

TORTOISE ENERGY INFRASTRUCTURE CORP

Form 497

April 02, 2007

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The information in this prospectus supplement, which relates to an effective registration statement under the Securities Act of 1933, as amended, is not complete and may be changed. We may not sell these securities until we deliver a final prospectus supplement and the attached prospectus. This prospectus supplement and the attached prospectus do not constitute an offer to sell these securities or a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement Dated March 30, 2007

PROSPECTUS SUPPLEMENT
(To prospectus dated March 14, 2007)

**Filed pursuant to Rule 497(c) under
the Securities Act of 1933, As Amended
File no. 333-140457**

**\$60,000,000
Tortoise Energy Infrastructure Corporation**

2,400 Series III Money Market Cumulative Preferred (MMP®) Shares
Liquidation Preference \$25,000 per share

Tortoise Energy Infrastructure Corporation (the Company, we, us or our) is a nondiversified, closed-end management investment company. Our investment objective is to seek a high level of total return with an emphasis on current distributions to stockholders.

We are offering an additional series (Series III) of our auction rate preferred stock (referred to as Money Market Cumulative Preferred Shares or MMP Shares) with an aggregate liquidation preference of \$60,000,000 in this prospectus supplement. This prospectus supplement is not complete and should be read in conjunction with our prospectus dated March 14, 2007 (the prospectus), which accompanies this prospectus supplement. This prospectus supplement does not include all information that you should consider before purchasing any MMP Shares. You should read this prospectus supplement and our prospectus prior to purchasing any MMP Shares.

The Series III MMP Shares offered in this prospectus supplement, together with the previously issued and currently outstanding MMP Shares, are collectively referred to as MMP Shares. Individual series of MMP Shares are referred to as a series. Except as otherwise described in this prospectus supplement, the terms of the Series III MMP Shares and all other series are the same. Capitalized terms used but not defined in this prospectus supplement shall have the meanings given to such terms in the Articles Supplementary, which is available from us upon request.

Investors in MMP Shares will be entitled to receive cash dividends at an annual rate that may vary for each dividend period. The dividend rate for the initial period for Series III MMP Shares from and including the issue date through , 2007 will be % per year. For each subsequent dividend period, the dividend rate will be determined by an auction conducted in accordance with the procedures described in this prospectus supplement. Generally, following the initial dividend period, each dividend period will be 28 days.

MMP Shares will not be listed on any exchange or automated quotation system. Generally, you may only buy and sell MMP Shares through an order placed at an auction with or through a broker-dealer that has entered into an agreement with the auction agent or in a secondary market that those broker-dealers may maintain. These broker-dealers are not

required to maintain a market in MMP Shares, and a secondary market, if one develops, may not provide you with liquidity. See **The Auction** Certain Considerations Affecting Auction Rate Securities Existing Holder s Ability to Resell Auction Rate Securities May Be Limited.

Investing in MMP Shares involves certain risks. See Risk Factors beginning on page 27 of the prospectus and The Auction Auction Risk beginning on page S-12 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ 25,000	\$ 60,000,000
Sales load	\$	\$
Proceeds to us (before expenses)(1)	\$	\$

(1) Does not include offering expenses payable by us estimated to be \$190,732.

The underwriters expect to deliver the Series III MMP Shares in book-entry form, through the facilities of The Depository Trust Company, to broker-dealers on or about April , 2007.

Lehman Brothers

Merrill Lynch & Co.

A.G. Edwards

Oppenheimer & Co.

Stifel Nicolaus

Wachovia Securities

April , 2007

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

This prospectus supplement has been filed with the Securities and Exchange Commission (the SEC). Additional copies of this prospectus supplement, the prospectus or the statement of additional information dated March 14, 2007, as supplemented from time to time, are available by calling 1-866-362-9331 or by writing to us, or you may obtain copies (and other information regarding us) from the SEC's web site (<http://www.sec.gov>). You also may e-mail requests for these documents to the SEC at publicinfo@sec.gov or make a request in writing to the SEC's Public Reference Section, 100 F Street, N.E., Room 1580, Washington, D.C. 20549.

This prospectus supplement, which describes the specific terms of this offering, also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in the prospectus. The prospectus gives more general information, some of which may not apply to this offering.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement; provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date modifies or supersedes the earlier statement.

