

TORTOISE POWER & ENERGY INFRASTRUCTURE FUND INC

Form N-30B-2

November 02, 2010

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## Company at a Glance

Tortoise Power and Energy Infrastructure Fund, Inc. (NYSE: TPZ) invests in a portfolio of fixed income and equity securities issued by power and energy infrastructure companies. The Fund's goal is to provide stockholders a high level of current income, with a secondary objective of capital appreciation. The Fund seeks to invest in a portfolio of companies that provide stable and defensive characteristics throughout economic cycles.

## Target Portfolio Allocation

Note: Allocation to MLP securities capped at 25% of total assets.

## Infrastructure Asset Class

Increasingly, institutions have allocated a portion of their investment portfolio to infrastructure due to its desirable investment characteristics, which include:

- ◆ Long-term stable asset class with low historical volatility
- ◆ Attractive risk-adjusted returns
- ◆ Investment diversification through low historical correlation with other asset classes
- ◆ A potential inflation hedge through equity investments

## For Investors Seeking

- ◆ A fund which invests in the historically stable and defensive power and energy infrastructure sectors
- ◆ Monthly distributions
- ◆ Fund invested in fixed income securities with low volatility and more safety as well as MLPs for growth
- ◆ One Form 1099 per stockholder at the end of the year, thus avoiding multiple K-1s and multiple state filings related to individual MLP partnership investments

## Power and Energy Infrastructure Operations

At the heart of the infrastructure asset class is power and energy infrastructure, illustrated in the box below:

**Power Infrastructure** –The ownership and operation of asset systems that provide electric power generation (including renewable energy), transmission and distribution.

**Energy Infrastructure** –The ownership and operation of a network of pipeline assets to transport, store, gather, and/or process crude oil, refined petroleum products, natural gas or natural gas liquids (including renewable energy).



September 30, 2010

Dear Fellow Stockholders,

Acquisition activity in both the power and energy infrastructure sectors, along with a growing base of investors attracted to current yield and cash flow stability, has led Tortoise Power and Energy Infrastructure Fund, Inc. (TPZ) to outperform the broader market this year.

#### Power and Energy Infrastructure Sector Review and Outlook

The TPZ Benchmark Index\*, comprised of a blend of debt and equity securities issued by companies in the power and energy infrastructure sectors, gained 13.3 percent year-to-date through Aug. 31, 2010, compared to a decline of 4.6 percent for the S&P 500 over the same period. For the third quarter ended Aug. 31, 2010, the TPZ Benchmark Index increased by 8.4 percent compared to a drop of 3.2 percent in the S&P 500 for the same period.

Power company business fundamentals improved in the third quarter as the economic recovery resulted in higher industrial demand, and cost controls implemented over the past year resulted in lower expenses. Capital markets were accessible for power company debt and equity issuances and several companies successfully funded acquisitions and internal growth projects focused on increasing cash flow from regulated businesses. Merger and acquisition activity remained healthy with utilities focused on combining operations to achieve scale synergies and private equity searching for value in independent power investments.

Midstream MLPs benefitted from favorable business fundamentals during the third quarter. Demand for refined products improved as the economic recovery generated greater need for transportation fuels. Natural gas transmission operators continued to profit from growing production in emerging natural gas basins which require new pipeline takeaway capacity. Natural gas gathering and processing companies gained due to an attractive price for, and growing production of, natural gas liquids (NGLs). Our view remains optimistic for all segments of the midstream MLP sector. We think the backdrop for natural gas is particularly positive because natural gas is abundant, sourced domestically and is relatively inexpensive. It is also preferable to other traditional sources of fuel such as coal and petroleum with respect to environmental impact.

Year-to-date merger and acquisition activity totaled more than \$35 billion in the MLP sector, an exceptionally high level relative to historical activity and the approximate \$217 billion market cap of the entire sector. Acquisition activity focused on infrastructure companies with exposure to shale natural gas plays, natural gas and liquids storage, and general partners. Several MLPs acquired their general partners to improve cost of capital and simplify corporate structures. We expect elevated acquisition activity to continue as midstream assets migrate into the MLP sector. To finance the acquisitions and internal growth projects, MLPs raised nearly \$30 billion through the issuance of debt and equity securities to investors this year. Capital is needed to expand energy infrastructure networks owned by MLPs and we believe investors' appetite to provide capital for growth remains strong.

#### Company Performance Review and Outlook

Our total return based on market value, including the reinvestment of distributions, was 8.2 percent for the quarter ended Aug. 31, 2010 and 23.1 percent for the nine months ended Aug. 31, 2010.

We maintained our monthly distribution rate of \$0.125 per common share (\$1.50 annualized) for payment during our fourth quarter. Our current distribution rate represents an annualized yield of 6.7 percent based on the closing price of \$22.38 on Aug. 31, 2010.

On Sept. 14, 2010, we announced an amendment to our \$18 million credit facility to extend the maturity to Sept. 14, 2011. Additional information about our financial performance is available in the Management's Discussion of this report.

#### Conclusion

The demand for energy generated by power companies combined with the essential nature of the underlying assets owned by MLPs, typifies the attractive long-term investment thesis of TPZ's portfolio, in our view.

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We appreciate your investment and confidence in our team. We look forward to our continued pursuit of yield, growth and quality investments on your behalf.

Sincerely,

The Managing Directors  
Tortoise Capital Advisors, L.L.C.  
The adviser to Tortoise Power and Energy Infrastructure Fund, Inc.

H. Kevin Birzer

Zachary A. Hamel

Kenneth P. Malvey

Terry Matlack

David J. Schulte

\*TPZ Benchmark Index includes Merrill Lynch U.S. Corporates, Energy debt index "CIEN," Merrill Lynch U.S. Corporates, Electric Utility Power debt index "CUEL" and the Tortoise MLP Total Return Index "TMLPT."

2010 3rd Quarter Report 1

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**Key Financial Data** (Supplemental Unaudited Information)

(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Operating Ratios is supplemental non-GAAP financial information, which we believe is meaningful to understanding our operating performance. The Selected Operating Ratios are the functional equivalent of EBITDA for non-investment companies, and we believe they are an important supplemental measure of performance and promote comparisons from period-to-period. Supplemental non-GAAP measures should be read in conjunction with our full financial statements.

|  | 2009      |           | 2010      |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
|  | Q3(1)     | Q4(2)     | Q1(2)     | Q2(2)     | Q3(2)     |
| <b>Total Income from Investments</b>                                     |           |           |           |           |           |
| Interest earned on corporate bonds                                       | \$ 164    | \$ 1,633  | \$ 1,900  | \$ 1,943  | \$ 2,005  |
| Distributions received from master limited partnerships                  | 152       | 894       | 901       | 908       | 871       |
| Dividends paid in stock  | 16        | 568       | 568       | 587       | 592       |
| Interest and dividend income   | 25        | 4         | —         | —         | —         |
| Total from investments   | 357       | 3,099     | 3,369     | 3,438     | 3,468     |
| <b>Operating Expenses Before Leverage Costs</b>                          |           |           |           |           |           |
| Advisory fees, net of expense reimbursement                              | 91        | 314       | 356       | 375       | 381       |
| Other operating expenses   | 51        | 162       | 123       | 120       | 125       |
|  | 142       | 476       | 479       | 495       | 506       |
| Distributable cash flow before leverage costs                            | 215       | 2,623     | 2,890     | 2,943     | 2,962     |
| Leverage costs(3)  | —         | 187       | 317       | 325       | 329       |
| Current foreign tax expense  | —         | —         | —         | 1         | —         |
| Distributable Cash Flow(4)   | \$ 215    | \$ 2,436  | \$ 2,573  | \$ 2,617  | \$ 2,633  |
| Distributions paid on common stock                                       | \$ —      | \$ 2,577  | \$ 2,591  | \$ 2,602  | \$ 2,603  |
| Distributions paid on common stock per share                             | —         | 0.375     | 0.375     | 0.375     | 0.375     |
| Payout percentage for period(5)  | —         | 105.8%    | 100.7%    | 99.4%     | 98.9%     |
| Net realized gain on investments and interest rate swaps, for the period | —         | 104       | 1,325     | 1,764     | 1,251     |
| Total assets, end of period  | 135,519   | 173,997   | 188,170   | 183,009   | 193,637   |
| Average total assets during period(6)                                    | 133,251   | 158,766   | 181,412   | 188,261   | 190,519   |
| Leverage (long-term debt obligations and short-term borrowings)(7)       | —         | 31,300    | 31,100    | 32,500    | 32,650    |
| Leverage as a percent of total assets                                    | —         | 18.0%     | 16.5%     | 17.8%     | 16.9%     |
| Net unrealized appreciation (depreciation), end of period                | (463)     | 11,641    | 21,387    | 18,252    | 28,090    |
| Net assets, end of period  | 130,278   | 141,789   | 152,231   | 149,567   | 159,362   |
| Average net assets during period(8)                                      | 130,234   | 136,028   | 149,001   | 154,058   | 156,594   |
| Net asset value per common share   | 19.00     | 20.55     | 21.96     | 21.55     | 22.96     |
| Market value per common share  | 20.00     | 19.18     | 20.20     | 21.05     | 22.38     |
| Shares outstanding   | 6,856,073 | 6,898,481 | 6,931,555 | 6,940,986 | 6,940,986 |
| <b>Selected Operating Ratios(9)</b>                                      |           |           |           |           |           |
| <b>As a Percent of Average Total Assets</b>                              |           |           |           |           |           |
| Total distributions received from investments                            | N/M       | 7.83%     | 7.53%     | 7.25%     | 7.22%     |
| Operating expenses before leverage costs                                 | N/M       | 1.20%     | 1.07%     | 1.04%     | 1.05%     |
| Distributable cash flow before leverage costs                            | N/M       | 6.63%     | 6.46%     | 6.21%     | 6.17%     |
| <b>As a Percent of Average Net Assets</b>                                |           |           |           |           |           |
| Distributable cash flow(4)   | N/M       | 7.18%     | 7.00%     | 6.74%     | 6.67%     |

