

TORTOISE PIPELINE & ENERGY FUND, INC.
Form N-2/A
September 23, 2011

As filed with the Securities and Exchange Commission on September 23, 2011
Securities Act Registration No. 333-175687
Investment Company Act Registration No. 811-22585

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

- REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
- PRE-EFFECTIVE AMENDMENT NO. 3
- POST-EFFECTIVE AMENDMENT NO. _____
- and/or
- REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
- AMENDMENT NO. 3

Tortoise Pipeline & Energy Fund, Inc.
11550 Ash Street, Suite 300
Leawood, Kansas 66211
(913) 981-1020
AGENT FOR SERVICE
Terry C. Matlack
11550 Ash Street, Suite 300
Leawood, Kansas 66211
Copies of Communications to:
Steven F. Carman, Esq.
Eric J. Gervais, Esq.
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas City, MO 64112
(816) 983-8000

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.

It is proposed that this filing will become effective (check appropriate box):

- when declared effective pursuant to Section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Being Registered Common Stock			\$5,000,000	\$580.50

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933. In no event will the aggregate initial offering price of all securities offered from time to time pursuant to the prospectus included as a part of this Registration Statement exceed \$5,000,000.

(2) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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

PROSPECTUS

Subject to Completion
Preliminary Prospectus dated September 23, 2011
Common Shares
Tortoise Pipeline & Energy Fund, Inc.
\$25.00 per Share

Investment Objective. Tortoise Pipeline & Energy Fund, Inc. (the Fund, we, us or our) is a newly organized, non-diversified closed-end management investment company. Our investment objective is to provide our stockholders a high level of total return, with an emphasis on current distributions. We cannot assure you that we will achieve our investment objective.

Investment Strategy. We seek to provide stockholders an efficient vehicle to invest in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. We intend to focus primarily on pipeline companies that engage in the business of transporting natural gas, natural gas liquids (NGLs), crude oil and refined petroleum products, and to a lesser extent, on other energy infrastructure companies. Under normal circumstances, we will invest at least 80% of our Total Assets (as defined on page 1) in equity securities of pipeline and other energy infrastructure companies. Energy infrastructure companies own and operate a network of asset systems that transport, store, distribute, gather, process, explore, develop, manage or produce crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or NGLs or that provide electric power generation (including renewable energy), transmission and/or distribution. We may invest up to 30% of our Total Assets in unregistered or otherwise restricted securities, primarily through direct investments in securities of listed companies. We may invest up to 25% of our Total Assets in securities of master limited partnerships (MLPs). We will not invest in privately held companies. We will also seek to provide current income from gains earned through an option strategy which will consist of writing (selling) covered call options on equity securities in our portfolio.

Tax Matters. We intend to elect to be treated, and to qualify each year, as a regulated investment company (RIC). Assuming that we qualify as a RIC, we generally will not be subject to U.S. federal income tax on income and gains that we distribute each taxable year to stockholders. See Certain U.S. Federal Income Tax Considerations.

No Prior History. **Prior to this offering, there has been no public or private market for our common shares.** Our common shares are expected to be listed on the New York Stock Exchange under the trading or ticker symbol TTP.

Investing in our securities involves certain risks. You could lose some or all of your investment. See Risk Factors beginning on page 24 of this prospectus. You should consider carefully these risks together with all of the other information contained in this prospectus before making a decision to purchase our securities.

Shares of closed-end management investment companies frequently trade at prices lower than their net asset value or initial offering price. This discount risk may be greater for initial investors expecting to sell shares shortly after the completion of this offering.

Per Share Total⁽¹⁾

Public offering price	\$	25.000	\$
Sales load ⁽²⁾	\$	1.125	\$
Proceeds, before expenses, to us ⁽³⁾	\$	23.875	\$

(notes on following page)

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

The underwriters expect to deliver the common shares to purchasers on or about , 2011.

Morgan Stanley

Citigroup

UBS Investment Bank

Ameriprise Financial Services, Inc.

Barclays Capital

Oppenheimer & Co.

RBC Capital Markets

Stifel Nicolaus Weisel

Baird

BB&T Capital Markets

Chardan Capital Markets, LLC

Comerica Securities

J.J.B. Hilliard, W.L. Lyons, LLC

Janney Montgomery Scott Knight

Ladenburg Thalmann & Co. Inc.

Maxim Group LLC

Morgan Keegan

Wedbush Securities Inc.

Wunderlich Securities

The date of this prospectus is , 2011.

(notes from previous page)

- (1) The underwriters named in this prospectus have the option to purchase up to additional common shares at the public offering price, less the sales load, within 45 days from the date of this prospectus to cover over-allotments. If the over-allotment option is exercised in full, the total public offering price, sales load and proceeds, before expenses, to us will be \$, \$, and \$, respectively. See Underwriters .
- (2) Tortoise Capital Advisors, L.L.C., our Adviser, has agreed to pay from its own assets structuring and syndication fees to Morgan Stanley & Co. LLC and a structuring fee to each of Citigroup Global Markets Inc. and UBS Securities LLC, in the aggregate amount of \$. These fees are not reflected under sales load in the table above. The Adviser (and not the Fund) may also pay certain qualifying underwriters a sales incentive fee or additional compensation in connection with the offering. See Underwriters Additional Compensation to be Paid by Our Adviser.
- (3) In addition to the sales load, we will pay, and our stockholders will bear, offering costs of up to \$0.05 per share, estimated to total approximately \$ (\$, if the underwriters exercise the over-allotment option in full), which will reduce the Proceeds, before expenses, to us. Tortoise Capital Advisors, L.L.C. has agreed to pay all organizational expenses and the amount by which the aggregate of all of our offering costs (excluding the sales load, but including a portion of the amount payable to an affiliate of the Adviser for the marketing of our common stock) exceeds \$0.05 per share.

(continued from cover page)

Leverage. The borrowing of money and issuance of preferred stock and debt securities represent the leveraging of our common stock. We reserve the right at any time to use financial leverage to the extent permitted by the Investment Company Act of 1940. See Risk Factors Leverage Risk.

Investment Adviser. We will be managed by Tortoise Capital Advisors, L.L.C. (the Adviser), a registered investment adviser specializing in managing portfolios of investments in listed energy infrastructure companies. As of August 31, 2011, our Adviser managed investments of approximately \$6.5 billion in the energy infrastructure sector, including the assets of six publicly traded closed-end funds, an open-end fund and other accounts. Our Adviser has a 26 person investment team dedicated to the energy sector.

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

Room 1580, Washington, D.C. 20549.

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

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This 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. 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 time necessary to fully invest the proceeds of this offering, our covered call strategy, the conditions in the U.S. and international financial, natural gas, petroleum and other markets, the price at which our shares will trade in the public markets and other factors.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors section of this prospectus. All forward-looking statements contained or incorporated by reference in this prospectus are made as of the date of this prospectus. 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 are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the 1933 Act).

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

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You should rely only on the information contained or incorporated by reference in this prospectus in making your investment decisions. Neither we nor the underwriters have authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this prospectus is accurate only as of the date on its cover. Our business, financial condition and prospects may have changed since such date. We will advise investors of any material changes to the extent required by applicable law.

PROSPECTUS SUMMARY

The following summary contains basic information about us and our securities. It is not complete and may not contain all of the information you may want to consider. You should review the more detailed information contained elsewhere in this prospectus and in the statement of additional information, especially the information set forth under the heading Risk Factors beginning on page 24 of this prospectus.

The Fund

We are a newly organized closed-end management investment company. Our investment objective is to provide our stockholders a high level of total return with an emphasis on current distributions. We seek to provide our stockholders with an efficient vehicle to invest in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. We cannot assure you that we will achieve our investment objective.

Our Adviser

We will be managed by Tortoise Capital Advisors, L.L.C. (the Adviser), a registered investment adviser specializing in managing portfolios of investments in listed energy infrastructure companies. As of August 31, 2011, our Adviser managed investments of approximately \$6.5 billion in the energy sector, including the assets of six publicly traded closed-end funds, an open-end fund and other accounts. Our Adviser has a 26-person investment team dedicated to the energy sector.

Investment Strategy

We seek to provide stockholders an efficient vehicle to invest in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. We intend to focus primarily on pipeline companies that engage in the business of transporting natural gas, natural gas liquids (NGLs), crude oil and refined products, and, to a lesser extent, on other energy infrastructure companies. These pipeline companies own and operate long haul, gathering and local gas distribution pipelines.

Energy infrastructure companies own and operate a network of asset systems that transport, store, distribute, gather, process, explore, develop, manage or produce crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or NGLs, or that provide electric power generation (including renewable energy), transmission and/or distribution.

Under normal circumstances, we will invest at least 80% of our Total Assets in equity securities of pipeline and other energy infrastructure companies. We define Total Assets as the value of securities, cash or other assets held, including securities or assets obtained through leverage, and interest accrued but not yet received. We will invest in equity securities that are publicly traded on an exchange or in the over-the-counter market, primarily consisting of common stock, but also including, among others, MLP and limited liability company common units.

We consider a company to be a pipeline company if at least 50% of its assets, cash flow or revenue is associated with the operation or ownership of energy pipelines and complementary assets or it operates in the energy pipeline industry as defined by the standard industrial classification (SIC) system. We consider a company to be an energy infrastructure company if at least 50% of its assets, revenues

or cash flows are derived from energy infrastructure operations or ownership.

We may invest up to 25% of our Total Assets in securities of MLPs. We may invest up to 30% of our Total Assets in unregistered or otherwise restricted securities, primarily through direct investments in securities of listed companies.

We will also seek to provide current income from gains earned through an option strategy. We currently intend to write (sell) call options on selected equity securities in our portfolio (covered calls). The notional amount of such calls is expected to initially be approximately 20% of the total value of our portfolio, although this percentage may vary over time depending on the cash flow requirements of the portfolio and on our Adviser's assessment of market conditions. As the writer of such call options, in effect, during the term of the option, in exchange for the premium we receive, we sell the potential appreciation above the exercise price in the value of the security or securities covered by the options. Therefore, we may forego part of the potential appreciation for part of our equity portfolio in exchange for the call premium received. We currently intend to focus our covered call strategy on other energy infrastructure companies that our Adviser believes are integral links in the energy infrastructure value chain for pipeline companies.

Listing and Symbol

Our common shares are expected to be listed on the New York Stock Exchange (NYSE) under the trading or ticker symbol TTP.

Use of Proceeds

We expect to use the net proceeds from the sale of our common shares to invest in accordance with our investment objective and policies and for working capital purposes. We expect to fully invest the net proceeds of this offering within three to six months after the closing. Pending such investment, we expect that the net proceeds of this offering will be invested in money market mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. government or its instrumentalities or agencies, short-term money market instruments, short-term debt securities, certificates of deposit, bankers' acceptances and other bank obligations, commercial paper or other liquid debt securities.

Market Opportunity

We believe that pipeline and other energy infrastructure companies that we will target will provide attractive investment opportunities for the following reasons:

Large and Diverse Investable Universe. We will primarily target the large and diverse North American pipeline market with an aggregate capitalization over \$385 billion. As a RIC, we may efficiently target pipeline companies regardless of their underlying structure, as we generally will not be subject to tax at the fund level. As such, we have the ability and flexibility to target and access traditional pipeline corporations alongside MLPs, which we believe have solid business fundamentals as

well as attractive and expanded growth opportunities.

Substantial North American Opportunity. Pipeline infrastructure asset footprints generally expand with growth in energy demand and changes in geographic areas where energy is produced. North America has an abundant and accessible natural gas supply located in domestic shale deposits. As a result of technology improvements, the United States has enough natural gas to last for approximately 80 to 100 years, according to various industry sources. Demand has continued to increase for natural gas as a clean, reliable, domestically produced energy source. Oil supply on the North America continent has expanded as a result of oil shale deposits and the Canadian oil sands. Canada's crude oil reserves are now the second largest in the world, with the United States importing more oil from Canada than any other country.

Significant Capital Requirements. Significant new pipeline infrastructure build-out and the capital to support it is needed to efficiently connect growing areas of energy demand with new areas of supply. Pipeline and related infrastructure projects are expected to support growing population centers and facilitate the transportation of natural gas and crude oil across North America. For the three years from 2011 through 2014, we expect over \$65 billion to be needed to support North American pipeline infrastructure build-out—approximately \$40 billion of this is anticipated to be needed by pipeline corporations.

Historically Defensive Sector. Pipeline and other energy infrastructure companies have historically demonstrated solid business fundamentals, which we believe results from their long-lived real assets, relatively inelastic demand, monopolistic nature with high barriers to entry and partial inflation protection through regulated rates. As a result, pipeline and other energy infrastructure companies have historically produced predictable cash flows and generated increasing demand for an essential service across business cycles. Projected population growth of nearly 80 million people is expected to increase energy consumption by 17% from 2010 to 2035. New pipeline infrastructure will be needed to support these demographic changes and growth.

Targeted Investment Characteristics

The majority of our investments will generally have the following targeted characteristics:

Essential infrastructure focus on long-lived, tangible pipeline and other energy infrastructure assets that are essential to economic productivity.

Defensible operating assets due to regulation, natural monopolies, availability of land or high costs of new development.

Total return potential, including potential for a current cash yield and dividend or distribution growth. We do not intend to invest in start-up companies or companies with speculative business plans.

Predictable revenues driven by relatively inelastic demand.

Stable operating structures with relatively low maintenance expenditures, economies of scale, and an appropriate ratio of

debt to equity and payout/coverage ratio relative to dividends or distributions.

Operations-focused management teams with successful track records and knowledge, experience, and focus in their segments of energy infrastructure.

Experience of the Adviser

Our Adviser has significant experience investing in pipeline and other energy infrastructure companies including:

A Leading Energy Infrastructure Adviser. Our Adviser formed the first MLP focused closed-end fund and is one of the largest investment managers dedicated to managing closed-end investment companies focused on U.S. energy infrastructure MLPs. As of August 31, 2011, our Adviser had approximately \$6.5 billion of assets under management in the energy sector, including the assets of six publicly traded closed-end funds, an open-end fund and other accounts. The five members of our Adviser's investment committee have, on average, over 25 years of experience.

Experience Across the Energy Infrastructure Value Chain. Our Adviser has managed energy infrastructure investments through various economic cycles through a disciplined investment approach. Through its in-house research coverage of companies throughout the entire energy infrastructure value chain, our Adviser's investment process uses a bottom-up, fundamentals-based approach. Through proprietary models, including risk, valuation and financial models, our Adviser's philosophy places extensive focus on quality. Our Adviser believes its investment process is a competitive advantage, allowing it to evaluate risk and reward intelligently across the energy infrastructure universe.

Deep Relationships and Access to Deal Flow. We believe our Adviser's history in the energy infrastructure sector, its long-term investment strategy and its deep relationships with issuers, underwriters and sponsors offers competitive advantages in evaluating and managing investment opportunities. Our Adviser led the first MLP direct placement and has participated in over 110 direct investments in which it has invested over \$2.5 billion since 2002 through its listed funds and other specialty vehicles and accounts

Capital Markets Innovation. Our Adviser is a leader in providing investment, financing and structuring opportunities through its listed funds. Our Adviser formed the first listed, closed-end fund focused primarily on investing in energy infrastructure MLPs and led the development of institutional MLP direct placements to fund capital projects, acquisitions and sponsor liquidity. In addition, our Adviser established one of the first registered closed-end fund universal shelf registration statements and completed the first registered direct offering from a universal shelf registration statement for a closed-end fund.

Fees

Pursuant to our investment advisory agreement, we will pay our Adviser a fee for its investment management services equal to an

annual rate of 1.10% of our average monthly Managed Assets (defined as our Total Assets minus the sum of accrued liabilities (other than debt entered into for purposes of leverage and the aggregate liquidation preference of any outstanding preferred stock)). The Adviser has agreed to a fee waiver of 0.25%, 0.20%, and 0.15% of our average monthly Managed Assets for the first, second and third years following this offering, respectively. The fee will be calculated and accrued daily and paid quarterly in arrears. See Management of the Fund Compensation and Expenses.

Federal Income Tax Status

We intend to elect to be treated, and to qualify each year, as a RIC under the Code. Assuming that we qualify as a RIC, we generally will not be subject to U.S. federal income tax on income and gains that we distribute each taxable year to stockholders if we meet certain minimum distribution requirements. To qualify as a RIC, we will be required to meet asset diversification tests and to meet and maintain our RIC status annual qualifying income and distribution tests. See Certain U.S. Federal Income Tax Considerations.

Investment Policies

We have adopted the following non-fundamental investment policies:

Under normal circumstances, we will invest at least 80% of our Total Assets in equity securities of pipeline and other energy infrastructure companies;

We may invest up to 30% of our Total Assets in securities of non-U.S. issuers (including Canadian issuers);

We may invest up to 30% of our Total Assets in unregistered or otherwise restricted securities, primarily through direct investments in securities of listed companies. For purposes of this limitation, restricted securities include (i) registered securities of public companies subject to a lock-up period, (ii) unregistered securities of public companies with registration rights, and (iii) unregistered securities of public companies that become freely tradable with the passage of time;

We will not invest in privately held companies;

We may invest up to 20% of our Total Assets in debt securities, including those rated below investment grade, commonly referred to as junk bonds ;

We will not invest more than 10% of our Total Assets in any single issuer; and

We will not engage in short sales.

As a RIC, we may invest up to 25% of our Total Assets in securities of MLPs.

The Board of Directors may change our non-fundamental investment policies without stockholder approval and will provide notice to stockholders of material changes (including notice through stockholder reports), although a change in the policy of investing at least 80% of our Total Assets in equity securities of pipeline and other energy infrastructure companies requires at least 60 days prior written notice to stockholders. Unless otherwise stated, these

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

In addition, to comply with federal tax requirements for qualification as a RIC, our investments will be limited so that at the close of each quarter of each taxable year (i) at least 50% of the value of our Total Assets is represented by cash and cash items, U.S. Government securities, the securities of other RICs and other securities, with such other securities limited for purposes of such calculation, in respect of any one issuer, to an amount not greater than 5% of the value of our Total Assets and not more than 10% outstanding voting securities of such issuer, and (ii) not more than 25% of the value of our Total Assets is invested in the securities of any one issuer (other than U.S. Government securities or the securities of other RICs), the securities (other than the securities of other RICs) of any two or more issuers that we control and that are determined to be engaged in the same business or similar or related trades or businesses, or the securities of one or more qualified publicly traded partnerships (which includes MLPs). These tax-related limitations may be changed by the Board of Directors to the extent appropriate in light of changes to applicable tax requirements.

During the period in which we are investing the net proceeds of this offering, we may deviate from our investment policies by investing the net proceeds in money market mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, high quality, short-term money market instruments, short-term debt securities, certificates of deposit, bankers' acceptances and other bank obligations, commercial paper or other liquid debt securities. Under adverse market or economic conditions, we may invest 100% of our Total Assets in these securities. To the extent we invest in these securities on a temporary basis or for defensive purposes, we may not achieve our investment objective.

Distributions

We intend to make quarterly cash distributions to our common stockholders. We expect to declare the initial distribution approximately 45 to 60 days from the completion of this offering, and to pay such distribution on or around March 1, 2012, depending upon market conditions.

We expect that the source of the cash payments we receive from our investments will constitute investment company taxable income, as well as long-term capital gains or return of capital from such investments. Investment company taxable income includes, among other items, dividends, operational income from MLPs, interest and net short-term capital gains, less expenses. Long-term capital gains reflect the realized market price received in the sale of an investment security in excess of its cost basis, less net capital losses, including any capital loss carryforwards. Since, as a RIC, we may invest up to 25% of our Total Assets in MLPs, a

portion of distributions received from our investments may be sourced as return of capital. This may be due to a variety of factors, including that the MLP may have significant non-cash deductions, such as accelerated depreciation. However, since

we may only invest up to 25% of our Total Assets in MLPs, our Adviser does not anticipate a significant portion of the Fund's distributions to stockholders will be characterized as return of capital; rather, it expects the significant sources of such distributions to be investment company taxable income and net capital gain.

For tax purposes, distributions of investment company taxable income are generally taxable to stockholders as ordinary income. However, it is expected that part (but not all) of the distributions to our common stockholders may be eligible for the qualified dividend income treatment for individual stockholders and the dividends-received deduction for corporate stockholders, assuming the stockholder meets certain holding period requirements with respect to its Fund shares. Any distributions to you in excess of the Fund's investment company taxable income and net capital gains will be treated by you, first, as a tax-deferred return of capital, which is applied against and will reduce the adjusted tax basis of your shares and, after such adjusted tax basis is reduced to zero, will generally constitute capital gains. Any long-term capital gain distributions are taxable to stockholders as long-term capital gains regardless of the length of time shares have been held. Net capital gains distributions are not eligible for the qualified dividend income treatment or the dividends-received deduction. See Certain U.S. Federal Income Tax Considerations for a discussion regarding federal income tax requirements as a RIC, as well as the potential tax characterization of our distributions to stockholders.

Various factors will affect the levels of cash we receive from our investments, as well as the amounts of income represented by such cash, such as our asset mix and covered call strategy. We may not be able to make distributions in certain circumstances. To permit us to maintain a more stable distribution, our Board of Directors may from time to time cause us to distribute less than the entire amount of income earned in a particular period. The undistributed income would be available to supplement future distributions. As a result, the distributions paid by us for any particular period may be more or less than the amount of income actually earned by us during that period. Undistributed income will add to our net asset value, and, correspondingly, distributions from undistributed income will deduct from our net asset value. See Distributions and Risk Factors Performance and Distribution Risk.

Dividend Reinvestment Plan

We intend to have a dividend reinvestment plan for our stockholders that will be effective upon completion of this offering. Our plan will be an opt out dividend reinvestment plan. Registered holders of our common stock will automatically be enrolled and entitled to participate in the plan. As a result, if we declare a distribution after the plan is effective, a registered holder's cash distribution will be automatically reinvested in additional common shares, unless the registered holder specifically opts out of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of common shares will

generally be subject to the same federal, state and local tax consequences
as

stockholders who elect to receive their distributions in cash. See

Automatic Dividend Reinvestment Plan and Certain U.S. Federal Income Tax Considerations.

Leverage

The borrowing of money and the issuance of preferred stock and debt securities represent the leveraging of our common stock. The issuance of additional common stock may enable us to increase the aggregate amount of our leverage. We reserve the right at any time to use financial leverage to the extent permitted by the Investment Company Act of 1940 (the "1940 Act") (50% of Total Assets for preferred stock and 33 1/3% of Total Assets for senior debt securities) or we may elect to reduce the use of leverage or use no leverage at all. Our Board of Directors has approved a leverage target of up to 25% of our Total Assets at the time of incurrence and has also approved a policy permitting temporary increases in the amount of leverage we may use from 25% of our Total Assets to up to 30% of our Total Assets at the time of incurrence, provided that (i) such leverage is consistent with the limits set forth in the 1940 Act, and (ii) we expect to reduce such increased leverage over time in an orderly fashion. The timing and terms of any leverage transactions will be determined by our Board of Directors. In addition, the percentage of our assets attributable to leverage may vary significantly during periods of extreme market volatility and will increase during periods of declining market prices of our portfolio holdings.

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

Hedging & Risk Management

In addition to writing covered call options as part of our investment strategy, the risks of which are described herein, we may utilize derivative instruments for hedging and risk management purposes.

We may utilize hedging techniques such as interest rate transactions to mitigate potential interest rate risk on a portion of our leverage. Such interest rate transactions would be used to protect us against higher costs on our leverage resulting from increases in short-term interest rates. We anticipate that the majority of such interest rate hedges would be interest rate swap contracts, interest rate caps and floors purchased from financial institutions.

To a lesser extent, we may, but do not currently intend to, use other hedging and risk management strategies to seek to manage other market risks. Such hedging strategies may be utilized to seek to protect against possible adverse changes in the market value of securities held in our portfolio, exposure to non-U.S. currencies, or to otherwise protect the

value of our portfolio. As such, we may invest in derivative instruments, including futures, forward contracts, options, options on such contracts and interest rate and total return swaps. See [Leverage](#) [Hedging and Risk Management](#) and [Risk Factors](#) [Hedging and Derivatives Risk](#).

Conflicts of Interest

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

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

Adviser's Information

The offices of our Adviser are located at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. The telephone number for our Adviser is (913) 981-1020 and our Adviser's website is www.tortoiseadvisors.com. Information posted to our Adviser's website should not be considered part of this prospectus.

Who May Want to Invest

Investors should consider their investment goals, time horizons and risk tolerance before investing in our common shares. We may be an appropriate investment for investors who are seeking:

- an efficient investment vehicle for accessing a portfolio of companies owning and operating essential pipeline and other energy infrastructure assets;

- the opportunity for distribution growth, driven by substantial pipeline infrastructure build-out potential;

simplified tax reporting with one 1099 and no unrelated business taxable income;

an investment for retirement and other tax-exempt accounts;

potential diversification of their overall investment portfolio; and

professional securities selection and active management by an experienced adviser who has managed pipeline and other energy infrastructure assets across various economic cycles.

An investment in our common shares involves a high degree of risk. Investors could lose some or all of their investment. See Risk Factors.

Risks

Investing in our common shares involves risk, including the risk that you may receive little or no return on your investment, or even that you may lose part or all of your investment. Our strategy of concentrating in pipeline and other energy infrastructure investments means that our performance will be closely tied to the performance of the energy infrastructure sector, and we will be subject to the risks inherent in the business of pipeline and other energy infrastructure companies. These risks, along with other risks applicable to an investment in our common shares, are more fully set forth under the heading Risk Factors. Before investing in our common shares, you should consider carefully all of these risks.

In addition, we are designed primarily as a long-term investment vehicle, and our common shares are not an appropriate investment for a short-term trading strategy. An investment in our securities should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in all investments, there can be no assurance that we will achieve our investment objective.