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

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You should rely on the information contained in or incorporated by reference in this prospectus supplement in making an investment decision. Neither we 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. We are not, and the Underwriters are not, making an offer to sell these Series III MMP Shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus supplement is accurate only as of the date of this prospectus supplement, and that our business, financial condition and prospects may have changed since this date. We will amend or supplement this prospectus supplement to reflect material changes to the information contained in this prospectus supplement to the extent required by applicable law.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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

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

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors section of the prospectus accompanying this prospectus supplement as well as in Auction Risk and Certain Considerations Affecting Auction Rate Securities Existing Holder s Ability to Resell Auction Rate Securities May Be Limited in The Auction section of this prospectus supplement. We urge you to review carefully those sections for a more detailed discussion of the risks of an investment in the MMP Shares.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary contains basic information about us but does not contain all of the information that is important to your investment decision. You should read this summary together with the more detailed information contained elsewhere in this prospectus supplement and accompanying prospectus and in the statement of additional information, especially the information set forth under the heading Risk Factors beginning on page 27 of the accompanying prospectus and The Auction Auction Risk beginning on page S-12 of this prospectus supplement.

The Company

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

We are a nondiversified, closed-end management investment company. We commenced operations in February 2004 following our initial public offering. We were the first publicly traded investment company offering access to a portfolio of MLPs. Since that time, we completed four additional offerings of common stock in December 2004, August 2006, December 2006 and March 2007. As of the date of this prospectus supplement, we have two series of Money Market Cumulative Preferred (MMP®) Shares (MMP Shares) and four series of auction rate senior notes (Tortoise Notes) outstanding. We may borrow from time to time using our unsecured credit facility. We have a fiscal year ending November 30.

Investment Adviser

Tortoise Capital Advisors, L.L.C. (the Adviser) serves as our investment adviser. The Adviser specializes in managing portfolios of investments in 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 November 30, 2006, the Adviser had approximately \$2.0 billion of client assets under management. The Adviser's investment committee is comprised of five portfolio managers. See Management of the Company in the accompanying prospectus.

The Adviser also serves as the investment adviser to Tortoise Energy Capital Corporation (TYY) and Tortoise North American Energy Corporation (TYN), which are also publicly traded, closed-end management investment companies. TYY, which commenced operations on May 31, 2005, invests primarily in equity securities of MLPs and their affiliates in the energy infrastructure sector. TYN, which commenced operations on October 31, 2005, invests primarily in equity securities of companies in the energy sector whose primary operations are in North America. The Adviser also serves as the investment adviser to Tortoise Capital Resources Corporation (TTO), a non-diversified closed-end management investment company that has elected to be regulated as a business development company (a BDC) under the Investment Company Act of 1940 (the 1940 Act). TTO, which commenced operations on December 8, 2005, invests primarily in privately held and micro-cap public energy companies operating in the midstream and downstream segments, and to a lesser extent the upstream segment.

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

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The Offering

MMP Shares offered by the Company	2,400 Series III MMP Shares, \$25,000 liquidation preference per share (\$60,000,000 aggregate liquidation preference). The Series III MMP Shares are being offered by Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, A.G. Edwards & Sons, Inc., Oppenheimer & Co. Inc., Stifel, Nicolaus & Company, Incorporated and Wachovia Capital Markets, LLC (the Underwriters). See Underwriting.
Use of proceeds	We estimate that our net proceeds from this offering after expenses will be approximately \$59.2 million. We intend to use these net proceeds to: (i) retire our outstanding short-term debt of approximately \$29.8 million, which we incurred in connection with the acquisition of equity portfolio securities and certain open market purchases in pursuit of our investment objective and policies and for working capital purposes; and (ii) invest in energy infrastructure companies in accordance with our investment objective and policies.
Auction Agent	The Bank of New York
Broker-Dealers	Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, A.G. Edwards & Sons, Inc., Oppenheimer & Co. Inc., Stifel, Nicolaus & Company, Incorporated and Wachovia Capital Markets, LLC (the Broker-Dealers).
Risk factors	See Risk Factors and other information included in the accompanying prospectus, as well as Auction Risk and Certain Considerations Affecting Auction Rate Securities Existing Holder s Ability to Resell Auction Rate Securities May Be Limited under The Auction in this prospectus supplement, for a discussion of factors you should carefully consider before deciding to invest in the MMP Shares.

