

Tortoise Pipeline & Energy Fund, Inc.

2013 Annual Report



In today's environment some investments
are more relevant than ever.

Company at a glance

Tortoise believes Tortoise Pipeline & Energy Fund, Inc. (NYSE: TTP) is the first closed-end fund that focuses particularly on the broader \$400 billion+ North American pipeline universe.

Investment strategy

TTP seeks to provide stockholders with a high level of total return, with an emphasis on current distributions. Our fund focuses particularly on North American pipeline companies that transport natural gas, natural gas liquids, crude oil and refined products, and to a lesser extent, on other energy infrastructure companies.

Because of our traditional flow-through nature as a regulated investment company (RIC), we have the differentiated ability and flexibility to efficiently target and access traditional pipeline corporations alongside master limited partnerships (MLPs). Over 75 percent of our portfolio will generally be in companies structured as corporations or limited liability companies domiciled in the United States, Canada or United Kingdom with the remaining up to 25 percent in MLPs. We believe the broader North American pipeline universe offers strong business fundamentals and expanded growth opportunities.

We also write (sell) covered call options to seek to enhance long-term return potential across economic environments, increase current income and mitigate portfolio risk through option income. Our covered call strategy focuses on other energy infrastructure companies that we believe are integral links in the value chain for pipeline companies.

TTP seeks to provide:

Attractive total return potential with high current income in a defensive sector

Access to real, long-lived pipeline assets essential to the functioning of the US economy

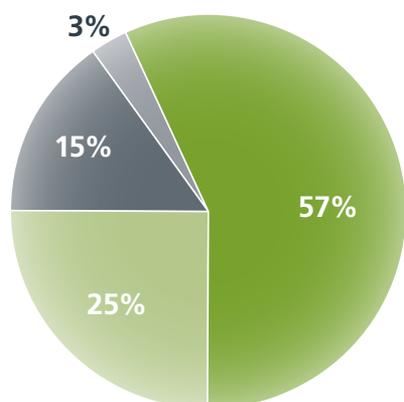
Exposure to expanded energy infrastructure growth projects that connect new areas of supply with demand

Ability to efficiently invest across North American pipeline universe through traditional flow-through fund structure

Investor simplicity through one 1099, no K-1s, no unrelated business taxable income, IRA suitability

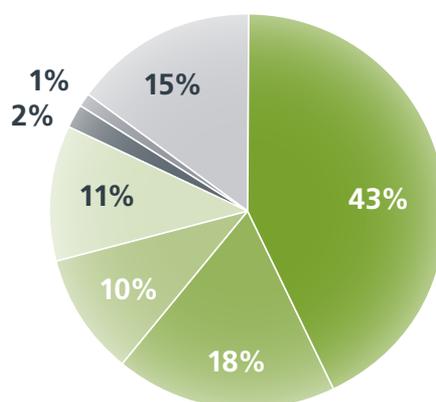
Expertise of Tortoise Capital Advisors, a leading and pioneering energy infrastructure investment firm

Portfolio statistics by ownership structure



- Pipeline C-Corps/LLCs
- MLPs
- Integrated/Independent Energy Companies
- Other

Portfolio statistics by asset type



- Natural Gas Long Haul Pipelines
- Crude/Refined Products Long Haul Pipelines
- Local Distribution Pipelines
- Gathering Pipelines
- Marine Transportation
- Power/Utility
- Integrated/Independent Energy

December 31, 2013

Dear fellow stockholders,

The fiscal year ending Nov. 30, 2013 was an upbeat one for North American pipeline companies, which continued to benefit from strong oil and natural gas production that drove substantial energy infrastructure build-out across North America. Pipeline companies' performance during the year was again reflective of the strength of their underlying fundamentals.

Despite some periods of volatility, the broad equity market also enjoyed a positive year, supported by continued low interest rates, strengthening corporate balance sheets and improvements in employment and manufacturing. The year also presented some macroeconomic challenges, chief among them geopolitical tension at times in the Middle East and continued partisan gridlock in Washington that resulted in a partial shutdown of the government in the final fiscal quarter of the year. Despite these transitory headwinds, investors remained upbeat about the domestic energy renewal underway in North America, where increasing production is driving the critical need for pipeline infrastructure to connect the growing volumes of newly discovered oil and gas from production areas to end users.

Pipeline sector review and outlook

The Tortoise North American Pipeline IndexSM posted a strong 20.6 percent total return for the fiscal year ending Nov. 30, 2013, but nonetheless trailed the broad equity market, as represented by the S&P 500 Index[®], which posted a healthy 30.3 percent total return for same period. Pipeline companies enjoyed generally upward momentum during the fiscal year, although performance slowed a bit in the third quarter in response to the looming government shutdown and interest rate uncertainty.