SUMMARY OF FUND EXPENSES

The following table and example contain information about the costs and expenses that common stockholders will bear directly or indirectly. In accordance with SEC requirements, the table below shows our expenses, including leverage costs, as a percentage of our net assets and not as a percentage of gross assets or Managed Assets. **We caution you that the percentages in the table below indicating annual expenses are estimates and may vary.**

Stockholder Transaction Expenses (as a percentage of offering price):

Sales Load	4.50% ⁽¹⁾
Offering Expenses Borne by the Fund	0.20% ⁽²⁾
Dividend Reinvestment Plan Fees	None ⁽³⁾
Total Stockholder Transaction Expenses Paid	4.70%

Annual Expenses (as a percentage of net assets attributable to common shares)⁽⁴⁾:

Management Fee ⁽⁵⁾	1.47%
Leverage Costs ⁽⁶⁾	1.07%
Other Expenses ⁽⁷⁾	0.36%
Total Annual Expenses⁽⁸⁾	2.90%
Less Fee and Expense Reimbursement ⁽⁹⁾	(0.33)%
Net Annual Expenses⁽⁸⁾	2.57%

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common shares. These amounts are based upon assumed offering expenses of 0.20% and our payment of annual operating expenses at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 72	\$ 125	\$ 186	\$ 349

The example and the expenses in the tables above are intended to assist you in understanding the various costs and expenses an investor in our common shares may bear directly or indirectly and should not be considered a representation of our future expenses. Actual expenses may be greater or less than those shown. Moreover, while the example assumes, as required by the applicable rules of the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. In addition, while the example assumes reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan may receive common shares valued at the market price in effect at that time. This price may be at, above or below net asset value. See Automatic Dividend

Reinvestment Plan for additional information regarding our dividend reinvestment plan.

- (1) For a description of the sales load and other compensation paid by us to the underwriters, see Underwriters.
- (2) Stockholders will pay offering costs of up to \$0.05 per share, estimated to total approximately \$. The Adviser has agreed to pay all organizational expenses and the amount by which the aggregate of all of our offering costs (excluding the sales load, but including a portion of the amount payable to an affiliate of the Adviser for the marketing of our common stock) exceeds \$0.05 per share.
- (3) The expenses associated with the administration of our dividend reinvestment plan are included in Other Expenses. The participants in our dividend reinvestment plan will pay a transaction fee if they direct the plan agent to sell common shares held in their investment account and a per share fee with respect to open market purchases, if any, made by the plan agent under the plan. For more details about the plan, see Automatic Dividend Reinvestment Plan.

(footnotes continued on following page)

- (4) Assumes leverage of approximately \$79 million determined using the assumptions set forth in footnote (6) below. We have not included a line item for Acquired Fund Fees and Expenses as such expenses are not anticipated to exceed one basis point.
- (5) Although our management fee is 1.10% (annualized) of our average monthly Managed Assets, the table above reflects expenses as a percentage of net assets. Managed Assets means our Total Assets minus the sum of accrued liabilities other than (1) debt entered into for the purpose of leverage and (2) the aggregate liquidation preference of any outstanding preferred shares. Net assets is defined as Managed Assets minus debt entered into for the purposes of leverage and the aggregate liquidation preference of any outstanding preferred shares. See Management of the Fund Compensation and Expenses.
- (6) We may borrow money or issue debt securities and/or preferred stock to provide us with additional funds to invest. The borrowing of money and the issuance of preferred stock and debt securities represent the leveraging of our common stock. The table above assumes that we borrow approximately \$79 million, which reflects leverage in an amount representing approximately 25% of our Total Assets assuming an annual interest rate of 3.20% on the amount borrowed and assuming we issue 10 million common shares.
- (7) Other Expenses includes our estimated overhead expenses, including payments to our transfer agent, administrator, custodian, fund accountant, and legal and accounting expenses for our first year of operation assuming we issue 10 million common shares. The holders of our common shares indirectly bear the cost associated with such other expenses as well as all other costs not specifically assumed by our Adviser and incurred in connection with our operations.
- (8) The table presented above estimates what our annual expenses would be, stated as a percentage of our net assets attributable to our common shares. This results in a higher percentage than the percentage attributable to our estimated annual expenses stated as a percentage of our Managed Assets. See Leverage Annual Expenses on page 22.
- (9) The Adviser has agreed to a fee waiver of 0.25%, 0.20% and 0.15% of average monthly Managed Assets for the first, second and third years following this offering, respectively.

As of the date of this prospectus, we have not commenced investment operations. If we issue fewer common shares, all other things being equal, certain of these percentages would increase. For additional information with respect to our expenses, see Management of the Fund and Automatic Dividend Reinvestment Plan.

THE FUND

We are a newly organized, non-diversified, closed-end management investment company registered under the 1940 Act. We were organized as a Maryland corporation on July 19, 2011 pursuant to articles of incorporation. Our fiscal year ends on November 30. We expect our common stock to be listed on the New York Stock Exchange under the trading or ticker symbol TTP.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of our common shares to invest in accordance with our investment objective and policies and for working capital purposes. We expect to fully invest the net proceeds of this offering within three to six months after the closing. Pending such investment, we expect that the net proceeds of this offering will be invested in money market mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. government or its instrumentalities or agencies, short-term money market instruments, short-term debt securities, certificates of deposit, bankers' acceptances and other bank obligations, commercial paper or other liquid debt securities. See Risk Factors Delay in Use of Proceeds Risk. The three to six month timeframe associated with the anticipated use of proceeds could lower returns and reduce the amount of cash available to make distributions.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

Investment Objective and Strategy

Our investment objective is to provide our stockholders a high level of total return, with an emphasis on current distributions. We seek to provide our stockholders with an efficient vehicle to invest in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. We intend to focus primarily on pipeline companies that engage in the business of transporting natural gas, NGLs, crude oil and refined products through pipelines, and, to a lesser extent, on other energy infrastructure companies. These pipeline companies own and operate long haul, gathering and local gas distribution pipelines.

Pipeline & Other Energy Infrastructure Companies

Energy infrastructure companies own and operate a network of asset systems that transport, store, distribute, gather, process, explore, develop, manage or produce crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or NGLs, or that provide electric power generation (including renewable energy), transmission and/or distribution.

Under normal circumstances, we will invest at least 80% of our Total Assets in equity securities of pipeline and other energy infrastructure companies. We consider a company to be a pipeline company if 50% of its assets, cash flow or revenue is associated with the operation or ownership of energy pipelines and complementary assets or it operates in the energy pipeline industry as defined by the standard industrial classification (SIC) system. We consider a company to be an energy infrastructure company if at least 50% of its assets, revenues or cash flows are derived from energy infrastructure operations or ownership.

We may invest up to 25% of our Total Assets in securities of MLPs. We may invest up to 30% of our Total Assets in unregistered or otherwise restricted securities, primarily through direct investments in securities of listed companies.

Investment Process and Risk Management

Our Adviser seeks to invest in securities that offer a combination of quality, growth and yield intended to result in superior total returns over the long run. Our Adviser's investment process utilizes fundamental analysis and a comparison of quantitative, qualitative, and relative value factors.

Our Adviser's investment decisions are driven by proprietary financial, risk, and valuation models developed and maintained by our Adviser which assist in the evaluation of investment decisions and risk. Financial models, based on business drivers with historical and multi-year operational and financial projections, quantify growth, facilitate sensitivity and credit analysis, and aid in peer comparisons. The risk models assess a company's asset quality, management, and stability of cash flows. Valuation models are multiple stage dividend growth models based on a discounted cash flow framework. Our Adviser also uses traditional valuation metrics such as cash flow multiples and current yield in its investment process.

Our Adviser's investment committee is responsible for approving investment decisions and monitoring our investments. In conducting due diligence, our Adviser relies on first-hand sources of information, such as company filings, meetings and conference calls with management, site visits, government information, etc. Although our Adviser intends to use research provided by broker-dealers and investment firms, primary emphasis will be placed on proprietary analysis and valuation models conducted and maintained by our Adviser's in-house investment analysts. To

determine whether a company meets its investment criteria, our Adviser will generally look for the targeted investment characteristics as described herein. All decisions to invest in a company must be approved by the unanimous decision of our investment committee.

The due diligence process followed by our Adviser is comprehensive and includes:

- review of historical and prospective financial information;

- diligence of quarterly updates and conference calls;

analysis of financial models and projections;

meetings with management and key employees;

on-site visits; and

screening of relevant partnership and other key documents.

Market Opportunity

We believe that pipeline and other energy infrastructure companies we will target will provide attractive investment opportunities for the following reasons:

Large and Diverse Investable Universe. We will primarily target the large and diverse North American pipeline market with an aggregate capitalization over \$385 billion. As a RIC, we may efficiently target pipeline companies regardless of their underlying structure, as we generally will not be subject to tax at the fund level. As such, we have the ability and flexibility to target and access traditional pipeline corporations alongside MLPs, which we believe have solid business fundamentals as well as attractive and expanded growth opportunities.

Substantial North American Opportunity. Pipeline infrastructure asset footprints generally expand with growth in energy demand and changes in geographic areas where energy is produced. North America has an abundant and accessible natural gas supply located in domestic shale deposits. As a result of technology improvements, the United States has enough natural gas to last for approximately 80 to 100 years, according to various industry sources. Demand has continued to increase for natural gas as a clean, reliable, domestically produced energy source. Oil supply on the North American continent has expanded as a result of oil shale deposits and the Canadian oil sands. Canada's crude oil reserves are now the second largest in the world, with the United States importing more oil from Canada than any other country.

Significant Capital Requirements. Significant new pipeline infrastructure build-out and the capital to support it is needed to efficiently connect growing areas of energy demand with new areas of supply. Pipeline and related infrastructure projects are expected to support growing population centers and facilitate the transportation of natural gas and crude oil across North America. For the three years from 2011 through 2014, we expect over \$65 billion to be needed to support North American pipeline infrastructure build-out—approximately \$40 billion of this is anticipated to be needed by pipeline corporations.

Historically Defensive Sector. Pipeline and other energy infrastructure companies have historically demonstrated solid business fundamentals, which we believe results from their long-lived real assets, relatively inelastic demand, monopolistic nature with high barriers to entry and partial inflation protection through regulated rates. As a result, pipeline and other energy infrastructure companies have historically produced predictable cash flows and generated increasing demand for an essential service across business cycles. Projected population growth of nearly 80 million people is expected to increase energy consumption by 17% from 2010 to 2035. New pipeline infrastructure will be needed to support these demographic changes and growth.

Targeted Investment Characteristics

The majority of our investments will generally have the following targeted characteristics:

Essential infrastructure focus on long-lived, tangible pipeline and other energy infrastructure assets that are essential to economic productivity.

Defensible operating assets due to regulation, natural monopolies, availability of land or high costs of new development.

Total return potential, including potential for a current cash yield and dividend or distribution growth. We do not intend to invest in start-up companies or companies with speculative business plans.

Predictable revenues driven by relatively inelastic demand.

Stable operating structures with relatively low maintenance expenditures, economies of scale, and an appropriate ratio of debt to equity and payout/coverage ratio relative to dividends or distributions.

Operations-focused management teams with successful track records and knowledge, experience, and focus in their segments of energy infrastructure.

Investment Policies

We have adopted the following non-fundamental investment policies:

Under normal circumstances, we will invest at least 80% of our Total Assets in equity securities of pipeline and other energy infrastructure companies;

We may invest up to 30% of our Total Assets in securities of non-U.S. issuers (including Canadian issuers), which may include securities issued by companies organized and/or having securities traded on an exchange outside the U.S. or may be securities of U.S. companies that are denominated in the currency of a different country;

We may invest up to 30% of our Total Assets in unregistered or otherwise restricted securities, primarily through direct investments in securities of listed companies. For purposes of this limitation, restricted securities include (i) registered securities of public companies subject to a lock-up period, (ii) unregistered securities of public companies with registration rights, and (iii) unregistered securities of public companies that become freely tradable with the passage of time;

We will not invest in privately held companies;

We may invest up to 20% of our Total Assets in debt securities, including those rated below investment grade, commonly referred to as junk bonds ;

We will not invest more than 10% of our Total Assets in any single issuer; and

We will not engage in short sales.

As a RIC, we may invest up to 25% of our Total Assets in securities of MLPs.

The Board of Directors may change our non-fundamental investment policies without stockholder approval and will provide notice to stockholders of material changes (including notice through stockholder reports), although a change in the policy of investing at least 80% of our Total Assets in equity securities of pipeline and other energy infrastructure companies requires at least 60 days prior written notice to stockholders. Unless otherwise stated, these investment restrictions apply at the time of purchase. Furthermore, we will not be required to reduce a position due solely to market value fluctuations.

During the period in which we are investing the net proceeds of this offering, we may deviate from our investment policies by investing the net proceeds in money market mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, high quality, short-term money market instruments, short-term debt securities, certificates of deposit, bankers acceptances and other bank obligations,

commercial paper or other liquid debt securities. Under adverse market or economic conditions, we may invest 100% of our Total Assets in these securities. To the extent we invest in these securities on a temporary basis or for defensive purposes, we may not achieve our investment objective.

Investment Securities

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

Equity Securities. Equity investments generally represent an equity ownership interest, or the right to acquire an ownership interest, in an issuer. Different types of equity securities provide different voting and dividend rights and priority in the event of an issuer's bankruptcy. An adverse event, such as unfavorable earnings report, may depress the value of a particular equity investment that we hold. In addition, prices of

equity investments are sensitive to general movements in the stock market, and a drop in the stock market may depress the price of equity investments we own. Equity investment prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or rising interest rates, which increases borrowing costs and the costs of capital. We currently expect that such equity investments will include the following:

Common Stock. Common stock represents an ownership interest in the profits and losses of a corporation, after payment of amounts owed to bondholders, other debt holders, and holders of preferred stock. Holders of common stock generally have voting rights, but we do not generally expect to have voting control in any of the companies in which we invest.

Common Units of MLPs. As a RIC, we may invest no more than 25% of our Total Assets in securities of MLPs. An MLP is a publicly traded company organized as a limited partnership or LLC and treated as a partnership for federal income tax purposes. MLP common units represent an equity ownership interest in a partnership and provide limited voting rights. MLP common unit holders have a limited role in the partnership's operations and management. Some energy infrastructure companies in which we may invest have been organized as LLCs, which are treated in the same manner as MLPs for federal income tax purposes. Common units of an LLC represent an equity ownership in an LLC. Interests in common units of an MLP or LLC entitle the holder to a share of the company's success through distributions and/or capital appreciation. Unlike MLPs, LLC common unit holders typically have voting rights.

Equity Securities of MLP Affiliates. In addition to securities of MLPs, we may also invest in equity securities issued by MLP affiliates, such as MLP I-Shares and common shares of corporations that own MLP general partner interests. I-Shares represent an indirect ownership interest in MLP common units issued by an MLP affiliate, which is typically a publicly traded LLC. The I-Share issuer's assets consist exclusively of I-units. I-Shares differ from MLP common units primarily in that instead of receiving cash distributions, holders of I-Shares receive distributions in the form of additional I-Shares. Issuers of MLP I-Shares are corporations and not partnerships for tax purposes; however, the MLP does not allocate income or loss to the I-Share issuer. Because the issuers of MLP I-Shares are not partnerships for tax purposes, MLP I-Shares are not subject to the 25% limitation regarding investments in MLPs and other entities treated as qualified publicly traded partnerships. MLP affiliates also include the publicly traded equity securities of LLCs that own, directly or indirectly, general partner interests of MLPs. General partner interests often confer direct board participation rights and in many cases, operating control, over the MLP.

Other Equity Securities. We may also invest in all types of publicly traded equity securities, including but not limited to, preferred equity, convertible securities, depository receipts, limited partner interests, rights and warrants of underlying equity securities, exchange traded funds, limited liability companies and REITs.

Non-U.S. Securities. We may invest up to 30% of our Total Assets in securities issued by non-U.S. issuers (including Canadian issuers). These securities may be issued by companies organized and/or having securities traded on an exchange outside the U.S. or may be securities of U.S. companies that are denominated in the currency of a different country.

Restricted Securities. We may invest up to 30% of our Total Assets in unregistered or otherwise restricted securities, primarily through direct investments in securities of listed companies. For purposes of this limitation, restricted securities include (i) registered securities of public companies subject to a lock-up period, (ii) unregistered securities of public companies with registration rights, and (iii) unregistered securities of public companies that become freely tradable with the passage of time. For purposes of the foregoing, a registered security subject to such a lock-up period will no longer be considered a restricted security upon expiration of the lock-up period, an unregistered security of a public company with registration rights will no longer be considered a restricted security when such securities become registered, and an unregistered security of a public company that becomes freely

tradable with the passage of time will no longer be considered a restricted security upon the elapse of the requisite time period.

An issuer may be willing to offer the purchaser more attractive features with respect to securities issued in direct investments because it has avoided the expense and delay involved in a public offering of securities. Adverse conditions in the public securities markets also may preclude a public offering of securities.

Restricted securities obtained by means of direct investments are less liquid than securities traded in the open market because of statutory and contractual restrictions on resale. Such securities are, therefore, unlike securities that are traded in the open market, which can be expected to be sold immediately if the market is adequate. This lack of liquidity creates special risks for us. However, we could sell such securities in private transactions with a limited number of purchasers or in public offerings under the 1933 Act.

Debt Securities. We may invest up to 20% of our Total Assets in debt securities, including securities rated below investment grade, commonly referred to as junk bonds. Our debt securities may have fixed or variable principal payments and various types of interest rate and reset terms, including fixed rate, floating rate, adjustable rate, zero coupon, contingent, deferred and payment in kind features, and may include securities that are or are not exchange traded. To the extent that we invest in below investment grade debt securities, such securities will be rated, at the time of investment, at least B- by S&P or B3 by Moody's or a comparable rating by at least one other rating agency or, if unrated, determined by the Adviser to be of comparable quality. If a security satisfies our minimum rating criteria at the time of purchase and is subsequently downgraded below such rating, we will not be required to dispose of such security. If a downgrade occurs, the Adviser will consider what action, including the sale of such security, is in the best interest of us and our stockholders.

Temporary Investments and Defensive Investments. Pending investment of the proceeds of this offering (which we expect may take up to approximately three to six months following the closing of this offering), we may invest offering proceeds in money market mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, short-term money market instruments, short-term debt securities, certificates of deposit, bankers' acceptances and other bank obligations, commercial paper or other liquid debt securities. We may also invest in these instruments on a temporary basis to meet working capital needs, including, but not limited to, for collateral in connection with certain investment techniques, to hold a reserve pending payment of distributions, and to facilitate the payment of expenses and settlement of trades.

Under adverse market or economic conditions, we may invest 100% of our Total Assets in these securities. The yield on these securities may be lower than the returns on pipeline and other energy infrastructure companies or yields on lower rated fixed income securities. To the extent we invest in these securities for defensive purposes, we may not achieve our investment objective.

Covered Call Options Strategy

We will also seek to provide current income from gains earned through an option strategy. We currently intend to write (sell) call options on selected equity securities in our portfolio and to only write call options on securities we hold in our portfolio (covered calls). The notional amount of such calls is expected to initially be approximately 20% of the total value of our portfolio, although this percentage may vary depending on the cash flow requirements of the portfolio and on our Adviser's assessment of market conditions. We currently intend to focus our covered call strategy on other energy infrastructure companies that our Adviser believes are integral links in the energy infrastructure value chain for pipeline companies, although we may write options on other securities in our portfolio or indices in certain market environments.

A call option on a security is a contract that gives the holder of such call option the right to buy the security underlying the call option from the writer of such call option at a specified price (exercise price) at any time during

the term of the option. At the time the call option is sold, the writer of a call option receives a premium from the buyer of such call option.

If we write a call option on a security or basket of securities, we have the obligation upon exercise of such call option to deliver the underlying security or securities upon payment of the exercise price. As the writer of such call options, in effect, during the term of the option, in exchange for the premium received by us, we sell the potential appreciation above the exercise price in the value of securities covered by the options. Therefore, we forgo part of the potential appreciation for part of our equity portfolio in exchange for the call premium received, but retain the risk of potential decline in those securities below the price which is equal to the excess of the exercise price of the call option over the premium per share received on the call option.

If we write a call option, we may terminate our obligation by effecting a closing purchase transaction. This is accomplished by purchasing a call option with the same terms as the option previously written. However, once we have been assigned an exercise notice, we will be unable to effect a closing purchase transaction. There can be no assurance that a closing purchase transaction can be effected when we so desire.

Other principal factors affecting the market value of an option include supply and demand, interest rates, the current market price and price volatility of the underlying security and the time remaining until the expiration date of the option. Gains and losses on investments in options depend, in part, on the ability of our Adviser to predict correctly the effect of these factors.

When we write a call option, an amount equal to the premium received by us will be recorded as a liability and will be subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by us as realized gains from investments on the expiration date. If we repurchase a written call option prior to its exercise, the difference between the premium received and the amount paid to repurchase the option is treated as a realized gain or realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether we have realized a gain or loss.

Although our Adviser will attempt to take appropriate measures to minimize the risks relating to writing covered call options, there can be no assurance that we will succeed in any option-writing program we undertake.

Portfolio Turnover

Our annual portfolio turnover rate may vary greatly from year to year. We may, but under normal market conditions, do not intend to, engage in frequent and active trading of portfolio securities. Although we cannot accurately predict our portfolio turnover rate, we expect to maintain relatively low (e.g., less than 30% under normal market conditions) turnover of our core equity portfolio under normal market conditions, not including purchases and sales of equity securities and call options in connection with our covered call option program. As such, on an overall basis, our annual turnover rate may exceed 100%. A high turnover rate involves greater trading costs to us and may result in greater realization of taxable capital gains.

Conflicts of Interest

Conflicts of interest may arise from the fact that our Adviser and its affiliates carry on substantial investment activities for other clients in which we have no interest, some of which may have investment strategies similar to ours. Our Adviser or its affiliates may have financial incentives to favor certain of such accounts over us. For example, our Adviser and its affiliates may have an incentive to allocate potentially more favorable investment opportunities to other funds and clients that pay our Adviser and its affiliates an incentive or performance fee. Performance and incentive fees also create the incentive to allocate potentially riskier, but potentially better performing, investments to

such funds and other clients in an effort to increase the incentive fee. Our Adviser also may have an incentive to make investments in one fund, having the effect of increasing the value of a security in the same issuer held by another fund, which, in turn, may result in an incentive fee being paid to our Adviser by that other fund. Any of the Adviser's or its affiliates' proprietary accounts and other customer accounts may compete with us for specific trades. Our Adviser or its affiliates may give advice and recommend securities to, or buy or sell securities for us, which advice or securities may differ from advice given to, or securities recommended or bought or sold for, other accounts and customers, although their investment objectives may be the same as, or similar to our

objectives. Our Adviser has written allocation policies and procedures designed to address potential conflicts of interest. For instance, when two or more clients advised by our Adviser seek to purchase or sell the same publicly traded securities, the securities actually purchased or sold will be allocated among the clients on a good faith equitable basis by our Adviser in its discretion and in accordance with the client's various investment objectives and our Adviser's procedures. In some cases, this system may adversely affect the price or size of the position we may obtain. In other cases, the ability to participate in volume transactions may produce better execution for us. When possible, our Adviser combines all of the trade orders into one or more block orders, and each account participates at the average unit or share price obtained in a block order. When block orders are only partially filled, our Adviser considers a number of factors in determining how allocations are made, with the overall goal to allocate in a manner so that accounts are not preferred or disadvantaged over time. Our Adviser also has allocation policies for transactions involving private placement securities, which are designed to result in a fair and equitable participation in offerings or sales for each participating client.

Our Adviser also serves as investment adviser for six other publicly traded closed-end management investment companies, an open-end management investment company and other accounts. See Management of the Fund.

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

Situations may occur when we could be disadvantaged because of the investment activities conducted by our Adviser and its affiliates for their other funds or accounts. Certain of our Adviser's managed funds and accounts may invest in the equity securities of a particular company, while other funds and accounts managed by our Adviser may invest in the debt securities of the same company. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for us or the other accounts, thereby limiting the size of our position; or (2) the difficulty of liquidating an investment for us or the other accounts where the market cannot absorb the sale of the combined position, or (3) limits on co-investing in negotiated transactions under the 1940 Act, as discussed further below.

Under the 1940 Act, we may be precluded from co-investing in negotiated private placements of securities with our affiliates, including other funds managed by our Adviser. Except as permitted by law, our Adviser will not co-invest its other clients' assets in negotiated private transactions in which we invest.

Our Adviser will observe a policy for allocating negotiated private placement opportunities among its clients that takes into account the amount of each client's available cash and its investment objectives. To the extent we are precluded from co-investing, our Adviser will allocate private investment opportunities among its clients, including but not limited to us and our affiliated companies, based on allocation policies that take into account several suitability factors, including the size of the investment opportunity, the amount each client has available for investment and the client's investment objectives. These allocation policies may result in the allocation of investment opportunities to an affiliated company rather than to us.

To the extent that our Adviser sources and structures private investments, certain employees of our Adviser may become aware of actions planned, such as acquisitions that may not be announced to the public. It is possible that we could be precluded from investing in or selling securities of companies about which our Adviser has material, non-public information; however, it is our Adviser's intention to ensure that any material, non-public information available to certain employees of our Adviser are not shared with those employees responsible for the purchase and sale of publicly traded securities or to confirm prior to receipt of any material non-public information that the information will shortly be made public.

Our Adviser and its principals, officers, employees, and affiliates may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on our behalf. As a result of differing trading and investment strategies or constraints, positions may be taken by principals, officers, employees, and affiliates of our Adviser that are the same as, different from, or made at a different time than positions taken for us. Furthermore, our Adviser may at some time in the future manage other investment funds with the same investment objective as ours.

LEVERAGE

Use of Leverage

The borrowing of money and the issuance of preferred stock and debt securities represents the leveraging of our common stock. The issuance of additional common stock may enable us to increase the aggregate amount of our leverage or to maintain any existing leverage. We reserve the right at any time to use financial leverage to the extent permitted by the 1940 Act (50% of Total Assets for preferred stock and 331/3% of Total Assets for senior debt securities) or we may elect to reduce the use of leverage or use no leverage at all. Our Board of Directors has approved a leverage target of up to 25% of our Total Assets at the time of incurrence and has also approved a policy permitting temporary increases in the amount of leverage we may use from 25% of our Total Assets to up to 30% of our Total Assets at the time of incurrence, provided (i) that such leverage is consistent with the limits set forth in the 1940 Act, and (ii) that we expect to reduce such increased leverage over time in an orderly fashion. We generally will not use leverage unless we believe that leverage will serve the best interests of our stockholders. The principal factor used in making this determination is whether the potential return is likely to exceed the cost of leverage. We will not issue additional leverage where the estimated costs of issuing such leverage and the on-going cost of servicing the payment obligations on such leverage exceed the estimated return on the proceeds of such leverage. We note, however, that in making the determination of whether to issue leverage, we must rely on estimates of leverage costs and expected returns. Actual costs of leverage vary over time depending on interest rates and other factors. In addition, the percentage of our assets attributable to leverage may vary significantly during periods of extreme market volatility and will increase during periods of declining market prices of our portfolio holdings. Actual returns vary depending on many factors. The Board of Directors also will consider other factors, including whether the current investment opportunities will help us achieve our investment objective and strategies.