Recent Developments

On March 22, 2007, we entered into an agreement establishing a new unsecured credit facility that allows us to borrow up to \$150,000,000. The new credit facility replaces our previous credit facility and the outstanding balance on our previous credit facility was transferred to the new credit facility.

Under the terms of the new credit facility, U.S. Bank N.A. serves as a lender and the lending syndicate agent on behalf of other lenders participating in the credit facility. Outstanding balances under the new credit facility generally will accrue interest at a variable annual rate equal to the one-month LIBOR rate plus 0.75%. The new credit facility will expire on March 21, 2008 and we may draw on the credit facility from time to time to invest in accordance with our investment policies and for working capital purposes.

On March 27, 2007, we issued an aggregate principal amount of \$70,000,000 of our Tortoise Notes (the Series D Tortoise Notes). The Series D Tortoise Notes were issued without coupons in denominations of \$25,000 and are due and payable on March 27, 2047. We used all of the net proceeds (approximately \$69.1 million) of the issuance of the Series D Tortoise Notes to retire a portion of the outstanding balance under our new credit facility.

On March 30, 2007, we issued 427,915 shares of our common stock in a direct sale to certain purchasers. We used the net proceeds (approximately \$15.5 million) of the issuance of the common stock to retire a portion of the outstanding balance under our new credit facility. As of the date of this prospectus supplement, we had approximately \$29.8 million outstanding under our new credit facility.

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USE OF PROCEEDS

The net proceeds of the offering of the Series III MMP Shares will be approximately \$59.2 million, after payment of the Underwriters' discounts and commissions and estimated offering costs.

We intend to use a portion of the net proceeds of this offering to retire our short-term debt under our unsecured credit facility. Outstanding balances under the credit facility generally accrue interest at a variable annual rate equal to the one-month LIBOR rate plus 0.75%. As of the date of this prospectus supplement, the current rate is 6.07%. The credit facility expires on March 21, 2008, and we may draw on the facility from time to time to invest in accordance with our investment policies and for working capital purposes. As of the date of this prospectus supplement, we had approximately \$29.8 million outstanding under our credit facility. We will invest the remaining net proceeds of this offering in accordance with our investment objective and policies as described under "Investment Objective and Principal Investment Strategies" in the accompanying prospectus and expect to be fully invested within approximately three months of receipt of such proceeds. Pending such investment, we anticipate investing 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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The following table sets forth our capitalization: (i) as of November 30, 2006, (ii) pro forma to reflect (a) the outstanding balance under our credit facility as of March 30, 2007, (b) the issuance of 1,500,000 shares of our common stock on December 18, 2006 in an underwritten public offering, (c) the issuance of 40,709 shares of our common stock on March 1, 2007, pursuant to our automatic dividend reinvestment plan, (d) the issuance of \$70,000,000 aggregate principal amount of Series D Tortoise Notes on March 27, 2007 in an underwritten public offering, and (e) the issuance of 427,915 shares of our common stock on March 30, 2007 in a direct sale to certain purchasers; and (iii) pro forma as adjusted to give effect to the issuance of the Series III MMP Shares offered hereby and the retirement of our short-term debt with the proceeds of such offering. As indicated below, common stockholders will bear the offering costs associated with this offering.

	Actual	Pro Forma (Unaudited)	Pro Forma as Adjusted (Unaudited)
Short-Term Debt:			
Unsecured credit facility: \$150,000,000 available ⁽¹⁾	\$ 32,450,000	\$ 29,800,000 ⁽²⁾	
Long-Term Debt:			
Tortoise Notes, denominations of \$25,000 or any multiple thereof ⁽³⁾	\$ 165,000,000	\$ 235,000,000 ⁽⁴⁾	\$ 235,000,000
Preferred Stock:			
MMP Shares, \$.001 par value per share, \$25,000 stated value per share at liquidation; 10,000,000 shares authorized; 2,800 shares (5,200 pro forma as adjusted) issued ⁽³⁾	\$ 70,000,000	\$ 70,000,000	\$ 130,000,000
Common Stockholders Equity:			
Common Stock, \$.001 par value per share; 100,000,000 shares authorized; 16,732,065 shares (18,700,689 pro forma and pro forma as adjusted) outstanding ⁽³⁾	\$ 16,732	\$ 18,701 ⁽⁵⁾	\$ 18,701 ⁽⁵⁾
Additional paid-in capital	\$ 335,685,469	\$ 402,855,578 ⁽⁶⁾	\$ 402,064,846 ⁽⁷⁾
Accumulated net investment loss, net of deferred tax benefit	\$ (8,705,900)	\$ (8,705,900)	\$ (8,705,900)
Undistributed realized gain, net of deferred tax expense	\$ 9,400,335	\$ 9,400,335	\$ 9,400,335
Net unrealized gain on investments and interest rate swap contracts, net of deferred tax expense	\$ 196,036,729	\$ 196,036,729	\$ 196,036,729
Net assets applicable to common stockholders	\$ 532,433,365	\$ 599,605,443	\$ 598,814,711

