TORTOISE ENERGY INFRASTRUCTURE CORP
Form N-CSRS
July 24, 2012

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)

David J. Schulte
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, 2012**

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 80 MLPs in the market, mostly 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 mid-stream (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;

- 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 15, 2012

Dear Fellow Stockholders,

Macro uncertainty dominated the last month of our second fiscal quarter ended May 31, 2012, with European turmoil taking center stage. This volatility reversed the years earlier broader market gains, with shorter term market noise not allowing time for investors to differentiate quality. As a result, equity markets, including the energy sector as a whole, were down in the month of May, as evidenced by the S&P 500® and S&P 500 Energy® total return of negative 6.0 percent and negative 10.2 percent, respectively.

The short-term market environment also impacted master limited partnerships (MLPs) across the board. However, midstream MLPs have demonstrated their resiliency across several cycles and we continue to believe their businesses remain strong, anchored in predictable distributions.

Master Limited Partnership Sector Review

The Tortoise MLP Index® posted a total return of negative 9.1 percent and positive 1.7 percent for the three months and six months ended May 31, 2012, respectively. Pipeline MLPs performed well on a relative basis, as evidenced by the Tortoise Long-Haul Pipeline MLP Indexs total return of negative 8.0 percent and positive 4.8 percent, respectively, for the same periods.

We remain confident in our distribution growth expectations for midstream MLPs of 6 to 8 percent for 2012, as heightened activity in both M&A and internal growth projects continue. We just witnessed three years of more than $100 billion of acquisitions and internal growth projects, and we anticipate another $100 billion over the next three years. M&A activity remains elevated in 2012 with approximately $22.4 billion fiscal year-to-date. We believe the two largest announced transactions this year, Energy Transfers bid of approximately $5 billion for Sunoco and Williams Partners $2.5 billion acquisition of Caiman Energy, validate the expanding liquids growth story in the U.S.

Also driving activity are significant internal growth projects as the continued emergence of the shale plays is highlighting the crude oil and natural gas production growth potential in both the U.S. and Canada. This production growth is presenting numerous opportunities for MLPs to build out supporting pipeline, processing and fractionation infrastructure. Capital markets remain supportive of this activity, with MLPs issuing over $10.7 billion of equity and $15.5 billion of debt for the fiscal year-to-date, consistent with 2010 and 2011 levels at this point in the year. MLP pipeline issuance continued to lead the other sectors, with approximately $17.7 billion in total proceeds.

Fund Performance Review

Our total assets decreased from $1.7 billion on Feb. 29, 2012, to $1.6 billion as of our second fiscal quarter end, resulting primarily from market depreciation of our investments. Our market-based total return was negative 9.3 percent and negative 2.2 percent (both including the reinvestment of distributions) for the three months and six months ended May 31, 2012, respectively.

We paid a distribution of $0.56 per common share ($2.24 annualized) to our stockholders on June 1, 2012, an increase of 0.5 percent from our prior quarterly distribution. This distribution represented an annualized yield of 6.0 percent based on our fiscal quarter closing price of $37.36. Our distribution coverage (distributable cash flow divided by distributions) for the second fiscal quarter was 104.8 percent. For tax purposes, we currently expect 80 to 100 percent of TYGs 2012 distributions to be characterized as qualified dividend income, or QDI, with the remainder characterized as return of capital. A final determination of the characterization will be made in January 2013.

We ended the second fiscal quarter with leverage (including bank debt, senior notes and preferred stock) at 20.2 percent of total assets, which had a weighted average maturity of 3.6 years, a weighted average cost of 5.1 percent, and over 80 percent at fixed rates.

Additional information about our financial performance is available in the Key Financial Data and Managements Discussion of this report.

Conclusion

As the broader markets ebb and flow, we believe midstream MLPs still offer investors predictability of cash flow streams. We will continue to monitor the impact of the overall macroeconomic environment, but believe these assets, critical to our energy needs, are attractive to investors in both growth periods and uncertain environments.

Sincerely,

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

H. Kevin Birzer   Zachary A. Hamel   Kenneth P. Malvey

Terry Matlack   David J. Schulte

(Unaudited)

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.