Under the 1940 Act, we are not permitted to issue preferred stock unless immediately after such issuance, the value of our Total Assets (including the proceeds of such issuance) less all liabilities and indebtedness not represented by senior securities is at least equal to 200% of the total of the aggregate amount of senior securities representing indebtedness plus the aggregate liquidation value of any outstanding preferred stock. Stated another way, we may not issue preferred stock that, together with outstanding preferred stock and debt securities, has a total aggregate liquidation value and outstanding principal amount of more than 50% of the value of our Total Assets, including the proceeds of such issuance, less liabilities and indebtedness not represented by senior securities. In addition, we are not permitted to declare any distribution on our common stock, or purchase any of our shares of common stock (through tender offers or otherwise) unless we would satisfy this 200% asset coverage requirement test after deducting the amount of such distribution or share price, as the case may be. We may, as a result of market conditions or otherwise, be required to purchase or redeem preferred stock, or sell a portion of our investments when it may be disadvantageous to do so, in order to maintain the required asset coverage. Common stockholders would bear the costs of issuing additional preferred stock, which may include offering expenses and the ongoing payment of distributions. Under the 1940 Act, we may only issue one class of preferred stock.

Under the 1940 Act, we are not permitted to issue debt securities or incur other indebtedness constituting senior securities unless immediately thereafter, the value of our Total Assets (including the proceeds of the indebtedness) less all liabilities and indebtedness not represented by senior securities is at least equal to 300% of the amount of the

outstanding indebtedness. Stated another way, we may not issue debt securities or incur other indebtedness with an aggregate principal amount of more than 33 1/3% of the value of our Total Assets, including the amount borrowed, less all liabilities and indebtedness not represented by senior securities. We also must maintain this 300% asset coverage for as long as the indebtedness is outstanding. The 1940 Act provides that we may not declare any distribution with respect to any class of shares of our stock, or purchase any of our shares of stock

(through tender offers or otherwise), unless we would satisfy this 300% asset coverage requirement test after deducting the amount of the distribution or share purchase price, as the case may be, except that distributions may be declared upon any preferred stock if such senior security representing indebtedness has an asset coverage of at least 200% at the time of declaration of such distribution and after deducting the amount of such distribution. If the asset coverage for indebtedness declines to less than 300% as a result of market fluctuations or otherwise, we may be required to redeem debt securities, or sell a portion of our investments when it may be disadvantageous to do so. Under the 1940 Act, we may only issue one class of senior securities representing indebtedness.

Annual Expenses

The table presented below estimates our annual expenses stated as a percentage of our Managed Assets, which includes assets attributable to leverage.

Management Fee	1.10%
Other Expenses	0.27%
Fee and Expense Reimbursement	(0.25)%
Subtotal	1.12%
Leverage Costs	0.80%
Net Annual Expenses	1.92%

Hedging and Risk Management

In addition to writing covered call options as part of our investment strategy, the risks of which are described herein, we may utilize certain other derivative instruments for hedging or risk management purposes.

In an attempt to reduce the interest rate risk arising from our leveraged capital structure, we may, but are not obligated to, use interest rate transactions intended to reduce our interest rate risk with respect to our interest and distribution payment obligations under our outstanding leverage. Such interest rate transactions would be used to protect us against higher costs on our leverage resulting from increases in short-term interest rates. We anticipate that the majority of such interest rate hedges would be interest rate swap contracts and interest rate caps and floors purchased from financial institutions. There is no assurance that the interest rate hedging transactions into which we may enter will be effective in reducing our exposure to interest rate risk. Hedging transactions are subject to correlation risk, which is the risk that payment on our hedging transactions may not correlate exactly with our payment obligations on senior securities. The use of interest rate transactions is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, we would agree to pay to the other party to the interest rate swap (known as the counterparty) a fixed rate payment in exchange for the counterparty agreeing to pay to us a variable rate payment intended to approximate our variable rate payment obligations on outstanding leverage. The payment obligations would be based on the notional amount of the swap. In an interest rate cap, we would pay a premium to the counterparty up to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate of interest, would receive from the counterparty payments equal to the difference based on the notional amount of such cap. In an interest rate floor, we would be entitled to receive, to the extent that a specified index falls below a predetermined interest rate, payments of interest on a notional principal amount from the party selling the interest rate floor. Depending on the state of interest rates in general, our use of interest rate transactions could affect our ability to make required interest or distribution payments on our outstanding leverage. To the extent there is a decline in interest rates, the value of the

interest rate transactions could decline. If the counterparty to an interest rate transaction defaults, we would not be able to use the anticipated net receipts under the interest rate transaction to offset our cost of financial leverage.

To a lesser extent, we may, but do not currently intend to, use other hedging and risk management strategies to seek to manage other market risks. Such hedging strategies may be utilized to seek to protect against possible adverse changes in the market value of securities held in our portfolio or to otherwise protect the value of our portfolio. We may, but do not currently intend to, enter into currency exchange transactions to hedge our exposure to

foreign currency exchange rate risk to the extent we invest in non-U.S. dollar denominated securities of non-U.S. issuers. Our currency transactions will generally be limited to portfolio hedging involving portfolio positions. Portfolio hedging is the use of a forward contract with respect to a portfolio security position denominated or quoted in a particular currency. A forward contract is an agreement to purchase or sell a specified currency at a specified future date (or within a specified time period) and price set at the time of the contract. Forward contracts are usually entered into with banks, foreign exchange dealers or broker-dealers, are not exchange-traded, and are usually for less than one year. The Fund may also purchase and sell other derivative investments such as exchange-listed and over-the-counter options on securities or indices, futures contracts and options thereon. The Fund also may purchase derivative investments that combine features of these instruments.

For a further discussion of such derivative instruments, see **Risk Factors** **Hedging and Derivatives Risk** in this prospectus and **Investment Objective and Principal Investment Strategies** **Our Investments** **Hedging and Risk Management** in the statement of additional information.

Effects of Leverage

The following table is designed to illustrate the effect of leverage on the return to a common stockholder, assuming hypothetical annual returns (net of expenses) of our portfolio of (10)% to 10%. As the table shows, the leverage generally increases the return to common stockholders when portfolio return is positive or greater than the cost of leverage and decreases the return when the portfolio return is negative or less than the cost of leverage. The figures appearing in the table are hypothetical, and actual returns may be greater or less than those appearing in the table.

Assumed Portfolio Return (Net of Expenses)

	(10)%	(5)%	0%	5%	10%
Corresponding Common Share Return	(15.15)%	(8.80)%	(2.44)%	3.91%	10.26%

If we use leverage, the amount of the fees paid to our Adviser for investment advisory and management services will be higher than if we do not use leverage because the fees paid are calculated based on our Managed Assets, which include assets purchased with leverage. Therefore, our Adviser has a financial incentive to use leverage, which creates a conflict of interest between our Adviser and our common stockholders. Because payments on any leverage would be paid by us at a specified rate, only our common stockholders would bear management fees and other expenses we incur.

We cannot fully achieve the benefits of leverage until we have invested the proceeds resulting from the use of leverage in accordance with our investment objective and policies. For further information about leverage, see **Risk Factors** **Leverage Risk**.

RISK FACTORS

Investing in our common shares involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment. Therefore, before investing in our common shares you should consider carefully the following risks.

General. We are a newly organized closed-end management investment company and have no operating history or history of public trading of our common shares. We are designed primarily as a long-term investment vehicle and not as a trading tool. An investment in our securities should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in all investments, there can be no assurance that we will achieve our investment objective. The value of an investment in our common shares could decline substantially and cause you to lose some or all of your investment.

Concentration Risk. Our strategy of concentrating in pipeline and other energy infrastructure investments means that our performance will be closely tied to the performance of the energy infrastructure sector, which includes midstream, upstream and downstream energy industries. For further information about investments we may make in pipeline and other energy infrastructure companies, see Investment Objective and Principal Investment Strategies Pipeline & Other Energy Infrastructure Companies. Our concentration in these investments may present more risk than if we were broadly diversified over numerous industries and sectors of the economy. A downturn in these investments would have a greater impact on us than on a fund that does not concentrate in such investments. At times, the performance of these investments may lag the performance of other industries or the market as a whole. Risks inherent in the business of pipeline and other energy infrastructure companies include:

Supply and Demand Risk. A decrease in the production of natural gas, NGLs, crude oil, coal, refined petroleum products or other energy commodities, or a decrease in the volume of such commodities available for transporting, storing, gathering, processing, distributing, exploring, developing, managing or producing may adversely impact the financial performance and profitability of pipeline and other energy infrastructure companies. Production declines and volume decreases could be caused by various factors, including depletion of resources, declines in estimates of proved reserves, labor difficulties, political events, OPEC actions, changes in commodity prices, declines in production from existing facilities, environmental proceedings, increased regulations, equipment failures and unexpected maintenance problems, failure to obtain necessary permits, unscheduled outages, unanticipated expenses, inability to successfully carry out new construction or acquisitions, import supply disruption, increased competition from alternative energy sources or related commodity prices and other events. Alternatively, a sustained decline in or varying demand for such commodities could also adversely affect the financial performance of pipeline and other energy infrastructure companies. Factors that could lead to a decline in demand include economic recession or other adverse economic conditions, higher fuel taxes or governmental regulations, increases in fuel economy, consumer shifts to the use of alternative fuel sources, changes in commodity prices or weather.

Operating Risk. Pipeline and other energy infrastructure companies are subject to many operating risks, including: equipment failure causing outages; structural, maintenance, impairment and safety problems; transmission or transportation constraints, inoperability or inefficiencies; dependence on a specified fuel source, including the transportation of fuel; changes in electricity and fuel usage; availability of competitively priced alternative energy sources; changes in generation efficiency and market heat rates; lack of sufficient capital to maintain facilities; significant capital expenditures to keep older assets operating efficiently; seasonality; changes in supply and demand for energy commodities; catastrophic and/or weather-related events such as fires, explosions, floods, earthquakes, hurricanes and similar occurrences; storage, handling, disposal

and decommissioning costs; and environmental compliance. Breakdown or failure of a pipeline or other energy infrastructure company's assets may prevent the company from performing under applicable sales agreements, which in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages. A company's ability to successfully and timely complete capital improvements to existing or other capital projects is contingent upon many variables. Should any such efforts be unsuccessful, a pipeline or other energy infrastructure company could be subject to additional costs and / or the write-off of its investment in the project or improvement. As a result of the above risks and other potential hazards associated

with pipeline and other energy infrastructure companies, certain companies may become exposed to significant liabilities for which they may not have adequate insurance coverage. Any of the aforementioned risks or related regulatory and environmental risks could have a material adverse effect on the business, financial condition, results of operations and cash flows of pipeline and other energy infrastructure companies.

Regulatory Risk. Pipeline and other energy infrastructure issuers are subject to regulation by various governmental authorities in various jurisdictions and may be adversely affected by the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. Regulation exists in multiple aspects of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which may increase compliance costs and may adversely affect the financial performance of energy infrastructure companies. Pipeline companies engaged in interstate pipeline transportation of natural gas, refined petroleum products and other products are subject to regulation by the Federal Energy Regulatory Commission (FERC) with respect to tariff rates these companies may charge for pipeline transportation services. An adverse determination by the FERC with respect to the tariff rates of a pipeline or other energy infrastructure company could have a material adverse effect on its business, financial condition, results of operations and cash flows and its ability to make cash distributions to its equity owners. Prices for certain electric power companies are regulated in the U.S. with the intention of protecting the public while ensuring that the rate of return earned by such companies is sufficient to attract growth capital and to provide appropriate services but do not provide any assurance as to achievement of earnings levels. We could become subject to the FERC's jurisdiction if we are deemed to be a holding company of a public utility company or of a holding company of a public utility company, and we may be required to aggregate securities held by us or other funds and accounts managed by the Adviser and its affiliates, or be prohibited from buying certain securities or be forced to divest certain securities.

Environmental Risk. Pipeline and other energy infrastructure company activities are subject to stringent environmental laws and regulation by many federal, state and local authorities, international treaties and foreign governmental authorities. Failure to comply with such laws and regulations or to obtain any necessary environmental permits pursuant to such laws and regulations could result in fines or other sanctions. Congress and other domestic and foreign governmental authorities have either considered or implemented various laws and regulations to restrict or tax certain emissions, particularly those involving air and water emissions. Existing environmental regulations could be revised or reinterpreted, new laws and regulations could be adopted or become applicable, and future changes in environmental laws and regulations could occur, which could impose additional costs on the operation of power plants. Pipeline and other energy infrastructure companies have made and will likely continue to make significant capital and other expenditures to comply with these and other environmental laws and regulations. Changes in, or new, environmental restrictions may force energy infrastructure companies to incur significant expenses or expenses that may exceed their estimates. There can be no assurance that such companies would be able to recover all or any increased environmental costs from their customers or that their business, financial condition or results of operations would not be materially and adversely affected by such expenditures or any changes in domestic or foreign environmental laws and regulations, in which case the value of these companies' securities in our portfolio could be adversely affected. In addition, a pipeline or other energy infrastructure company may be responsible for any on-site liabilities associated with the environmental condition of facilities that it has acquired, leased or developed, regardless of when the liabilities arose and whether they are known or unknown.

Price Volatility Risk. The volatility of energy commodity prices can affect certain pipeline or other energy infrastructure companies due to the impact of prices on the volume of commodities transported, stored,

gathered, processed, distributed, developed or produced. Most pipeline companies are not subject to direct commodity price exposure because they do not own the underlying energy commodity. Nonetheless, the price of a pipeline company security can be adversely affected by the perception that the performance of all

such entities is directly tied to commodity prices. However, the operations, cash flows and financial performance of other energy infrastructure companies in which we will invest may be more directly affected by energy commodity prices, especially those energy companies owning the underlying energy commodity.

Commodity prices fluctuate for several reasons, including changes in global and domestic market and economic conditions, the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation, political instability, conservation efforts, and taxation and the availability of local, intrastate and interstate transportation systems.

Volatility of commodity prices may also make it more difficult for energy companies to raise capital to the extent the market perceives that their performance may be directly or indirectly tied to commodity prices. Historically, energy commodity prices have been cyclical and exhibited significant volatility which may adversely impact other energy infrastructure companies in which we invest.

Terrorism Risk. Pipeline and other energy infrastructure companies, and the market for their securities, are subject to disruption as a result of terrorist activities, such as the terrorist attacks on the World Trade Center on September 11, 2001; war, such as the wars in Afghanistan and Iraq and their aftermaths; and other geopolitical events, including upheaval in the Middle East or other energy producing regions. The U.S. government has issued warnings that energy assets, specifically those related to pipeline and other energy infrastructure, production facilities, and transmission and distribution facilities, might be specific targets of terrorist activity. Such events have led, and in the future may lead, to short-term market volatility and may have long-term effects on companies in the pipeline and other energy infrastructure industry and markets. Such events may also adversely affect our business and financial condition.

Natural Disaster Risk. Natural risks, such as earthquakes, flood, lightning, hurricanes and wind, are inherent risks in infrastructure company operations. For example, extreme weather patterns, such as Hurricane Ivan in 2004 and Hurricanes Katrina and Rita in 2005, or the threat thereof, could result in substantial damage to the facilities of certain companies located in the affected areas and significant volatility in the supply of energy and could adversely impact the prices of the securities in which we invest. This volatility may create fluctuations in commodity prices and earnings of pipeline and other energy infrastructure companies.

Climate Change Regulation Risk. Climate change regulation could result in increased operations and capital costs for the companies in which we invest. Voluntary initiatives and mandatory controls have been adopted or are being discussed both in the United States and worldwide to reduce emissions of greenhouse gases such as carbon dioxide, a by-product of burning fossil fuels, which some scientists and policymakers believe contribute to global climate change. These measures and future measures could result in increased costs to certain companies in which the Fund invests to operate and maintain facilities and administer and manage a greenhouse gas emissions program and may reduce demand for fuels that generate greenhouse gases and that are managed or produced by companies in which we invest.

Industry Specific Risk. Pipeline and other energy infrastructure companies are subject to specific risks, including:

Pipeline companies are subject to varying demand for crude oil, natural gas, NGLs or refined products in the markets served by the pipeline; changes in the availability of products for transporting, gathering, processing or sale due to natural declines in reserves and production in the supply areas serviced by the company's facilities; sharp decreases in crude oil or natural gas prices that cause producers to curtail production or reduce capital spending for exploration activities; and environmental regulation. Specifically, demand for gasoline, which accounts for a substantial portion of refined product transportation, depends on price, prevailing economic conditions in the markets served, and demographic and seasonal factors.

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

Integrated and independent energy companies are impacted by declines in the demand for and prices of natural gas, crude oil and refined petroleum products. Reductions in prices for natural gas and crude oil can cause a given reservoir to become uneconomic for continued production earlier than it would if prices were higher. The operating margins and cash flows of integrated and independent energy companies may fluctuate widely in response to a variety of factors, including global and domestic economic conditions, weather conditions, natural disasters, the supply and price of imported energy commodities, change in the level and relationship in crude oil and refined petroleum product pricing, political instability, conservation efforts and governmental regulation. The accuracy of any reserve estimate is a function of the quality of available data, the accuracy of assumptions regarding future commodity prices and costs, and engineering and geological interpretations and judgments. Due to natural declines in reserves and production, exploitation and production companies must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions. Integrated and independent energy companies are also subject to risks related to operations (such as fires and explosions) as well as the potential environmental and regulatory risks of such events, which may adversely impact their business and financial condition.

Propane companies are subject to earnings variability based upon weather patterns in the locations where the company operates and the wholesale cost of propane sold to end customers. Propane company share prices are based on safety in distribution coverage ratios, interest rate environment and, to a lesser extent, dividend or distribution growth.

Power infrastructure companies are subject to many risks, including earnings variability based upon weather patterns in the locations where the company operates, the change in the demand for electricity, the cost to produce power, and the regulatory environment. Furthermore, share prices are partly based on the interest rate environment, the sustainability and potential growth of the dividend, and the outcome of various rate cases undertaken by the company or a regulatory body.

MLP Risks. An investment in MLP securities involves some risks that differ from the risks involved in an investment in the common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. Holders of units issued by an MLP are exposed to a remote possibility of liability for all of the obligations of that MLP in the event that a court determines that the rights of the holders of MLP units to vote to remove or replace the general partner of that MLP, to approve amendments to that MLP's partnership agreement, or to take other action under the partnership agreement of that MLP would constitute control of the business of that MLP, or a court or governmental agency determines that the MLP is conducting business in a state without complying with the partnership statute of that state.

Holders of MLP units are also exposed to the risk that they will be required to repay amounts to the MLP that are wrongfully distributed to them. In addition, the value of our investment in an MLP will depend largely on the MLP's treatment as a partnership for U.S. federal income tax purposes. If an MLP does not meet current legal requirements to maintain partnership status, or if it is unable to do so because of tax law changes, it would be treated as a corporation for U.S. federal income tax purposes. In that case, the MLP would be obligated to pay income tax at the entity level and distributions received by us generally would be taxed as dividend income. As a result, there could be a material reduction in our cash flow and there could be a material decrease in the value of our common shares.

Equity Securities Risk. Equity securities can be affected by macroeconomic and other factors affecting the stock market in general, expectations about changes in interest rates, investor sentiment toward such entities, changes in a particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer. Prices of equity securities of individual entities also can be affected by fundamentals unique to the company or partnership, including size, earnings power, coverage ratio and characteristics and features of different classes of securities. Equity

securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value. The equity securities held by the Fund may experience sudden, unpredictable drops in value or long periods of decline in value. In addition, by writing covered call options, capital appreciation potential will be limited on a portion of our investment portfolio.

Non-U.S. Securities Risk. Investments in securities of non-U.S. issuers (including Canadian issuers) involve risks not ordinarily associated with investments in securities and instruments of U.S. issuers. For example,

non-U.S. companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Non-U.S. securities exchanges, brokers and companies may be subject to less government supervision and regulation than exists in the U.S. Dividend and interest income may be subject to withholding and other non-U.S. taxes, which may adversely affect the net return on such investments. Because we intend to limit our investments to no more than 30% of our Total Assets in securities issued by non-U.S. issuers (including Canadian issuers), we may not be able to pass through to our stockholders any foreign income tax credits as a result of any foreign income taxes we pay. There may be difficulty in obtaining or enforcing a court judgment abroad. In addition, it may be difficult to effect repatriation of capital invested in certain countries. With respect to certain countries, there are also risks of expropriation, confiscatory taxation, political or social instability or diplomatic developments that could affect the Fund's assets held in non-U.S. countries. There may be less publicly available information about a non-U.S. company than there is regarding a U.S. company. Non-U.S. securities markets may have substantially less volume than U.S. securities markets and some non-U.S. company securities are less liquid than securities of otherwise comparable U.S. companies. Non-U.S. markets also have different clearance and settlement procedures that could cause the Fund to encounter difficulties in purchasing and selling securities on such markets and may result in the Fund missing attractive investment opportunities or experiencing a loss. In addition, a portfolio that includes securities issued by non-U.S. issuers can expect to have a higher expense ratio because of the increased transaction costs in non-U.S. markets and the increased costs of maintaining the custody of such non-U.S. securities. When investing in securities issued by non-U.S. issuers, there is also the risk that the value of such an investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. We may, but do not currently intend to, hedge our exposure to non-U.S. currencies.

Capital Markets Risk. Global financial markets and economic conditions have been, and may continue to be, volatile due to a variety of factors, including significant write-offs in the financial services sector. Despite more stabilized economic activity, if the volatility continues, the cost of raising capital in the debt and equity capital markets, and the ability to raise capital, may be impacted. In particular, concerns about the general stability of financial markets and specifically the solvency of lending counterparties, may impact the cost of raising capital from the credit markets through increased interest rates, tighter lending standards, difficulties in refinancing debt on existing terms or at all and reduced, or in some cases ceasing to provide, funding to borrowers. In addition, lending counterparties under existing revolving credit facilities and other debt instruments may be unwilling or unable to meet their funding obligations. As a result of any of the foregoing, we or the companies in which we invest may be unable to obtain new debt or equity financing on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we or the companies in which we invest may not be able to meet obligations as they come due. Moreover, without adequate funding, pipeline and other energy infrastructure companies may be unable to execute their growth strategies, complete future acquisitions, take advantage of other business opportunities or respond to competitive pressures, any of which could have a material adverse effect on their revenues and results of operations.

Rising interest rates could limit the capital appreciation of equity units of pipeline and other energy infrastructure companies as a result of the increased availability of alternative investments at competitive yields. Rising interest rates may increase the cost of capital for companies operating in this sector. A higher cost of capital or an inflationary period may lead to inadequate funding, which could limit growth from acquisition or expansion projects, the ability of such entities to make or grow dividends or distributions or meet debt obligations, the ability to respond to competitive pressures, all of which could adversely affect the prices of their securities.

The recent instability in the financial markets has led the U.S. government and foreign governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. U.S. federal and state governments and foreign governments, their regulatory agencies or self regulatory organizations may take additional actions that affect the regulation of the securities in which we invest, or the issuers of such securities, in ways that are unforeseeable and on an emergency basis with little or no notice, with the consequence that some market participants' ability to continue

to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated or otherwise negatively

impacted. Given the complexities of the global financial markets and the limited timeframe within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty, which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies. Decisions made by government policy makers could exacerbate the current economic difficulties in the U.S. and other countries.

Liquidity Risk. We may invest in securities of any market capitalization and may be exposed to liquidity risk when trading volume, lack of a market maker, or legal restrictions impair our ability to sell particular securities or close call option positions at an advantageous price or a timely manner. We may invest in mid-cap and small-cap companies, which may not have the management experience, financial resources, product diversification and competitive strengths of large-cap companies. Analysts and other investors may follow these companies less actively and therefore information about these companies may not be as readily available as that for large-cap companies. Therefore, their securities may be more volatile and less liquid than the securities of larger, more established companies. In the event certain securities experience limited trading volumes, the prices of such securities may display abrupt or erratic movements at times. In addition, it may be more difficult for us to buy and sell significant amounts of such securities without an unfavorable impact on prevailing market prices. As a result, these securities may be difficult to sell at a favorable price at the times when we believe it is desirable to do so. Investment of our capital in securities that are less actively traded (or over time experience decreased trading volume) may restrict our ability to take advantage of other market opportunities or to sell those securities. This also may affect adversely our ability to make required interest payments on our debt securities and distributions on any of our preferred stock, to redeem such securities, or to meet asset coverage requirements.

Covered Call Risks. We cannot guarantee that our covered call option strategy will be effective. There are several risks associated with transactions in options on securities, including:

There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given covered call option transaction not to achieve its objectives. A decision as to whether, when and how to use covered calls (or other options) involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful because of market behavior or unexpected events.

The use of options may require us to sell portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation we can realize on an investment, or may cause us to hold a security we might otherwise sell. As the writer of a covered call option, we forego, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the exercise price of the call option, but retain the risk of loss should the price of the underlying security decline. Although such loss would be offset in part by the option premium received, in a situation in which the price of a particular stock on which we have written a covered call option declines rapidly and materially or in which prices in general on all or a substantial portion of the stocks on which we have written covered call options decline rapidly and materially, we could sustain material depreciation or loss to the extent we do not sell the underlying securities (which may require it to terminate, offset or otherwise cover our option position as well).