(1) As of November 30, 2006, we had an unsecured credit facility with U.S. Bank N.A. which allowed us to borrow up to \$60,000,000. Effective February 27, 2007, the amount we could borrow under that credit facility was increased to \$120,000,000. Effective March 22, 2007, we entered into an agreement establishing a new unsecured credit facility with U.S. Bank N.A. and a lending syndicate which allows us to borrow up to \$150,000,000 and expires on March 21, 2008.

- (2) Reflects the application of proceeds from the issuance of 1,500,000 shares of our common stock on December 18, 2006, the application of the proceeds from the issuance of \$70,000,000 aggregate principal amount of Series D Tortoise Notes on March 27, 2007 and 427,915 shares of our common stock on March 30, 2007 to retire a portion of our short-term debt. Reflects the outstanding balance under our credit facility as of March 30, 2007.
- (3) None of these outstanding shares/notes are held by us or for our account.
- (4) Reflects the issuance of \$70,000,000 aggregate principal amount of Series D Tortoise Notes on March 27, 2007.
- (5) Reflects the issuance of 1,500,000 shares of our common stock (aggregate par value \$1,500) on December 18, 2006 in an underwritten public offering, the issuance of 40,709 shares of our common stock (aggregate par value \$41) on March 1, 2007 pursuant to our automatic dividend reinvestment plan and the issuance of 427,915 shares of our common stock (aggregate par value \$428) on March 30, 2007 in a direct sale to certain purchasers.
- (6) Reflects the issuance of 1,500,000 shares of our common stock on December 18, 2006 (\$50,206,426) less \$0.001 par value per share (\$1,500), the issuance of 40,709 shares of common stock on March 1, 2007 (\$1,417,910) less \$0.001 par value per share (\$41), and the issuance of 427,915 shares of our common stock on March 30, 2007 (\$15,547,742), less \$0.001 par value per share of common stock (\$428).
- (7) Reflects the items described in footnote (6) above, less the underwriting commissions and the estimated offering expenses borne by us (\$790,732) related to the issuance of the Series III MMP Shares.

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The 1940 Act and each Rating Agency impose asset coverage requirements which may limit our ability to engage in certain types of transactions and may limit our ability to take certain actions without confirming with each Rating Agency that such action will not impair the ratings.

We are required to satisfy two separate asset maintenance requirements with respect to outstanding MMP Shares: (1) we must maintain assets in our portfolio that have a value, discounted in accordance with guidelines set forth by each Rating Agency, at least equal to the aggregate liquidation preference of the MMP Shares, plus specified liabilities, payment obligations and other amounts (the MMP Shares Basic Maintenance Amount); and (2) we must satisfy the 1940 Act asset coverage requirements (the 1940 Act MMP Shares Asset Coverage).

The MMP Shares Basic Maintenance Amount is defined in the Rating Agency Guidelines. Each Rating Agency may amend the definition of MMP Shares Basic Maintenance Amount from time to time.

With respect to the 1940 Act MMP Shares Asset Coverage requirement, we are required to maintain, with respect to outstanding MMP Shares, asset coverage of at least 200%. We estimate that based on the composition of our portfolio as of November 30, 2006 (adjusted to reflect the issuance of 1,500,000, 40,709 and 427,915 shares of our common stock on December 18, 2006, March 1, 2007 and March 30, 2007, respectively, the issuance of an aggregate principal amount of \$70,000,000 of our Series D Tortoise Notes on March 27, 2007, and to reflect the outstanding balance under our credit facility as of March 30, 2007), assuming the issuance of all Series III MMP Shares offered hereby, the application of a portion of the proceeds received in this offering to retire our outstanding balance under our credit facility and giving effect to the deduction of the sales load and estimated offering costs related thereto estimated at \$790,732, the 1940 Act MMP Shares Asset Coverage would be:

Value of Company assets less all liabilities not represented by senior securities	\$963,814,711	=	=	264%
Senior securities representing indebtedness, plus the aggregate liquidation preference of MMP Shares	\$365,000,000			

A copy of the current Rating Agency Guidelines will be provided to any holder of MMP Shares promptly upon written request by such holder to the Company at 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210. See Rating Agency Guidelines in the accompanying prospectus for a more detailed description of our asset maintenance requirements.