The midstream segment of the energy value chain continued to benefit from escalating crude oil and natural gas production out of North American shales. According to the U.S. Energy Information Administration, U.S. crude oil production is up an astonishing 50 percent since 2008, with production topping 8 million barrels by fiscal year end. This production continues to drive growth activity for pipeline companies, which are responding to the critical need for additional infrastructure. We project approximately \$130 billion in MLP, pipeline and related projects in the three years

ending 2015. The project backlog for crude oil and liquids pipelines continues to be healthy. The latest projects include debottlenecking along the Gulf Coast refining complex and additional capacity being added out of the Permian basin.

Capital markets continued to underpin sector strength, with MLP and pipeline companies raising approximately \$44 billion in equity and \$41 billion in debt during the fiscal year, raising more than \$85 billion in total capital, surpassing the total for 2012. Merger and acquisition (M&A) activity has also been healthy, with announced MLP and pipeline transactions totaling approximately \$64 billion in fiscal 2013. The largest of these include Spectra Energy's drop-down of its U.S. midstream assets to its MLP in a deal valued at \$12.3 billion, Regency Energy Partners' plans to acquire PVR Partners, a natural gas midstream pipeline MLP, for \$5.6 billion and Kinder Morgan Energy Partners' \$5 billion acquisition of Copano Energy, L.L.C., a gathering and processing MLP.

Fund performance review

The fund's total assets increased from \$374.9 million on Nov. 30, 2012 to \$392.8 million at Nov. 30, 2013, resulting primarily from net realized and unrealized gains on investments and approximately \$5.6 million in new leverage proceeds. For fiscal 2013, the fund's market-based total return was 23.4 percent and the fund's NAV-based total return was 27.4 percent (both including the reinvestment of distributions). The difference between the market value total return and the NAV total return reflected a widening of the discount of the fund's stock price relative to its NAV over the year.

During the fiscal year, the fund's asset performance was boosted by its stakes in natural gas, crude oil and refined products pipeline companies, the primary focus of its strategy. These investments benefitted from the tremendous volumes coming out of North American shales, particularly oil and natural gas liquids, which are demanding new infrastructure. Refined product pipeline companies positively impacted performance supported by an attractive tariff and increasing exports. The fund's gathering and processing pipeline company holdings that demonstrated solid fee-based growth profiles related to the increasing demand for and production of natural gas liquids also enhanced

performance, offset somewhat by weak natural gas liquids pricing that impacted certain holdings. Nonetheless, we continue to believe in their longer-term opportunity, supported by long-term demand growth potential. The fund's covered call strategy, which is comprised of oil and gas producers, provided additional current income, maintaining both the notional amount of the portfolio's covered calls and their out-of-the money percentage, even in a historically low VIX (low volatility) environment. These companies also provided an additional boost to the fund's overall performance.

The fund paid a distribution of \$0.4075 per common share (\$1.63 annualized) to stockholders on Nov. 29, 2013. This distribution represented an annualized distribution rate of 5.8 percent based on the fund's fiscal year closing price of \$28.11 per share. For tax purposes, distributions to stockholders for 2013 were 41 percent qualified dividend income, 32 percent long-term capital gains, 25 percent ordinary dividend income and 2 percent return of capital. The fund ended the fiscal year with leverage (including bank debt, senior notes and preferred stock) at 22.2 percent of total assets. Additional information about the fund's financial performance, distributions and leverage is available in the Key Financial Data and Management's Discussion sections of this report.

In Remembrance

We are deeply saddened by the recent loss of our founding board member, Dr. John R. Graham, who died on Dec. 20, 2013 after a courageous battle with cancer. John leaves a lasting legacy of being a diligent board member who cared passionately about the investors he represented. During his decade of service, John played an integral role in creating a high standard of governance as the nominating and governance committee chair for the fund. As importantly, John was a respectful, humble person who enriched the lives of those who knew him. We are extremely grateful for his service. He will be missed.

Sincerely,

The Managing Directors
Tortoise Capital Advisors, L.L.C.

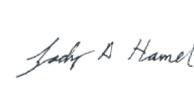
The adviser to Tortoise Pipeline & Energy Fund, Inc.