There can be no assurance that a liquid market will exist when we seek to close out an option position. If we were unable to close out a covered call option that we had written on a security, we would not be able to sell the underlying security unless the option expired without exercise. Reasons for the absence of a liquid secondary market for exchange-traded options may include, but are not limited to, the following: (i) there may be insufficient trading interest; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to

particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the trading facilities may not be adequate to handle current trading volume; or (vi) the relevant exchange could discontinue the trading of options. In addition, our ability to terminate over-the-counter options may be more limited than with exchange-traded options and may involve the risk that counterparties participating in such transactions will not fulfill their obligations.

The principal factors affecting the market value of an option include supply and demand, interest rates, the current market price of the underlying security in relation to the exercise price of the option, the dividend or distribution yield of the underlying security, the actual or perceived volatility of the underlying security and the time remaining until the expiration date. Any of the foregoing could impact or cause to vary over time the amount of income we are able to generate through our covered call option strategy.

The number of covered call options we can write is limited by the number of shares of the corresponding common stock we hold. Furthermore, our covered call option transactions may be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which such options are traded.

If we fail to maintain any required asset coverage ratios in connection with any use by us of leverage, we may be required to redeem or prepay some or all of our leverage instruments. Such redemption or prepayment would likely result in our seeking to terminate early all or a portion of any option transaction. Early termination of an option could result in a termination payment by or to us.

Performance and Distribution Risk. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. We cannot assure you that you will receive distributions at a particular level or at all. Dividends and distributions on equity securities are not fixed but are declared at the discretion of the issuer's board of directors. If stock market volatility declines, the level of premiums from writing covered call options will likely decrease as well. Payments to close-out written call options will reduce amounts available for distribution from gains earned in respect of call option expiration or close out. The equity securities in which we invest may not appreciate or may decline in value. Net realized and unrealized gains on the securities investments will be determined primarily by the direction and movement of the applicable securities markets and the Fund's holdings. Any gains that we do realize on the disposition of any securities may not be sufficient to offset losses on other securities or option transactions. A significant decline in the value of the securities in which we invest may negatively impact our ability to pay distributions or cause you to lose all or a part of your investment.

In addition, the 1940 Act may limit our ability to make distributions in certain circumstances. Restrictions and provisions in any future credit facilities and our debt securities may also limit our ability to make distributions. For federal income tax purposes, we are required to distribute substantially all of our net investment income each year both to reduce our federal income tax liability and to avoid a potential excise tax. If our ability to make distributions on our common shares is limited, such limitations could, under certain circumstances, impair our ability to maintain our qualification for taxation as a RIC, which would have adverse consequences for our stockholders. See Certain U.S. Federal Income Tax Considerations.

Quarterly Results Risk. We could experience fluctuations in our operating results due to a number of factors, including the return on our investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses on our investments and written call options, the level of call premium we receive by writing covered calls, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Delay in Use of Proceeds Risk. Although we expect to fully invest the net proceeds of this offering within three to six months after the closing of this offering, such investments may be delayed if suitable investments are unavailable at the time, if market conditions and volumes of securities are not favorable at the time or for other reasons. As a result, the proceeds may be invested in money market mutual funds, cash, cash equivalents, securities issued or guaranteed

by the U.S. Government or its instrumentalities or agencies, high quality, short-term money market instruments, short-term debt securities, certificates or deposit, bankers' acceptances and other bank obligations, commercial paper or other liquid debt securities. The three to six month timeframe associated with the anticipated use of proceeds could lower returns and lower our yield in the first year after the issuance of the common shares.

Restricted Securities Risk. We may invest up to 30% of our Total Assets in unregistered or otherwise restricted securities, primarily through direct investments in securities of listed companies. Restricted securities

(including Rule 144A securities) are less liquid than securities traded in the open market because of statutory and contractual restrictions on resale. Such securities are, therefore, unlike securities that are traded in the open market, which can be expected to be sold immediately if the market is adequate. This lack of liquidity may create special risks for us. However, we could sell such securities in private transactions with a limited number of purchasers or in public offerings under the 1933 Act.

Restricted securities are subject to statutory and contractual restrictions on their public resale, which may make it more difficult to value them, may limit our ability to dispose of them and may lower the amount we could realize upon their sale. To enable us to sell our holdings of a restricted security not registered under the 1933 Act, we may have to cause those securities to be registered. The expenses of registering restricted securities may be determined at the time we buy the securities. When we must arrange registration because we wish to sell the security, a considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that we could sell it. We would bear the risks of any downward price fluctuation during that period.

Portfolio Turnover Risk. We may, but under normal market conditions do not intend to, engage in frequent and active trading of portfolio securities to achieve our investment objective. However, annual portfolio turnover as a result of our purchases and sales of equity securities and call options in connection with our covered call option strategy may exceed 100%, which is higher than many other investment companies and would involve greater trading costs to us and may result in greater realization of taxable capital gains.

Leverage Risk. Our use of leverage through the issuance of preferred stock or debt securities, and any borrowings or other transactions involving indebtedness (other than for temporary or emergency purposes) would be considered senior securities for purposes of the 1940 Act and create risks. Leverage is a speculative technique that may adversely affect common stockholders. If the return on securities acquired with borrowed funds or other leverage proceeds does not exceed the cost of the leverage, the use of leverage could cause us to lose money. Successful use of leverage depends on our Adviser's ability to predict or hedge correctly interest rates and market movements, and there is no assurance that the use of a leveraging strategy will be successful during any period in which it is used. Because the fee paid to our Adviser will be calculated on the basis of Managed Assets, the fees will increase when leverage is utilized, giving our Adviser an incentive to utilize leverage.

Our issuance of senior securities involves offering expenses and other costs, including interest payments, which are borne indirectly by our common stockholders. Fluctuations in interest rates could increase interest or distribution payments on our senior securities, and could reduce cash available for distributions on common stock. Increased operating costs, including the financing cost associated with any leverage, may reduce our total return to common stockholders.

The 1940 Act and/or the rating agency guidelines applicable to senior securities impose asset coverage requirements, distribution limitations, voting right requirements (in the case of the senior equity securities), and restrictions on our portfolio composition and our use of certain investment techniques and strategies. The terms of any senior securities or other borrowings may impose additional requirements, restrictions and limitations that are more stringent than those currently required by the 1940 Act, and the guidelines of the rating agencies that rate outstanding senior securities. These requirements may have an adverse effect on us and may affect our ability to pay distributions on common stock and preferred stock. To the extent necessary, we currently intend to redeem any senior securities to maintain the required asset coverage. Doing so may require that we liquidate portfolio securities at a time when it would not otherwise be desirable to do so.

Hedging and Derivatives Risk. In addition to writing call options as part of the investment strategy, we may invest in derivative instruments for hedging or risk management purposes. Our use of derivatives could enhance or decrease the cash available to us for payment of distributions or interest, as the case may be. Derivatives can be illiquid, may

disproportionately increase losses and have a potentially large negative impact on our performance. Derivative transactions, including options on securities and securities indices and other transactions in which we may engage (such as forward currency transactions, futures contracts and options thereon, and total return swaps), may subject us to increased risk of principal loss due to unexpected movements in stock prices, changes in stock volatility levels, interest rates and foreign currency exchange rates and imperfect correlations between our securities holdings and indices upon which derivative transactions are based. We also will be subject to credit risk with respect to the counterparties to any over-the-counter derivatives contracts we purchased. If a counterparty becomes

bankrupt or otherwise fails to perform its obligations under a derivative contract, we may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. We may obtain only a limited recovery or may obtain no recovery in such circumstances. In addition, if the counterparty to a derivative transaction defaults, we would not be able to use the anticipated net receipts under the derivative to offset our cost of financial leverage.

Interest rate transactions will expose us to certain risks that differ from the risks associated with our portfolio holdings. There are economic costs of hedging reflected in the price of interest rate swaps, floors, caps and similar techniques, the costs of which can be significant, particularly when long-term interest rates are substantially above short-term rates. In addition, our success in using hedging instruments is subject to our Adviser's ability to predict correctly changes in the relationships of such hedging instruments to our leverage risk, and there can be no assurance that our Adviser's judgment in this respect will be accurate. Consequently, the use of hedging transactions might result in a poorer overall performance, whether or not adjusted for risk, than if we had not engaged in such transactions. There is no assurance that the interest rate hedging transactions into which we enter will be effective in reducing our exposure to interest rate risk. Hedging transactions are subject to correlation risk, which is the risk that payment on our hedging transactions may not correlate exactly with our payment obligations on senior securities. To the extent there is a decline in interest rates, the value of certain derivatives could decline, and result in a decline in our net assets

Tax Risk. We intend to elect to be treated, and to qualify each year, as a regulated investment company under the Code. To maintain our qualification for federal income tax purposes as a RIC under the Code, we must meet certain source-of-income, asset diversification and annual distribution requirements. If for any taxable year we fail to qualify for the special federal income tax treatment afforded to regulated investment companies, all of our taxable income will be subject to federal income tax at regular corporate rates (without any deduction for distributions to our stockholders) and our income available for distribution will be reduced. For additional information on the requirements imposed on RICs and the consequences of a failure to qualify, see *Certain U.S. Federal Income Tax Considerations* below.

Anti-Takeover Provisions Risks. Maryland law and our Charter and Bylaws include provisions that could delay, defer or prevent other entities or persons from acquiring control of us, causing us to engage in certain transactions or modifying our structure. These provisions may be regarded as anti-takeover provisions. Such provisions could limit the ability of common stockholders to sell their shares at a premium over the then-current market prices by discouraging a third party from seeking to obtain control of us. See *Certain Provisions in Our Charter and Bylaws*.

Management Risk. To the extent that our Adviser's assets under management continue to grow, our Adviser may have to hire additional personnel and, to the extent they are unable to hire or retain qualified individuals, our operations may be adversely affected. There can be no guarantee that the Adviser's application of investment techniques, call option strategy and risk analyses in making investment decisions for us will produce the desired results.

Market Discount Risk. Shares of closed-end investment companies frequently trade at a discount from NAV but in some cases have traded above NAV. Continued development of alternatives as a vehicle for investing in listed energy infrastructure securities may contribute to reducing or eliminating any premium or may result in our shares trading at a discount. The risk of the shares of common stock trading at a discount is a risk separate from the risk of a decline in our NAV as a result of investment activities. Our NAV will be reduced immediately following an offering of our common or preferred stock due to the offering costs for such stock, which are borne entirely by us. Although we also bear the offering costs of debt securities, such costs are amortized over time and therefore do not impact our NAV immediately following an offering.

Whether stockholders will realize a gain or loss for federal income tax purposes upon the sale of our common stock depends upon whether the market value of the common shares at the time of sale is above or below the stockholder's basis in such shares, taking into account transaction costs, and it is not directly dependent upon our NAV. Because the

market value of our common stock will be determined by factors such as the relative demand for and supply of the shares in the market, general market conditions and other factors beyond our control, we cannot predict whether our common stock will trade at, below or above NAV, or at, below or above the public offering price for our common stock.

MANAGEMENT OF THE FUND

Directors and Officers

Our business and affairs are managed under the direction of our Board of Directors. Accordingly, our Board of Directors provides broad supervision over our affairs, including supervision of the duties performed by our Adviser. Our officers are responsible for our day-to-day operations. Each director and officer will hold office until his successor is duly elected and qualifies, or until he resigns or is removed in the manner provided by law. Unless otherwise indicated, the address of each director and officer is 11550 Ash Street, Suite 300, Leawood, Kansas 66211. Additional information regarding our Board and its committees, and our officers, is set forth under Management in our SAI. Our Board of Directors consists of a majority of directors who are not interested persons (as defined in the 1940 Act) of our Adviser or its affiliates.

Investment Adviser

We have entered into an investment advisory agreement with Tortoise Capital Advisors, L.L.C., a registered investment adviser, pursuant to which it will serve as our investment adviser (the Advisory Agreement).

Our Adviser is located at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. Our Adviser specializes in managing portfolios of investments in listed energy infrastructure companies. Our Adviser was formed in 2002 to provide portfolio management services to institutional and high-net worth investors seeking professional management of their MLP investments. As of August 31, 2011, our Adviser had approximately \$6.5 billion of assets under management in six publicly traded closed-end management investment companies, an open-end management investment company and other managed accounts.

Our Adviser also serves as investment adviser to Tortoise Energy Infrastructure Corporation (TYG), Tortoise Energy Capital Corporation (TYY), Tortoise North American Energy Corporation (TYN), Tortoise Power and Energy Infrastructure Fund, Inc. (TPZ), and Tortoise MLP Fund, Inc. (NTG), which are publicly traded closed-end investment management companies that invest in MLPs and other energy infrastructure companies. Our Adviser also serves as investment adviser to Tortoise Capital Resources Corporation (TTO), a publicly traded company that focuses on real property investments in the energy infrastructure sector, and an open-end investment management company that invests in MLPs and pipeline companies.

Our Adviser is wholly-owned by Tortoise Holdings, LLC, a holding company. Montage Investments, LLC (Montage Investments), a registered investment adviser, owns a majority interest in Tortoise Holdings, LLC, with the remaining interests held by the Adviser's five Managing Directors and certain other senior employees of our Adviser. In September 2009, our Adviser's five Managing Directors entered into employment agreements with our Adviser.

Investment Committee

Subject to the supervision of the Board of Directors, and pursuant to the Advisory Agreement, the Adviser's investment committee is responsible for management of our investments. The investment committee determines which portfolio securities will be purchased or sold, arranges for the placing of orders for the purchase or sale of portfolio securities, manages our covered call option strategy, selects brokers or dealers to place those orders, maintains books and records with respect to our securities transactions, manages the Fund's business and financial affairs and provides certain clerical, bookkeeping and other administrative services and reports to the Board of Directors on our investments and performance.

The investment committee's members are H. Kevin Birzer, Zachary Hamel, Kenneth Malvey, Terry Matlack and Dave Schulte, all of whom share responsibility for management of our investments. It is the policy of the investment committee that any portfolio investment decision must be approved by their unanimous vote. The members of the investment committee have the following years of experience: Mr. Birzer 30 years; Mr. Hamel 22 years; Mr. Malvey 23 years; Mr. Matlack 29 years; and Mr. Schulte 22 years.

H. Kevin Birzer, CFA. Mr. Birzer has been a Managing Director of our Adviser since 2002. Mr. Birzer has also served as a Director of ours since inception and of each of TYG, TYY, TYN, TPZ, TTO and NTG since

inception. Mr. Birzer, who was a member in Fountain Capital Management, L.L.C. (Fountain Capital), a registered investment adviser, from 1990 to May 2009, has 30 years of investment experience. Mr. Birzer began his career with Peat Marwick. His subsequent experience includes three years working as a Vice President for F. Martin Koenig & Co., focusing on equity and option investments, and three years at Drexel Burnham Lambert, where he was a Vice President in the Corporate Finance Department. Mr. Birzer graduated with a Bachelor of Business Administration degree from the University of Notre Dame and holds a Master of Business Administration degree from New York University. He earned his CFA designation in 1988.

Zachary Hamel, CFA. Mr. Hamel is a co-founder and has been a Managing Director of our Adviser since 2002 and also is a Partner with Fountain Capital. Mr. Hamel has served as our President since our inception, as President of NTG since 2010 and of each of TYG, TYY and TPZ since May 2011, as Senior Vice President of TTO since inception, of TYY and TPZ from inception to May 2011, of TYG from April 2007 to May 2011 and of TYN since April 2007. Mr. Hamel also served as Secretary of each of TYG, TYY, TYN and TTO from their inception to April 2007. Mr. Hamel joined Fountain Capital in 1997, where he covered the energy, chemicals and utilities sectors. Prior to joining Fountain Capital, Mr. Hamel worked for the Federal Deposit Insurance Corporation (FDIC) for eight years as a Bank Examiner and a Regional Capital Markets Specialist. Mr. Hamel graduated from Kansas State University with a Bachelor of Science in Business Administration. He also attained a Master of Business Administration from the University of Kansas School of Business.

Kenneth Malvey, CFA. Mr. Malvey is a co-founder and has been a Managing Director of the Adviser since 2002 and is also a Partner with Fountain Capital. He has served as our Senior Vice President and Treasurer since our inception. Mr. Malvey has served as the Treasurer of TYG, TYY, TYN and TTO since 2005 and of TPZ and NTG since inception, as the Senior Vice President of each of TYY, TTO, TPZ and NTG since inception and of TYG and TYN since 2007, and as Assistant Treasurer of each of TYG, TYY and TYN from its inception to November 2005. Prior to joining Fountain Capital in 2002, Mr. Malvey was one of three members of the Global Office of Investments for GE Capital's Employers Reinsurance Corporation. Most recently, he was the Global Investment Risk Manager for a portfolio of approximately \$24 billion of fixed-income, public equity and alternative investment assets. Before joining GE Capital in 1996, he was a Bank Examiner and Regional Capital Markets Specialist with the FDIC for nine years. Mr. Malvey graduated with a Bachelor of Science in Finance from Winona State University, Winona, Minn.

Terry Matlack, CFA. Mr. Matlack is co-founder and has been a Managing Director of our Adviser since 2002 and has also served as our Chief Executive Officer since our inception; as Chief Executive Officer of NTG since 2010, and of each of TYG, TYY, TYN and TPZ since May 2011; as Chief Financial Officer of TTO since inception and of each of TYG, TYY, TYN and TPZ from its inception to May 2011; as Director from inception until September 15, 2009 of each of TYG, TYY, TYN, TPZ, and TTO. From 2001 to 2002, Mr. Matlack was a full-time Managing Director of Kansas City Equity Partners LC (KCEP). Prior to joining KCEP, from 1998 to 2001, Mr. Matlack was President of GreenStreet Capital and its affiliates in the telecommunications service industry. Mr. Matlack served as Assistant Treasurer of TYG, TYY, and TYN from November 2005 to April 2008 and of TTO from inception to April 2008. Prior to 1995, he was Executive Vice President and a member of the board of directors of W.K. Communications, Inc., a cable television acquisition company, and Chief Operating Officer of W.K. Cellular, a cellular rural service area operator. He also has served as a specialist in corporate finance with George K. Baum & Company, and as Executive Vice President of Corporate Finance at B.C. Christopher Securities Company. Mr. Matlack graduated with a Bachelor of Science in Business Administration from Kansas State University and holds a Masters of Business Administration and a Juris Doctorate from the University of Kansas.

David Schulte, CFA. Mr. Schulte has been a Managing Director of our Adviser since 2002. Mr. Schulte has been Senior Vice President of each of TYG, TYY, TYN and TPZ since May 2011 and of NTG since 2010; and served as Chief Executive Officer and President of each of TYG, TYY and TPZ from its inception to May 2011; as Chief Executive Officer of TYN from 2005 to May 2011 and President of TYN from 2005 to September 2008; as Chief

Executive Officer of TTO since 2005 and as President of TTO from 2005 to April 2007. From 1993 to 2002, Mr. Schulte was a full-time Managing Director of KCEP. While a Managing Director of KCEP, he led private financing for two growth MLPs in the energy infrastructure sector. Since February 2004, Mr. Schulte has been an employee of the Adviser. Prior to joining KCEP in 1993, Mr. Schulte had over five years of experience completing acquisition and public equity financings as an investment banker at the predecessor of Oppenheimer & Co, Inc.

From 1986 to 1989, he was a securities law attorney. Mr. Schulte holds a Bachelor of Science degree in Business Administration from Drake University and a Juris Doctorate degree from the University of Iowa. He passed the CPA examination in 1983 and earned his CFA designation in 1992.

The Statement of Additional Information provides additional information about the compensation structure of, the other accounts managed by, and the ownership of our securities by the investment committee members listed above.

The Adviser has hired 440 Investment Group, LLC (440 Investment Group) to provide research assistance and option market analysis for its covered call option strategy. 440 Investment Group, an affiliate of the Adviser owned by Montage Investments, LLC, is a registered investment adviser that specializes in alternative investments, including option strategies. Its founders have over a decade of alternative investment experience, including managing commodity, agriculture and index option investment strategies.

Compensation and Expenses

Under the Advisory Agreement, we pay the Adviser quarterly, as compensation for the services rendered by it, a fee equal on an annual basis to 1.10% of our average monthly Managed Assets. Managed Assets means our Total Assets minus accrued liabilities other than debt representing financial leverage and the aggregate liquidation preference of any outstanding preferred stock. The Adviser has agreed to a fee waiver of 0.25%, 0.20%, and 0.15% of average monthly Managed Assets for the first, second and third years following this offering, respectively. Because the fee paid to the Adviser is determined on the basis of our Managed Assets, the Adviser's interest in determining whether we should incur additional leverage will conflict with our interests.

Our average monthly Managed Assets are determined for the purpose of calculating the management fee by taking the average of the monthly determinations of Managed Assets during a given calendar quarter. The fees are payable for each calendar quarter within five days after the end of that quarter.

We bear all expenses not specifically assumed by our Adviser incurred in our operations and will bear the expenses of all future offerings. Expenses we bear include, but are not limited to, the following: (1) expenses of maintaining and continuing our existence and related overhead, including, to the extent services are provided by personnel of the Adviser or its affiliates, office space and facilities, training and benefits; (2) commissions, spreads, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments, including placement and similar fees in connection with direct placements in which we participate; (3) auditing, accounting, tax and legal service expenses; (4) taxes and interest; (5) governmental fees; (6) expenses of listing our shares with a stock exchange, and expenses of the issue, sale, repurchase and redemption (if any) of our shares, including expenses of conducting tender offers for the purpose of repurchasing our shares; (7) expenses of registering and qualifying us and our securities under federal and state securities laws and of preparing and filing registration statements and amendments for such purposes; (8) expenses of communicating with stockholders, including website expenses and the expenses of preparing, printing and mailing press releases, reports and other notices to stockholders and of meetings of stockholders and proxy solicitations therefor; (9) expenses of reports to governmental officers and commissions; (10) insurance expenses; (11) association membership dues; (12) fees, expenses and disbursements of custodians and subcustodians for all services to us (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records, and determination of NAV); (13) fees, expenses and disbursements of transfer agents, dividend paying agents, stockholder servicing agents, registrars and administrator for all services to us; (14) compensation and expenses of our directors who are not members of the Adviser's organization; (15) pricing, valuation, and other consulting or analytical services employed by us; (16) all expenses incurred in connection with leveraging of our assets through a line of credit, or issuing and maintaining notes or preferred stock; (17) all expenses incurred in connection with the offerings of our common and preferred stock and debt securities; and (18) such non-recurring items as may arise, including

expenses incurred in connection with litigation, proceedings and claims and our obligation to indemnify our directors, officers and stockholders with respect thereto.

Duration and Termination

The Advisory Agreement was approved by our Board of Directors on September 12, 2011. The basis for the Board of Directors' initial approval of the Investment Advisory Agreement will be provided in our initial annual report to stockholders. The Advisory Agreement will become effective as of the close of this offering. Unless terminated earlier as described below, it will continue in effect for a period of two years from the effective date and will remain in effect from year to year thereafter if approved annually by our Board of Directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, upon approval by a majority of our directors who are not interested persons or parties to the Advisory Agreement.

The Advisory Agreement provides that it may be terminated by us at any time, without the payment of any penalty, by our Board of Directors or by the vote of the holders of a majority of the outstanding shares of the Fund on 60 days written notice to the Adviser. The Advisory Agreement provides that it may be terminated by the Adviser at any time, without the payment of any penalty, upon 60 days written notice to the Fund. The Advisory Agreement also provides that it will automatically terminate in the event of an assignment (as defined in the 1940 Act).

DETERMINATION OF NET ASSET VALUE

We compute the NAV of our common stock as of the close of trading of the NYSE (normally 4:00 p.m. Eastern time) no less frequently than the last business day of each calendar month and at such other times as the Board of Directors may determine. When considering an offering of common stock, we calculate our NAV on a more frequent basis, generally daily, to the extent necessary to comply with the provisions of the 1940 Act. We currently intend to make our NAV available for publication weekly on our Adviser's website. Our NAV equals the value of our Total Assets less: (i) all of our liabilities (including accrued expenses); (ii) accumulated and unpaid dividends on any outstanding preferred stock; (iii) the aggregate liquidation preference of any outstanding preferred stock; (iv) accrued and unpaid interest payments on any outstanding indebtedness; (v) the aggregate principal amount of any outstanding indebtedness; and (vi) any distributions payable on our common stock.

We will determine the value of our assets and liabilities in accordance with valuation procedures adopted by our Board of Directors. Securities for which market quotations are readily available shall be valued at market value. If a market value cannot be obtained or if our Adviser determines that the value of a security as so obtained does not represent value as of the measurement date (due to a significant development subsequent to the time its price is determined or otherwise), value for the security shall be determined pursuant to the methodologies established by our Board of Directors.

The value for equity securities and equity-related securities is determined by using readily available market quotations from the principal market. For equity and equity-related securities that are freely tradable and listed on a securities exchange or over the counter market, value is determined using the last sale price on that exchange or over-the-counter market on the measurement date. If the security is listed on more than one exchange, we will use the price of the exchange that we consider to be the principal exchange on which the security is traded. Securities listed on the NASDAQ will be valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If a security is traded on the measurement date, then the last reported sale price on the exchange or over-the-counter (OTC) market on which the security is principally traded, up to the time of valuation, is used. If there were no reported sales on the security's principal exchange or OTC market on the measurement date, then the average between the last bid price and last asked price, as reported by the pricing service, shall be used. We will obtain direct written broker-dealer quotations if a

security is not traded on an exchange or quotations are not available from an approved pricing service. Exchange-traded options will be valued at the last sales price at the close of trading or, if there was no sale on any exchange on such day, at the last highest bid price or last lowest ask price on any exchange.

An equity security of a publicly traded company acquired in a private placement transaction without registration is subject to restrictions on resale that can affect the security's liquidity and value. Such

securities that are convertible into publicly traded common shares or securities that may be sold pursuant to Rule 144 will generally be valued based on the value of the freely tradable common share counterpart less an applicable discount. Generally, the discount will initially be equal to the discount at which we purchased the securities. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be determined for the discount.

Fixed income securities (other than the short-term securities as described below) are valued by (i) using readily available market quotations based upon the last updated sale price or a market value from an approved pricing service generated by a pricing matrix based upon yield data for securities with similar characteristics or (ii) by obtaining a direct written broker-dealer quotation from a dealer who has made a market in the security.