DESCRIPTION OF MONEY MARKET CUMULATIVE PREFERRED SHARES

The following is a brief description of the terms of the MMP Shares. This description does not purport to be complete and is subject to and qualified in its entirety by reference to the more detailed description of the Money Market Cumulative Preferred Shares in the Articles Supplementary, a form of which is attached as Appendix B to the statement of additional information. Capitalized terms not otherwise defined in this prospectus supplement shall have the same meaning as defined in the Articles Supplementary.

General

Our Charter authorizes the issuance of up to 10,000,000 shares of preferred stock, par value \$0.001 per share, with preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption as determined by the Board of Directors without the approval of common stockholders. In addition, the Board of Directors, without any action by our stockholders, may amend our Charter to increase or decrease the aggregate number of shares of stock or the number of shares of any class or series of stock that we have authority to issue. The MMP Shares have a liquidation preference of \$25,000 per share, plus all accumulated but unpaid dividends (whether or not earned or declared) to the date of final distribution. The Series III MMP Shares when issued and sold through this offering (1) will be fully paid and non-assessable, (2) will not be convertible into shares of our common

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stock or other stock, (3) will have no preemptive rights, and (4) will not be subject to any sinking fund. The MMP Shares will be subject to optional and mandatory redemption as described below under **Redemption**.

Holders of MMP Shares will not receive certificates representing their ownership interest in such shares. The Depository Trust Company (**DTC**) will initially act as Securities Depository for the Agent Members with respect to the MMP Shares.

In addition to serving as the Auction Agent in connection with the Auction Procedures described below, the Auction Agent will act as the transfer agent, registrar, and paying agent for the MMP Shares. Furthermore, the Auction Agent will send notices to holders of MMP Shares of any meeting at which holders of MMP Shares have the right to vote. See **Description of Securities Preferred Stock Voting Rights** in the accompanying prospectus. However, the Auction Agent generally will serve merely as our agent, acting in accordance with our instructions.

Except in an Auction, we will have the right (to the extent permitted by applicable law) to purchase or otherwise acquire any MMP Share, so long as we are current in the payment of dividends on the MMP Shares and on any of our other shares ranking on a parity with the MMP Shares with respect to the payment of dividends or upon liquidation.

Dividends and Dividend Periods

General. Holders of MMP Shares will be entitled to receive cash dividends, when, as and if authorized by the Board of Directors and declared by us, out of funds legally available therefor, on the initial Dividend Payment Date with respect to the initial Dividend Period and, thereafter, on each Dividend Payment Date with respect to a subsequent Dividend Period (generally a period of 28 days, subject to certain exceptions) at the rate per annum equal to the Applicable Rate for each Dividend Period. Dividends so declared and payable shall be paid to the extent permitted under Maryland law and to the extent available and in preference to and priority over any distribution declared and payable on our common stock. Dividends shall be treated for federal income tax purposes as payable from our earnings and profits allocable to the MMP Shares. Because of our emphasis on investments in MLPs, there is a possibility that dividends on MMP Shares may not be derived entirely from earnings and profits. In such a case, dividends would be paid from cash flow in excess of such earnings and profits and would be treated as return of capital, to the extent of an investor's adjusted tax basis in the MMP Shares, and thereafter as capital gain. See **Certain Federal Income Tax Matters** in the accompanying prospectus.

On the Business Day next preceding each Dividend Payment Date, we are required to deposit with the Paying Agent sufficient funds for the payment of dividends. We do not intend to establish any reserves for the payment of dividends.

All moneys paid to the Paying Agent for the payment of dividends shall be held in trust for the payment of such dividends to each Holder. Each dividend will be paid by the Paying Agent to the Holder as its name appears on our share ledger or share records, which Holder(s) 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 dividends in same-day funds to Agent Members who are in turn expected to distribute such dividends 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 Dividend Payment Date to such Beneficial Owner in accordance with the instructions of such Beneficial Owner.

