of a portfolio and may lead to lower distributions. We expect to allocate a portion of the projected future growth in DCF to increase distributions to stockholders while also continuing to build critical distribution coverage to help preserve the sustainability of distributions to stockholders for the years ahead.

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Net investment loss before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2013 YTD and 2nd quarter 2013 (in thousands):

	2013 YTD	2nd Qtr 2013
Net Investment Loss, before Income Taxes	\$(14,332)	\$ (5,087)
Adjustments to reconcile to DCF:		
Dividends paid in stock	3,303	1,492
Distributions characterized as return of capital	44,442	21,641
Amortization of debt issuance costs	1,606	55
Premium on redemption of MRP Stock	730	
DCF	\$ 35,749	\$ 18,101

Liquidity and Capital Resources

We had total assets of \$2.0 billion at quarter-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and other receivables, if any, and any expenses that may have been prepaid. During 2nd quarter 2013, total assets increased approximately \$74 million, primarily due to an increase in the value of our investments as reflected by the change in realized and unrealized gains on investments (excluding return of capital on distributions) and proceeds from the issuance of additional shares of common stock.

Management's Discussion *(Unaudited)*

(Continued)

We issued 84,708 shares of our common stock during the quarter under our at-the-market equity program for a net total of approximately \$4.0 million. We are waiving our advisory fees on the net proceeds from shares issued under our at-the-market equity program for six months.

Total leverage outstanding at May 31, 2013 was \$315.9 million, an increase of \$1.2 million as compared to February 28, 2013. Outstanding leverage is comprised of \$210 million in senior notes, \$80 million in preferred shares and \$25.9 million outstanding under the credit facility, with 87.1 percent of leverage with fixed rates and a weighted average maturity of 6.2 years. Total leverage represented 16.0 percent of total assets at May 31, 2013, as compared to 16.6 percent as of February 28, 2013 and 20.2 percent as of May 31, 2012. Our leverage as a percent of total assets remains below our long-term target level of 25 percent, allowing the opportunity to add leverage when compelling investment opportunities arise. Temporary increases to up to 30 percent of our total assets may be permitted, provided that such leverage is consistent with the limits set forth in the 1940 Act, and that such leverage is expected to be reduced over time in an orderly fashion to reach our long-term target. Our leverage ratio is impacted by increases or decreases in MLP values, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

Our longer-term leverage (excluding our bank credit facility) of approximately \$290 million is comprised of 72 percent private placement debt and 28 percent publicly traded preferred equity with a weighted average rate of 4.94 percent and remaining weighted average laddered maturity of approximately 6.8 years.

Our Mandatory Redeemable Preferred Stock has an optional redemption feature allowing us to redeem all or a portion of the stock after December 31, 2015 and on or prior to December 31, 2016 at \$10.10 per share. Any optional redemption after December 31, 2016 and on or prior to December 31, 2017 will be at \$10.05 per share. Any redemption after December 31, 2017 will be at the liquidation preference amount of \$10.00 per share.

We have used leverage to acquire MLPs consistent with our investment philosophy. The terms of our leverage are governed by regulatory and contractual asset coverage requirements that arise from the use of leverage. Additional information on our leverage and asset coverage requirements is discussed in Notes 9, 10 and 11 in the Notes to Financial Statements. Our coverage ratios are updated each week on our Web site at www.tortoiseadvisors.com.

Subsequent to quarter-end, we entered into an amendment to our bank credit facility that extends the facility through June 16, 2014. Terms of the amendment provide for an unsecured revolving credit facility of \$85,000,000. During the extension, outstanding balances generally will accrue interest at a variable annual rate equal to one-month LIBOR plus 1.125 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.15 percent.

Taxation of our Distributions and Income Taxes

We invest in partnerships that generally have cash distributions in excess of their income for accounting and tax purposes. Accordingly, the distributions include a return of capital component for accounting and tax purposes. Distributions declared and paid by us in a year generally differ from taxable income for that year, as such distributions may include the distribution of current year taxable income or return of capital.

The taxability of the distribution you receive depends on whether we have annual earnings and profits (E&P). E&P is primarily comprised of the taxable income from MLPs with certain specified adjustments as reported on annual K-1s, fund operating expenses and net realized gains. If we have E&P, it is first allocated to the preferred shares and then to the common shares.