A fixed income security acquired in a private placement transaction without registration is subject to restrictions on resale that can affect the security's liquidity and value. Among the various factors that can affect the value of a privately placed security are (i) whether the issuing company has freely trading fixed income securities of the same maturity and interest rate (either through an initial public offering or otherwise); (ii) whether the company has an effective registration statement in place for the securities; and (iii) whether a market is made in the securities. The securities normally will be valued at amortized cost unless the portfolio company's condition or other factors lead to a determination of value at a different amount.

Short-term securities, including bonds, notes, debentures and other fixed income securities, and money market instruments such as certificates of deposit, commercial paper, bankers' acceptances and obligations of domestic and foreign banks, with remaining maturities of 60 days or less, for which reliable market quotations are readily available are valued on an amortized cost basis.

Other assets will be valued at market value pursuant to written valuation procedures adopted by our Board of Directors, or if a market value cannot be obtained or if our Adviser determines that the value of a security as so obtained does not represent value as of the measurement date (due to a significant development subsequent to the time its price is determined or otherwise), value shall be determined pursuant to the methodologies established by our Board of Directors.

Valuations of public company securities determined pursuant to fair value methodologies will be presented to our Board of Directors or a designated committee thereof for approval at the next regularly scheduled board meeting. See Investment Objective and Principal Investment Strategies – Conflicts of Interest.

DISTRIBUTIONS

We intend to make quarterly cash distributions to our common stockholders. We expect to declare the initial distribution approximately 45 to 60 days, and to pay such distribution on or around March 1, 2012, from the completion of this offering, depending upon market conditions.

We expect that the source of the cash payments we receive from our investments will constitute investment company taxable income, as well as long-term capital gains or return of capital from such investments. Investment company taxable income includes, among other items, dividends, operational income from MLPs, interest and net short-term capital gains, less expenses. Long-term capital gains reflect the realized market price received in the sale of an investment security in excess of its cost basis, less net capital losses, including any capital loss carryforwards. Since, as a RIC, we may invest up to 25% of our Total Assets in MLPs, a portion of distributions received from our investments may be sourced as return of capital. This may be due to a variety of factors, including that the MLP may have significant non-cash deductions, such as accelerated depreciation.

The 1940 Act generally limits our long-term capital gain distributions to one per year, except for certain permitted distributions related to our qualification as a RIC. This limitation does not apply to that portion of our distributions that is not characterized as long-term capital gain. We may rely on a prior exemption obtained by our Adviser from Section 19(b) of the 1940 Act and Rule 19b-1 thereunder permitting us to make periodic distributions of long-term capital gains, provided that our distribution policy with respect to our common stock calls for periodic

(e.g., quarterly) distributions in an amount equal to a fixed percentage of our average net asset value over a specified period of time or market price per common share at or about the time of distribution or pay-out of a level dollar amount.

Various factors will affect the levels of cash that we receive from our investments, as well as the amounts of income represented by such cash, such as our asset mix and covered call strategy. We may not be able to make distributions in certain circumstances. To permit us to maintain a more stable distribution, our Board of Directors may from time to time cause us to distribute less than the entire amount of income earned in a particular period. The undistributed income would be available to supplement future distributions. As a result, the distributions paid by us for any particular period may be more or less than the amount of income actually earned by us during that period. Undistributed income will add to our net asset value, and, correspondingly, distributions from undistributed income will deduct from our net asset value. See [Risk Factors](#) [Performance and Distribution Risk](#).

We intend to elect to be treated as, and to qualify each year for the special tax treatment afforded, a RIC under Subchapter M of the Code. Our policy is to distribute to stockholders substantially all of our net investment company taxable income and any net realized long-term capital gains for each fiscal year in a manner that complies with the distribution requirements of the Code, so that we will not be subject to any federal income or excise taxes based on net income. See [Certain U.S. Federal Income Tax Considerations](#) for discussion regarding federal income tax requirements as a RIC.

For tax purposes, distributions of investment company taxable income are generally taxable to stockholders as ordinary income. However, it is expected that part (but not all) of the distributions to our common stockholders of the Fund may be eligible for the qualified dividend income treatment for individual stockholders and the dividends-received deduction for corporate stockholders, assuming the stockholder meets certain holding period requirements with respect to its Fund shares. Any distributions to you in excess of the Fund's investment company taxable income and net capital gains will be treated by you, first, as a tax-deferred return of capital, which is applied against and will reduce the adjusted tax basis of your shares and, after such adjusted tax basis is reduced to zero, will generally constitute capital gains. Any long-term capital gain distributions are taxable to stockholders as long-term capital gains regardless of the length of time shares have been held. Net capital gains distributions are not eligible for the qualified dividend income treatment or the dividends-received deduction. See [Certain U.S. Federal Income Tax Considerations](#) for discussion regarding the potential tax characterization of our distributions to stockholders.

AUTOMATIC DIVIDEND REINVESTMENT PLAN

General

Our Automatic Dividend Reinvestment Plan (the [Plan](#)) will allow participating common stockholders to reinvest distributions in additional shares of our common stock. Shares of common stock will be issued by us under the Plan when our common stock is trading at a premium to NAV. If our common stock is trading at a discount to NAV, shares issued under the Plan will be purchased on the open market. Shares of common stock issued directly from us under the Plan will be acquired at the greater of (1) NAV at the close of business on the payment date of the distribution, or (2) 95% of the market price per common share on the payment date. Common stock issued under the Plan when shares are trading at a discount to NAV will be purchased in the market at market price or a negotiated price determined by the Plan Agent, Computershare Trust Company, N.A. (the [Plan Agent](#)).

Automatic Dividend Reinvestment

If a stockholder's shares are registered directly with us or with a brokerage firm that participates in our Plan through the facilities of The Depository Trust & Clearing Corporation ([DTC](#)) and such stockholder's account is coded dividend

reinvestment by such brokerage firm, all distributions are automatically reinvested for stockholders by the Plan Agent, in additional shares of our common stock (unless a stockholder is ineligible or elects otherwise). If a stockholder's shares are registered with a brokerage firm that participates in the Plan through the facilities of DTC, but such stockholder's account is not coded dividend reinvestment by such brokerage firm or if a stockholder's shares are registered with a brokerage firm that does not participate in the Plan through the facilities of DTC, a stockholder will need to ask its investment executive what arrangements can be made to

set up their account to participate in the Plan. In either case, until such arrangements are made, a stockholder will receive distributions in cash.

Stockholders who elect not to participate in the Plan will receive all distributions payable in cash paid by check mailed directly to the stockholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by the Plan Agent, as dividend paying agent. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by giving written, telephone or internet instructions to the Plan Agent; such termination will be effective with respect to a particular distribution if notice is received prior to the record date for such distribution.

Whenever we declare a distribution payable either in shares or in cash, non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in shares of common stock. The shares are acquired by the Plan Agent for the participant's account, depending upon the circumstances described below, either (i) through receipt of additional shares of common stock from us (Additional Common Stock) or (ii) by purchase of outstanding common stock on the open market (open-market purchases) on the NYSE or elsewhere. If, on the payment date, the NAV per share of our common stock is equal to or less than the market price per share of our common stock plus estimated brokerage commissions (such condition being referred to herein as market premium), the Plan Agent will receive Additional Common Stock from us for each participant's account. The number of shares of Additional Common Stock to be credited to the participant's account will be determined by dividing the dollar amount of the dividend or distribution by the greater of (i) the NAV per share of common stock on the payment date, or (ii) 95% of the market price per share of common stock on the payment date.

If, on the payment date, the NAV per share of common stock exceeds the market price plus estimated brokerage commissions (such condition being referred to herein as market discount), the Plan Agent will invest the distribution amount in shares acquired in open-market purchases as soon as practicable but not later than 30 days following the payment date. We expect to declare and pay quarterly distributions. The weighted average price (including brokerage commissions) of all common stock purchased by the Plan Agent as Plan Agent will be the price per share of common stock allocable to each participant.

The Plan Agent maintains all stockholders' accounts in the Plan and furnishes written confirmation of each acquisition made for the participant's account as soon as practicable, but in no event later than 60 days after the date thereof. Shares in the account of each Plan participant will be held by the Plan Agent in non-certificated form in the Plan Agent's name or that of its nominee, and each stockholder's proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan first in accordance with the instructions of the participants, and then with respect to any proxies not returned by such participant, in the same proportion as the Plan Agent votes the proxies returned by the participants.

There will be no brokerage charges with respect to shares issued directly by us as a result of distributions payable either in shares or in cash. However, each participant will pay a per share fee (currently \$0.05) with respect to the Plan Agent's open-market purchases in connection with the reinvestment of distributions. If a participant elects to have the Plan Agent sell part or all of his or her shares of common stock and remit the proceeds, such participant will be charged his or her pro rata share of brokerage commissions on the shares sold plus a \$15.00 transaction fee.

The automatic reinvestment of distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such distributions. See Certain U.S. Federal Income Tax Considerations.

Stockholders participating in the Plan may receive benefits not available to stockholders not participating in the Plan. If the market price plus commissions of our shares of common stock is higher than the NAV, participants in the Plan will receive shares of our common stock at less than they could otherwise purchase such shares and will have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the NAV, participants will receive distributions of shares of common stock with a NAV greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the

NAV. In addition, because we do not redeem our shares, the price on resale may be more or less than the NAV. See *Certain U.S. Federal Income Tax Considerations* for a discussion of tax consequences of the Plan.

Experience under the Plan may indicate that changes are desirable. Accordingly, we reserve the right to amend or terminate the Plan if in the judgment of the Board of Directors such a change is warranted. The Plan may be terminated by the Plan Agent or by us upon notice in writing mailed to each participant at least 60 days prior to the effective date of the termination. Upon any termination, the Plan Agent will cause a certificate or certificates to be issued for the full shares held by each participant under the Plan and cash adjustment for any fraction of a share of common stock at the then-current market value of the common stock to be delivered to him or her. If preferred, a participant may request the sale of all of the shares of common stock held by the Plan Agent in his or her Plan account in order to terminate participation in the Plan. If such participant elects in advance of such termination to have the Plan Agent sell part or all of his or her shares, the Plan Agent is authorized to deduct from the proceeds a \$15.00 fee plus a \$0.05 fee per share for the transaction. If a participant has terminated his or her participation in the Plan but continues to have shares of common stock registered in his or her name, he or she may re-enroll in the Plan at any time by notifying the Plan Agent in writing at the address below. The terms and conditions of the Plan may be amended by the Plan Agent or by us at any time. Any such amendments to the Plan may be made by mailing to each participant appropriate written notice at least 30 days prior to the effective date of the amendment, except when necessary or appropriate to comply with applicable law or the rules or policies of the SEC or any other regulatory authority, such prior notice does not apply. The amendment shall be deemed to be accepted by each participant unless, prior to the effective date thereof, the Plan Agent receives notice of the termination of the participant's account under the Plan. Any such amendment may include an appointment by the Plan Agent of a successor Plan Agent, subject to the prior written approval of the successor Plan Agent by us. All correspondence concerning the Plan should be directed to Computershare Trust Company, N.A., P.O. Box 43078, Providence, Rhode Island 02940.

Cash Purchase Option

In the future, we may amend the Plan to implement a cash purchase option, whereby participants in the Plan may elect to purchase additional shares of common stock through optional cash investments in limited amounts on a monthly or other periodic basis. If and when we implement the cash purchase option under the Plan, common stockholders will receive notice 60 days prior to its implementation and further details, including information on the offering price and other terms, the frequency of offerings and how to participate in the cash purchase option.

DESCRIPTION OF SECURITIES

The information contained under this heading is only a summary and is subject to the provisions contained in our Charter and Bylaws and the laws of the State of Maryland.

Common Stock

General. Our Charter authorizes us to issue up to 100,000,000 shares of common stock, \$0.001 par value per share. The Board of Directors may, without any action by the stockholders, amend our Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue under our Charter and the 1940 Act. In addition, our Charter authorizes our Board of Directors, without any action by our stockholders, to classify and reclassify any unissued common stock and preferred stock into other classes or series of stock from time to time by setting or changing the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption for each class or series. Although we have no present intention of doing so, we could issue a class or series of stock that could delay, defer or prevent a transaction or a change in control of us that might otherwise be in the stockholders' best interests. Under Maryland law, stockholders generally are not liable for our debts or obligations.

All common stock offered pursuant to this prospectus will be, upon issuance, duly authorized, fully paid and nonassessable. All outstanding common stock offered pursuant to this prospectus will be of the same class and will have identical rights, as described below. Holders of shares of common stock are entitled to receive distributions when authorized by the Board of Directors and declared by us out of assets legally available for the payment of

distributions. Holders of common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. All shares of common stock have equal distribution, liquidation and other rights.

Limitations on Distributions. If any shares of preferred stock are outstanding, holders of shares of common stock will not be entitled to receive any distributions from us unless we have paid all accumulated distributions on preferred stock, and unless asset coverage (as defined in the 1940 Act) with respect to preferred stock would be at least 200% after giving effect to such distributions. See *Leverage*.

If any senior securities representing indebtedness are outstanding, holders of shares of common stock will not be entitled to receive any distributions from us unless we have paid all accrued interest on such senior indebtedness and unless asset coverage (as defined in the 1940 Act) with respect to any outstanding senior indebtedness would be at least 300% after giving effect to such distributions. See *Leverage*.

Liquidation Rights. Common stockholders are entitled to share ratably in the assets legally available for distribution to stockholders in the event of liquidation, dissolution or winding up, after payment of or adequate provision for all known debts and liabilities, including any outstanding debt securities or other borrowings and any interest accrued thereon. These rights are subject to the preferential rights of any other class or series of our stock, including any preferred stock. The rights of common stockholders upon liquidation, dissolution or winding up would be subordinated to the rights of holders of any preferred stock or senior securities representing indebtedness.

Voting Rights. Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. The presence of the holders of shares of stock entitled to cast a majority of the votes entitled to be cast (without regard to class) shall constitute a quorum at a meeting of stockholders. Our Charter provides that, except as otherwise provided in the Bylaws, directors shall be elected by the affirmative vote of the holders of a majority of the shares of stock outstanding and entitled to vote thereon. The Bylaws provide that directors are elected by a plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present. There is no cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the outstanding shares of stock entitled to vote will be able to elect all of the successors of the class of directors whose terms expire at that meeting. Pursuant to the 1940 Act, holders of preferred stock will have the right to elect two directors at all times. Pursuant to our Charter and Bylaws, the Board of Directors may amend the Bylaws to alter the vote required to elect directors.

Under the rules of the NYSE applicable to listed companies, we normally will be required to hold an annual meeting of stockholders in each fiscal year. If we are converted to an open-end company or if for any other reason the shares are no longer listed on the NYSE (or any other national securities exchange the rules of which require annual meetings of stockholders), we may amend our Bylaws so that we are not otherwise required to hold annual meetings of stockholders.

Market. Our common stock is expected to trade on the NYSE under the ticker symbol *TTP*.

Transfer Agent, Dividend Paying Agent and Automatic Dividend Reinvestment Plan Agent. Computershare Trust Company, N.A., P.O. Box 43078, Providence, Rhode Island 02940, will serve as the transfer agent and agent for the Automatic Dividend Reinvestment Plan for our common stock and the dividend paying agent for our common stock.

Preferred Stock

General. Our Charter authorizes the issuance of up to 10,000,000 shares of preferred stock, \$0.001 par value per share, with preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as determined by the Board of Directors.

Our Board of Directors may, without any action by our stockholders, amend our Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue under our Charter and under the 1940 Act. In addition, our Charter authorizes the Board of Directors, without any action by the stockholders, to classify and reclassify any unissued preferred stock

into other classes or series of stock from time to time by setting or changing the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption for each class or series.

Distributions. Holders of any preferred stock will be entitled to receive cash distributions, when, as and if authorized by the Board of Directors and declared by us, out of funds legally available therefor. The prospectus for any preferred stock will describe the distribution payment provisions for those shares. Distributions 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 the common stock. Because we may invest up to 25% of our Total Assets in MLPs, which are expected to generate cash in excess of the taxable income allocated to holders, it is possible that distributions payable on preferred stock could exceed our current and accumulated earnings and profits, which would be treated for federal income tax purposes as a tax-deferred return of capital to the extent of the basis of the shares on which the distribution is paid and thereafter as gain from the sale or exchange of the preferred stock.

Limitations on Distributions. If we have senior securities representing indebtedness outstanding, holders of preferred stock will not be entitled to receive any distributions from us unless asset coverage (as defined in the 1940 Act) with respect to outstanding debt securities and preferred stock would be at least 200% after giving effect to such distributions. See Leverage.

Liquidation Rights. In the event of any voluntary or our involuntary liquidation, dissolution or winding up, the holders of preferred stock would be entitled to receive a preferential liquidating distribution, which is expected to equal the original purchase price per share plus accumulated and unpaid distributions, whether or not declared, before any distribution of assets is made to holders of common stock. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of preferred stock will not be entitled to any further participation in any distribution of our assets. Preferred stock ranks junior to our debt securities upon liquidation, dissolution or winding up.

Voting Rights. Except as otherwise indicated in our Charter or Bylaws, or as otherwise required by applicable law, holders of any preferred stock will have one vote per share and vote together with holders of common stock as a single class.

The 1940 Act requires that the holders of any preferred stock, voting separately as a single class, have the right to elect at least two directors at all times. The remaining directors will be elected by holders of common stock and preferred stock, voting together as a single class. In addition, subject to the prior rights, if any, of the holders of any other class of senior securities outstanding, the holders of any shares of preferred stock have the right to elect a majority of the directors at any time two years accumulated distributions on any preferred stock are unpaid. The 1940 Act also requires that, in addition to any approval by stockholders that might otherwise be required, the approval of the holders of a majority of shares of any outstanding preferred stock, voting separately as a class, would be required to (i) adopt any plan of reorganization that would adversely affect the preferred stock, and (ii) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in our subclassification as a closed-end investment company or changes in our fundamental investment restrictions. See Certain Provisions in Our Charter and Bylaws. As a result of these voting rights, our ability to take any such actions may be impeded to the extent that any shares of our preferred stock are outstanding.

The affirmative vote of the holders of a majority of any outstanding preferred stock, voting as a separate class, will be required to amend, alter or repeal any of the preferences, rights or powers of holders of preferred stock so as to affect materially and adversely such preferences, rights or powers. The class vote of holders of preferred stock described above will in each case be in addition to any other vote required to authorize the action in question.

CERTAIN PROVISIONS IN OUR CHARTER AND BYLAWS

The following description of certain provisions of our Charter and Bylaws is only a summary. For a complete description, please refer to our Charter and Bylaws, which have been filed as exhibits to our registration statement on Form N-2, of which this prospectus forms a part.

Our Charter and Bylaws include provisions that could delay, defer or prevent other entities or persons from acquiring control of us, causing us to engage in certain transactions or modifying our structure. Furthermore, these provisions can have the effect of depriving stockholders of the opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of us. These provisions, all of which are summarized below, may be regarded as anti-takeover provisions.

Classification of the Board of Directors; Election of Directors

Our Charter provides that the number of directors may be established only by the Board of Directors pursuant to the Bylaws, but may not be less than one. The Bylaws provide that the number of directors may not be greater than nine. Subject to any applicable limitations of the 1940 Act, any vacancy may be filled, at any regular meeting or at any special meeting called for that purpose, only by a majority of the remaining directors, even if those remaining directors do not constitute a quorum. Pursuant to our Charter, the Board of Directors is divided into three classes: Class I, Class II and Class III. Upon the expiration of their current terms, which expire in 2012, 2013 and 2014, respectively, directors of each class will be elected to serve for three-year terms and until their successors are duly elected and qualify. Each year only one class of directors will be elected by the stockholders. The classification of the Board of Directors should help to assure the continuity and stability of our strategies and policies as determined by the Board of Directors.

The classified Board provision could have the effect of making the replacement of incumbent directors more time-consuming and difficult. At least two annual meetings of stockholders, instead of one, will generally be required to effect a change in a majority of the Board of Directors. Thus, the classified Board provision could increase the likelihood that incumbent directors will retain their positions. The staggered terms of directors may delay, defer or prevent a change in control of the Board of Directors, even though a change in control might be in the best interests of the stockholders.

Removal of Directors

Our Charter provides that, subject to the rights of holders of one or more classes of preferred stock, a director may be removed only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors. This provision, when coupled with the provision in the Bylaws authorizing only the Board of Directors to fill vacant directorships, precludes stockholders from removing incumbent directors, except for cause and by a substantial affirmative vote, and filling the vacancies created by the removal with nominees of stockholders.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless declared advisable by the Board of Directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for stockholder approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Subject to certain exceptions described below, our Charter provides for approval of Charter amendments by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter provides that (1) our liquidation or dissolution, or any merger, consolidation, share exchange or sale or exchange of all or substantially all of our assets that requires the approval of our stockholders under the Maryland General Corporation Law, (2) certain transactions between us and any person or group of persons acting together and any person controlling, controlled by or under common control with any such person or member of such group, that may exercise or direct the exercise of 10% or more of our voting power in the election of directors, (3) any amendment to our charter that would convert us from a closed-end investment company to an open-end

investment company or otherwise make our common stock a redeemable security and (4) any amendment to certain provisions of our charter, including the provisions relating to the number, qualifications, classification, election and removal of directors, requires the approval of the stockholders entitled to cast at least 80% of the votes entitled to be cast on such matter. If such a proposal is approved by at least two-thirds of our Continuing Directors (defined below), in addition to approval by the full Board, such

proposal may be approved by the stockholders entitled to cast a majority of the votes entitled to be cast on such matter or, in the case of transactions with a group described above, by the vote, if any, of the stockholders required by applicable law. The Continuing Directors are defined in our Charter as (i) our current directors, (ii) those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of Continuing Directors then on the Board and (iii) any successor directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the Continuing Directors then in office. This provision could make it more difficult for certain extraordinary transactions to be approved if they are opposed by the Continuing Directors, and discourage proxy contests for control of the Board by persons wishing to cause such transactions to take place.

Our Charter and Bylaws provide that the Board of Directors has the exclusive power to make, alter, amend or repeal any provision of our Bylaws.

Advance Notice of Director Nominations and New Business

The Bylaws provide that, with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to notice of the meeting, (2) by or at the direction of the Board of Directors, or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the Bylaws. With respect to special meetings of stockholders, only the business specified in the Company's notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board of Directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of the Board of Directors, or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the Bylaws.

Stockholder-Requested Special Meetings

Our Bylaws provide that special meetings of stockholders may be called by the Board of Directors and certain of our officers. In addition, our Bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the Company upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Action by Stockholders

Under Maryland law, stockholder action can be taken only at an annual or special meeting of stockholders or, unless the charter provides for stockholder action by less than unanimous written consent (which is not the case for our Charter), by unanimous written consent in lieu of a meeting.

CLOSED END COMPANY STRUCTURE

We are a non-diversified closed-end investment company and as such our stockholders will not have the right to cause us to redeem their shares. Instead, our common stock trades in the open market at a price that will be a function of several factors, including distribution levels (which are in turn affected by expenses), NAV, distribution stability, portfolio credit quality, relative demand for and supply of such shares in the market, general market and economic conditions and other factors.

Shares of closed-end management investment companies frequently trade at a discount to their NAV. This characteristic of shares of closed-end management investment companies is a risk separate and distinct from the risk that our NAV may decrease as a result of investment activities. To the extent our common shares do trade at a

discount, the Board of Directors may from time to time engage in open-market repurchases or tender offers for shares after balancing the benefit to stockholders of the increase in the NAV per share resulting from such purchases against the decrease in our assets, the potential increase in the ratio of our expenses to our assets and the decrease in asset coverage with respect to any outstanding preferred stock. Any such purchase or tender offers may result in the temporary narrowing of any discount but will not necessarily have any long-term effect on the level of any discount.

There is no guarantee or assurance that the Board of Directors will decide to engage in any of these actions. Nor is there any guarantee or assurance that such actions, if undertaken, would result in the shares trading at a price equal or close to NAV per share. Any share repurchase or tender offers will be made in accordance with requirements of the Securities Exchange Act of 1934 (the Exchange Act), the 1940 Act and the principal stock exchange on which the common shares are traded.

Conversion to an open-end mutual fund is extremely unlikely in light of our investment objective and policies and would require approval of our Board of Directors and stockholder approval to amend our Charter. If we converted to an open-end mutual fund, we would be required to redeem all senior notes and preferred shares then outstanding (requiring us, in turn, to liquidate a significant portion of our investment portfolio), and our common stock would no longer be listed on the NYSE or any other exchange. In contrast to a closed-end investment company, shareholders of an open-end investment company require a fund to redeem its shares of common stock at any time (except in certain circumstances as authorized by the 1940 Act or the rules thereunder) at their NAV, without the discount commonly associated with closed-end investment companies. Open-end investment companies engage in a continuous offering of their shares and may maintain large cash positions or be required to liquidate favorable investments to meet redemptions. Open-end investment companies are thus subject to periodic asset in-flows and out-flows that can complicate portfolio management. In addition, certain of our investment policies and restrictions may be incompatible with the requirements applicable to an open-end investment company. Accordingly, conversion to an open-end investment company may require material changes to our investment policies.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain U.S. federal income tax considerations affecting the Fund and its stockholders. The discussion reflects applicable U.S. federal income tax laws of the U.S. as of the date of this prospectus, which tax laws may be changed or subject to new interpretations by the courts or the Internal Revenue Service (the IRS), possibly with retroactive effect. No attempt is made to present a detailed explanation of all U.S. federal income, estate or gift, or state, local or foreign tax concerns affecting the Fund and its stockholders (including stockholders owning large positions in the Fund). The discussion set forth herein does not constitute tax advice. Investors are urged to consult their own tax advisers to determine the tax consequences to them of investing in the Fund.

In addition, no attempt is made to address tax concerns applicable to an investor with a special tax status, such as a financial institution, real estate investment trust, insurance company, RIC, individual retirement account, other tax-exempt entity, dealer in securities or non-U.S. investor. Furthermore, this discussion does not reflect possible application of the alternative minimum tax. Unless otherwise noted, this discussion assumes the Fund's stock is held by U.S. persons and that such shares are held as capital assets.