P. Bradley Adams



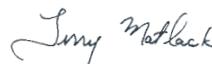
H. Kevin Birzer



Zachary A. Hamel



Kenneth P. Malvey



Terry Matlack



David J. Schulte

The Tortoise North American Pipeline IndexSM is a float-adjusted, capitalization-weighted index of energy pipeline companies domiciled in the United States and Canada. The S&P 500 Index[®] is an unmanaged market-value-weighted index of stocks, which is widely regarded as the standard for measuring large-cap U.S. stock market performance.

(unaudited)

Key Financial Data (supplemental unaudited information)

(dollar amounts in thousands unless otherwise indicated)

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

	Year Ended November 30,		2012	2013			
	2012	2013	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾
Total Income from Investments							
Distributions received from investments	\$11,739	\$12,453	\$ 3,042	\$ 3,031	\$ 3,144	\$ 3,153	\$ 3,125
Less foreign withholding taxes	(201)	(175)	(50)	(49)	(45)	(42)	(39)
Dividends paid in stock	2,107	2,466	553	570	616	631	649
Net premiums on options written	8,627	6,709	1,946	1,728	1,643	1,659	1,679
Interest and dividend income	4	—	1	—	—	—	—
Total from investments	22,276	21,453	5,492	5,280	5,358	5,401	5,414
Operating Expenses Before							
Leverage Costs							
Advisory fees, net of fees waived	2,819	3,347	718	759	854	862	872
Other operating expenses	543	549	124	146	137	132	134
	3,362	3,896	842	905	991	994	1,006
Distributable cash flow before leverage costs	18,914	17,557	4,650	4,375	4,367	4,407	4,408
Leverage costs ⁽²⁾	2,489	2,512	632	625	629	628	630
Distributable Cash Flow⁽³⁾	\$16,425	\$15,045	\$ 4,018	\$ 3,750	\$ 3,738	\$ 3,779	\$ 3,778
Net realized gain on investments and foreign currency translation, for the period	\$ 9,444	\$16,131	\$10,854	\$ 1,296	\$ 2,301	\$ 2,921	\$ 9,613
As a percent of average total assets⁽⁴⁾							
Total from investments	6.65 %	5.73 %	6.48 %	6.13 %	5.65 %	5.64 %	5.56 %
Operating expenses before leverage costs	1.00 %	1.04 %	0.99 %	1.05 %	1.05 %	1.04 %	1.03 %
Distributable cash flow before leverage costs	5.65 %	4.69 %	5.49 %	5.08 %	4.60 %	4.60 %	4.53 %
As a percent of average net assets⁽⁴⁾							
Total from investments	8.78 %	7.40 %	8.52 %	8.05 %	7.24 %	7.23 %	7.16 %
Operating expenses before leverage costs	1.32 %	1.34 %	1.31 %	1.38 %	1.34 %	1.33 %	1.33 %
Leverage costs and current taxes	0.98 %	0.87 %	0.98 %	0.95 %	0.85 %	0.84 %	0.83 %
Distributable cash flow	6.48 %	5.19 %	6.23 %	5.72 %	5.05 %	5.06 %	5.00 %
Selected Financial Information							
Distributions paid on common stock	\$16,282	\$16,317	\$ 4,077	\$ 4,077	\$ 4,077	\$ 4,081	\$ 4,082
Distributions paid on common stock per share	1.6275	1.6300	0.4075	0.4075	0.4075	0.4075	0.4075
Total assets, end of period	374,855	392,764	374,855	361,540	372,498	380,701	392,764
Average total assets during period ⁽⁵⁾	334,815	374,364	340,698	349,310	376,027	379,776	390,256
Leverage ⁽⁶⁾	81,600	87,200	81,600	79,700	80,500	81,700	87,200
Leverage as a percent of total assets	21.8 %	22.2 %	21.8 %	22.0 %	21.6 %	21.5 %	22.2 %
Net unrealized appreciation, end of period	16,909	69,119	16,909	43,584	55,953	63,230	69,119
Net assets, end of period	252,508	303,797	252,508	276,211	286,167	292,958	303,797
Average net assets during period ⁽⁷⁾	253,815	289,876	259,294	266,070	293,444	296,319	303,301
Net asset value per common share	25.24	30.33	25.24	27.61	28.60	29.25	30.33
Market value per common share	24.15	28.11	24.15	27.15	29.05	27.65	28.11
Shares outstanding (000's)	10,004	10,016	10,004	10,004	10,004	10,016	10,016

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.

(3) "Net investment income" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow (DCF): increased by net premiums on options written, the return of capital on MLP distributions, the value of paid-in-kind distributions, and amortization of debt issuance costs.

(4) Annualized for periods less than one full year.

(5) Computed by averaging month-end values within each period.