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- (1) Represents the period from July 31, 2009 (commencement of operations) through August 31, 2009.
- (2) Q4 is the period from September through November. Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August.
- (3) Leverage costs include interest expense, other leverage expenses and interest rate swap expenses.
- (4) "Net investment income" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow (DCF): increased by the return of capital on MLP distributions, the value of paid-in-kind distributions, other non-recurring leverage expenses and amortization of debt issuance costs; and decreased by realized and unrealized gains (losses) on interest rate swap settlements.
- (5) Distributions paid as a percentage of Distributable Cash Flow.
- (6) Computed by averaging month-end values within each period.
- (7) The balance on the short-term credit facility was \$12,650,000 as of August 31, 2010.
- (8) Computed by averaging daily values within each period.
- (9) Annualized for periods less than one full year. Operating ratios contained in our Financial Highlights are based on average net assets. Ratios for Q3 2009 are not meaningful due to partial reporting period.

2 Tortoise Power and Energy Infrastructure Fund, Inc.

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## Management's Discussion (Unaudited)

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

### Overview

Tortoise Power and Energy Infrastructure Fund, Inc.'s ("TPZ") primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation. We seek to provide our stockholders a vehicle to invest in a portfolio consisting primarily of securities issued by power and energy infrastructure companies. Power infrastructure operations use asset systems to provide electric power generation (including renewable energy), transmission and distribution. Energy infrastructure operations use a network of pipeline assets to transport, store, gather and/or process crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or natural gas liquids. We believe the power and energy infrastructure sectors provide stable and defensive characteristics throughout economic cycles. A majority of the investments are in fixed income securities with the remainder invested in equities which provide growth potential.

TPZ is a registered non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), and expects to qualify as a regulated investment company ("RIC") under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). Tortoise Capital Advisors, L.L.C. (the "Adviser") serves as investment adviser.

### Company Update

Market values of both our debt and equity investments ended the 3rd quarter 2010 above their levels at May 31, 2010, while income we received from our investments during the quarter was in line with our expectations. Our debt investments increased in value due to lower market interest rates, improving economic conditions and improved credit quality. Subsequent to quarter-end, we amended our bank credit facility at improved terms as compared to the expiring facility. Additional information on the results of our operations is discussed in more detail below.

### Critical Accounting Policies

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

### Determining Distributions to Stockholders

Unlike most RIC's which pay distributions based upon income, we pay monthly distributions based upon our distributable cash flow ("DCF"). Our Board of Directors reviews the distribution rate quarterly, and may adjust the monthly distributions throughout the year.

### Determining DCF

DCF is simply income from investments less expenses. Income from investments includes the accrued interest from corporate bonds, cash distributions and paid-in-kind distributions from MLPs and related companies and dividends earned from short-term investments. The total expenses include current or anticipated operating expenses and leverage costs. Each are summarized for you in the table on page 2 and discussed in more detail below.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) GAAP recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation reflects distribution income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital;



(3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (4) amortization of premium or discount for all securities is calculated using the yield to worst methodology for GAAP purposes while yield to call is used in calculating amortization for long-dated hybrid securities in the DCF calculation. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses as disclosed in the Statement of Operations, the DCF calculation reflects interest expense and realized and unrealized gains (losses) on interest rate swap settlements as leverage costs. A reconciliation of Net Investment Income to DCF is included below.

#### Income from Investments

We seek to achieve our investment objectives by investing in income-producing fixed income and equity securities of companies that we believe offer attractive distribution rates. We evaluate each holding based upon its contribution to our investment income and its risk relative to other potential investments.

Total income from investments for the 3rd quarter 2010 was approximately \$3.5 million, representing a 1 percent increase as compared to 2nd quarter 2010. This increase is due to a slight repositioning of MLP investments into higher-yielding debt investments during the quarter, as well as distribution increases from our MLPs.

#### Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee; and (2) leverage costs. On a percentage basis, operating expenses before leverage costs were an annualized 1.05 percent of average total assets for 3rd quarter 2010 as compared to 1.04 percent for the 2nd quarter 2010. Advisory fees for 3rd quarter 2010 increased 1.6 percent from 2nd quarter 2010 as a result of increased market values and average managed assets during the quarter.

While the contractual advisory fee is 0.95 percent of average monthly managed assets, the Adviser has agreed to waive an amount equal to 0.15 percent of average monthly managed assets through December 31, 2010, 0.10 percent of average monthly managed assets for calendar year 2011 and 0.05 percent of average monthly managed assets for calendar year 2012.

Management's Discussion (Unaudited)  
(Continued)

Leverage costs consist of two major components: (1) the direct interest expense, which will vary from period to period, as our senior notes and revolving credit facility have variable rates of interest; and (2) the realized and unrealized gain or loss on our interest rate swap settlements. Detailed information on our senior notes and revolving credit facility is included in the Liquidity and Capital Resources section below.

As indicated in Note 10 of our Notes to Financial Statements, we have entered into \$27 million notional amount of interest rate swap contracts with Wells Fargo Bank in an attempt to reduce a portion of the interest rate risk arising from our leveraged capital structure. TPZ has agreed to pay Wells Fargo Bank a fixed rate while receiving a floating rate based upon the 1-month or 3-month U.S. Dollar London Interbank Offered Rate ("LIBOR"). The spread between the fixed swap rate and LIBOR is reflected in our Statement of Operations as a realized or unrealized gain when LIBOR exceeds the fixed rate (Wells Fargo Bank pays TPZ the net difference) or a realized or unrealized loss when the fixed rate exceeds LIBOR (TPZ pays Wells Fargo Bank the net difference). The interest rate swap contracts have a weighted average fixed rate of 2.13 percent and weighted average remaining maturity of approximately 3.1 years at August 31, 2010. This swap arrangement effectively fixes the cost on approximately 83 percent of our outstanding leverage as of August 31, 2010 over the remaining swap period.

Total leverage costs for DCF purposes were approximately \$329,000 for the 3rd quarter 2010, an increase of approximately 1 percent as compared to 2nd quarter 2010 due primarily to slight increases in average short-term interest rates experienced during the quarter. This includes interest expense on our senior notes and bank credit facility and accrued swap settlement costs of approximately \$122,000. The average annualized total cost of leverage (total leverage costs divided by average outstanding leverage) was 4.03 percent for 3rd quarter 2010.

Distributable Cash Flow

For 3rd quarter 2010, our DCF was approximately \$2.63 million, an increase of 0.6 percent as compared to 2nd quarter 2010. This increase is the net result of the increased distributions and expenses as outlined above.

On May 10, 2010, we declared monthly distributions for the 2010 3rd fiscal quarter of \$0.125 per share. This is unchanged as compared to 2nd quarter 2010.

Net investment income on the Statement of Operations is adjusted as follows to reconcile to DCF for 2010 YTD and 3rd quarter 2010 (in thousands):

|                                     | 2010 YTD | 3rd Qtr 2010 |
|-------------------------------------|----------|--------------|
| Net Investment Income               | \$ 3,713 | \$ 1,309     |
| Adjustments to reconcile to DCF:    |          |              |
| Dividends paid in stock             | 1,747    | 592          |
| Return of capital on distributions  | 2,546    | 782          |
| Amortization of debt issuance costs | 28       | 9            |
| Interest rate swap expenses         | (376)    | (122)        |
| Change in amortization methodology  | 165      | 63           |
| DCF                                 | \$ 7,823 | \$ 2,633     |

Liquidity and Capital Resources

We had total assets of \$194 million at quarter-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and receivables and any expenses that may have been prepaid. During the 3rd quarter 2010, total assets increased from \$183 million to \$194 million, an increase of \$11 million which was primarily the result of net realized and unrealized gains on investments during the quarter (excluding return of capital on distributions reflected during the quarter).