A U.S. holder is a beneficial owner that is for U.S. federal income tax purposes:

a citizen or individual resident of the United States (including certain former citizens and former long-term residents);

a corporation or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. stockholders have the authority to control all of its substantial decisions or

the trust has made a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

A Non-U.S. holder is a beneficial owner of shares of the Fund that is an individual, corporation, trust, or estate and is not a U.S. holder. If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds shares of the Fund, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership.

Taxation as a RIC

The Fund intends to elect to be treated as, and to qualify each year for the special tax treatment afforded, a RIC under Subchapter M of the Code. As long as the Fund meets certain requirements that govern the Fund's source of income, diversification of assets and distribution of earnings to stockholders, the Fund will not be subject to U.S. federal income tax on income distributed (or treated as distributed, as described below) to its stockholders. With respect to the source of income requirement, the Fund must derive in each taxable year at least 90% of its gross income (including tax-exempt interest) from (i) dividends, interest, payments with respect to certain securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including but not limited to gains from options, futures and forward contracts) derived with respect to its business of investing in such shares, securities or currencies and (ii) net income derived from interests in qualified publicly traded partnerships. A qualified publicly traded partnership is generally defined as a publicly traded partnership under Section 7704 of the Code, but does not include a publicly traded partnership if 90% or more of its income is described in (i) above. For purposes of the income test, the Fund will be treated as receiving directly its share of the income of any partnership that is not a qualified publicly traded partnership.

With respect to the diversification of assets requirement, the Fund must diversify its holdings so that, at the end of each quarter of each taxable year, (i) at least 50% of the value of the Fund's Total Assets is represented by cash and cash items, U.S. Government securities, the securities of other RICs and other securities, with such other securities limited for purposes of such calculation, in respect of any one issuer, to an amount not greater than 5% of the value of the Fund's Total Assets and not more than 10% of the outstanding voting securities of such issuer and (ii) not more than 25% of the value of the Fund's Total Assets is invested in the securities of any one issuer (other than U.S. Government securities or the securities of other RICs), the securities (other than the securities of other RICs) of any two or more issuers that the Fund controls and that are determined to be engaged in the same, similar or related trades or businesses, or the securities of one or more qualified publicly traded partnerships.

If the Fund qualifies as a RIC and distributes to its stockholders at least 90% of the sum of (i) its investment company taxable income, as that term is defined in the Code (which includes, among other items, dividends, taxable interest, and the excess of any net short-term capital gains over net long-term capital losses, as reduced by certain deductible expenses) without regard to the deduction for dividends paid and (ii) the excess of its gross tax-exempt interest, if any, over certain deductions attributable to such interest that are otherwise disallowed, the Fund will be relieved of U.S. federal income tax on any income of the Fund, including long-term capital gains, distributed to stockholders. However, if the Fund retains any investment company taxable income or net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss), it will be subject to U.S. federal income tax at regular corporate federal income tax rates (currently at a maximum rate of 35%) on the amount retained. The Fund intends to distribute at least annually substantially all of its investment company taxable income, net tax-exempt interest, and net capital gain. Under the Code, the Fund will generally be subject to a nondeductible 4% federal excise tax on the undistributed portion of its ordinary income and capital gains if it fails to meet certain distribution requirements with respect to each calendar year. In order to avoid the 4% federal excise tax, the required minimum distribution is generally equal to the sum of (1) 98% of the Fund's ordinary income (computed on a calendar year basis), (2) 98.2% of the Fund's capital gain net income (generally computed for the one-year period ending on October 31), and (3) certain amounts from previous years to the extent such amounts have not been treated as distributed or been subject to tax under Subchapter M of the Code. The Fund generally intends to make distributions in a timely manner in an amount at least equal to the required minimum distribution and therefore, under normal market conditions, does not currently expect to be subject to this excise tax.

The Fund intends to invest a portion of its assets in MLPs. Net income derived from an interest in a qualified publicly traded partnership, which generally includes MLPs, is included in the sources of income from which a RIC must derive 90% of its gross income. However, not more than 25% of the value of a RIC's Total Assets can be invested in

the securities of qualified publicly traded partnerships. The Fund intends to invest only in MLPs that will constitute qualified publicly traded partnerships for purposes of the RIC rules, and not more than 25% of the value of the Fund's Total Assets will be invested in the securities of publicly traded partnerships.

Federal Income Taxation of MLPs

MLPs are similar to corporations in many respects, but differ in others, especially in the way they are taxed for federal income tax purposes. A corporation is a distinct legal entity, separate from its stockholders and employees and is treated as a separate entity for federal income tax purposes as well. Like individual taxpayers, a corporation must pay a federal income tax on its income. To the extent the corporation distributes its income to its stockholders in the form of dividends, the stockholders must pay federal income tax on the dividends they receive. For this reason, it is said that corporate income is double-taxed, or taxed at two levels.

An MLP that satisfies the Qualifying Income rules described below, and does not elect otherwise, is treated for federal income tax purposes as a pass-through entity. No federal income tax is paid at the partnership level. A partnership's income is considered earned by all the partners; it is allocated among all the partners in proportion to their interests in the partnership (generally as provided in the partnership agreement), and each partner pays tax on his, her or its share of the partnership's income. All the other items that go into determining taxable income and tax owed are passed through to the partners as well—capital gains and losses, deductions, credits, etc. Partnership income is thus said to be single-taxed or taxed only at one level—that of the partner.

The Code generally requires publicly traded partnerships to be treated as corporations for federal income tax purposes. However, if the publicly traded partnership satisfies certain requirements and does not elect otherwise, the publicly traded partnership will be taxed as a partnership for federal income tax purposes, referred to herein as an MLP. Under these requirements, an MLP must derive each taxable year at least 90% of its gross income from Qualifying Income.

Qualifying Income for MLPs includes interest, dividends, real estate rents, gain from the sale or disposition of real property, certain income and gain from commodities or commodity futures, and income and gain from certain mineral or natural resources activities. Mineral or natural resources activities that generate Qualifying Income include income and gains from the exploration, development, mining or production, processing, refining, transportation (including pipelines transporting gas, oil or products thereof), or the marketing of any mineral or natural resource (including fertilizer, geothermal energy, and timber). Most MLPs today are in energy, timber, or real estate related businesses.

Because the MLP itself does not pay federal income tax, its income or loss is allocated to its investors, irrespective of whether the investors receive any cash payment from the MLP. MLPs generally make quarterly cash distributions. Although they resemble corporate dividends, MLP distributions are treated differently. The MLP distribution is treated as a return of capital to the extent of the investor's basis in his MLP interest and, to the extent the distribution exceeds the investor's basis in the MLP interest, capital gain. The investor's original basis is the price paid for the units. The basis is adjusted downward with each distribution and allocation of deductions (such as depreciation) and losses, and upwards with each allocation of income.

When the units are sold, the difference between the sales price and the investor's adjusted basis is the gain or loss for federal income tax purposes. The partner generally will not be taxed on distributions until (1) he sells his MLP units and pays tax on his gain, which gain is increased resulting from the basis decrease resulting from prior distributions; or (2) his basis reaches zero.

Failure to Qualify as a RIC

If the Fund is unable to satisfy the 90% distribution requirement or otherwise fails to qualify as a RIC in any year, it will be taxed in the same manner as an ordinary corporation and distributions to the Fund's stockholders will not be deductible by the Fund in computing its taxable income. In such event, the Fund's distributions, to the extent derived from the Fund's current or accumulated earnings and profits, would constitute dividends, which would generally be eligible for the dividends received deduction available to corporate stockholders, and non-corporate stockholders

would generally be able to treat such distributions as qualified dividend income eligible for reduced rates of U.S. federal income taxation in taxable years beginning on or before December 31, 2012, provided in each case that certain holding period and other requirements are satisfied. Distributions in excess of the Fund's current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholders' tax basis in their Fund shares, and any remaining distributions would be treated as a capital gain. Earnings and profits are generally treated, for federal income tax purposes, as first being used to pay distributions on preferred

stock, and then to the extent remaining, if any, to pay distributions on the common stock. To qualify as a RIC in a subsequent taxable year, the Fund would be required to satisfy the source-of-income, the asset diversification, and the annual distribution requirements for that year and dispose of any earnings and profits from any year in which the Fund failed to qualify for tax treatment as a RIC. Subject to a limited exception applicable to RICs that qualified as such under the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, the Fund would be subject to tax on any unrealized built-in gains in the assets held by it during the period in which the Fund failed to qualify for tax treatment as a RIC that are recognized within the subsequent 10 years, unless the Fund made a special election to pay corporate-level tax on such built-in gain at the time of its requalification as a RIC.

Taxation for U.S. Stockholders

Assuming the Fund qualifies as a RIC, distributions paid to you by the Fund from its investment company taxable income will generally be taxable to you as ordinary income to the extent of the Fund's earnings and profits, whether paid in cash or reinvested in additional shares. A portion of such distributions (if designated by the Fund) may qualify (i) in the case of corporate stockholders, for the dividends received deduction under Section 243 of the Code to the extent that the Fund's income consists of dividend income from U.S. corporations, excluding distributions from certain entities, including REITs, or (ii) in the case of individual stockholders for taxable years beginning on or prior to December 31, 2012, as qualified dividend income eligible to be taxed at reduced rates under Section 1(h)(11) of the Code (which generally provides for a maximum rate of 15%) to the extent that the Fund receives qualified dividend income, and provided in each case that certain holding period and other requirements are met. Qualified dividend income is, in general, dividend income from taxable domestic corporations and qualified foreign corporations (e.g., generally, if the issuer is incorporated in a possession of the United States or in a country with a qualified comprehensive income tax treaty with the United States, or if the stock with respect to which such dividend is paid is readily tradable on an established securities market in the United States). To be treated as qualified dividend income, the stockholder must hold the shares paying otherwise qualifying dividend income more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. A stockholder's holding period may be reduced for purposes of this rule if the stockholder engages in certain risk reduction transactions with respect to the stock. A qualified foreign corporation generally excludes any foreign corporation that, for the taxable year of the corporation in which the dividend was paid or the preceding taxable year, is a passive foreign investment company. Distributions made to you from an excess of net long-term capital gain over net short-term capital losses (capital gain dividends), including capital gain dividends credited to you but retained by the Fund, will be taxable to you as long-term capital gain if they have been properly designated by the Fund, regardless of the length of time you have owned our shares. The maximum tax rate on capital gain dividends received by individuals is generally 15% for such gain realized before January 1, 2013.

Distributions in excess of the Fund's earnings and profits will be treated by you, first, as a tax-free return of capital, which is applied against and will reduce the adjusted tax basis of your shares and, after such adjusted tax basis is reduced to zero, will generally constitute capital gain to you. Under current law, the maximum 15% tax rate on long-term capital gains and qualified dividend income will cease to apply for taxable years beginning after December 31, 2012; beginning in 2013, the maximum rate on long-term capital gains is scheduled to increase to 20%, and all ordinary dividends (including amounts treated as qualified dividends under the law currently in effect) will be taxed as ordinary income. Generally, not later than 60 days after the close of its taxable year, the Fund will provide you with a written notice designating the amount of any qualified dividend income or capital gain dividends and other distributions.

As a RIC, the Fund will be subject to the AMT, but any items that are treated differently for AMT purposes must be apportioned between the Fund and the stockholders and this may affect the stockholders' AMT liabilities. The Fund intends in general to apportion these items in the same proportion that dividends paid to each shareholder bear to the

Fund's taxable income (determined without regard to the dividends paid deduction).

Sales and other dispositions of the Fund's shares generally are taxable events. You should consult your own tax adviser with reference to your individual circumstances to determine whether any particular transaction in the Fund's shares is properly treated as a sale or exchange for federal income tax purposes and the tax treatment of any gains or losses recognized in such transactions. The sale or other disposition of shares of the Fund will generally result in capital gain or loss to you equal to the difference between the amount realized and your adjusted tax basis in

the shares sold or exchanged, and will be long-term capital gain or loss if your holding period for the shares is more than one year at the time of sale. Any loss upon the sale or exchange of shares held for six months or less will be treated as long-term capital loss to the extent of any capital gain dividends you received (including amounts credited as an undistributed capital gain dividend) with respect to such shares. A loss you realize on a sale or exchange of shares of the Fund generally will be disallowed if you acquire other substantially identical shares within a 61-day period beginning 30 days before and ending 30 days after the date that you dispose of the shares. In such case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Present law taxes both long-term and short-term capital gain of corporations at the rates applicable to ordinary income of corporations. For non-corporate taxpayers, short-term capital gain will currently be taxed at the rate applicable to ordinary income, currently a maximum rate of 35%, while long-term capital gain realized before January 1, 2013 generally will be taxed at a maximum rate of 15%. Capital losses are subject to certain limitations.

For purpose of determining (i) whether the annual distribution requirement is satisfied for any year and (ii) the amount of capital gain dividends paid for that year, the Fund may, under certain circumstances, elect to treat a distribution that is paid during the following taxable year as if it had been paid during the taxable year in question. If the Fund makes such an election, the U.S. shareholder will still be treated as receiving the distribution in the taxable year in which the distribution is made. However, if the Fund pays you a distribution in January that was declared in the previous October, November or December to stockholders of record on a specified date in one of such months, then such distribution will be treated for tax purposes as being paid by the Fund and received by you on December 31 of the year in which the distribution was declared. A stockholder may elect not to have all distributions automatically reinvested in Fund shares pursuant to the Plan. If a stockholder elects not to participate in the Plan, such stockholder will receive distributions in cash. For taxpayers subject to U.S. federal income tax, all distributions will generally be taxable, as discussed above, regardless of whether a stockholder takes them in cash or they are reinvested pursuant to the Plan in additional shares of the Fund.

If a stockholder's distributions are automatically reinvested pursuant to the Plan, for U.S. federal income tax purposes, the stockholder will generally be treated as having received a taxable distribution in the amount of the cash dividend that the stockholder would have received if the stockholder had elected to receive cash. Under certain circumstances, however, if a stockholder's distributions are automatically reinvested pursuant to the Plan and the Plan Agent invests the distribution in newly issued shares of the Fund, the stockholder may be treated as receiving a taxable distribution equal to the fair market value of the stock the stockholder receives.

The Fund intends to distribute substantially all realized capital gains, if any, at least annually. If, however, the Fund were to retain any net capital gain, the Fund may designate the retained amount as undistributed capital gains in a notice to stockholders who, if subject to U.S. federal income tax on long-term capital gains, (i) will be required to include in income as long-term capital gain, their proportionate shares of such undistributed amount and (ii) will be entitled to credit their proportionate shares of the federal income tax paid by the Fund on the undistributed amount against their U.S. federal income tax liabilities, if any, and to claim refunds to the extent the credit exceeds such liabilities. If such an event occurs, the tax basis of shares owned by a stockholder of the Fund will, for U.S. federal income tax purposes, generally be increased by the difference between the amount of undistributed net capital gain included in the stockholder's gross income and the tax deemed paid by the stockholders.

Call Options

The Fund's covered call options generally will be treated as options governed by Code Section 1234. Pursuant to Code Section 1234, if a written option expires unexercised, the premium received is short-term capital gain to the Fund. If the Fund enters into a closing transaction, the difference between the amount paid to close out its position and the premium received for writing the option is short-term capital gain or loss. If a call option written by the Fund is cash settled, any resulting gain or loss will generally be short-term capital gain or loss.

The Code contains special rules that apply to straddles, defined generally as the holding of offsetting positions with respect to personal property. For example, the straddle rules normally apply when a taxpayer holds stock and an offsetting option with respect to such stock or substantially identical stock or securities. In general, investment positions will be offsetting if there is a substantial diminution in the risk of loss from holding one position by reason of holding one or more other positions. If two or more positions constitute a straddle, recognition of a realized loss from

one position must generally be deferred to the extent of unrecognized gain in an offsetting position. In addition, long-term capital gain may be recharacterized as short-term capital gain, or short-term capital loss as long-term capital loss. Interest and other carrying charges allocable to personal property that is part of a straddle are not currently deductible but must instead be capitalized. Similarly, wash sale rules apply to prevent the recognition of loss by the Fund from the disposition of stock or securities at a loss in a case in which identical or substantially identical stock or securities (or an option to acquire such property) is or has been acquired within a prescribed period.

To the extent that any of the Fund's positions constitute tax straddles which do not qualify as a qualified covered call under Section 1092(c)(4), the impact upon the Fund's income taxes will include: dividends received on the long common stock leg of the straddle may not be eligible for distributions that qualify as qualified dividend income or for the corporate dividends received deduction, the Fund will generally realize short-term gain or loss on the long common stock leg of the straddle (to the extent losses are not otherwise deferred) and, realized losses on either the long common stock or the written (short) option legs of the straddle may be deferred for tax purposes to the extent that both legs of the straddle are not closed within the same tax year.

In general, a qualified covered call option is an option that is written (sold) with respect to stock that is held or acquired by a taxpayer in connection with granting the option which meets certain requirements, including: the option is exchange-traded or, if over-the-counter, meets certain IRS requirements, is granted more than 30 days prior to expiration, is not deep-in-the-money (within the meaning of Section 1092), is not granted by an options dealer (within the meaning of Section 1256(g)(8)) in connection with the option dealer's activity of dealing in options, and gain or loss with respect to such option is not ordinary income or loss. Provided the Fund's covered calls meet the definition of qualified covered calls and are not part of a larger straddle, the general tax straddle holding period termination rules will not apply. As a result, dividend income received with respect to the long common stock leg of the straddle may be eligible for qualified dividend income and corporate dividends received deduction treatment (assuming all other relevant requirements are met). In addition, the general tax straddle rules requiring loss deferral and the capitalization of certain interest expense and carrying charges will not apply. Qualified covered call option positions are, however, subject to special rules in the case of options which are in-the-money (but still not deep-in-the-money) or for positions which are closed near year end (and not within the same year end).

The Fund may enter into transactions that would be treated as Section 1256 Contracts under the Code. In general, the Fund would be required to treat any Section 1256 Contracts as if they were sold for their fair market value at the end of the Fund's taxable year, and would be required to recognize gain or loss on such deemed sale for federal income tax purposes even though the Fund did not actually sell the contract and receive cash. Forty percent of such gain or loss would be treated as short-term capital gain or loss and sixty percent of such gain or loss would be treated as long-term capital gain or loss.

The Code allows a taxpayer to elect to offset gains and losses from positions that are part of a mixed straddle. A mixed straddle is any straddle in which one or more but not all positions are section 1256 contracts. The Fund may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily marking to market of all open positions in the account and a daily netting of gains and losses from all positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The net capital gain or loss is treated as 60 percent long-term and 40 percent short-term capital gain or loss if attributable to the section 1256 contract positions, or all short-term capital gain or loss if attributable to the non-section 1256 contract positions.

The Fund's transactions in options will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Fund (i.e., may affect whether gains or losses are ordinary or capital, or short-term or long-term), may accelerate recognition of income to the Fund and may defer Fund losses. These rules could, therefore, affect the character, amount and timing of distributions to stockholders. These provisions

also (a) will require the Fund to mark-to-market certain types of the positions in its portfolio (i.e., treat them as if they were closed out), and (b) may cause the Fund to recognize income without receiving cash with which to make distributions in amounts necessary to satisfy the distribution requirement for qualifying to be taxed as a RIC and the distribution requirement for avoiding excise taxes. The Fund will monitor its transactions, will make the appropriate tax elections and will make the appropriate entries in its books and records in order to mitigate the effect of these rules and prevent disqualification of the Fund from being taxed as a RIC.

Withholding and Other

Further, certain of the Fund's investment practices are subject to special and complex federal income tax provisions that may, among other things, (i) convert distributions that would otherwise constitute qualified dividend income into short-term capital gain or ordinary income taxed at the higher rate applicable to ordinary income, (ii) treat distributions that would otherwise be eligible for the corporate dividends received deduction as ineligible for such treatment, (iii) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (iv) convert long-term capital gain into short-term capital gain or ordinary income, (v) convert an ordinary loss or deduction into a capital loss (the deductibility of which is more limited), (vi) cause the Fund to recognize income or gain without a corresponding receipt of cash, (vii) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (viii) adversely alter the characterization of certain complex financial transactions, and (ix) produce income that will not qualify as good income for purposes of the 90% annual gross income requirement described above. While it may not always be successful in doing so, the Fund will seek to avoid or minimize any adverse tax consequences of its investment practices.

The Fund may be subject to withholding and other taxes imposed by foreign countries, including taxes on interest, dividends and capital gains with respect to its investments in those countries, which would, if imposed, reduce the yield on or return from those investments. Tax treaties between certain countries and the United States may reduce or eliminate such taxes in some cases. The Fund does not expect to satisfy the requirements for passing through to its stockholders their pro rata shares of qualified foreign taxes paid by the Fund, with the result that stockholders will not be entitled to a tax deduction or credit for such taxes on their own US federal income tax returns, although the Fund's payment of such taxes will remain eligible for a foreign tax credit or a deduction in computing the Fund's taxable income.

The Fund is required in certain circumstances to backup withhold at a current rate of 28% (which is scheduled to increase to 31% after 2012) on taxable distributions and certain other payments paid to certain holders of the Fund's shares who do not furnish the Fund with their correct taxpayer identification number (in the case of individuals, their social security number) and certain certifications, or who are otherwise subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld from payments made to you may be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

U.S. Federal Income Tax Considerations for Non-U.S. Stockholders

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to a Non-U.S. holder of our stock (a Non-U.S. Stockholder).

This summary does not purport to be a complete description of the income tax considerations for a Non-U.S. Stockholder. For example, the following does not describe income tax consequences that are assumed to be generally known by investors or certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws. This summary does not discuss any aspects of U.S. estate or gift tax or state or local tax. In addition, this summary does not address (i) any Non-U.S. Stockholder that holds, at any time, more than 5 percent of the Fund's stock, directly or under ownership attribution rules applicable for purposes of Section 897 of the Code, or (ii) any Non-U.S. Stockholder whose ownership of shares of the Fund is effectively connected with the conduct of a trade or business in the United States.

As indicated above, the Fund intends to elect to be treated, and to qualify each year, as a RIC for U.S. federal income tax purposes. This summary is based on the assumption that the Fund will qualify as a RIC in each of its taxable years. Distributions of the Fund's investment company taxable income to Non-U.S. Stockholders will, except as discussed below, be subject to withholding of U.S. federal income tax at a 30% rate (or lower rate provided by an applicable

income tax treaty) to the extent of the Fund's current and accumulated earnings and profits. In order to obtain a reduced rate of withholding, a Non-U.S. Stockholder will be required to provide an Internal Revenue Service Form W-8BEN certifying its entitlement to benefits under a treaty. Distributions made out of qualified interest income or net short-term capital gain in any taxable year of the Fund beginning before January 1, 2012 will generally not be subject to this withholding tax. If, however, a Non-U.S. Stockholder who is an individual has been

present in the United States for 183 days or more during the taxable year and meets certain other conditions, any such distribution of net short-term capital gain will be subject to U.S. federal income tax at a rate of 30% (or lower rate provided by an applicable income tax treaty).

Actual or deemed distributions of the Fund's net capital gains to a Non-U.S. Stockholder, and gains realized by a Non-U.S. Stockholder upon the sale of the Fund's stock, will not be subject to withholding of U.S. federal income tax and generally will not be subject to U.S. federal income tax unless the Non-U.S. Stockholder is an individual, has been present in the United States for 183 days or more during the taxable year, and certain other conditions are satisfied.

If the Fund distributes its net capital gains in the form of deemed rather than actual distributions (which the Fund may do in the future), a Non-U.S. Stockholder may be entitled to a federal income tax credit or tax refund equal to the stockholder's allocable share of the tax the Fund paid on the capital gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. Stockholder must obtain a U.S. taxpayer identification number and file a federal income tax return even if the Non-U.S. Stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a federal income tax return.

A Non-U.S. Stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of federal income tax, may be subject to information reporting and backup withholding of federal income tax on dividends unless the Non-U.S. Stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. Stockholder or otherwise establishes an exemption from backup withholding. The amount of any backup withholding from a payment to a Non-U.S. Stockholder will be allowed as a credit against such Non-U.S. Stockholder's United States federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Medicare Tax

For taxable years beginning after December 31, 2012, recently enacted legislation will generally impose a 3.8 percent tax on the net investment income of certain individuals with a modified adjusted gross income of over \$200,000 (\$250,000 in the case of joint filers) and on the undistributed net investment income of certain estates and trusts. For these purposes, net investment income will generally include interest, dividends, annuities, royalties, rent, net gain attributable to the disposition of property not held in a trade or business (including net gain from the sale, exchange or other taxable disposition of shares of our stock) and certain other income, but will be reduced by any deductions properly allocable to such income or net gain. Thus, certain of our taxable distributions to stockholders may be subject to the additional tax.

Recently Enacted Legislation

Beginning with payments of dividends or interest made on or after January 1, 2014, and payments of gross proceeds made after January 1, 2015, recently enacted legislation will generally impose a 30% withholding tax on distributions paid with respect to our stock and the gross proceeds from a disposition of our stock paid to (i) a foreign financial institution (as defined in Section 1471(d)(4) of the Code) unless the foreign financial institution enters into an agreement with the U.S. Treasury Department to collect and disclose information regarding its U.S. account holders (including certain account holders that are foreign entities that have U.S. owners) and satisfies certain other requirements, and (ii) certain other non-U.S. entities unless the entity provides the payor with certain information

regarding direct and indirect U.S. owners of the entity, or certifies that it has no such U.S. owners, and complies with certain other requirements. You are encouraged to consult with your own tax adviser regarding the possible implications of this recently enacted legislation on your investment in our stock.

The foregoing is a general and abbreviated summary of the provisions of the Code and the treasury regulations in effect as they directly govern the taxation of the Fund and its stockholders. These provisions are subject to change by legislative and administrative action, and any such change may be retroactive. Stockholders are urged to consult their tax advisers regarding specific questions as to U.S. federal, foreign, state, local income or other taxes.