In the event we have E&P allocated to our common shares, all or a portion of our distribution will be taxable at the Qualified Dividend Income (QDI) rate, assuming various holding requirements are met by the stockholder. The QDI rate is variable based on the taxpayer's taxable income. The portion of our distribution that is taxable may vary for either of two reasons. First, the characterization of the distributions we receive from MLPs could change annually based upon the K-1 allocations and result in less return of capital and more in the form of income. Second, we could sell an MLP investment and realize a gain or loss at any time. It is for these reasons that we inform you of the tax treatment after the close of each year as the ultimate characterization of our distributions is undeterminable until the year is over.

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E&P for 2012 exceeded total distributions to stockholders. As a result, for tax purposes, distributions to common stockholders for the year ended 2012 were 100 percent qualified dividend income. This information is reported to stockholders on Form 1099-DIV and is available on our Web site at www.tortoiseadvisors.com. For book purposes, the source of distributions to common stockholders for the year ended 2012 was 100 percent return of capital. We currently estimate that 80 to 100 percent of 2013 distributions will be characterized as qualified dividend income for tax purposes, with the remaining percentage, if any, characterized as return of capital. A final determination of the characterization will be made in January 2014.

The unrealized gain or loss we have in the portfolio is reflected in the Statement of Assets and Liabilities. At May 31, 2013, our investments are valued at \$1.969 billion, with an adjusted cost of \$972 million. The \$997 million difference reflects unrealized gain that would be realized for financial statement purposes if those investments were sold at those values. The Statement of Assets and Liabilities also reflects either a net deferred tax liability or net deferred tax asset depending primarily upon unrealized gains (losses) on investments, realized gains (losses) on investments, capital loss carryforwards and net operating losses. At May 31, 2013, the balance sheet reflects a net deferred tax liability of approximately \$469 million or \$16.46 per share. Accordingly, our net asset value per share represents the amount which would be available for distribution to stockholders after payment of taxes.

To the extent we have taxable income in the future, we will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets or borrowings. Details of our taxes are disclosed in Note 5 in our Notes to Financial Statements.

6 Tortoise Energy Infrastructure Corp.

Schedule of Investments

May 31, 2013

(Unaudited)

	Shares	Fair Value
Master Limited Partnerships and Related Companies 168.7%		
Crude/Refined Products Pipelines 66.2%		
United States 66.2%		
Buckeye Partners, L.P.	1,007,000	\$ 66,602,980
Enbridge Energy Partners, L.P.	2,287,200	67,495,272
Holly Energy Partners, L.P.	1,232,000	44,302,720
Magellan Midstream Partners, L.P.	3,227,503	167,797,881
MPLX LP	825,670	30,657,127
NuStar Energy L.P.	1,041,710	48,533,269
Oiltanking Partners, L.P.	651,400	32,244,300
Plains All American Pipeline, L.P.	2,660,100	149,444,418
Rose Rock Midstream, L.P.	146,157	5,401,963
Sunoco Logistics Partners L.P.	2,030,300	122,914,362
Tesoro Logistics LP	600,123	37,231,631
		772,625,923
Natural Gas/Natural Gas Liquids Pipelines 77.6%		
United States 77.6%		
Boardwalk Pipeline Partners, LP	3,038,600	89,942,560
El Paso Pipeline Partners, L.P.	2,309,700	94,905,573
Energy Transfer Equity, L.P.	704,400	40,263,504
Energy Transfer Partners, L.P.	1,759,295	85,519,330
Enterprise Products Partners L.P.	2,358,900	140,095,071
EQT Midstream Partners, LP	339,745	16,599,940
Inergy Midstream, L.P.	698,500	15,709,265
Inergy Midstream, L.P. ⁽²⁾	547,619	12,277,618
Kinder Morgan Energy Partners, L.P.	181,105	15,104,157
Kinder Morgan Management, LLC ⁽³⁾	1,164,666	94,594,151
ONEOK Partners, L.P.	1,162,600	60,176,176
Regency Energy Partners LP	3,148,400	80,724,976
Spectra Energy Partners, LP	1,251,100	44,551,671
TC PipeLines, LP	835,800	36,415,806
Williams Partners L.P.	1,574,900	78,571,761
		905,451,559
Natural Gas Gathering/Processing 24.9%		
United States 24.9%		
Access Midstream Partners, L.P.	1,929,700	83,015,694
Crestwood Midstream Partners LP	398,473	9,862,207
DCP Midstream Partners, LP	1,042,001	49,807,648
MarkWest Energy Partners, L.P.	520,900	34,296,056
Targa Resources Partners LP	892,367	41,503,989
Western Gas Partners LP	1,228,800	72,290,304
		290,775,898
Total Master Limited Partnerships and Related Companies (Cost \$972,321,328)		1,968,853,380
Short-Term Investment 0.0%		