Total leverage outstanding at August 31, 2010 of \$32.65 million is comprised of \$20 million floating rate senior notes and \$12.65 million outstanding on our bank credit facility. Through the utilization of our interest rate swaps, we have essentially fixed the rate on approximately 83 percent of our leverage with the remaining 17 percent floating based upon short-term LIBOR. Total leverage represented 16.9 percent of total

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assets. We have established a long-term leverage target ratio of 20 percent of total assets at time of incurrence. Temporary increases of up to 25 percent of our total assets may be permitted, provided that such leverage is consistent with the limits set forth in the 1940 Act, and that such leverage is expected to be reduced over time in an orderly fashion to reach our long-term target. Our leverage ratio is impacted by increases or decreases in investment values, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

Subsequent to quarter-end, we entered into an amendment to our bank credit facility that extends the facility through September 14, 2011. Terms of the amendment provide for an unsecured facility of \$18 million, unchanged from the previous facility. During the extension, outstanding balances generally will accrue interest at a variable rate equal to one-month LIBOR plus 1.25 percent with a fee of 0.20 percent on any unused balance. These new terms compare favorably to the previous terms of one-month LIBOR plus 2.00 percent with a fee of 0.25 percent on any unused balance.

We have used leverage to acquire investments consistent with our investment philosophy. The terms of our leverage are governed by regulatory and contractual asset coverage requirements that arise from the use of leverage. Additional information on our leverage and asset coverage requirements is discussed in Note 9 in the Notes to Financial Statements. Our coverage ratio is updated each week on our web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

### Taxation of our Distributions

We expect that distributions paid on common shares will generally consist of: (i) investment company taxable income (which includes, among other items, taxable interest and the excess of any short-term capital gains over net long-term capital losses); (ii) long-term capital gain (net gain from the sale of a capital asset held longer than 12 months over net short-term capital losses) and (iii) return of capital.

We may distribute additional capital gains in the last fiscal quarter if necessary to meet minimum distribution requirements and thus avoid being subject to excise taxes. If, however, we elect to retain any capital gains, we will be subject to U.S. capital gains taxes. The payment of those taxes will flow-through to stockholders as a tax credit to apply against their U.S. income tax payable on the deemed distribution of the retained capital gain.

For tax purposes, distributions paid to common stockholders for the calendar year ended December 31, 2009 were comprised of 57 percent ordinary income (none of which is qualified dividend income) and 43 percent return of capital. This information is reported to stockholders on Form 1099-DIV and is available on our web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

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**Schedule of Investments**

August 31, 2010

(Unaudited)

|   | Principal<br>Amount/Shares | Fair Value   |
|---|----------------------------|--------------|
| Corporate Bonds — 71.4%(1)  |                            |              |
| Crude/Refined Products Pipelines — 2.0%(1)                            |                            |              |
| Canada — 2.0%(1)  |                            |              |
| Gibson Energy ULC/GEP Midstream Finance Corp.,<br>10.000%, 01/15/2018 | \$ 3,250,000               | \$ 3,185,000 |
| Natural Gas/Natural Gas Liquids Pipelines — 18.6%(1)                  |                            |              |
| Canada — 3.4%(1)  |                            |              |
| TransCanada Pipelines Limited,<br>6.350%, 05/15/2067                  | 6,000,000                  | 5,476,440    |
| United States — 15.2%(1)  |                            |              |
| El Paso Corp.,<br>12.000%, 12/12/2013                                 | 4,000,000                  | 4,820,000    |
| Florida Gas Transmission Co., LLC,<br>5.450%, 07/15/2020(2)           | 500,000                    | 536,662      |
| Midcontinent Express Pipeline LLC,<br>6.700%, 09/15/2019(2)           | 6,000,000                  | 6,538,236    |
| NGPL PipeCo LLC,<br>7.119%, 12/15/2017(2)                             | 3,000,000                  | 3,193,725    |
| Southern Star Central Corp.,<br>6.750%, 03/01/2016                    | 2,745,000                  | 2,765,588    |
| Southern Star Central Gas Pipeline, Inc.,<br>6.000%, 06/01/2016(2)    | 2,000,000                  | 2,075,000    |
| Southern Union Co.,<br>7.600%, 02/01/2024                             | 3,500,000                  | 4,216,985    |
|   |                            | 29,622,636   |
| Natural Gas Gathering/Processing — 6.2%(1)                            |                            |              |
| United States — 6.2%(1)   |                            |              |
| DCP Midstream LLC,<br>9.750%, 03/15/2019(2)                           | 4,000,000                  | 5,313,528    |
| Enogex LLC,<br>6.250%, 03/15/2020(2)                                  | 4,000,000                  | 4,511,592    |
|   |                            | 9,825,120    |
| Oil and Gas Exploration and Production — 5.7%(1)                      |                            |              |
| United States — 5.7%(1)   |                            |              |
| Chesapeake Energy Corp.,<br>7.250%, 12/15/2018                        | 2,000,000                  | 2,090,000    |
| Encore Acquisition Co.,<br>9.500%, 05/01/2016                         | 1,500,000                  | 1,635,000    |
| Newfield Exploration Co.,<br>7.125%, 05/15/2018                       | 1,000,000                  | 1,046,250    |

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|   |           |             |
|---|-----------|-------------|
| Pioneer Natural Resources Co.,<br>6.875%, 05/01/2018          | 1,000,000 | 1,044,957   |
| Plains Exploration & Production Co.,<br>10.000%, 03/01/2016   | 3,000,000 | 3,285,000   |
|   |           | 9,101,207   |
| Oilfield Services — 2.1%(1)                                   |           |             |
| United States — 2.1%(1)                                       |           |             |
| Pride International, Inc.,<br>8.500%, 06/15/2019              | 3,000,000 | 3,397,500   |
| Power/Utility — 34.8%(1)                                      |           |             |
| United States — 34.8%(1)                                      |           |             |
| CenterPoint Energy, Inc.,<br>6.500%, 05/01/2018               | 4,000,000 | 4,617,188   |
| CMS Energy Corp.,<br>8.750%, 06/15/2019                       | 4,185,000 | 4,905,297   |
| Dominion Resources, Inc.,<br>8.375%, 06/15/2064               | 183,000   | 5,277,720   |
| FPL Group Capital, Inc.,<br>6.650%, 06/15/2067                | 1,029,000 | 977,550     |
| Illinois Power Co.,<br>9.750%, 11/15/2018                     | 2,000,000 | 2,692,010   |
| Integrus Energy Group, Inc.,<br>6.110%, 12/01/2066            | 3,750,000 | 3,393,750   |
| IPALCO Enterprises, Inc.,<br>7.250%, 04/01/2016(2)            | 2,000,000 | 2,090,000   |
| NiSource Finance Corp.,<br>10.750%, 03/15/2016                | 3,500,000 | 4,585,865   |
| North American Energy Alliance LLC,<br>10.875%, 06/01/2016(2) | 2,800,000 | 3,024,000   |
| NRG Energy, Inc.,<br>8.500%, 06/15/2019                       | 6,000,000 | 6,165,000   |
| PPL Capital Funding, Inc.,<br>6.700%, 03/30/2067              | 6,000,000 | 5,625,000   |
| Sierra Pacific Resources,<br>6.750%, 08/15/2017               | 3,000,000 | 3,095,472   |
| Source Gas, LLC,<br>5.900%, 04/01/2017(2)                     | 5,770,000 | 5,760,808   |
| Wisconsin Energy Corp.,<br>6.250%, 05/15/2067                 | 3,450,000 | 3,260,250   |
|   |           | 55,469,910  |
| Refining — 2.0%(1)  |           |             |
| United States — 2.0%(1)                                       |           |             |
| Holly Corp.,<br>9.875%, 06/15/2017                            | 3,000,000 | 3,150,000   |
| Total Corporate Bonds (Cost \$106,338,463)                    |           | 113,751,373 |

See accompanying Notes to Financial Statements.