(6) Leverage consists of long-term debt obligations, preferred stock and short-term borrowings.

(7) Computed by averaging daily net assets within each period.

Management's Discussion (unaudited)

The information contained in this section should be read in conjunction with our Financial Statements and the Notes thereto. In addition, this report contains certain forward-looking statements. These statements include the plans and objectives of management for future operations and financial objectives and can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," or "continue" or the 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 Pipeline & Energy Fund, Inc.'s ("TTP") primary investment objective is to provide a high level of total return, with an emphasis on current distributions. 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 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. 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 electrical power generation (including renewable energy), transmission and/or distribution. We also seek to provide current income from gains earned through a covered call option strategy, which consists of writing (selling) call options on selected equity securities in our portfolio.

TTP 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 our investments increased during the quarter, contributing to an increase in total assets of approximately \$12.1 million since August 31, 2013. Distribution increases from our investments were in line

with our expectations while an increase in average total assets during the quarter resulted in increased asset-based expenses. We maintained our quarterly distribution of \$0.4075 per share. Additional information on these events and results of our operations are discussed 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

We pay quarterly distributions based primarily upon our current and estimated future distributable cash flow ("DCF"). In addition, and to the extent that the sum of our net investment company taxable income and net realized gains from investments exceed our quarterly distributions, we intend to make an additional distribution to common stockholders in the last quarter of the calendar year in order to avoid being subject to U.S. federal income taxes. Our Board of Directors reviews the distribution rate quarterly and may adjust the quarterly distribution throughout the year.

Determining DCF

DCF is income from investments less expenses. Income from investments includes the amount we receive as cash or paid-in-kind distributions from common stock, MLPs, affiliates of MLPs, and pipeline and other energy companies in which we invest, and dividend payments on short-term investments we own. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out of the money options. The total expenses include current or anticipated operating expenses and leverage costs. Each are summarized for you in the Key Financial Data table and are 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) the Statement of Operations, in conformity with U.S. generally

Management's Discussion (unaudited)

(continued)

accepted accounting principles ("GAAP"), recognizes distributions and dividend income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distributions and dividend 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) net premiums on options written (premiums received less amounts paid to buy back out of the money options) with expiration dates during our fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses). A reconciliation of Net Investment Income to DCF is included below.

Income from investments

We seek to achieve our investment objectives by investing in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. We evaluate each holding based upon its contribution to our investment income and its risk relative to other potential investments.

We 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.

We also seek to provide current income from gains earned through a covered call option strategy, which consists of writing (selling) call options on selected equity securities in our portfolio. We focus our covered call strategy on other energy infrastructure companies that we believe are integral links in the energy infrastructure value chain for pipeline companies. We typically aim to write call options that are approximately 5 to 15 percent out-of-the-money on approximately 20 percent of our portfolio, although we may adjust these targets depending on market volatility and other market conditions.

Total distributions received from our investments and option strategy for the 4th quarter 2013 were approximately \$5.41 million, a decrease of 1.4 percent as compared to 4th quarter 2012 and an increase of 0.2 percent as compared to 3rd quarter 2013. This reflects earnings on our investments of \$3.73 million and net premiums on options written of approximately \$1.68 million. On an annualized basis, the

total received from investments equates to 5.56 percent of our average total assets for the quarter.

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 1.03 percent of average total assets for the 4th quarter 2013, an increase of 0.04 percent as compared to 4th quarter 2012 and a decrease of 0.01 percent as compared to 3rd quarter 2013. Advisory fees for the 4th quarter 2013 increased 1.2 percent from 3rd quarter 2013 as a result of increased average managed assets for the quarter. While the contractual advisory fee is 1.10 percent of average monthly managed assets, the Adviser waived an amount equal to 0.25 percent of average monthly managed assets through December 31, 2012, and has agreed to waive an amount equal to 0.20 percent of average monthly managed assets for calendar year 2013 and 0.15 percent of average monthly managed assets for calendar year 2014. Other operating expenses increased slightly as compared to 3rd quarter 2013.

Leverage costs consist of two major components: (1) the direct interest expense on our senior notes and short-term credit facility, and (2) distributions to preferred stockholders. Other leverage expenses include rating agency fees and commitment fees. Total leverage costs for DCF purposes were approximately \$0.6 million for the 4th quarter 2013, relatively unchanged as compared to 3rd quarter 2013.

The weighted average annual rate of our leverage at November 30, 2013 was 2.84 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.125 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility, and as our leverage matures or is redeemed. Additional information on our leverage is included in the Liquidity and Capital Resources discussion below.