Dividends in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date, to the Holder(s) as its name appears on our share ledger or share records on such date, not exceeding 15 days preceding the payment date thereof, as may be fixed by the Board of Directors. Any dividend payment shall first be credited against the earliest accumulated but unpaid dividends. No interest will be

payable in respect of any dividend payment or payments which may be in arrears. See Default Period below.

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The amount of dividends per share payable (if declared) on each Dividend Payment Date of each Dividend Period (or in respect of dividends on another date in connection with a redemption during such Dividend Period) shall be computed by multiplying the Applicable Rate (or the Default Rate) for such Dividend Period (or a portion thereof) by a fraction, the numerator of which will be the number of days in such Dividend Period (or portion thereof) that such share was 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 per share, and rounding the amount so obtained to the nearest cent.

Determination of Dividend Rate. The dividend rate for the initial Dividend Period (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 this prospectus supplement. For each subsequent Dividend Period, subject to certain exceptions, the dividend rate will be the Applicable Rate that the Auction Agent advises us has resulted from an Auction.

The initial Dividend Period for the Series III MMP Shares will be days. Dividend Periods after the initial Dividend Period shall either be Standard Dividend Periods or, subject to certain conditions and with notice to Holders, Special Dividend Periods.

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

Dividends will accumulate at the Applicable Rate from the Original Issue Date and shall be payable on each subsequent Dividend Payment Date. For Dividend Periods of less than 30 days, Dividend Payment Dates shall occur on the first Business Day following the last day of such Dividend Period and, if greater than 30 days, then on a monthly basis on the first Business Day of each month within such Dividend Period and on the Business Day following the last day of such Dividend Period. Dividends will be paid through the Securities Depository on each Dividend Payment Date.

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 that series of MMP Shares by Moody's and Fitch, as follows:

Moody's Credit Rating	Fitch Credit Rating	Applicable Percentage
Aa3 or above	AA- or above	200%
Aa3 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 Dividend Period of fewer than 184 days) or the applicable Treasury Index Rate (for a Dividend Period of 184 days or more), or (2) the applicable LIBOR. For Standard Dividend Periods or shorter periods 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 with respect to Dividend Periods of more than the Standard

Dividend Period.

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

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The All Hold Rate will apply automatically following an Auction in which all of the outstanding MMP Shares 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, the Broker-Dealers will notify Holders of the term of the next succeeding Dividend Period as soon as practicable after the Broker-Dealers have been so advised by us. After each Auction, on the Auction Date, the Broker-Dealers will notify Holders of the Applicable Rate for the next succeeding Dividend Period and of the Auction Date of the next succeeding Auction.

Designation of Dividend Period. We will designate the duration of subsequent Dividend Periods for each series of MMP Shares; provided, however, that no such designation is necessary for a Standard Dividend Period and, provided further, that any designation of a Special Dividend Period shall be effective only if (1) notice thereof shall have been given as provided herein, (2) any failure to pay in the timely manner to the Auction Agent the full amount of any dividend on, or the redemption price of, a series of MMP Shares shall have been cured as set forth under Default Period, (3) Sufficient Clearing Bids shall have existed in an Auction held on the Auction Date immediately preceding the first day of such proposed Special Dividend Period, (4) if we shall have mailed a Notice of Redemption with respect to any MMP Shares, as described under Redemption below, the Redemption Price with respect to such MMP Shares shall have been deposited with the Paying Agent, and (5) we have confirmed that, as of the Auction Date next preceding the first day of such Special Dividend Period, we have Eligible Assets with an aggregate Discounted Value at least equal to the MMP Shares Basic Maintenance Amount and we have consulted with the Broker-Dealers and have provided notice of such designation and otherwise complied with Rating Agency Guidelines.

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

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

(2) a notice stating that we have determined not to exercise our option to designate a Special Dividend Period.

If we fail to deliver either such notice with respect to any designation of any proposed Special Dividend 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 Dividend Period, we shall be deemed to have delivered a notice to the Auction Agent with respect to such Dividend Period to the effect set

forth in clause (2) above, thereby resulting in a Standard Dividend Period.

Default Period. Subject to cure provisions, a Default Period with respect to a particular series of MMP Shares will commence on any date on which, when required to do so, we fail 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

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any declared dividend on that series payable on the Dividend Payment Date (a Dividend Default), or (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 a Dividend Default, hereinafter referred to as Default).