## Schedule of Investments (Continued)

August 31, 2010

(Unaudited)

|  | Shares  | Fair Value   |
|--|---------|--------------|
| Master Limited Partnerships and<br>Related Companies — 48.5%(1)                |         |              |
| Crude/Refined Products Pipelines — 25.1%(1)                                    |         |              |
| United States — 25.1%  |         |              |
| Buckeye Partners, L.P.   | 25,300  | \$ 1,544,818 |
| Enbridge Energy Management, L.L.C.(3)  | 284,076 | 15,075,900   |
| Holly Energy Partners, L.P.  | 27,549  | 1,377,450    |
| Kinder Morgan Management, LLC(3)(4)  | 275,683 | 16,284,619   |
| Magellan Midstream Partners, L.P.  | 19,400  | 940,124      |
| NuStar Energy L.P.   | 32,600  | 1,857,874    |
| Plains All American Pipeline, L.P.   | 16,500  | 990,660      |
| Sunoco Logistics Partners L.P.   | 26,481  | 1,960,918    |
|  |         | 40,032,363   |
| Natural Gas/Natural Gas Liquids Pipelines — 12.2%(1)                           |         |              |
| United States — 12.2%(1)   |         |              |
| Boardwalk Pipeline Partners, LP  | 120,000 | 3,667,200    |
| Duncan Energy Partners L.P.  | 101,700 | 2,821,158    |
| Energy Transfer Equity, L.P.   | 27,809  | 966,363      |
| Energy Transfer Partners, L.P.   | 107,700 | 4,920,813    |
| Enterprise Products Partners L.P.  | 33,600  | 1,242,192    |
| Niska Gas Storage Partners LLC   | 6,866   | 129,630      |
| ONEOK Partners, L.P.   | 66,600  | 4,582,080    |
| Williams Partners, L.P.  | 6,000   | 252,660      |
| Williams Pipeline Partners L.P.  | 23,645  | 753,330      |
|  |         | 19,335,426   |
| Natural Gas Gathering/Processing — 6.6%(1)                                     |         |              |
| United States — 6.6%(1)  |         |              |
| Copano Energy, L.L.C.  | 93,200  | 2,341,184    |
| DCP Midstream Partners, LP   | 85,200  | 2,705,952    |
| MarkWest Energy Partners, L.P.   | 56,700  | 1,889,244    |
| Regency Energy Partners, L.P.  | 10,600  | 252,068      |
| Targa Resources Partners L.P.  | 132,417 | 3,348,826    |
|  |         | 10,537,274   |
| Propane Distribution — 4.6%(1)   |         |              |
| United States — 4.6%(1)  |         |              |
| Inergy, L.P.   | 197,500 | 7,354,900    |
| Total Master Limited Partnerships<br>and Related Companies (Cost \$55,504,052) |         | 77,259,963   |
| Short-Term Investment — 0.0%(1)  |         |              |
| United States Investment Company — 0.0%(1)                                     |         |              |
| Fidelity Institutional Government Portfolio —                                  |         |              |

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|   |        |              |
|---|--------|--------------|
| Class I, 0.06%(5) (Cost \$66,481)                                 | 66,481 | 66,481       |
| Total Investments — 119.9%(1)<br>(Cost \$161,908,996)             |        | 191,077,817  |
| Long-Term Debt Obligations — (12.5%)(1)                           |        | (20,000,000) |
| Interest Rate Swap Contracts — (0.7%)(1)                          |        |              |
| \$27,000,000 notional — Unrealized Depreciation(6)                |        | (1,078,512)  |
| Other Assets and Liabilities — (6.7%)(1)                          |        | (10,637,346) |
| Total Net Assets Applicable to<br>Common Stockholders — 100.0%(1) | \$     | 159,361,959  |

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$33,043,551, which represents 20.7% of net assets. See Note 7 to the financial statements for further disclosure.

(3) Security distributions are paid-in-kind.

(4) All or a portion of the security is segregated as collateral for the unrealized depreciation of interest rate swap contracts.

(5) Rate indicated is the current yield as of August 31, 2010.

(6) See Note 10 of the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

6 Tortoise Power and Energy Infrastructure Fund, Inc.

## STATEMENT OF ASSETS &amp; LIABILITIES

August 31, 2010  
(Unaudited)

|  |    |             |
|--|----|-------------|
| <b>Assets</b>  |    |             |
| Investments at fair value (cost \$161,908,996)   | \$ | 191,077,817 |
| Receivable for Adviser expense reimbursement   |    | 48,922      |
| Interest and dividend receivable   |    | 2,329,661   |
| Prepaid expenses and other assets  |    | 180,425     |
| Total assets   |    | 193,636,825 |
| <b>Liabilities</b>   |    |             |
| Payable to Adviser   |    | 309,838     |
| Accrued expenses and other liabilities   |    | 235,551     |
| Unrealized depreciation of interest rate swap contracts  |    | 1,078,512   |
| Current foreign tax liability  |    | 965         |
| Short-term borrowings  |    | 12,650,000  |
| Long-term debt obligations   |    | 20,000,000  |
| Total liabilities  |    | 34,274,866  |
| Net assets applicable to common stockholders   | \$ | 159,361,959 |
| <b>Net Assets Applicable to Common Stockholders Consist of:</b>  |    |             |
| Capital stock, \$0.001 par value; 6,940,986 shares issued and outstanding (100,000,000 shares authorized)                  | \$ | 6,941       |
| Additional paid-in capital   |    | 130,865,582 |
| Undistributed net investment income  |    | —           |
| Undistributed net realized gain  |    | 399,066     |
| Net unrealized appreciation of investments and interest rate swap contracts  |    | 28,090,370  |
| Net assets applicable to common stockholders   | \$ | 159,361,959 |
| Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding) | \$ | 22.96       |

## STATEMENT OF OPERATIONS

Period from December 1, 2009 through August 31, 2010  
(Unaudited)

|  |    |             |
|--|----|-------------|
| <b>Investment Income</b>                           |    |             |
| Distributions from master limited partnerships     | \$ | 2,680,300   |
| Less return of capital on distributions            |    | (2,546,430) |
| Net distributions from master limited partnerships |    | 133,870     |
| Interest from corporate bonds                      |    | 5,682,805   |
| Dividends from money market mutual funds           |    | 94          |
| Total Investment Income                            |    | 5,816,769   |
| <b>Operating Expenses</b>                          |    |             |
| Advisory fees                                      |    | 1,319,948   |



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|   |               |
|---|---------------|
| Professional fees   | 138,482       |
| Administrator fees  | 55,873        |
| Directors' fees   | 47,041        |
| Reports to stockholders   | 46,049        |
| Fund accounting fees  | 18,016        |
| Registration fees   | 16,660        |
| Franchise fees  | 15,013        |
| Stock transfer agent fees   | 9,353         |
| Custodian fees and expenses   | 5,037         |
| Other operating expenses  | 16,687        |
| Total Operating Expenses  | 1,688,159     |
| Interest expense  | 548,767       |
| Amortization of debt issuance costs   | 28,397        |
| Other leverage expenses   | 46,166        |
| Total Leverage Expenses   | 623,330       |
| Total Expenses  | 2,311,489     |
| Less expense reimbursement by Adviser   | (208,413)     |
| Net Expenses  | 2,103,076     |
| Net Investment Income, before Current Foreign Tax Expense                                 | 3,713,693     |
| Current foreign tax expense   | (965)         |
| Net Investment Income   | 3,712,728     |
| Realized and Unrealized Gain (Loss) on<br>Investments and Interest Rate Swaps             |               |
| Net realized gain on investments  | 4,716,771     |
| Net realized loss on interest rate swap settlements                                       | (376,572)     |
| Net realized gain on investments and interest rate swaps                                  | 4,340,199     |
| Net unrealized appreciation of investments  | 17,129,380    |
| Net unrealized depreciation of interest rate swap contracts                               | (680,401)     |
| Net unrealized appreciation of investments and<br>interest rate swap contracts            | 16,448,979    |
| Net Realized and Unrealized Gain on Investments and<br>Interest Rate Swaps                | 20,789,178    |
| Net Increase in Net Assets Applicable to Common<br>Stockholders Resulting from Operations | \$ 24,501,906 |

See accompanying Notes to Financial Statements.

## STATEMENT OF CHANGES IN NET ASSETS

|  | Period from<br>December 1,<br>2009<br>through<br>August 31, 2010<br>(Unaudited) | Period from<br>July 31, 2009(1)<br>through<br>November 30,<br>2009 |
|--|---|--|
| <b>Operations</b>  |   |  |
| Net investment income  | \$ 3,712,728  | \$ 1,156,440   |
| Net realized gain on investments and interest rate swaps   | 4,340,199   | 103,903  |
| Net unrealized appreciation of investments and interest rate swap contracts                                  | 16,448,979  | 11,641,391   |
| Net increase in net assets applicable to common stockholders resulting from operations                       | 24,501,906  | 12,901,734   |
| <b>Distributions to Common Stockholders</b>  |   |  |
| Net investment income  | (3,854,592)   | (1,082,394)  |
| Net realized gain  | (3,941,133)   | —  |
| Return of capital  | —   | (1,494,360)  |
| Total distributions to common stockholders   | (7,795,725)   | (2,576,754)  |
| <b>Capital Stock Transactions</b>  |   |  |
| Proceeds from initial public offering of 6,850,000 common shares   | —   | 137,000,000  |
| Underwriting discounts and offering expenses associated with the issuance of common stock                    | —   | (6,439,000)  |
| Issuance of 42,505 and 42,408 common shares from reinvestment of distributions to stockholders, respectively | 866,404   | 794,479  |
| Net increase in net assets applicable to common stockholders from capital stock transactions                 | 866,404   | 131,355,479  |
| Total increase in net assets applicable to common stockholders   | 17,572,585  | 141,680,459  |
| <b>Net Assets</b>  |   |  |
| Beginning of period  | 141,789,374   | 108,915  |
| End of period  | \$ 159,361,959  | \$ 141,789,374   |
| Undistributed net investment income, end of period   | \$ —  | \$ 141,864   |

(1) Commencement of Operations.