Distributable cash flow and capital gains

For 4th quarter 2013, our DCF was approximately \$3.78 million, relatively unchanged as compared to 3rd quarter 2013. This is the net result of the changes in income and expenses as described above. This equates to an annualized rate of 4.53 percent of average total assets for the quarter and 5.00 percent of average net assets for the quarter. In addition, we had net realized gains on investments of approximately \$9.6 million during the quarter.

We declared a distribution of approximately \$4.1 million for 4th quarter 2013. On a per share basis, we declared a

Management's Discussion (unaudited)

(continued)

\$0.4075 distribution on November 11, 2013, unchanged from the 3rd quarter 2013.

Net Investment Income on the Statement of Operations is adjusted as follows to reconcile to DCF for 2013 YTD and 4th quarter 2013 (in thousands):

	2013 YTD	4th Qtr 2013
Net Investment Income	\$ 999	\$ 296
Adjustments to reconcile to DCF:		
Net premiums on options written	6,709	1,679
Distributions characterized as return of capital	4,760	1,126
Dividends paid in stock	2,466	649
Amortization of debt issuance costs	111	28
DCF	<u>\$15,045</u>	<u>\$ 3,778</u>

Liquidity and capital resources

We had total assets of \$393 million at year-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and dividends receivable and any expenses that may have been prepaid. During the 4th quarter 2013, total assets increased approximately \$12.1 million. This change was primarily the result of a \$14.2 million increase in the value of our investments as reflected by the change in realized and unrealized gains on investments (excluding return of capital on distributions) and net sales during the quarter of \$2.0 million.

Total leverage outstanding at November 30, 2013 was \$87.2 million, an increase of \$5.5 million as compared to August 31, 2013. On an adjusted basis to reflect the payment of the 3rd quarter distribution at the beginning of the 4th quarter, total leverage increased approximately \$1.4 million. Outstanding leverage is comprised of \$49 million in senior notes, \$16 million in preferred shares and \$22.2 million outstanding under the credit facility, with approximately 63 percent of leverage with fixed rates and a weighted average maturity of 3.4 years. Total leverage represented 22.2 percent of total assets at November 30, 2013, as compared to 21.5 percent as of August 31, 2013 and 21.8 percent as of November 30, 2012. This is below our long-term target level of 25 percent of total assets, allowing the opportunity to add leverage when compelling investment opportunities arise. Temporary increases to up to 30 percent of our total assets may be permitted, provided that such leverage is consistent with the limits set forth in the 1940 Act, and that such leverage is expected to be reduced over time in an orderly fashion to reach our long-term target. Our leverage ratio is impacted by increases or decreases in investment values, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

Our longer-term leverage (excluding our bank credit facility) of \$65 million is comprised of 75 percent private placement debt and 25 percent private placement preferred equity with a weighted average fixed rate of 3.34 percent and remaining weighted average laddered maturity of approximately 4.4 years.

We use leverage to acquire equity 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 Notes 9, 10 and 11 in the Notes to Financial Statements. Our coverage ratios are updated each week on our Web site at www.tortoiseadvisors.com.

Taxation of our distributions

We expect that distributions paid on common shares will generally consist of: (i) investment company taxable income ("ICTI") which includes ordinary income net of deductions plus any short-term capital gains in excess of net long-term capital losses (under current law, distributions of ICTI may be designated as qualified dividend income ("QDI") to the extent of any QDI received from our investment in common stocks); (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. The QDI and long-term capital gain tax rates are variable based on the taxpayer's taxable income.

We may designate a portion of our quarterly distributions as capital gains and we may also distribute additional capital gains in the last calendar quarter if necessary to meet minimum distribution requirements and to 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, 2013 were approximately 41 percent QDI, 25 percent ordinary dividend income, 32 percent long-term capital gain, and 2 percent return of capital. A holder of our common stock would reduce their cost basis for income tax purposes by the amount designated as return of capital. This information is reported to stockholders on Form 1099-DIV and is available on our Web site at www.tortoiseadvisors.com.