	2011			2012
	Q2[1]	Q3[1]	Q4[1]	Q1[1]
Total Income from Investments				
Distributions received from master limited partnerships	$22,258	$22,728	$22,698	$23,075
Dividends paid in stock	1,885	1,822	1,572	1,607
Other income	400			
Total from investments	24,543	24,550	24,270	24,682
Operating Expenses Before Leverage Costs and Current Taxes				
Advisory fees, net of expense reimbursement	3,691	3,565	3,502	3,899
Other operating expenses	392	357	355	333
	4,083	3,922	3,857	4,232
Distributable cash flow before leverage costs and current taxes	20,460	20,628	20,413	20,450
Leverage costs[2]	3,877	3,999	3,997	4,058
Current income tax expense	72	69	68	
Distributable Cash Flow[3]	$16,511	$16,560	$16,348	$16,392
As a percent of average total assets[4]				
Total from investments	6.20%	6.39%	6.44%	5.97%
Operating expenses before leverage costs and current taxes	1.03%	1.02%	1.02%	1.02%
Distributable cash flow before leverage costs and current taxes	5.17%	5.37%	5.42%	4.95%
As a percent of average net assets[4]				
Total from investments	10.38%	10.87%	10.89%	9.98%
Operating expenses before leverage costs and current taxes	1.73%	1.74%	1.73%	1.71%
Leverage costs and current taxes	1.67%	1.80%	1.82%	1.64%
Distributable cash flow	6.98%	7.33%	7.34%	6.63%
Selected Financial Information				
Distributions paid on common stock	$14,982	$15,220	$15,370	$15,533
Distributions paid on common stock per share	0.5475	0.5525	0.5550	0.5575
Distribution coverage percentage for period[5]	110.2%	108.8%	106.4%	105.5%
Net realized gain, net of income taxes, for the period	31,343	12,409	56,021	9,050
Total assets, end of period	1,530,521	1,487,368	1,551,913	1,745,083
Average total assets during period[6]	1,570,661	1,523,893	1,512,101	1,661,717
Leverage[7]	300,375	296,375	315,875	321,075
Leverage as a percent of total assets	19.6%	19.9%	20.4%	18.4%
Net unrealized appreciation, end of period	446,940	414,583	417,851	527,803
Net assets, end of period	912,532	878,966	925,419	1,029,274
Average net assets during period[8]	938,332	895,830	893,988	994,375
Net asset value per common share	33.35	31.91	33.37	36.94
Market value per share	37.66	37.09	39.35	41.83
Shares outstanding	27,365,561	27,548,375	27,728,820	27,861,084

(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, other recurring leverage expenses and distributions to preferred stockholders.*

(3) *Net investment income (loss), before income taxes on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow (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.*

(4) *Annualized for periods less than one full year.*
(5) *Distributable Cash Flow divided by distributions paid.*
(6) *Computed by averaging month-end values within each period.*
(7) *Leverage consists of long-term debt obligations, preferred stock and short-term borrowings.*
(8) *Computed by averaging daily values within each period.*

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 ne 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 decreased approximately $194 million during the 2nd quarter primarily as a result of lower market values of our MLP investments. Distribution increases from our MLP investments were in-line with our expectations, asset-based expenses increased slightly while other operating expenses declined from the previous quarter. Total leverage as a percent of total assets increased and we increased our quarterly distribution to $0.56 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, 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. 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 net investment income of the Company, 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 reflects 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 current taxes paid on net investment income. A reconciliation of Net Investment Loss, before Income Taxes to DCF is included below.

Management s Discussion *(Unaudited)*
(Continued)

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.

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 2012 was approximately $24.7 million, representing a 0.7 percent increase as compared to 2nd quarter 2011 and relatively unchanged as compared to 1st quarter 2012. These changes reflect increases in per share distribution rates on our MLP investments and the distributions received from additional investments funded from equity and leverage proceeds, offset by the impact of trading activity wherein certain investments with higher current yields and lower expected future growth were sold and replaced with investments that had lower current yields and higher expected future growth.

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 1.01 percent of average total assets for the 2nd quarter 2012, a decrease of 0.02 percent as compared to the 2nd quarter 2011 and a decrease of 0.01 as compared to 1st quarter 2012. Advisory fees for the 2nd quarter 2012 increased 1.2 percent from 1st quarter 2012 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 decreased approximately $37,000 as compared to 1st quarter 2012, primarily due to reduced estimated franchise taxes.

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 $4.1 million for the 2nd quarter 2012, relatively unchanged as compared to 1st quarter 2012.

The weighted average annual rate of our leverage at May 31, 2012 was 5.06 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. 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 2012, our DCF was approximately $16.4 million, a decrease of 0.8 percent as compared to 2nd quarter 2011 and relatively unchanged as compared to 1st quarter 2012. The changes are the net result of changes in distributions and expenses as outlined above. We declared a distribution of $15.6 million, or $0.56 per share, during the quarter. This represents an increase of $0.0125 per share as compared to 2nd quarter 2011 and an increase of $0.0025 per share as compared to 1st quarter 2012.

Our distribution coverage ratio was 104.8 percent for 2nd quarter 2012. 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 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 or

portfolio managers taking on more risk than they otherwise would.

Net investment loss before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2012 YTD and 2nd quarter 2012 (in thousands):

	2012 YTD	2nd Qtr 2012
Net Investment Loss, before Income Taxes	$(12,051)	$ (5,236)
Adjustments to reconcile to DCF:		
Dividends paid in stock	3,290	1,683
Distributions characterized as return of capital	41,391	19,864
Amortization of debt issuance costs	147	74
DCF	$ 32,777	$16,385

Liquidity and Capital Resources

We had total assets of $1.551 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 2012, total assets decreased $194 million. This change was primarily the result of a $187 million decrease 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 net sales of approximately $7 million.