See accompanying Notes to Financial Statements.

## STATEMENT OF CASH FLOWS

Period from December 1, 2009 through August 31, 2010  
(Unaudited)

|   |    |              |
|---|----|--------------|
| <b>Cash Flows From Operating Activities</b>   |    |              |
| Distributions received from master limited partnerships   | \$ | 2,680,300    |
| Interest and dividend income received   |    | 5,485,752    |
| Purchases of long-term investments  |    | (36,060,173) |
| Proceeds from sales of long-term investments  |    | 35,845,916   |
| Purchases of short-term investments, net  |    | (33,590)     |
| Payments on interest rate swaps, net  |    | (376,572)    |
| Interest received on securities sold, net   |    | 59,237       |
| Interest expense paid   |    | (550,510)    |
| Operating expenses paid   |    | (1,423,075)  |
| Net cash provided by operating activities   |    | 5,627,285    |
| <b>Cash Flows From Financing Activities</b>   |    |              |
| Advances from revolving line of credit  |    | 24,050,000   |
| Repayments on revolving line of credit  |    | (22,700,000) |
| Debt issuance costs   |    | (47,943)     |
| Distributions paid to common stockholders   |    | (6,929,342)  |
| Net cash used in financing activities   |    | (5,627,285)  |
| Net change in cash  |    | —            |
| Cash — beginning of period  |    | —            |
| Cash — end of period  | \$ | —            |
| <b>Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities</b>  |    |              |
| Net increase in net assets applicable to common stockholders resulting from operations  | \$ | 24,501,906   |
| Adjustments to reconcile net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities: |    |              |
| Purchases of long-term investments  |    | (36,060,173) |
| Return of capital on distributions received   |    | 2,546,430    |
| Proceeds from sales of long-term investments  |    | 35,845,916   |
| Purchases of short-term investments, net  |    | (33,590)     |
| Net unrealized appreciation of investments and interest rate swap contracts   |    | (16,448,979) |
| Net realized gain on investments  |    | (4,716,771)  |
| Amortization of market premium, net   |    | 295,124      |
| Amortization of debt issuance costs   |    | 28,397       |
| Changes in operating assets and liabilities:  |    |              |
| Increase in interest and dividend receivable  |    | (433,034)    |
| Decrease in prepaid expenses and other assets   |    | 26,554       |
| Increase in current foreign tax liability   |    | 965          |
| Increase in payable to Adviser, net of  |    |              |

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|   |    |              |
|---|----|--------------|
| expense reimbursement   |    | 35,757       |
| Increase in accrued expenses and other liabilities                                  |    | 38,783       |
| Total adjustments   |    | (18,874,621) |
| Net cash provided by operating activities   | \$ | 5,627,285    |
| <b>Non-Cash Financing Activities</b>  |    |              |
| Reinvestment of distributions by common stockholders<br>in additional common shares | \$ | 866,404      |

See accompanying Notes to Financial Statements.

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## FINANCIAL HIGHLIGHTS

|  | Period from<br>December 1,<br>2009<br>through<br>August 31,<br>2010<br>(Unaudited) | Period from<br>July 31,<br>2009(1)<br>through<br>November 30,<br>2009 |
|--|--|---|
| <b>Per Common Share Data(2)</b>  |  |   |
| Net Asset Value, beginning of period   | \$ 20.55   | \$ —  |
| Public offering price  | —  | 20.00   |
| <b>Income from Investment Operations</b>   |  |   |
| Net investment income(3)   | 0.54   | 0.17  |
| Net realized and unrealized appreciation of investments and interest rate swap contracts(3)                | 3.00   | 1.70  |
| Total income from investment operations  | 3.54   | 1.87  |
| <b>Distributions to Common Stockholders</b>  |  |   |
| Net investment income  | (0.56)   | (0.16)  |
| Net realized gain  | (0.57)   | —   |
| Return of capital  | —  | (0.22)  |
| Total distributions to common stockholders   | (1.13)   | (0.38)  |
| Underwriting discounts and offering costs on issuance of common stock                                      | —  | (0.94)  |
| Net Asset Value, end of period   | \$ 22.96   | \$ 20.55  |
| Per common share market value, end of period   | \$ 22.38   | \$ 19.18  |
| Total Investment Return Based on Market Value(4)   | 23.07%   | (2.17)%   |
| Total Investment Return Based on Net Asset Value(5)  | 17.84%   | 4.82%   |
| <b>Supplemental Data and Ratios</b>  |  |   |
| Net assets applicable to common stockholders, end of period (000's)  | \$ 159,362   | \$ 141,789  |
| Average net assets (000's)   | \$ 153,249   | \$ 134,521  |
| <b>Ratio of Expenses to Average Net Assets(6)</b>  |  |   |
| Advisory fees  | 1.15%  | 1.06%   |
| Other operating expenses   | 0.32   | 0.47  |
| Expense reimbursement  | (0.18)   | (0.17)  |
| Subtotal   | 1.29   | 1.36  |
| Leverage expenses  | 0.54   | 0.43  |
| Current foreign tax expense(7)   | —  | —   |
| Total expenses   | 1.83%  | 1.79%   |
| Ratio of net investment income to average net assets before expense reimbursement(6)                       | 3.05%  | 2.38%   |
| Ratio of net investment income to average net assets after expense reimbursement(6)                        | 3.23%  | 2.55%   |
| Portfolio turnover rate(6)   | 25.96%   | 2.97%   |
| Short-term borrowings, end of period (000's)   | \$ 12,650  | \$ 11,300   |
| Long-term debt obligations, end of period (000's)  | \$ 20,000  | \$ 20,000   |
| Per common share amount of long-term debt obligations outstanding, end of period                           | \$ 2.88  | \$ 2.90   |
| Per common share amount of net assets, excluding long-term debt obligations, end of period                 | \$ 25.84   | \$ 23.45  |
| Asset coverage, per \$1,000 of principal amount of long-term debt obligations and short-term borrowings(8) | \$ 5,881   | \$ 5,530  |
| Asset coverage ratio of long-term debt obligations and short-term borrowings(8)                            | 588%   | 553%  |

- (1) Commencement of Operations.
- (2) Information presented relates to a share of common stock outstanding for the entire period.
- (3) The per common share data for the period from July 31, 2009 through November 30, 2009 do not reflect the change in estimate of investment income and return of capital. See Note 2C to the financial statements for further disclosure.
- (4) Not annualized. Total investment return is calculated assuming a purchase of common stock at the beginning of the period (or initial public offering price) and a sale at the closing price on the last day of the period reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to the Company's dividend reinvestment plan.
- (5) Not annualized. Total investment return is calculated assuming a purchase of common stock at the beginning of period (or initial public offering price) and a sale at net asset value on the last day of the period. The calculation also assumes reinvestment of distributions at actual prices pursuant to the Company's dividend reinvestment plan.
- (6) Annualized for periods less than one full year.
- (7) The Company accrued \$965 and \$0 for the period from December 1, 2009 through August 31, 2010 and the period from July 31, 2009 through November 30, 2009, respectively, for current foreign tax expense.
- (8) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations and short-term borrowings at the end of the period divided by long-term debt obligations and short-term borrowings outstanding at the end of the period.

See accompanying Notes to Financial Statements.

10 Tortoise Power and Energy Infrastructure Fund, Inc.

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NOTES TO FINANCIAL STATEMENTS (Unaudited)

August 31, 2010

1. Organization

Tortoise Power and Energy Infrastructure Fund, Inc. (the "Company") was organized as a Maryland corporation on July 5, 2007, and is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company's primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation. The Company seeks to provide its stockholders with a vehicle to invest in a portfolio consisting primarily of securities issued by power and energy infrastructure companies. The Company commenced operations on July 31, 2009. The Company's stock is listed on the New York Stock Exchange under the symbol "TPZ."

2. Significant Accounting Policies

A. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, recognition of distribution income and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

B. Investment Valuation

The Company primarily owns securities that are listed on a securities exchange or over-the-counter market. The Company values those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Company uses the price from the exchange that it considers 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 there has been no sale on such exchange or over-the-counter market on such day, the security will be valued at the mean between the last bid price and last ask price on such day.