Schedule of Investments

November 30, 2013

	Shares	Fair Value		Shares	Fair Value
Common Stock — 85.2%⁽¹⁾			Oil and Gas Production — 19.4%⁽¹⁾		
Crude/Refined Products Pipelines — 6.4%⁽¹⁾			United States — 19.4%⁽¹⁾		
Canada — 5.8%⁽¹⁾			Anadarko Petroleum Corporation ⁽²⁾	46,900	\$ 4,165,658
Enbridge Inc.	268,300	\$ 11,091,522	Antero Resources Corporation ⁽²⁾⁽³⁾	26,500	1,454,850
Pembina Pipeline Corporation	199,200	6,327,232	Apache Corporation ⁽²⁾	53,000	4,848,970
United States — 0.6%⁽¹⁾			Cabot Oil & Gas Corporation ⁽²⁾	126,400	4,354,480
Plains GP Holdings, L.P.	77,690	1,825,715	Chesapeake Energy Corporation ⁽²⁾	67,200	1,805,664
		<u>19,244,469</u>	Concho Resources Inc. ⁽²⁾⁽³⁾	9,700	1,008,121
Local Distribution Companies — 12.7%⁽¹⁾			Continental Resources, Inc. ⁽²⁾⁽³⁾	51,700	5,558,267
United States — 12.7%⁽¹⁾			EOG Resources, Inc. ⁽²⁾	29,200	4,818,000
CenterPoint Energy, Inc.	926,500	21,707,895	Hess Corporation ⁽²⁾	38,300	3,107,279
NiSource Inc.	533,600	16,872,432	Marathon Oil Corporation ⁽²⁾	132,700	4,782,508
		<u>38,580,327</u>	Newfield Exploration Company ⁽²⁾⁽³⁾	44,100	1,239,210
Marine Transportation — 2.4%⁽¹⁾			Noble Energy, Inc. ⁽²⁾	72,300	5,078,352
Republic of the Marshall Islands — 2.4%⁽¹⁾			Occidental Petroleum Corporation ⁽²⁾	49,700	4,719,512
Teekay Offshore Partners L.P.	223,330	7,329,690	Pioneer Natural Resources Company ⁽²⁾	30,900	5,492,475
Natural Gas Gathering Pipelines — 4.5%⁽¹⁾			Range Resources Corporation ⁽²⁾	53,300	4,138,745
United States — 4.5%⁽¹⁾			Whiting Petroleum Corporation ⁽²⁾⁽³⁾	40,100	2,422,040
Targa Resources Corp.	166,600	13,509,594			<u>58,994,131</u>
Natural Gas Pipelines — 38.1%⁽¹⁾			Power/Utility — 1.7%⁽¹⁾		
Canada — 3.1%⁽¹⁾			United States — 1.7%⁽¹⁾		
Keyera Corp.	17,550	1,014,466	NRG Yield, Inc.	145,100	5,245,365
TransCanada Corporation	187,700	8,332,003			
United States — 35.0%⁽¹⁾			Total Common Stock		
Kinder Morgan, Inc.	266,000	9,453,640	(Cost \$212,979,461)		<u>258,699,692</u>
ONEOK, Inc.	450,200	26,143,114	Master Limited Partnerships		
Questar Corporation	330,750	7,448,490	and Related Companies — 43.7%⁽¹⁾		
Spectra Energy Corp.	965,100	32,379,105	Crude/Refined Products Pipelines — 16.3%⁽¹⁾		
Williams Companies, Inc.	880,900	31,025,298	United States — 16.3%⁽¹⁾		
		<u>115,796,116</u>	Buckeye Partners, L.P.	83,000	5,651,470
			Enbridge Energy Management, L.L.C. ⁽⁴⁾	577,488	15,921,862
			Genesis Energy L.P.	18,700	970,156
			Magellan Midstream Partners, L.P.	76,700	4,766,138
			MPLX LP	102,268	3,898,456
			Phillips 66 Partners LP	59,100	1,946,754
			Plains All American Pipeline, L.P.	194,400	10,025,208
			Rose Rock Midstream, L.P.	28,714	1,029,971
			Sunoco Logistics Partners L.P.	61,400	4,345,892
			Tesoro Logistics LP	16,700	855,875
					<u>49,411,782</u>

See accompanying Notes to Financial Statements.

Schedule of Investments (continued)