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

No Auction shall be held during a Default Period with respect to a Dividend Default applicable to that series of MMP Shares. No Default Period with respect to a Dividend Default or Redemption Default shall be deemed to commence if the amount of any dividend or any Redemption Price due (if such default is not solely due to our willful failure) 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 Dividend 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.

Redemption

Optional Redemption. To the extent permitted under the 1940 Act and Maryland law, we may, at our option, redeem MMP Shares having a Dividend Period of one year or less, in whole or in part, out of funds legally available therefor, on any Dividend Payment Date upon not less than 15 calendar days and not more than 40 calendar days , prior notice. This optional redemption is not available during the initial Dividend Period or during other limited circumstances. The optional redemption price per share shall be equal to the liquidation preference per share, plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared) to the date fixed for redemption. MMP Shares having a Dividend Period of more than one year are redeemable at our option, in whole or in part, out of funds legally available therefor, prior to the end of the relevant Dividend Period, upon not less than 15 calendar days and not more than 40 calendar 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. We shall not effect any optional redemption unless after giving effect thereto (1) we have 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 MMP Shares by reason of the redemption of MMP Shares on such date fixed for the redemption, and (2) we would have Eligible Assets with an aggregate Discounted Value at least equal to the MMP Shares Basic Maintenance Amount.

We also reserve the right to repurchase MMP Shares in market or other transactions from time to time in accordance with applicable law and at a price that may be more or less than the liquidation preference of the MMP Shares, but are under no obligation to do so.

Mandatory Redemption. If we fail to maintain Eligible Assets with an aggregate Discounted Value at least equal to the MMP Shares Basic Maintenance Amount as of any Valuation Date or, fail to satisfy the 1940 Act MMP Shares Asset Coverage as of the last Business Day of any month, and such failure is not cured within ten (10) Business Days following such Valuation Date in the case of a failure to maintain the MMP Shares Basic Maintenance Amount or on the last Business Day of the following month in the case of a failure to maintain the 1940 Act MMP Shares Asset Coverage (each an Asset Coverage Cure Date), the MMP Shares will be subject to mandatory redemption out of funds legally available therefor. See Rating Agency Guidelines in the accompanying prospectus.

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The number of MMP Shares to be redeemed under these circumstances will be equal to the lesser of (1) the minimum number of MMP Shares 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 our having Eligible Assets with an aggregate Discounted Value at least equal to the MMP Shares Basic Maintenance Amount or sufficient to satisfy the 1940 Act MMP Shares 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 number of shares the redemption of which would have such result, all MMP Shares then outstanding will be redeemed), and (2) the maximum number of MMP Shares 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).

We shall allocate the number of shares required to be redeemed to satisfy the MMP Shares Basic Maintenance Amount or the 1940 Act MMP Shares Asset Coverage, as the case may be, pro rata among the Holders of MMP Shares in proportion to the number of shares they hold, by lot or by such other method as we shall deem fair and equitable, subject to any mandatory redemption provisions.

We are 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 we do not have funds legally available for the redemption of, or are not otherwise legally permitted to redeem, all of the required number of MMP Shares of a series that are subject to mandatory redemption, or we otherwise are unable to effect such redemption on or prior to such Mandatory Redemption Date, we will redeem those MMP Shares on the earliest practicable date on which we will have such funds available, upon notice to record owners of shares of MMP Shares and the Paying Agent. Our ability to make a mandatory redemption may be limited by the provisions of the 1940 Act or Maryland law.

The redemption price per share in the event of any mandatory redemption will be \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) to the date fixed for redemption, plus (in the case of a Dividend Period of more than one year only) 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, we will file a notice of our intention to redeem with the SEC so as to provide at least the minimum notice required by such rule or any successor provision (notice currently must be filed with the SEC generally at least 30 days prior to the redemption date). We shall deliver a notice of redemption to the Auction Agent 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 Auction Agent will use its reasonable efforts to provide notice to each Holder of MMP Shares 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 Auction Agent determines the shares to be redeemed (or, during a Default Period with respect to such shares, not later than the close of business on the Business Day immediately following the day on which the Auction Agent receives notice of redemption from us). Such notice will be confirmed promptly 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 MMP Shares called for redemption, the Paying Agent (if different from the Auction Agent) and the Securities Depository (Notice of Redemption). The Notice of Redemption will be addressed to the registered owners of the MMP Shares at their addresses appearing on our books or records. Such notice will set forth (1)&