The Company may invest up to 15 percent of its total assets in restricted securities. Restricted securities are subject to statutory or contractual restrictions on their public resale, which may make it more difficult to obtain a valuation and may limit the Company's ability to dispose of them. Investments in private placement securities and other securities for which market quotations are not readily available will be valued in good faith by using fair value procedures approved by the Board of Directors. Such fair value procedures consider factors such as discounts to publicly traded issues, time until conversion date, securities with similar yields, quality, type of issue, coupon, duration and rating. If events occur that affect the value of the Company's portfolio securities before the net asset value has been calculated (a "significant event"), the portfolio securities so affected will generally be priced using fair value procedures.

An equity security of a publicly traded company acquired in a direct placement transaction may be subject to restrictions on resale that can affect the security's liquidity and fair value. Such securities that are convertible or otherwise will become freely tradable will be valued based on the market value of the freely tradable security less an applicable discount. Generally, the discount will initially be equal to the discount at which the Company 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 used to determine the discount.

The Company generally values debt securities at prices based on market quotations for such securities, except those securities purchased with 60 days or less to maturity are valued on the basis of amortized cost, which approximates market value.

The Company generally values its interest rate swap contracts using industry-accepted models which discount the estimated future cash flows based on the stated terms of the interest rate swap agreement by using interest rates currently available in the market, or based on dealer quotations, if available.

C. Security Transactions and Investment Income

Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. Dividend and distribution income is recorded on the ex-dividend date. Distributions received from the Company's investments in master limited partnerships ("MLPs") generally are comprised of ordinary income, capital gains and return of capital from the MLPs. The Company allocates distributions between investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on historical information available from each MLP and other industry sources. These estimates may subsequently be revised based on actual allocations received from MLPs after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal year end of the Company.

For the period from July 31, 2009 (commencement of operations) through November 30, 2009, the Company estimated the allocation of investment income and return of capital for the distributions received from MLPs within the Statement of Operations. For this period, the Company had estimated approximately 14 percent of total distributions as investment income and approximately 86 percent as return of capital.

Subsequent to November 30, 2009, the Company reallocated the amount of investment income and return of capital it recognized for the period from July 31, 2009 through November 30, 2009 based on the 2009 tax reporting information received from the individual MLPs. This reclassification amounted to a decrease in net investment income of approximately \$137,900 or \$0.020 per share and an increase in unrealized appreciation of investments of approximately \$137,900 or \$0.020 per share for the period from December 1, 2009 through August 31, 2010.

Subsequent to the period ended February 28, 2010, the Company reallocated the amount of investment income and return of capital recognized in the current fiscal year based on its revised 2010 estimates. This reclassification amounted to a decrease in net investment income of approximately \$54,600 or \$0.008 per share, an increase in unrealized appreciation of investments of approximately \$74,500 or \$0.011 per share and a decrease in realized gains of approximately \$19,900 or \$0.003 per share.

#### D. Distributions to Stockholders

Distributions to common stockholders are recorded on the ex-dividend date. The Company intends to make monthly cash distributions of its investment company income to common stockholders. In addition, on an annual basis, the Company may distribute additional capital gains in the last fiscal quarter if necessary to meet



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Notes to Financial Statements (Unaudited)  
(Continued)

minimum distribution requirements and thus avoid being subject to excise taxes. The amount of any distributions will be determined by the Board of Directors. Distributions to stockholders are recorded on the ex-dividend date. The character of distributions made during the year may differ from their ultimate characterization for federal income tax purposes. Distributions paid to stockholders in excess of investment company taxable income and net realized gains will be treated as return of capital to stockholders. For the year ended November 30, 2009, the Company's distributions to common stockholders for tax purposes were comprised of 58 percent return of capital and 42 percent ordinary income. The tax character of distributions paid to common stockholders for the current year will be determined subsequent to November 30, 2010.

E. Federal Income Taxation

The Company qualifies as a regulated investment company ("RIC") under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). As a result, the Company generally will not be subject to U.S. federal income tax on income and gains that it distributes each taxable year to stockholders if it meets certain minimum distribution requirements. The Company is required to distribute substantially all of its income, in addition to other asset diversification requirements. The Company is subject to a 4 percent non-deductible U.S. federal excise tax on certain undistributed income unless the Company makes sufficient distributions to satisfy the excise tax avoidance requirement. The Company invests in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, the Company reports its allocable share of the MLP's taxable income in computing its own taxable income.

The Company has adopted financial reporting rules regarding recognition and measurement of tax positions taken or expected to be taken on a tax return. The Company has reviewed all open tax years and major jurisdictions and concluded that there is no impact on the Company's net assets and no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on a tax return. All tax years since inception remain open to examination by federal and state tax authorities.

F. Offering and Debt Issuance Costs

Offering costs related to the issuance of common stock are charged to additional paid-in capital when the stock is issued. Debt issuance costs related to long-term debt obligations are capitalized and amortized over the period the debt is outstanding.

G. Derivative Financial Instruments

The Company uses derivative financial instruments (principally interest rate swap contracts) to manage interest rate risk. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Company does not hold or issue derivative financial instruments for speculative purposes. All derivative financial instruments are recorded at fair value with changes in fair value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses in the Statement of Operations. Cash settlements under the terms of the interest rate swap agreements and termination of such agreements are recorded as realized gains or losses in the Statement of Operations.

H. Indemnifications

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business, the Company may enter into contracts that provide general indemnification to other parties. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred, and may not occur. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

I. Recent Accounting Pronouncement Standard on Fair Value Measurement

On January 21, 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2010-06, Improving Disclosures about Fair Value Measurements, which amends FASB Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, and requires additional disclosures regarding fair value measurements. Specifically, the amendment requires reporting entities to disclose (i) the input and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements, for Level

2 or Level 3 positions, (ii) transfers between all levels (including Level 1 and Level 2) on a gross basis (i.e. transfers out must be disclosed separately from transfers in) as well as the reason(s) for the transfer, and (iii) purchases, sales, issuances, and settlements on a gross basis in the Level 3 rollforward rather than as one net number. The effective date of the amendment is for interim and annual periods beginning after December 15, 2009; however, the requirement to provide the Level 3 activity for purchases, sales, issuances, and settlements on a gross basis will be effective for interim and annual periods beginning after December 15, 2010. The Company has adopted the disclosures required by this amendment, which did not have a material impact on the financial statements.

### 3. Concentration of Risk

Under normal circumstances, the Company intends to invest at least 80 percent of total assets (including assets obtained through potential leverage) in equity securities of companies that derive more than 50 percent of their revenue from power or energy operations and no more than 25 percent of the total assets in equity securities of MLPs as of the date of purchase. The Company will invest a minimum of 60 percent of total assets in fixed income securities, which may include up to 25 percent of its assets in non-investment grade rated fixed income securities. In determining application of these policies, the term "total assets" includes assets obtained through leverage. Companies that primarily invest in a particular sector may experience greater volatility than companies investing in a broad range of industry sectors. The Company may, for defensive purposes, temporarily invest all or a significant portion of its assets in investment grade securities, short-term debt securities and cash or cash equivalents. To the extent the Company uses this strategy, it may not achieve its investment objective.

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Notes to Financial Statements (Unaudited)  
(Continued)

4. Agreements

The Company has entered into an Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C. (the “Adviser”). Under the terms of the agreement, the Company pays the Adviser a fee equal to an annual rate of 0.95 percent of the Company’s average monthly total assets (including any assets attributable to leverage) minus accrued liabilities (other than debt entered into for purposes of leverage and the aggregate liquidation preference of outstanding preferred stock) (“Managed Assets”), in exchange for the investment advisory services provided. The Adviser has agreed to a fee waiver of 0.15 percent of average monthly Managed Assets for the period from July 31, 2009 through December 31, 2010, a fee waiver of 0.10 percent of average monthly Managed Assets for the period from January 1, 2011 through December 31, 2011, and a fee waiver of 0.05 percent of average monthly Managed Assets for the period from January 1, 2012 through December 31, 2012.

U.S. Bancorp Fund Services, LLC serves as the Company’s administrator. The Company pays the administrator a monthly fee computed at an annual rate of 0.04 percent of the first \$1,000,000,000 of the Company’s Managed Assets, 0.03 percent on the next \$1,000,000,000 of Managed Assets and 0.002 percent on the balance of the Company’s Managed Assets.

Computershare Trust Company, N.A. serves as the Company’s transfer agent and registrar and Computershare Inc. serves as the Company’s dividend paying agent and agent for the automatic dividend reinvestment plan.

U.S. Bank, N.A. serves as the Company’s custodian. The Company pays the custodian a monthly fee computed at an annual rate of 0.004 percent on the average daily market value of the Company’s portfolio assets, subject to a minimum annual fee of \$4,800, plus portfolio transaction fees.

5. Income Taxes

It is the Company’s intention to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements.

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. These differences are primarily due to differences in the timing of recognition of gains or losses on investments. Permanent book and tax basis differences, if any, may result in reclassifications to undistributed net investment income (loss), accumulated net realized gain (loss) and additional paid in capital.