November 30, 2013

	<u>Shares</u>	<u>Fair Value</u>		<u>Shares</u>	<u>Fair Value</u>
Natural Gas/Natural Gas Liquids Pipelines — 17.5%⁽¹⁾			Short-Term Investment — 0.0%⁽¹⁾		
United States — 17.5%⁽¹⁾			United States Investment Company — 0.0%⁽¹⁾		
Energy Transfer Partners, L.P.	199,700	\$ 10,815,752	Fidelity Institutional Money Market Portfolio —		
Enterprise Products Partners L.P.	163,200	10,276,704	Class I, 0.05% ⁽⁵⁾ (Cost \$70,460)	70,460	\$ 70,460
Kinder Morgan Management, LLC ⁽⁴⁾	265,051	20,294,919			
ONEOK Partners, L.P.	48,900	2,619,084			
Regency Energy Partners LP	219,600	5,353,848			
Williams Partners L.P.	75,200	3,864,528			
		<u>53,224,835</u>			
Natural Gas Gathering/Processing — 9.9%⁽¹⁾			Total Investments — 128.9%⁽¹⁾		
United States — 9.9%⁽¹⁾			(Cost \$322,616,314)		
Access Midstream Partners, L.P.	107,900	6,060,743			391,486,087
Crestwood Midstream Partners LP	165,333	3,743,139			(49,000,000)
Crosstex Energy, L.P.	36,800	980,352			
DCP Midstream Partners, LP	97,900	4,716,822			
MarkWest Energy Partners, L.P.	87,300	6,029,811			
Targa Resources Partners LP	70,000	3,573,500			
Western Gas Equity Partners, LP	61,652	2,663,367			
Western Gas Partners LP	36,300	2,311,584			
		<u>30,079,318</u>			
Total Master Limited Partnerships			Long-Term Debt Obligations — (16.1%)⁽¹⁾		
and Related Companies (Cost \$109,566,393)			Mandatory Redeemable Preferred Stock		
		<u>132,715,935</u>	at Liquidation Value — (5.3%)⁽¹⁾		
			Total Value of Options Written		
			(Premiums received \$651,535) — (0.1%)⁽¹⁾		
			Other Assets and Liabilities — (7.4%)⁽¹⁾		
			<u>\$ 303,797,058</u>		

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

(2) All or a portion of the security represents cover for outstanding call option contracts written.

(3) Non-income producing security.

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

(5) Rate indicated is the current yield as of November 30, 2013.

See accompanying Notes to Financial Statements.

Schedule of Options Written

November 30, 2013

Call Options Written	Expiration Date	Strike Price	Contracts	Fair Value
Anadarko Petroleum Corporation	December 2013	\$ 97.50	469	\$ (11,256)
Antero Resources Corporation	December 2013	60.00	265	(6,625)
Apache Corporation	December 2013	95.00	530	(22,260)
Cabot Oil & Gas Corporation	December 2013	35.00	1,264	(77,104)
Chesapeake Energy Corporation	December 2013	27.00	672	(38,304)
Concho Resources Inc.	December 2013	115.00	97	(6,305)
Continental Resources, Inc.	December 2013	125.00	517	(12,925)
EOG Resources, Inc.	December 2013	180.00	292	(13,140)
Hess Corporation	December 2013	85.00	383	(16,852)
Marathon Oil Corporation	December 2013	38.00	1,327	(34,502)
Newfield Exploration Company	December 2013	32.00	441	(3,308)
Noble Energy, Inc.	December 2013	77.50	723	(7,230)
Occidental Petroleum Corporation	December 2013	105.00	497	(10,437)
Pioneer Natural Resources Company	December 2013	205.00	56	(3,360)
Pioneer Natural Resources Company	December 2013	210.00	253	(10,879)
Range Resources Corporation	December 2013	77.50	533	(114,062)
Whiting Petroleum Corporation	December 2013	70.00	401	<u>(12,030)</u>
Total Value of Call Options Written				
(Premiums received \$651,535)				<u><u>\$(400,579)</u></u>

See accompanying Notes to Financial Statements.

Statement of Assets & Liabilities

November 30, 2013

Assets

Investments at fair value (cost \$322,616,314)	\$ 391,486,087
Receivable for Adviser fee waiver	131,227
Dividends receivable	697,858
Prepaid expenses and other assets	448,671
Total assets	<u>392,763,843</u>

Liabilities

Options written, at fair value (premiums received \$651,535)	400,579
Payable to Adviser	721,749
Accrued expenses and other liabilities	644,457
Short-term borrowings	22,200,000
Long-term debt obligations	49,000,000
Mandatory redeemable preferred stock (\$25.00 liquidation value per share; 640,000 shares outstanding)	16,000,000
Total liabilities	<u>88,966,785</u>
Net assets applicable to common stockholders	<u>\$ 303,797,058</u>

Net Assets Applicable to Common Stockholders

Consist of:

Capital stock, \$0.001 par value; 10,016,413 shares issued and outstanding (100,000,000 shares authorized)	\$ 10,016
Additional paid-in capital	235,133,074
Undistributed net investment income	4,089,287
Accumulated net realized loss	(4,554,724)
Net unrealized appreciation	69,119,405
Net assets applicable to common stockholders	<u>\$ 303,797,058</u>
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	<u>\$ 30.33</u>