UNDERWRITERS

Under the terms and subject to the conditions of an underwriting agreement dated as of the date of this prospectus, the underwriters named below (the "Underwriters"), for whom Morgan Stanley & Co. LLC, Citigroup Global Markets Inc. and UBS Securities LLC are acting as representatives (the "Representatives"), have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Underwriter	Number of Common Shares
Morgan Stanley & Co. LLC	
Citigroup Global Markets Inc.	
UBS Securities LLC	
Ameriprise Financial Services, Inc.	
Barclays Capital Inc.	
Oppenheimer & Co. Inc.	
RBC Capital Markets, LLC	
Stifel, Nicolaus & Company, Incorporated	
Robert W. Baird & Co. Incorporated	
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	
Chardan Capital Markets, LLC	
Comerica Securities, Inc.	
J.J.B. Hilliard, W.L. Lyons, LLC	
Janney Montgomery Scott LLC	
Knight Capital Americas, L.P.	
Ladenburg Thalmann & Co. Inc.	
Maxim Group LLC	
Morgan Keegan & Company, Inc.	
Wedbush Securities Inc.	
Wunderlich Securities, Inc.	
Total	

The Underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the Underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the Underwriters are not required to take or pay for the shares covered by the Underwriters' over-allotment option described below.

The Underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part of the shares to certain dealers at a price that represents a concession not in excess of \$ per share of common stock under the initial offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the Representatives. The underwriting discounts and commissions (sales load) of \$1.125 per common share are equal to

4.5% of the initial offering price. Investors must pay for any common shares purchased on or before _____, 2011.

We have granted to the Underwriters an option, exercisable for 45 days from the date of this prospectus, to purchase up to an aggregate of _____ shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The Underwriters may exercise this option

solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of the additional shares of common stock as the number listed next to the Underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all Underwriters in the preceding table. If the Underwriters over-allotment option is exercised in full, the total price to the public would be \$, the total Underwriters' discount and commissions (sales load) would be \$, and the total proceeds to us would be \$.

The following table summarizes the estimated expenses and compensation that we will pay

	Per Common Share		Total	
	Without Over-Allotment	With Over-Allotment	Without Over-Allotment	With Over-Allotment
Public offering price	\$ 25.000	\$ 25.000	\$	\$
Sales load	\$ 1.125	\$ 1.125	\$	\$
Proceeds, before expenses, to the Fund	\$ 23.875	\$ 23.875	\$	\$

The fees described below under Additional Compensation to be Paid by Our Adviser are not reimbursable to the Adviser by us, and are therefore not reflected in expenses payable by us in the table above.

Offering expenses paid by us (excluding the sales load, but including a portion of the amount payable to an affiliate of the Adviser for the marketing of our common stock) will not exceed \$0.05 per share of common stock sold by us in this offering. If the offering expenses referred to in the preceding sentence exceed this amount, the Adviser will pay the excess and will also pay all organizational expenses. The aggregate offering expenses (excluding sales load) are estimated to be \$ in total, \$ of which will be borne by us (or \$ if the Underwriters exercise their over-allotment option in full). See Summary of Company Expenses.

The Underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of common shares offered by them.

In order to meet requirements for listing the common shares on the New York Stock Exchange, the Underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial owners in the United States. The minimum investment requirement is 100 common shares (\$2,500).

Our common stock is expected to be approved for listing on the New York Stock Exchange under the trading symbol TTP.

We and all directors and officers and the holders of all of our outstanding stock have agreed that, without the prior written consent of the Representatives on behalf of the Underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;

file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. Notwithstanding the foregoing, if (i) during the last 17 days of the 180-day restricted period, we issue an earnings release or announce material news or a material event relating to the Company; or (ii) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day

period beginning on the last day of the 180-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the date of the earnings release or the announcement of the material news or material event. These lock-up agreements will not apply to the shares of common stock to be sold pursuant to the underwriting agreement or any shares of common stock issued pursuant to our Automatic Dividend Reinvestment Plan or any preferred share issuance, if any.

In order to facilitate the offering of the common stock, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the Underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the Underwriters under the over-allotment option (exercisable for 45 days from the date of this prospectus). The Underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the Underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The Underwriters may also sell shares of common stock in excess of the over-allotment option, creating a naked short position. The Underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the Underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. Finally, the underwriting syndicate may also reclaim selling concessions allowed to an Underwriter or a dealer for distributing the shares of common stock in the offering, if the syndicate repurchases previously distributed common shares in transactions to cover syndicate short positions or to stabilize the price of the common shares. Any of these activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The Underwriters are not required to engage in these activities and may end any of these activities at any time.

Prior to this offering, there has been no public or private market for the common shares or any other of our securities. Consequently, the offering price for the common shares was determined by negotiation among us, our Adviser and the Representatives. There can be no assurance, however, that the price at which the shares of common stock trade after this offering will not be lower than the price at which they are sold by the Underwriters or that an active trading market in the common shares will develop and continue after this offering.

We anticipate that the Representatives and certain other Underwriters may from time to time act as brokers and dealers in connection with the execution of its portfolio transactions after they have ceased to be Underwriters and, subject to certain restrictions, may act as such brokers while they are Underwriters.

In connection with this offering, certain of the Underwriters or selected dealers may distribute prospectuses electronically. We, the Adviser and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

Prior to the public offering of common shares, our Adviser purchased common shares from us in an amount satisfying the net worth requirements of Section 14(a) of the 1940 Act. As of the date of this prospectus, our Adviser owned 100% of the outstanding common shares. Our Adviser may be deemed to control us until such time as it owns less than 25% of the outstanding shares of common stock, which is expected to occur as of the completion of the offering of shares of common stock.

The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036. The principal business address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, New York 10013. The principal business address of UBS Securities LLC is 299 Park Avenue, New York, New York 10171.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters or their respective affiliates from time to time have provided in the past, and may provide in the future, investment banking, securities trading, hedging, brokerage activities, commercial lending and financial advisory services to us, certain of our executive officers and our affiliates and the Adviser and its affiliates in the ordinary course of business, for which they have received, and may receive, customary fees and expenses.

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the common shares, or the possession, circulation or distribution of this prospectus or any other material relating to us or the shares of common stock in any jurisdiction where action for that purpose is required. Accordingly, the shares of common stock may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the shares of common stock may be distributed or published, in or from any country or jurisdiction except in compliance with the applicable rules and regulations of any such country or jurisdiction.

Certain marketing or sales related support will be provided by Montage Investments and certain of its affiliates. Montage Investments is the indirect majority owner of Tortoise Capital Advisors, the Adviser to the Fund. Our Adviser has entered into an agreement with Montage Securities, LLC, a registered broker/dealer and an affiliate of our Adviser and Montage Investments, which contemplates the delivery of marketing support to our Adviser during the course of this offering. Subject to the \$0.05 per share limitation on offering costs borne by the Fund, the Fund may pay a portion of the compensation due pursuant to this agreement and the remainder will be paid exclusively by our Adviser.

Additional Compensation to be Paid by Our Adviser

Our Adviser (and not us) has agreed to pay, from its own assets, structuring and syndication fees to Morgan Stanley & Co. LLC in the amount of \$ and a structuring fee to each of Citigroup Global Markets Inc. in the amount of \$ and UBS Securities LLC in the amount of \$. In contrast to the underwriting discounts and commissions (earned under the underwriting agreement by the underwriting syndicate as a group), the structuring fees will be paid by our Adviser for advice to our Adviser relating to the structure, design and organization of the Fund. The syndication fee will be paid by our Adviser for syndication assistance relating to the Fund and the distribution of our common shares. These services are unrelated to our Adviser's function of advising us as to its investments in securities or use of investment strategies and investment techniques. Our Adviser (and not us) may also pay certain qualifying underwriters from among those named in the table above, a sales incentive fee or additional compensation in connection with the offering. The total amounts of these payments paid to any such qualifying underwriter will not exceed % of the total price of the common shares sold in this offering.

As part of the payment of our offering expenses, we have agreed to pay expenses related to the reasonable fees and disbursements of counsel to the Underwriters in connection with the review by the Financial Industry Regulatory Authority, Inc. (FINRA) of the terms of the sale of the common shares, the filing fees incident to the filing of marketing materials with FINRA and the transportation and other expenses incurred by the Underwriters in connection with presentations to prospective purchasers of the common shares. Such expenses will not exceed \$ in the aggregate.

Total underwriting compensation determined in accordance with FINRA rules is summarized as follows. The sales load that we will pay of \$1.125 per share is equal to 4.5% of gross proceeds. We have agreed to reimburse the Underwriters the reasonable fees and disbursements of counsel to the Underwriters in connection with the review by FINRA of the terms of the sale of the shares of common stock, the filing fees incident to the filing of marketing materials with FINRA and the transportation and other expenses incurred by the Underwriters in connection with presentations to prospective purchasers of the shares of common stock, in an amount not to exceed \$ in the aggregate, which amount will not exceed % of gross proceeds. Our Adviser (and not us) will pay a syndication fee and structuring fees as described above. Total compensation to the Underwriters will not exceed 8.0% of gross proceeds.

ADMINISTRATOR, CUSTODIAN & FUND ACCOUNTANT

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U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, Milwaukee, Wisconsin 53202, will serve as our administrator and provide certain back-office support such as oversight and supervision of the payment of expenses and preparation of financial statements and related schedules. We will pay the administrator a monthly fee computed at an annual rate of 0.04% of the first \$1 billion of our assets, 0.01% on the next \$500 million of our assets and 0.005% on the balance of our assets.

U.S. Bank National Association, 1555 N. River Center Dr., Milwaukee, Wisconsin 53212, will serve as our custodian.

U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, Milwaukee, Wisconsin 53202, will serve as our fund accountant.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Husch Blackwell LLP (HB), Kansas City, Missouri. HB may rely as to certain matters of Maryland law on the opinion of Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the offering will be passed upon for the underwriters by Andrews Kurth LLP, New York, New York .

AVAILABLE INFORMATION

We will be subject to the informational requirements of the Exchange Act and the 1940 Act and will be required to file reports, including annual and semi-annual reports, proxy statements and other information with the SEC. We intend to voluntarily file quarterly stockholder reports. These documents will be available on the SEC's EDGAR system and can be inspected and copied for a fee at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Additional information about the operation of the public reference room facilities may be obtained by calling the SEC at (202) 551-5850.

This prospectus does not contain all of the information in our registration statement, including amendments, exhibits, and schedules. Statements in this prospectus about the contents of any contract or other document are not necessarily complete and in each instance reference is made to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference.

Additional information about us can be found in our Registration Statement (including amendments, exhibits and schedules) on Form N-2 filed with the SEC. The SEC maintains a web site (<http://www.sec.gov>) that contains our Registration Statement, other documents incorporated by reference, and other information we have filed electronically with the SEC.

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Common Shares

Tortoise Pipeline & Energy Fund, Inc.

\$25.00 per Share

PROSPECTUS

, 2011

**Morgan Stanley
Citigroup
UBS Investment Bank
Ameriprise Financial Services, Inc.
Barclays Capital
Oppenheimer & Co.
RBC Capital Markets
Stifel Nicolaus Weisel
Baird
BB&T Capital Markets
Chardan Capital Markets, LLC
Comerica Securities
J.J.B. Hilliard, W.L. Lyons, LLC
Janney Montgomery Scott
Knight
Ladenburg Thalmann & Co. Inc.
Maxim Group LLC
Morgan Keegan
Wedbush Securities Inc.
Wunderlich Securities**

Until _____, 2011 (25 days after the date of this prospectus) all dealers that buy, sell or trade the common shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to each dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to its unsold allotments or subscriptions.

Subject to Completion, Dated September 23, 2011

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

**TORTOISE PIPELINE & ENERGY FUND, INC.
STATEMENT OF ADDITIONAL INFORMATION**

Tortoise Pipeline & Energy Fund, Inc., a Maryland corporation (the Fund, we, us, or our), is a non-diversified, closed-end management investment company.

This statement of additional information relates to an offering of our common shares and does not constitute a prospectus, but should be read in conjunction with our prospectus relating thereto dated , 2011. This statement of additional information does not include all information that a prospective investor should consider before purchasing any of our common shares. You should obtain and read our prospectus prior to purchasing any of our common shares. A copy of our prospectus may be obtained without charge from us by calling 1-866-362-9331. You also may obtain a copy of our prospectus on the SEC's web site (<http://www.sec.gov>). Capitalized terms used but not defined in this statement of additional information have the meanings ascribed to them in the prospectus.

This statement of additional information is committee reviewed and discussed with management and Ernst & Young LLP, the Company's independent registered public accounting firm, the Company's audited consolidated financial statements for the fiscal year ended September 29, 2007. In addition, the Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended or supplemented.

The Audit Committee has received the written disclosures and the letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and the Audit Committee discussed with the independent registered public accounting firm that firm's independence.

Based on the Audit Committee's review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K, for the fiscal year ended September 29, 2007, filed with the Securities and Exchange Commission.

Kraig H. Kayser, Chair
Raymond W. Boushie
James L. Gray

John D. Hendrick
Albert F. Myers

AUDIT FEES AND PRE-APPROVAL POLICY

The following table sets forth the fees incurred by the Company related to the services of the Company's principal independent accountants, Ernst & Young for the fiscal years ended September 29, 2007 and September 30, 2006:

	Fiscal Year Ended September 29, 2007	Fiscal Year Ended September 30, 2006
Audit Fees	\$ 1,686,237	\$ 1,659,315
Audit-Related Fees	64,200	33,000
Tax Fees	208,797	281,032
All Other Fees	0	0

Total	\$	1,959,234	\$	1,973,347
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The Audit-Related Fees principally relate to the audits of various U.S. benefit plans, as required. Tax Fees relate to services associated with tax planning and compliance.

The Audit Committee pre-approves all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to any de minimus exceptions described in the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of

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audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting. None of the services described above was approved by the Audit Committee under the de minimus exception provided by SEC Regulation S-X, Rule 2-01 (c)(7)(i)(C).

PROPOSAL 3 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors, on recommendation of the Audit Committee, has selected Ernst & Young LLP, an independent registered public accounting firm, to continue as independent auditors of the Company for fiscal year 2008. Representatives of Ernst & Young LLP are expected to attend the shareholders meeting, will be available to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

The Board of Directors recommends a vote FOR ratification of Ernst & Young LLP as auditors for fiscal year 2008.

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PROPOSALS OF SHAREHOLDERS FOR 2009 ANNUAL MEETING

To be considered for inclusion in the proxy materials for the 2009 Annual Meeting of Shareholders, shareholder proposals must be received by the Secretary of the Company prior to August 12, 2008. Under the Company's by-laws, if a shareholder wishes to nominate a director or bring other business before the shareholders at the 2008 Annual Meeting without having a proposal included in the proxy statement for that meeting, the shareholder must notify the Secretary of the Company in writing between September 15, 2008 and October 15, 2008, and the notice must contain the specific information required by the Company's by-laws. A copy of the Company's by-laws can be obtained without charge by writing Moog's Treasurer at the Company's East Aurora address.

Section 1.06 of the Company's by-laws provides that proposals may be properly brought before an annual meeting by a shareholder of record (both at the time notice of the proposal is given by the shareholder and as of the record date of the annual meeting in question) of any shares of the Company entitled to vote at the annual meeting if the shareholder provides timely notice of the proposal to the Secretary of the Company in accordance with the requirements of the by-laws. A shareholder making a proposal at an annual meeting must be present at such meeting in person, and the business brought before an annual meeting must also be a proper matter for shareholder action under the New York Business Corporation Law.

A shareholder's notice to the Secretary of the Company must set forth certain information regarding the shareholder and the proposal, including the name and address of the shareholder, a brief description of the business the shareholder desires to bring before the annual meeting and the reasons for conducting such business at such annual meeting, the class or series and number of shares beneficially owned by the shareholder, the names and addresses of other shareholders known to support such proposal and any material interest of the shareholder in such proposal.

Section 1.06 further provides that nominations of candidates for election as directors of the Company at any annual meeting of shareholders may be made by a shareholder of record (both at the time notice of such nomination is given by the shareholder and as of the record date of the annual meeting in question) of any shares of the Company entitled to vote at the annual meeting for the election of directors if the shareholder provides timely notice to the Secretary of the Company in accordance with the requirements of the by-laws. A shareholder may nominate a candidate for election as a director only as to such class of director whose election the shareholder would be entitled to vote thereon at an annual meeting of shareholders. Any shareholder who desires to make a nomination must be present in person at the annual meeting.

In addition to the information required in a notice of a proposal, a notice to the Secretary with respect to nominations must contain certain information regarding each proposed nominee for director, including, the nominee's name, age, business and residence address, principal occupation, the class or series and number of shares of the Company beneficially owned by the nominee and a consent of the nominee to serve as a director, if elected. The notice must also provide a description of any arrangements or understandings between the nominating shareholder and each nominee and such other information concerning the nominee as required pursuant to the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended.

Further information regarding proposals or nominations by shareholders can be found in Section 1.06 of the Company's By-Laws. If the Board of Directors or a designated committee determines that any proposal or nomination was not made in a timely fashion or fails to meet the information requirements of Section 1.06 in any material respect, such proposal or nomination will not be considered.

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OTHER MATTERS

As of the date of this Proxy Statement, the Board of Directors does not intend to present, and has not been informed that any other person intends to present, any matter for action at this meeting other than those specifically referred to in this Proxy Statement. If other matters properly come before the meeting, it is intended that the holders of the proxies will act with respect thereto in accordance with their best judgment.

The cost of this solicitation of proxies will be borne by the Company. The Company may request brokerage houses, nominees, custodians and fiduciaries to forward soliciting material to the beneficial owners of stock held of record, and will reimburse such persons for any reasonable expense in forwarding the material. In addition, officers, directors and employees of the Company may solicit proxies personally or by telephone and will not receive any additional compensation.

Copies of the 2007 Annual Report of the Company, which includes the Company's Annual Report on Form 10-K for fiscal 2007, are being mailed to shareholders, as are this Proxy Statement, proxy card and Notice of Annual Meeting of Shareholders. Additional copies may be obtained, without charge, from the Treasurer of the Company, East Aurora, New York 14052.

By Order of the Board of Directors

John B. Drenning, *Secretary*

Dated: East Aurora, New York
December 10, 2007

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EXHIBIT A

2008 STOCK APPRECIATION RIGHTS PLAN

Section 1. Purpose

Moog Inc., a New York corporation (the *Company*), establishes this Moog Inc. 2008 Stock Appreciation Rights Plan (the *Plan*) to further the *Company*'s growth and development by providing to non-employee directors and officers and other key employees who are in a position to contribute materially to the prosperity of the *Company*, through ownership of stock of the *Company*, an incentive to increase their interest in the *Company*'s welfare, to continue their services and to provide a means through which the *Company* can attract to its service other employees of outstanding ability. The opportunity to acquire *Company* stock will be provided through the grant of stock appreciation rights (*SARs*) under the *Plan*.

Section 2. Definitions

As used in the *Plan*, the following definitions apply to the terms indicated below:

- a) *Award* means a grant of *SARs* under the *Plan*.
- b) *Award Agreement* means the written agreement between the *Company* and a Participant, or other document (whether in a hard copy or in an electronic form approved by the Committee), evidencing an *Award*. The Committee need not require the execution of any such agreement by a Participant, in which case the acceptance of the *Award* by the Participant will constitute agreement to the terms of the *Plan*.
- c) *Board* means the Board of Directors of the *Company*.
- d) *Cause* means termination of employment of a Participant for cause, as determined under the *Company*'s generally applicable policies and procedures or, in the case of a Director, termination of Service as a Director under circumstances that would constitute cause if such policies and procedures were applicable.
- e) *Change in Control*, will be deemed to have occurred if:
 - 1) any person, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (i) the *Company*, (ii) a trust described in Code Section 401(a) if it is for the benefit of the employees of the *Company*, or (iii) any corporation owned, directly or indirectly, by the *Company* or the stockholders of the *Company* in substantially the same proportions as their ownership of stock of the *Company*), is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the *Company* representing 25% or more of the combined voting power of the *Company*'s then-outstanding securities;
 - 2) during any period of two consecutive years, individuals who at the beginning of the period constituted the Board (together with any new Board members whose election by the Board or whose nomination for election by the stockholders of the *Company* was approved by a vote of a majority of the Board members then still in office, who were either Board members at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board then in office;

3) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (i) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent more than 75% of the combined voting power of the voting securities of the Company, or such surviving entity, outstanding immediately after such consolidation; or (ii) a merger or consolidation effected

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to implement a recapitalization of the Company (or similar transaction) in which no person (as defined above) acquires more than 25% of the then-outstanding securities; or

4) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

f) Code means the Internal Revenue Code of 1986, as amended.

g) Committee means the Stock Option Committee of the Board or such other committee as the Board may appoint from time to time to administer the Plan; provided, that the Committee must at all times consist of two or more persons, each of whom is a member of the Board. To the extent required for transactions under the Plan to qualify for the exemptions available under Rule 16b-3 (as defined below), members of the Committee (or any subcommittee thereof) will be non-employee directors within the meaning of Rule 16b-3. To the extent required for compensation realized from Awards under the Plan to be deductible by the Company pursuant to Section 162(m) of the Code, members of the Committee (or any subcommittee thereof) will be outside directors within the meaning of such section.

h) Company Stock or Stock means the Class A Common Stock, par value \$1.00 per share, of the Company.

i) Director means a non-employee member of the Board.

j) Disability means the permanent and total disability of a Participant, as defined under Code Section 22(e)(3).

k) Effective Date The Plan will be effective as of the date it is approved by the vote of the holders of a majority of the shares of Class A Common Stock and Class B Common Stock of the Company outstanding and entitled to vote at a meeting of stockholders.

l) Exchange Act means the Securities Exchange Act of 1934, as amended.

m) Fair Market Value means, for any particular date: (1) for any period during which the Company Stock is listed for trading on a national securities exchange or the National Association of Securities Dealers Automated Quotation System (NASDAQ), the closing price per share of Company Stock on such exchange or the NASDAQ official close price as of such trading day, or (2) the market price per share of Company Stock as determined in good faith by the Board in the event (1) above is not applicable. If the Fair Market Value is to be determined as of a day when the securities markets are not open, the Fair Market Value on that day will be the Fair Market Value as of the immediately preceding day on which the markets were open.

n) Participant means an employee or a Director of the Company to whom an Award is granted under the Plan.

o) Retirement means a termination of employment at a time at which a Participant (1) is eligible for and could immediately commence receipt of either early or normal retirement benefits under the Company's defined benefit plan, or (2) would have been eligible for and could have immediately commenced receipt of either early or normal retirement benefits under the Company's defined benefit plan had the Participant been a participant in the Company's defined benefit plan.

p) Rule 16b-3 means the rule thus designated under the Exchange Act.

q) Service means service as an employee or Director of the Company.

r) Stock Appreciation Right, or *SAR* means the right to receive shares of Company Stock as determined in accordance with Section 5. One SAR will equal the right to the appreciation in value of one share of Company Stock.

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s) Subsidiary means any corporation or other entity in which, at the time of reference, the Company owns, directly or indirectly, stock or similar interests comprising more than 50% of the combined voting power of all outstanding securities of the entity.

Section 3. Administration of the Plan

a) Powers of the Committee. The Plan will be administered by the Committee. Subject to the provisions of the Plan, the Committee has the power to: (1) determine the individuals selected to receive Awards, the times when they receive them, the number of SARs granted under each Award, and the exercise price of each SAR; (2) interpret and construe any provision of the Plan and the terms of any Award issued under it; (3) adopt such rules and regulations for administering the Plan as it may deem necessary or appropriate; and (4) determine whether an authorized leave of absence or absence due to military or government service will constitute termination of employment. Decisions of the Committee will be final and binding on all parties. Determinations made by the Committee under the Plan need not be uniform but may be made on an individual basis.

b) Powers of the Board. Notwithstanding any other provision of the Plan, the Board must approve any grant of SARs to a Director and the Director must abstain from voting on the grant.

c) Delegation of Duties. The Committee may direct appropriate officers of the Company to implement its rules, regulations and determinations and to execute and deliver on behalf of the Company such documents, forms, agreements and other instruments as are deemed by the Committee to be necessary for the administration and implementation of the Plan.

d) Adjustment of Terms. The Committee may, in its absolute discretion, without amendment to the Plan, (1) accelerate the date on which any SAR granted under the Plan becomes exercisable, and (2) waive or amend the operation of Plan provisions respecting exercise after termination of service or otherwise adjust any of the terms of the SAR, provided the action does not violate Section 409A of the Code.

e) Indemnification. No member of the Committee or the Board will be liable for any action, omission or determination relating to the Plan, and the Company will indemnify and hold harmless each member of the Committee and the Board and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan, unless, in either case, the action, omission or determination was taken or made by the member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

Section 4. Stock Subject to the Plan

a) Shares Available for SARs. The total number of SARs that may be granted under the Plan may not exceed 2,000,000 SARs, as adjusted under Subsection (c) below. The shares with respect to which SARs may be granted may be authorized but unissued shares or authorized and issued shares held in the Company's treasury or acquired by the Company for the purposes of the Plan.

b) Individual Limitation. The total number of SARs awarded to any one employee during any fiscal year of the Company, may not exceed 50,000 SARs. Determinations under the preceding sentence will be made in a manner that is consistent with Section 162(m) of the Code and regulations promulgated thereunder. The provisions of this Section 4(b) do not apply in any circumstance with respect to which the Committee determines that compliance with Section 162(m) of the Code is not necessary.

c) Adjustment for Change in Capitalization. In the event of any change in any shares of the outstanding Class A Common Stock or Class B Common Stock of the Company by reason of a stock dividend, recapitalization, merger, consolidation, split-up, combination or exchange of shares, or action of like nature, the aggregate number and class of shares as to which SARs may be granted to any individual, the number and class of shares subject to each outstanding SAR, and the exercise prices of SARs will be appropriately adjusted by the Committee, whose determination shall be conclusive.