As of November 30, 2009, the components of accumulated earnings on a tax basis were as follows:

|                             |    |            |
|-----------------------------|----|------------|
| Unrealized appreciation     | \$ | 11,818,538 |
| Other temporary differences |    | (35,283)   |
| Accumulated earnings        | \$ | 11,783,255 |

As of August 31, 2010, the aggregate cost of securities for federal income tax purposes was \$160,017,454. The aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$31,060,363, the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$0 and the net unrealized appreciation was \$31,060,363.

6. Fair Value of Financial Instruments

Various inputs are used in determining the value of the Company’s investments. These inputs are summarized in the three broad levels listed below:

Level 1 –quoted prices in active markets for identical investments

Level 2 –other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)

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Level 3—significant unobservable inputs (including the Company’s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table provides the fair value measurements of applicable Company assets and liabilities by level within the fair value hierarchy as of August 31, 2010. These assets and liabilities are measured on a recurring basis.

| Description   | Fair Value at<br>August 31, 2010 | Level 1              | Level 2               | Level 3     |
|---|----------------------------------|----------------------|-----------------------|-------------|
| <b>Assets</b>   |                                  |                      |                       |             |
| Debt Securities:  |                                  |                      |                       |             |
| Corporate Bonds(a)                                      | \$ 113,751,373                   | \$ 5,277,720         | \$ 108,473,653        | \$ —        |
| <b>Total Debt Securities</b>                            | <b>113,751,373</b>               | <b>5,277,720</b>     | <b>108,473,653</b>    | <b>—</b>    |
| Equity Securities:                                      |                                  |                      |                       |             |
| Master Limited Partnerships<br>and Related Companies(a) |                                  |                      |                       |             |
|   | 77,259,963                       | 77,259,963           | —                     | —           |
| <b>Total Equity Securities</b>                          | <b>77,259,963</b>                | <b>77,259,963</b>    | <b>—</b>              | <b>—</b>    |
| Other:  |                                  |                      |                       |             |
| Short-Term Investment(b)                                | 66,481                           | 66,481               | —                     | —           |
| <b>Total Other</b>                                      | <b>66,481</b>                    | <b>66,481</b>        | <b>—</b>              | <b>—</b>    |
| <b>Total Assets</b>                                     | <b>\$ 191,077,817</b>            | <b>\$ 82,604,164</b> | <b>\$ 108,473,653</b> | <b>\$ —</b> |
| <b>Liabilities</b>                                      |                                  |                      |                       |             |
| Interest Rate Swap Contracts                            | \$ 1,078,512                     | \$ —                 | \$ 1,078,512          | \$ —        |
| <b>Total</b>  | <b>\$ 189,999,305</b>            | <b>\$ 82,604,164</b> | <b>\$ 107,395,141</b> | <b>\$ —</b> |

(a) All other industry classifications are identified in the Schedule of Investments.

(b) Short-term investment is a sweep investment for cash balances in the Company at August 31, 2010.

### Valuation Techniques

In general, and where applicable, the Company uses readily available market quotations based upon the last updated sales price from the principal market to determine fair value. This pricing methodology applies to the Company’s Level 1 investments.

Some debt securities are fair valued using a market value obtained from an approved pricing service which utilizes a pricing matrix based upon yield data for securities with similar characteristics or from a direct written broker-dealer quotation from a dealer who has made a market in the security. This pricing methodology applies to the Company’s Level 2 assets.

Notes to Financial Statements (Unaudited)  
(Continued)

Interest rate swap contracts are valued by using industry-accepted models which discount the estimated future cash flows based on a forward rate curve and the stated terms of the interest rate swap agreement by using interest rates currently available in the market, or based on dealer quotations, if available, which applies to the Company's Level 2 liabilities.

There were no transfers between levels for the period from December 1, 2009 through August 31, 2010.

#### 7. Restricted Securities

Certain of the Company's investments are restricted and are valued as determined in accordance with procedures established by the Board of Directors, as more fully described in Note 2. The table below shows the principal amount, acquisition date(s), acquisition cost, fair value and the percent of net assets which the securities comprise at August 31, 2010.

| Company   | Principal Amount | Acquisition Date(s)   | Acquisition Cost | Fair Value    | Fair Value as Percent of Net Assets |
|---|------------------|-----------------------|------------------|---------------|-------------------------------------|
| DCP Midstream LLC,<br>9.750%, 03/15/2019                        | \$4,000,000      | 08/07/09-<br>08/27/09 | \$ 4,769,350     | \$ 5,313,528  | 3.3%                                |
| Enogex LLC,<br>6.250%, 03/15/2020                               | 4,000,000        | 02/26/10-<br>04/22/10 | 4,118,593        | 4,511,592     | 2.8                                 |
| Florida Gas Transmission Co., LLC,<br>5.450%, 07/15/2020        | 500,000          | 07/08/10              | 499,130          | 536,662       | 0.4                                 |
| IPALCO Enterprises, Inc.,<br>7.250%, 04/01/2016                 | 2,000,000        | 11/03/09              | 2,015,000        | 2,090,000     | 1.3                                 |
| Midcontinent Express Pipelines, LLC,<br>6.700%, 09/15/2019      | 6,000,000        | 09/09/09-<br>03/02/10 | 6,055,570        | 6,538,236     | 4.1                                 |
| NGPL PipeCo, LLC,<br>7.119%, 12/15/2017                         | 3,000,000        | 07/29/10              | 3,195,000        | 3,193,725     | 2.0                                 |
| North American Energy Alliance LLC,<br>10.875%, 06/01/2016      | 2,800,000        | 09/24/09-<br>10/08/09 | 2,895,000        | 3,024,000     | 1.9                                 |
| Source Gas, LLC,<br>5.900%, 04/01/2017                          | 5,770,000        | 04/21/10              | 5,544,521        | 5,760,808     | 3.6                                 |
| Southern Star Central Gas Pipeline, Inc.,<br>6.000%, 06/01/2016 | 2,000,000        | 08/24/09              | 1,970,000        | 2,075,000     | 1.3                                 |
|   |                  |                       | \$ 31,062,164    | \$ 33,043,551 | 20.7%                               |

#### 8. Investment Transactions

For the period from December 1, 2009 through August 31, 2010, the Company purchased (at cost) and sold securities (proceeds received) in the amount of \$36,060,173 and \$35,845,916 (excluding short-term debt securities), respectively.

#### 9. Long-Term Debt Obligations

The Company has \$20,000,000 aggregate principal amount of Series A private senior notes (the "Notes") outstanding. The Series A Notes were issued on November 6, 2009 and have a maturity date of November 6, 2014. Holders of the Notes are entitled to receive quarterly cash interest payments at an annual rate that resets each quarter based on the 3-month LIBOR plus 1.87 percent. The Notes are not listed on any exchange or

automated quotation system.

The Notes are unsecured obligations of the Company and, upon liquidation, dissolution or winding up of the Company, will rank: (1) senior to all of the Company's outstanding preferred shares (if any); (2) senior to all of the Company's outstanding common shares; (3) on parity with any unsecured creditors of the Company and any unsecured senior securities representing indebtedness of the Company and (4) junior to any secured creditors of the Company.

The Notes are redeemable in certain circumstances at the option of the Company. The Notes are also subject to a mandatory redemption if the Company fails to meet asset coverage ratios required under the 1940 Act or the rating agency guidelines if such failure is not waived or cured. At August 31, 2010, the Company was in compliance with asset coverage covenants and basic maintenance covenants for its senior notes.

At August 31, 2010, fair value of the Series A Notes approximates the carrying amount because the distribution rate fluctuates with changes in interest rates available in the current market. The following table shows the maturity date, notional/ carrying amount, current rate as of August 31, 2010, and the weighted-average rate for the period from December 1, 2009 through August 31, 2010.

| Series   | Maturity Date    | Notional/Carrying Amount | Current Rate | Weighted-Average Rate |
|----------|------------------|--------------------------|--------------|-----------------------|
| Series A | November 6, 2014 | \$20,000,000             | 2.29%        | 2.18%                 |

#### 10. Interest Rate Swap Contracts

The Company has entered into interest rate swap contracts in an attempt to protect itself from increasing interest expense on its leverage resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap contracts, which may result in a decline in the net assets of the Company. In addition, if the counterparty to the interest rate swap contracts defaults, the Company would not be able to use the anticipated receipts under the swap contracts to offset the interest payments on the Company's leverage. At the time the interest rate swap contracts reach their scheduled termination, there is a risk that the Company would not be able to obtain a replacement transaction, or that the terms of the replacement would not be as favorable as on the expiring transaction. In addition, if the Company is required to terminate any swap contract early due to the Company failing to maintain a required 300 percent asset coverage of the liquidation value of the outstanding senior notes or if the Company loses its credit rating on its senior notes, then the Company could be required to make a termination payment, in addition to redeeming all or some of the senior notes. Details of the interest rate swap contracts outstanding as of August 31, 2010, are as follows:

| Counterparty           | Maturity Date | Notional Amount | Fixed Rate Paid by the Company | Floating Rate Received by the Company | Asset (Liability) Derivatives |
|------------------------|---------------|-----------------|--------------------------------|---------------------------------------|-------------------------------|
| Wells Fargo Bank, N.A. | 11/06/2011    | \$ 6,000,000    | 1.12%                          | 1-month U.S. Dollar LIBOR             | \$ (56,107)                   |
| Wells Fargo Bank, N.A. | 11/06/2012    | 5,000,000       | 1.81%                          | 3-month U.S. Dollar LIBOR             | (126,200)                     |
| Wells Fargo Bank, N.A. | 11/06/2012    | 1,000,000       | 1.73%                          | 1-month U.S. Dollar LIBOR             | (25,396)                      |
| Wells Fargo Bank, N.A. | 11/06/2014    | 15,000,000      | 2.66%                          | 3-month U.S. Dollar LIBOR             | (870,809)                     |
|                        |               | \$ 27,000,000   |                                |                                       | \$ (1,078,512)                |

The Company is exposed to credit risk on the interest rate swap contracts if the counterparty should fail to perform under the terms of the interest rate swap contracts.