Management s Discussion *(Unaudited)*
(Continued)
We issued 26,457 shares of our common stock during the quarter under our at-the-market equity program for a net total of approximately $0.9 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, 2012 was $313.3 million, a decrease of $7.8 million as compared to February 29, 2012. Outstanding leverage is comprised of approximately $195 million in senior notes, $73 million in preferred shares and $45.3 million outstanding under the credit facility, with 80.8 percent of leverage with fixed rates and a weighted average maturity of 3.6 years. Total leverage represented 20.2 percent of total assets at May 31, 2012, as compared to 18.4 percent as of February 29, 2012 and 19.6 percent as of May 31, 2011. 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 $268 million is comprised of 73 percent private placement debt and 27 percent publicly traded preferred equity with a weighted average rate of 5.63 percent and remaining weighted average laddered maturity of approximately 4.1 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, 2012 and on or prior to December 31, 2013 at $10.10 per share. Any optional redemption after December 31, 2013 and on or prior to December 31, 2014 will be at $10.05 per share. Any redemption after December 31, 2014 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 Note 9 and Note 10 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 17, 2013. 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 1.25 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.20 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 15 percent Qualified Dividend Income (QDI) rate, assuming various holding requirements are met by the stockholder. The 15 percent QDI rate is currently effective through 2012. 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.

For tax purposes, distributions to common stockholders for the fiscal year ended 2011 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 fiscal year ended 2011 was 100 percent return of capital. We currently estimate that 80 to 100 percent of 2012 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 2013.

The unrealized gain or loss we have in the portfolio is reflected in the Statement of Assets and Liabilities. At May 31, 2012, our investments are valued at $1.548 billion, with an adjusted cost of $885 million. The $663 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 upon unrealized gains (losses) on investments, realized gains (losses) on investments, capital loss carryforwards and net operating losses. At May 31, 2012, the balance sheet reflects a net deferred tax liability of approximately $310 million or $11.09 per share. Accordingly, our net asset value per share represents the amount which would be available for distribution to stockholders after payment of taxes. Details of our taxes are disclosed in Note 5 in our Notes to Financial Statements.

Schedule of Investments

May 31, 2012

(Unaudited)

	Shares	Fair Value
Master Limited Partnerships and Related Companies 170.6%[1]		
Crude/Refined Products Pipelines 70.7%[1]		
United States 70.7%[1]		
Buckeye Partners, L.P.	1,615,819	$ 76,783,719
Enbridge Energy Partners, L.P.	2,311,900	67,599,956
Holly Energy Partners, L.P.	616,000	34,847,120
Kinder Morgan Management, LLC[2]	1,147,904	81,535,655
Magellan Midstream Partners, L.P.	1,680,967	115,667,339
NuStar Energy L.P.	854,300	44,603,003
Oiltanking Partners, L.P.	418,500	13,015,350
Plains All American Pipeline, L.P.	1,304,800	102,465,944
Sunoco Logistics Partners L.P.	2,739,063	92,251,642
Tesoro Logistics LP	410,423	12,940,637
		641,710,365
Natural Gas/Natural Gas Liquids Pipelines 76.1%[1]		
United States 76.1%[1]		
Boardwalk Pipeline Partners, LP	2,911,825	75,561,859
El Paso Pipeline Partners, L.P.	2,513,790	82,477,450
Energy Transfer Equity, L.P.	825,017	29,972,868
Energy Transfer Partners, L.P.	1,759,295	76,335,810
Enterprise Products Partners L.P.	2,287,200	111,523,872
Inergy Midstream, L.P.	698,500	14,563,725
ONEOK Partners, L.P.	1,528,400	83,450,640
Regency Energy Partners LP	2,681,427	57,704,309
Spectra Energy Partners, LP	907,627	28,290,734
TC PipeLines, LP	938,185	38,465,585
Williams Partners L.P.	1,733,300	91,691,570
		690,038,422
Natural Gas Gathering/Processing 23.8%[1]		
United States 23.8%[1]		
Chesapeake Midstream Partners, L.P.	1,128,000	28,233,840
Copano Energy, L.L.C.	885,900	23,742,120
Crestwood Midstream Partners LP[2]	665,934	16,821,493
DCP Midstream Partners, LP	704,448	27,705,940
MarkWest Energy Partners, L.P.	618,609	29,656,115
Targa Resources Partners LP	1,110,119	43,538,867
Western Gas Partners LP	1,043,962	46,028,284
		215,726,659
Total Master Limited Partnerships and Related Companies (Cost $884,707,421)		1,547,475,446
Short-Term Investment 0.0%[1]		
United States Investment Company 0.0%[1]		
Fidelity Institutional Money Market Portfolio Class I, 0.19%[3] (Cost $88,018)	88,018	88,018
Total Investments 170.6%[1] (Cost $884,795,439)		