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d) *Other Adjustments.* In the event of any transaction or event described in Section 4(c) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or of any affiliate (including without limitation any Change in Control), or of changes in applicable laws, regulations or accounting principles, and whenever the Committee determines that action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles, the Committee, in its sole discretion and on such terms and conditions as it deems appropriate, except to the extent necessary to ensure that the action does not violate Section 409A of the Code, either by amendment of the terms of any outstanding Awards or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions:

- 1) To provide for either (i) termination of any Award in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the SARs or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 3(d) the Committee determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without payment) or (ii) the replacement of the Award with other rights or property selected by the Committee in its sole discretion;
- 2) To provide that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or will be substituted for by similar SARs, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
- 3) To make adjustments in the number and type of shares of stock of the Company (or other securities or property) subject to outstanding Awards, and in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding SARs and rights and awards that may be granted in the future;
- 4) To provide that the Award will be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and
- 5) To provide that the Award cannot vest, be exercised or become payable after such event.

e) *Re-use of Shares.* To the extent that a SAR terminates, expires, is cancelled, is forfeited, or lapses for any reason, or if a SAR is settled by payment of cash, any shares of Company Stock subject to the SAR will again be available for the grant of an Award pursuant to the Plan. Shares that are withheld to satisfy tax withholding obligations on exercise of a SAR will not be available for further grants of Awards pursuant to the Plan. To the extent permitted by applicable law or any exchange rule, shares of Company Stock issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary will not be counted against shares of Company Stock available for grant pursuant to this Plan.

f) *No Repricing.* Absent stockholder approval, neither the Committee nor the Board will have any authority, with or without the consent of the affected holders of Awards, to reprice a SAR in the event of a decline in the price of Company Stock after the date of its initial grant either by reducing the exercise price from the original exercise price or through cancellation of outstanding Awards in connection with regranting of SARs at a lower price to the same individual. This paragraph may not be amended, altered or repealed by the Board or the Committee without approval of the stockholders of the Company.

g) No Reloading. No SAR will provide for the automatic grant of replacement or reload SARs upon the Participant exercising the SAR and paying the withholding tax by tendering shares of Company Stock. This paragraph may not be amended, altered or repealed by the Board or the Committee without approval of the stockholders of the Company.

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Section 5. Grant and Exercise of SARs

a) SAR Grants. The Committee, in its discretion, may make grants of SARs from time to time to selected Directors, full-time salaried officers and key employees of the Company or any Subsidiary. It is intended that individual grants will be based on both a Participant's base salary and Company performance. Notwithstanding the preceding sentence, the Committee, in its discretion, may award SARs on different terms in connection with the recruitment of an individual or as the result of a business combination or acquisition by the Company.

b) Award Agreements. Each Award granted under the Plan will be evidenced by an Award Agreement that contains such provisions as the Committee in its sole discretion deems necessary or desirable. By accepting an Award, a Participant agrees that the Award is subject to all of the terms and provisions of the Plan and the applicable Award Agreement.

c) Exercise Price. The exercise price of a SAR will be the Fair Market Value of a share of Company Stock on the date of grant.

d) Benefit Upon Exercise. The exercise of any number of vested SARs entitles the Participant to receive shares of Company Stock equal in value to the number of SARs exercised, multiplied by the difference between (i) the Fair Market Value of a share of Company Stock on the exercise date, over (ii) the exercise price of the SAR. This calculated value will be divided by the Fair Market value of a share of Company Stock on the exercise date to determine the number of shares of Company Stock that the Participant will receive on exercise, subject to any withholding of shares pursuant to Section 11(b). Fractional share amounts will be settled in cash. The Stock will be issued within one month of the date on which the SARs are exercised, subject to administrative feasibility.

e) Term and Exercise of SARs.

1) The applicable Award Agreement will specify the date or dates on which the SARs become exercisable and the expiration date of the SARs. The term of a SAR may not exceed ten years from the date of the grant.

2) SARs will not become exercisable earlier than the first anniversary of the date of grant, except as provided in Section 6(b) or in connection with establishing the terms and conditions of employment of an individual necessary for the recruitment of the individual or as the result of a business combination or acquisition by the Company.

3) Unless otherwise provided in the Committee's or the Board's action, each vested SAR will be exercisable at any time during the term of the SAR, except that the SARs must be exercised in blocks of at least 100 SARs (unless the exercise is for the entire remaining vested portion of the Award). The partial exercise of an Award will not cause the expiration, termination or cancellation of the remaining SARs.

4) Unless the Committee determines otherwise, a SAR may be exercised by delivering notice to the Company's principal office, to the attention of its Treasurer or Assistant Treasurer, no less than one nor more than ten business days in advance of the effective date of the proposed exercise. Such notice must specify the number of SARs that are being exercised, and the effective date of the proposed exercise, and must be signed by the Participant.

Section 6. Termination of Service; Acceleration of Vesting

a) Termination of Service. If a Participant's Service terminates for any reason other than death, Disability, Retirement, a Change in Control, or Cause the Participant's vested SARs will expire on the earlier of:

1) the date 90 days after the Participant's termination of Service; or

2) the expiration of the term of the SARs, as determined under Section 5(e)(1).

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To the extent the SARs granted to a Participant are not exercisable at the time of the Participant's termination of Service under this subsection, the SARs will expire at the close of business on the date of the termination. If the Participant dies after the termination of Service, but before the expiration of the Participant's SARs, all or part of the SARs may be exercised (prior to expiration) by the executors or administrators of the Participant's estate or by any person who has acquired the SARs directly from the Participant by beneficiary designation, bequest or inheritance, or transfer under Section 7.

b) Acceleration of Vesting. Upon the occurrence of any of the following events or circumstances (an Acceleration Event), all SARs granted to a Participant under this Plan will vest and become immediately exercisable:

- 1) Death while employed by, or serving as a Director of, the Company;
- 2) Disability;
- 3) Retirement; and
- 4) A Change in Control.

c) Exercise Following Acceleration Event. Upon a Participant's termination of Service due to an Acceleration Event, outstanding SARs may be exercised by the holder or by the legal representative of the SAR holder's estate for a period of two years from the date of the termination, but in no event after the expiration date of the SARs. A Participant's termination will be considered due to a Change in Control under this section if the Participant's termination occurs within twelve months following the Change in Control.

d) Termination for Cause. If a Participant's Service as an employee or Director is terminated for Cause, as to which the Committee (or the Board in the case of a Director) will be the sole and exclusive judge, the SARs will immediately expire and become unexercisable as of the commencement of business on the date of the Participant's termination.

Section 7. Limitations on Transferability

a) General. Except as otherwise provided below and in the Award Agreement, no SAR granted under the Plan is transferable other than by will or the laws of descent and distribution, and a SAR may be exercised, during the Participant's lifetime, only by the Participant.

b) Discretion to Permit Certain Transfers. Notwithstanding Subsection (a), the Committee (or the Board in the case of a SAR granted to a Director) may, in its sole discretion, authorize all or a portion of a Participant's SARs to be granted on terms that permit the transfer to (1) a Participant's spouse, children, grandchildren, brothers or sisters (Immediate Family Members), (2) a trust or trusts for the benefit of one or more of the Immediate Family Members, or (3) a partnership in which any of the Immediate Family Members are the only partners; provided, however, that (i) there may be no consideration for such transfer and the Award Agreement pursuant to which the SARs are granted must be approved by the Committee (or the Board in the case of a SAR granted to a Director) and (ii) subsequent transfers of transferred SARs are prohibited except transfers by will or the laws of descent and distribution. Following transfer, any transferred SARs will continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, and the effects of termination of Service, described in Section 6, will continue to apply to the SARs with respect to the original Participant and following any such termination, transferred SARs will be exercisable by the transferee only to the extent and for the periods specified in Sections 6 and 7. Participants transferring SARs in accordance with this Section 7(b) remain subject to the withholding tax requirements of Section 11(b) with respect to the transferred SARs.

c) *Transfers on Death.* Upon the death of a Participant, outstanding Awards granted to the Participant may be exercised only by the executor or administrator of the Participant's estate or by a person who acquires the right to such exercise by will or by the laws of descent and distribution. No transfer of an Award by will or the laws of descent and distribution will be effective to bind the Company unless the Company has been furnished with (1) written notice thereof and with a copy of the will and/or such

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evidence as the Committee may deem necessary to establish the validity of the transfer and (2) an agreement by the transferee to comply with all the terms and conditions of the Award that are or would have been applicable to the Participant and to be bound by the acknowledgments made by the Participant in connection with the grant of the Award.

Section 8. Limitations on Rights and Obligations; Covenants

a) Rights as a Stockholder. No person has any rights as a stockholder with respect to any shares of Company Stock covered by or relating to any Award until he or she becomes the holder of record of the Stock.

b) No Special Employment Rights. Nothing contained in the Plan or any Award Agreement confers upon any Participant any right with respect to the continuation of employment by the Company or interferes in any way with the right of the Company, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the Participant.

c) No Right to Award. No person has any claim or right to receive an Award under the Plan. The Committee's granting of an Award to a Participant at any time neither requires the Committee to grant any other Award to the Participant or other person at any time nor precludes the Committee from making subsequent grants to the Participant or any other person.

d) No Obligation to Exercise. The grant of a SAR will impose no obligation upon the Participant to exercise the SAR.

e) Employee Covenants. As partial consideration for the grant of an Award, a Participant must agree to any nondisclosure provisions specified in or referenced in his or her Award Agreement. A Participant's violation of such nondisclosure provisions will be grounds for the cancellation and forfeiture of the Award, in whole or in part, as the Committee, in its sole discretion, may determine.

Section 9. Securities Matters

a) Registration. The Company is under no obligation to effect the registration pursuant to the Securities Act of 1933 of any interests in the Plan or any shares of Company Stock to be issued under the Plan or to effect similar compliance under any state laws. Notwithstanding anything in the Plan to the contrary, the Company is not obligated to cause to be issued or delivered any certificates evidencing shares of Company Stock pursuant to the Plan unless and until the Company is advised by its counsel that the issuance and delivery of the certificates is in compliance with all applicable laws, regulations of governmental authority and the requirements of the securities exchange or automated quotation system on which shares of Company Stock are listed. Certificates evidencing shares of Company Stock issued under the Plan may bear such legends, as the Committee or the Company, in its sole discretion, deems necessary or desirable to insure compliance with applicable securities laws.

b) Compliance with Laws and Regulations. The transfer of any shares of Company Stock under the Plan will be effective only at such time as counsel to the Company has determined that the issuance and delivery of the shares is in compliance with all applicable laws, regulations of governmental authority and the requirements of the securities exchange or automated quotation system on which shares of Company Stock are listed. The Committee may, in its sole discretion, defer the effectiveness of any transfer of shares of Company stock in order to allow the issuance of the shares to be made pursuant to registration or an exemption from registration or other methods for compliance available under federal or state securities laws. The Company will inform the Participant in writing of the Committee's decision to defer the effectiveness of a transfer. During the period of such a deferral in connection with the exercise of a SAR, the Participant may, by written notice, withdraw such exercise and obtain the refund of any amount paid with respect thereto.

c) *Compliance with Rule 16b-3.* It is intended that the Plan be applied and administered in compliance with Rule 16b-3. If any provision of the Plan would be in violation of Rule 16b-3 if applied as written,

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the provision will not have effect as written and will be given effect so as to comply with Rule 16b-3, as determined by the Committee. The Committee is authorized to amend the Plan and to make any such modifications to Award Agreements to comply with Rule 16b-3, as it may be amended from time to time, and to make any other such amendments or modifications deemed necessary or appropriate to better accomplish the purposes of the Plan in light of any amendments made to Rule 16b-3.

Section 10. Amendment and Termination of the Plan

a) Term. Unless earlier terminated by the Board, the Plan will terminate on the date that is ten years from the Effective Date, and no SARs will be granted under it thereafter. The Board may, at any time prior to that date, terminate the Plan. Awards outstanding at Plan termination will remain in effect according to their terms and the provisions of the Plan.

b) Amendment. Stockholder approval of any amendment to the Plan will be required if and to the extent required by Rule 16b-3 or by any comparable or successor exemption under which the Board believes it is appropriate for the Plan to qualify, or if and to the extent the Board determines that such approval is appropriate for purposes of satisfying Section 162(m), Section 422 or Section 409A of the Code, any applicable rule or listing standard of any stock exchange, automated quotation system or similar organization, or the New York Business Corporation Law. Except as otherwise provided in the Plan, the Board may, at any time, suspend or terminate the Plan or revise or amend it in any respect whatsoever. Nothing herein restricts the Committee's ability to exercise its discretionary authority pursuant to Section 3, which discretion may be exercised without amendment to the Plan. No amendment or termination of the Plan may, without the consent of a Participant, reduce the Participant's rights under any outstanding Award.

Section 11. Miscellaneous Provisions

a) SAR Date. A SAR will be deemed to have been granted on the date fixed in the resolution of the Committee (or the Board in the case of a SAR granted to a Director) authorizing the granting of the SAR, provided such date is not prior to the date of the adoption of the resolution. If no date is fixed by the resolution, the SAR will be deemed to have been granted on the date of adoption of the resolution.

b) Withholding Taxes. The Company will be entitled to deduct from any payment under the Plan, regardless of the form of the payment, the amount of all applicable income and employment taxes required by law to be withheld with respect to the payment or may require the Participant to pay such amounts to the Company in cash prior to and as a condition of making the payment. The Committee (or the Board in the case of a SAR granted to a Director) may allow a Participant to satisfy the foregoing requirement by electing to have the Company withhold from delivery shares of Company Stock having a value equal to the minimum amount of tax required to be withheld or by permitting the Participant to deliver to the Company shares of Common Stock having a Fair Market Value equal to the amount required to be withheld. Fractional share amounts will be settled in cash. A withholding election may be made with respect to all or any portion of the shares to be delivered pursuant to an Award. Any tax withholding above the minimum amount of tax required to be withheld must be paid in cash by the Participant.

c) Expenses and Receipts. The expenses of the Plan will be paid by the Company. Any proceeds received by the Company in connection with any Award will be used for general corporate purposes.

d) Failure to Comply. In addition to the remedies of the Company elsewhere provided for in the Plan, failure by a Participant (or beneficiary) to comply with any of the terms and conditions of the Plan or the applicable Award Agreement, unless the failure is remedied by the Participant (or beneficiary) within ten days after notice of the failure by the Committee, will be grounds for the cancellation and forfeiture of the Award, in whole or in part, as the Committee, in its sole discretion, may determine.

e) *Applicable Law*. Except to the extent preempted by any applicable federal law, the Plan will be construed and administered in accordance with the laws of the State of New York, without reference to the principles of conflicts of laws thereunder.

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MOOG

c/o National City Bank
Shareholder Services Operations
Locator 5352
P. O. Box 94509
Cleveland, OH 44101-4509

Vote by Telephone

Have your proxy card available when you call **Toll-Free 1-888-693-8683** using a touch-tone phone and follow the simple instructions to record your vote.

Vote by Internet

Have your proxy card available when you access the website **www.cesvote.com** and follow the simple instructions to record your vote.

Vote by Mail

Please mark, sign and date your proxy card and return it in the **postage-paid envelope** provided or return it to: National City Bank, P.O. Box 535300, Pittsburgh, PA 15253.

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1-888-693-8683

Vote by Internet

Access the Website and cast your vote:
www.cesvote.com

Vote by Mail

Return your proxy in the postage-paid envelope provided

Vote 24 hours a day, 7 days a week!

Your telephone or Internet vote must be received by 6:00 a.m. Eastern Time on January 9, 2008 to be counted in the final tabulation.

If you vote by Internet or by telephone, you do NOT need to mail back your proxy card.

è

Proxy card must be signed and dated below.

ê Please fold and detach card at perforation before mailing. ê

MOOG INC.

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JANUARY 9, 2008
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
CLASS A SHARES**

The undersigned hereby directs Richard A. Aubrecht, Robert T. Brady and John B. Drenning, and each of them, attorneys and proxies each with full power of substitution to vote all shares of Class A common stock of MOOG INC. held by the undersigned and entitled to vote at the Annual Meeting of Shareholders to be held on January 9, 2008 at

9:15 a.m. at the Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, New York, and at all adjournments thereof, in the transaction of such business as may properly come before the meeting, and particularly the matters stated on the reverse side of this card in accordance with and as more fully described in the accompanying Proxy Statement.

It is understood that this proxy may be revoked at any time insofar as it has not been exercised and that the shares may be voted in person if the undersigned attends the meeting.

Dated:

Signature

Signature if held jointly

Please date and sign your name as the name appears on this proxy. Joint owners should each sign. If the signer is a corporation, please sign full name by duly authorized officer. Executors, administrators, trustees, etc. should give full title as such.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

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YOUR VOTE IS IMPORTANT!

If you do not vote by telephone or Internet, please sign and date this proxy card and return it promptly in the enclosed postage-paid envelope to National City Bank, P.O. Box 535300, Pittsburgh, PA 15253, so your shares are represented at the Annual Meeting. If you vote by telephone or Internet, it is not necessary to return this proxy card.

**Proxy card must be signed and dated on the reverse side.
ê Please fold and detach card at perforation before mailing. ê**

Moog Inc.

Class A Shares Proxy

THE CLASS A SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED HEREIN, OR IF NO DIRECTION IS GIVEN, THEY WILL BE VOTED FOR THE NOMINEE LISTED IN ITEM 1 AND FOR ITEMS 2 AND 3.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1, 2 AND 3.

1. Election of Director.

CLASS A DIRECTOR TERM EXPIRING IN 2011

(1) Robert T. Brady

q **FOR** the nominee listed above

q **WITHHOLD AUTHORITY** to vote for the nominee listed

above

2. Approval of the 2008 Stock Appreciation Rights Plan.

q **FOR**

q **AGAINST**

q **ABSTAIN**

3. Ratification of Ernst & Young LLP as auditors for the year 2008.

q **FOR**

q **AGAINST**

q **ABSTAIN**

4. In their discretion, the proxies are authorized to vote upon any other matters of business which may properly come before the meeting, or any adjournment(s) thereof.

(Continued, and to be signed, on the reverse side)

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c/o National City Bank
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P. O. Box 94509
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Vote by Internet

Access the Website and cast your vote:
www.cesvote.com

Vote by Mail

Return your proxy in the postage-paid envelope provided

Vote 24 hours a day, 7 days a week!

Your telephone or Internet vote must be received by 6:00 a.m. Eastern Time on January 7, 2008 to be counted in the final tabulation.

If you vote by Internet or by telephone, you do NOT need to mail back your proxy card.

è

Proxy card must be signed and dated below.

ê Please fold and detach card at perforation before mailing. ê

MOOG INC.

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JANUARY 9, 2008
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
CLASS A SHARES**

The undersigned hereby directs HSBC Bank USA, Trustee of the MOOG INC. Savings & Stock Ownership Plan, to vote all shares of Class A common stock of MOOG INC. held for the benefit of the undersigned and entitled to vote at the Annual Meeting of Shareholders to be held on January 9, 2008 at 9:15 a.m. at the Albright-Knox Art Gallery,

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1285 Elmwood Avenue, Buffalo, New York, and at all adjournments thereof, in the transaction of such business as may properly come before the meeting, and particularly the matters stated on the reverse side of this card, all in accordance with and as more fully described in the accompanying Proxy Statement.

Dated:

Signature

Signature if held jointly

Please date and sign your name as the name appears on this proxy. Joint owners should each sign. If the signer is a corporation, please sign full name by duly authorized officer. Executors, administrators, trustees, etc. should give full title as such.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

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**Proxy card must be signed and dated on the reverse side.
ê Please fold and detach card at perforation before mailing. ê**

Moog Inc.

Class A Shares Proxy

THE CLASS A SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED HEREIN, OR IF NO DIRECTION IS GIVEN, THEY WILL BE VOTED BY THE TRUSTEE AS DIRECTED BY THE INVESTMENT COMMITTEE OF THE PLAN. YOUR VOTE WILL BE KEPT CONFIDENTIAL. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1, 2 AND 3.

1. Election of Director.

CLASS A DIRECTOR TERM EXPIRING IN 2011

(1) Robert T. Brady

FOR the nominee listed above

WITHHOLD AUTHORITY to vote for the nominee listed

above

2. Approval of the 2008 Stock Appreciation Rights Plan.

FOR

AGAINST

ABSTAIN

3. Ratification of Ernst & Young LLP as auditors for the year 2008.

FOR

AGAINST

ABSTAIN

4. In their discretion, the proxies are authorized to vote upon any other matters of business which may properly come before the meeting, or any adjournment(s) thereof.

(Continued, and to be signed, on the reverse side)

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Access the Website and cast your vote:
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Vote by Mail

Return your proxy in the postage-paid envelope provided

Vote 24 hours a day, 7 days a week!

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If you vote by Internet or by telephone, you do NOT need to mail back your proxy card.

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Proxy card must be signed and dated below.

ê Please fold and detach card at perforation before mailing. ê

MOOG INC.

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JANUARY 9, 2008
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
CLASS B SHARES**

The undersigned hereby directs HSBC Bank USA, Trustee of the MOOG INC. Savings & Stock Ownership Plan, to vote all shares of Class B common stock of MOOG INC. held for the benefit of the undersigned and entitled to vote at the Annual Meeting of Shareholders to be held on January 9, 2008 at 9:15 a.m. at the Albright-Knox Art Gallery,

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1285 Elmwood Avenue, Buffalo, New York, and at all adjournments thereof, in the transaction of such business as may properly come before the meeting, and particularly the matters stated on the reverse side of this card, all in accordance with and as more fully described in the accompanying Proxy Statement.

Dated:

Signature

Signature if held jointly

Please date and sign your name as the name appears on this proxy. Joint owners should each sign. If the signer is a corporation, please sign full name by duly authorized officer. Executors, administrators, trustees, etc. should give full title as such.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

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YOUR VOTE IS IMPORTANT!

If you do not vote by telephone or Internet, please sign and date this proxy card and return it promptly in the enclosed postage-paid envelope to National City Bank, P.O. Box 535300, Pittsburgh, PA 15253, so your shares are represented at the Annual Meeting. If you vote by telephone or Internet, it is not necessary to return this proxy card.

**Proxy card must be signed and dated on the reverse side.
ê Please fold and detach card at perforation before mailing. ê**

Moog Inc.

Class B Shares Proxy

THE CLASS B SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED HEREIN, OR IF NO DIRECTION IS GIVEN, THEY WILL BE VOTED BY THE TRUSTEE AS DIRECTED BY THE INVESTMENT COMMITTEE OF THE PLAN. YOUR VOTE WILL BE KEPT CONFIDENTIAL. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1, 2 AND 3.

1. Election of Directors.

CLASS B DIRECTORS TERMS EXPIRING IN 2011

(1) Joe C. Green (2) Raymond W. Boushie

FOR all nominees listed above **WITHHOLD AUTHORITY**

(except as marked to the contrary below) to vote for all nominees listed above

INSTRUCTIONS: To withhold authority to vote for any nominee, write the nominee's name on the line below:

2. Approval of the 2008 Stock Appreciation Rights Plan.

FOR **AGAINST** **ABSTAIN**

3. Ratification of Ernst & Young LLP as auditors for the year 2008.

FOR **AGAINST** **ABSTAIN**

4. In their discretion, the proxies are authorized to vote upon any other matters of business which may properly come before the meeting, or any adjournment(s) thereof.

(Continued, and to be signed, on the reverse side)

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MOOG

c/o National City Bank
Shareholder Services Operations
Locator 5352
P. O. Box 94509
Cleveland, OH 44101-4509

Vote by Telephone

Have your proxy card available when you call **Toll-Free 1-888-693-8683** using a touch-tone phone and follow the simple instructions to record your vote.

Vote by Internet

Have your proxy card available when you access the website **www.cesvote.com** and follow the simple instructions to record your vote.

Vote by Mail

Please mark, sign and date your proxy card and return it in the **postage-paid envelope** provided or return it to: National City Bank, P.O. Box 535300, Pittsburgh, PA 15253.

Vote by Telephone

Call Toll-Free using a
touch-tone telephone:
1-888-693-8683

Vote by Internet

Access the Website and
cast your vote:
www.cesvote.com

Vote by Mail

Return your proxy
in the postage-paid
envelope provided

Vote 24 hours a day, 7 days a week!

**Your telephone or Internet vote must be received by 6:00 a.m. Eastern Time
on January 9, 2008 to be counted in the final tabulation.**

If you vote by Internet or by telephone, you do NOT need to mail back your proxy card.

è

Proxy card must be signed and dated below.

ê Please fold and detach card at perforation before mailing. ê

MOOG INC.

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JANUARY 9, 2008
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
CLASS B SHARES**

The undersigned hereby directs Richard A. Aubrecht, Robert T. Brady and John B. Drenning, and each of them, attorneys and proxies each with full power of substitution to vote all shares of Class B common stock of MOOG INC. held by the undersigned and entitled to vote at the Annual Meeting of Shareholders to be held on January 9, 2008 at

9:15 a.m. at the Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, New York, and at all adjournments thereof, in the transaction of such business as may properly come before the meeting, and particularly the matters stated on the reverse side of this card in accordance with and as more fully described in the accompanying Proxy Statement.

It is understood that this proxy may be revoked at any time insofar as it has not been exercised and that the shares may be voted in person if the undersigned attends the meeting.

Dated:

Signature

Signature if held jointly

Please date and sign your name as the name appears on this proxy. Joint owners should each sign. If the signer is a corporation, please sign full name by duly authorized officer. Executors, administrators, trustees, etc. should give full title as such.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

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If you do not vote by telephone or Internet, please sign and date this proxy card and return it promptly in the enclosed postage-paid envelope to National City Bank, P.O. Box 535300, Pittsburgh, PA 15253, so your shares are represented at the Annual Meeting. If you vote by telephone or Internet, it is not necessary to return this proxy card.

**Proxy card must be signed and dated on the reverse side.
ê Please fold and detach card at perforation before mailing. ê**

Moog Inc.

Class B Shares Proxy

THE CLASS B SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED HEREIN, OR IF NO DIRECTION IS GIVEN, THEY WILL BE VOTED FOR THE NOMINEES LISTED IN ITEM 1 AND FOR ITEMS 2 AND 3.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1, 2 AND 3.

1. Election of Directors.

CLASS B DIRECTORS TERMS EXPIRING IN 2011

(1) Joe C. Green (2) Raymond W. Boushie

FOR all nominees listed above **WITHHOLD AUTHORITY**
(except as marked to the contrary below) to vote for all nominees listed above

INSTRUCTIONS: To withhold authority to vote for any nominee, write the nominee's name on the line below:

2. Approval of the 2008 Stock Appreciation Rights Plan.

FOR **AGAINST** **ABSTAIN**

3. Ratification of Ernst & Young LLP as auditors for the year 2008.

FOR **AGAINST** **ABSTAIN**

4. In their discretion, the proxies are authorized to vote upon any other matters of business which may properly come before the meeting, or any adjournment(s) thereof.

(Continued, and to be signed, on the reverse side)