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Notes to Financial Statements (Unaudited)  
(Continued)

The amount of credit risk is limited to the net appreciation of the interest rate swap contracts, if any, as no collateral is pledged by the counterparty.

The unrealized depreciation of interest rate swap contracts in the amount of \$680,401 is included in the Statement of Operations for the period ended August 31, 2010. Cash settlements under the terms of the interest rate swap contracts in the amount of \$376,572 are recorded as realized losses for the period ended August 31, 2010. The total notional amount of all open swap agreements at August 31, 2010 is indicative of the volume of this derivative type for the period ended August 31, 2010.

#### 11. Credit Facility

The Company has a revolving loan commitment amount of \$18,000,000 that matures on September 14, 2010. U.S. Bank, N.A. serves as a lender and the lending syndicate agent on behalf of other lenders participating in the credit facility. Outstanding balances on the credit facility accrue interest at a variable annual interest rate equal to one-month LIBOR plus 2.00 percent and unused portions of the credit facility accrue a non-usage fee equal to an annual rate of 0.25 percent.

The average principal balance and interest rate for the period during which the credit facility was utilized during the period ended August 31, 2010 was approximately \$11,900,000 and 2.28 percent, respectively. At August 31, 2010, the principal balance outstanding was \$12,650,000 at an interest rate of 2.26 percent.

Under the terms of the credit facility, the Company must maintain asset coverage required under the 1940 Act. If the Company fails to maintain the required coverage, it may be required to repay a portion of an outstanding balance until the coverage requirement has been met. At August 31, 2010, the Company was in compliance with the terms of the credit facility.

#### 12. Common Stock

The Company has 100,000,000 shares of capital stock authorized and 6,940,986 shares outstanding at August 31, 2010. Transactions in common stock for the period ended August 31, 2010, were as follows:

|   |           |
|---|-----------|
| Shares at November 30, 2009                         | 6,898,481 |
| Shares issued through reinvestment of distributions | 42,505    |
| Shares at August 31, 2010                           | 6,940,986 |

#### 13. Subsequent Events

On September 14, 2010, the Company entered into an amendment to its credit facility that extends the credit facility through September 14, 2011. The terms of the amendment provide for an unsecured revolving credit facility of \$18,000,000. During the extension, outstanding balances generally will accrue interest at a variable annual rate equal to one-month LIBOR plus 1.25 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.20 percent.

On September 30, 2010, the Company paid a distribution in the amount of \$0.125 per common share, for a total of \$867,623. Of this total, the dividend reinvestment amounted to \$170,727.

The Company has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no additional items require recognition or disclosure.

## Additional Information (Unaudited)

### Director and Officer Compensation

The Company does not compensate any of its directors who are “interested persons,” as defined in Section 2(a)(19) of the 1940 Act, nor any of its officers. For the period ended August 31, 2010, the aggregate compensation paid by the Company to the independent directors was \$43,750. The Company did not pay any special compensation to any of its directors or officers.

### Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. 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 the Company’s actual results are the performance of the portfolio of investments held by it, the conditions in the U.S. and international financial, petroleum and other markets, the price at which shares of the Company will trade in the public markets and other factors discussed in filings with the SEC.

### Proxy Voting Policies

A description of the policies and procedures that the Company uses to determine how to vote proxies relating to portfolio securities owned by the Company and information regarding how the Company voted proxies relating to the portfolio of securities during the 12-month period ended June 30, 2010 are available to stockholders (i) without charge, upon request by calling the Company at (913) 981-1020 or toll-free at (866) 362-9331 and on the Company’s Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com); and (ii) on the SEC’s Web site at [www.sec.gov](http://www.sec.gov).

### Form N-Q

The Company files its complete schedule of portfolio holdings for the first and third quarters of each fiscal year with the SEC on Form N-Q. The Company’s Form N-Q is available without charge upon request by calling the Company at (866) 362-9331 or by visiting the SEC’s Web site at [www.sec.gov](http://www.sec.gov). In addition, you may review and copy the Company’s Form N-Q at the SEC’s Public Reference Room in Washington D.C. You may obtain information on the operation of the Public Reference Room by calling (800) SEC-0330.

The Company’s Form N-Qs are also available on the Company’s Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

### Statement of Additional Information

The Statement of Additional Information (“SAI”) includes additional information about the Company’s directors and is available upon request without charge by calling the Company at (866) 362-9331 or by visiting the SEC’s Web site at [www.sec.gov](http://www.sec.gov).

### Certification Disclosure

The Company’s Chief Executive Officer has submitted to the New York Stock Exchange the annual certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

The Company has filed with the SEC, as an exhibit to its most recently filed Form N-CSR, the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

### Privacy Policy

In order to conduct its business, the Company collects and maintains certain nonpublic personal information about its stockholders of record with respect to their transactions in shares of the Company’s securities. This information includes the stockholder’s address, tax identification or Social Security number, share balances, and distribution elections. We do not collect or maintain personal information about stockholders whose share balances of our securities are held in “street name” by a financial institution such as a bank or broker.



We do not disclose any nonpublic personal information about you, the Company's other stockholders or the Company's former stockholders to third parties unless necessary to process a transaction, service an account, or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about the Company's stockholders to those employees who need to know that information to provide services to our stockholders. We also maintain certain other safeguards to protect your nonpublic personal information.

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and of the Investment Adviser  
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Terry Matlack  
David J. Schulte

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and Energy Infrastructure Fund, Inc.

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STOCK SYMBOL  
Listed NYSE Symbol: TPZ

This report is for stockholder information. This is not a prospectus intended for use in the purchase or sale of fund shares. Past performance is no guarantee of future results and your investment may be worth more or less at the time you sell.

Tortoise Capital Advisors' Public Investment Companies

| Name   | Ticker/<br>Inception Date | Primary Target<br>Investments   | Investor<br>Suitability                                  | Total Assets<br>as of 9/30/10<br>(\$ in millions) |
|--|---------------------------|---|--|---|
| Tortoise Power and Energy<br>Infrastructure Fund, Inc. | TPZ<br>July 2009          | U.S. Power and Energy Investment<br>Grade Debt and Dividend-Paying<br>Equity Securities | Retirement Accounts<br>Pension Plans<br>Taxable Accounts | \$199   |
| Tortoise Energy<br>Infrastructure Corp.                | TYG<br>Feb. 2004          | U.S. Energy Infrastructure  | Retirement Accounts<br>Pension Plans<br>Taxable Accounts | \$1,382   |

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|                                      |                                       |   |  |                            |
|--------------------------------------|---------------------------------------|---|--|----------------------------|
| Tortoise Energy Capital Corp.        | TYY<br>May 2005                       | U.S. Energy Infrastructure  | Retirement Accounts<br>Pension Plans<br>Taxable Accounts | \$729                      |
| Tortoise North American Energy Corp. | TYN<br>Oct. 2005                      | U.S. Energy Infrastructure  | Retirement Accounts<br>Pension Plans<br>Taxable Accounts | \$183                      |
| Tortoise MLP Fund, Inc.              | NTG<br>July 2010                      | U.S. Energy Infrastructure<br>Natural Gas Energy<br>Infrastructure Emphasis | Retirement Accounts<br>Pension Plans<br>Taxable Accounts | \$1,084<br>(as of 8/31/10) |
| Tortoise Capital Resources Corp.     | TTO<br>Dec. 2005<br>(Feb. 2007 – IPO) | U.S. Energy Infrastructure<br>Private and Micro Cap<br>Public Companies     | Retirement Accounts<br>Pension Plans<br>Taxable Accounts | \$90<br>(as of 8/31/10)    |

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