Statement of Operations

Year Ended November 30, 2013

Investment Income

Distributions from master limited partnerships	\$ 4,841,213
Less return of capital on distributions	(4,759,673)
Net distributions from master limited partnerships	81,540
Dividends from common stock (net of foreign taxes withheld of \$174,649)	7,436,701
Dividends from money market mutual funds	189
Total Investment Income	<u>7,518,430</u>

Operating Expenses

Advisory fees	4,108,286
Administrator fees	150,975
Professional fees	124,875
Directors' fees	60,510
Stockholder communication expenses	57,227
Fund accounting fees	51,977
Registration fees	24,785
Custodian fees and expenses	18,831
Stock transfer agent fees	11,364
Other operating expenses	48,249
Total Operating Expenses	<u>4,657,079</u>

Leverage Expenses

Interest expense	1,766,051
Distributions to mandatory redeemable preferred stockholders	686,401
Amortization of debt issuance costs	111,015
Other leverage expenses	59,613
Total Leverage Expenses	<u>2,623,080</u>

Total Expenses

Less fees waived by Adviser	(761,075)
Net Expenses	<u>6,519,084</u>

Net Investment Income

	<u>999,346</u>
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Realized and Unrealized Gains (Losses)

Net realized gain on investments, including foreign currency gain (loss)	16,134,047
Net realized loss on options	(2,084,201)
Net realized loss on foreign currency and translation of other assets and liabilities denominated in foreign currency	(3,472)
Net realized gain	<u>14,046,374</u>
Net unrealized appreciation of investments, including foreign currency gain (loss)	52,148,741
Net unrealized appreciation of options	63,994
Net unrealized depreciation of other assets and liabilities due to foreign currency translation	(1,956)
Net unrealized appreciation	<u>52,210,779</u>

Net Realized and Unrealized Gains

	<u>66,257,153</u>
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Net Increase in Net Assets Applicable to Common Stockholders Resulting from Operations

\$ 67,256,499

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

	Year Ended November 30, 2013	Year Ended November 30, 2012
Operations		
Net investment income	\$ 999,346	\$ 1,236,571
Net realized gain	14,046,374	12,411,737
Net unrealized appreciation	52,210,779	10,877,359
Net increase in net assets applicable to common stockholders resulting from operations	<u>67,256,499</u>	<u>24,525,667</u>
Distributions to Common Stockholders		
Net investment income	(5,763,083)	(2,382,329)
Net realized gain	(10,291,818)	(10,673,567)
Return of capital	(261,899)	(3,225,940)
Total distributions to common stockholders	<u>(16,316,800)</u>	<u>(16,281,836)</u>
Capital Stock Transactions		
Issuance of 12,213 common shares from reinvestment of distributions to stockholders	<u>349,292</u>	—
Total increase in net assets applicable to common stockholders	51,288,991	8,243,831
Net Assets		
Beginning of year	<u>252,508,067</u>	<u>244,264,236</u>
End of year	<u>\$ 303,797,058</u>	<u>\$ 252,508,067</u>
Undistributed net investment income, end of year	<u>\$ 4,089,287</u>	<u>\$ 1,704,310</u>

See accompanying Notes to Financial Statements.

Statement of Cash Flows

Year Ended November 30, 2013

Cash Flows From Operating Activities

Distributions received from master limited partnerships	\$ 4,841,213
Dividend income received	7,381,446
Purchases of long-term investments	(156,149,260)
Proceeds from sales of long-term investments	162,767,339
Purchases of short-term investments, net	(15,228)
Call options written, net	(2,142,941)
Interest expense paid	(1,764,868)
Other leverage expenses paid	(71,545)
Distributions to mandatory redeemable preferred stockholders	(686,400)
Operating expenses paid	(3,792,248)
Net cash provided by operating activities	<u>10,367,508</u>

Cash Flows From Financing Activities

Advances from revolving line of credit	52,100,000
Repayments on revolving line of credit	(46,500,000)
Distributions paid to common stockholders	(15,967,508)
Net cash used in financing activities	<u>(10,367,508)</u>
Net change in cash	—
Cash — beginning of year	—
Cash — end of year	<u>\$ —</u>

Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities

Net increase in net assets applicable to common stockholders resulting from operations	\$ 67,256,499
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	(117,200,672)
Proceeds from sales of long-term investments	123,843,686
Purchases of short-term investments, net	(15,228)
Call options written, net	(2,142,941)
Return of capital on distributions received	4,759,673
Net unrealized appreciation	(52,210,779)
Net realized gain	(14,046,374)
Amortization of debt issuance costs	111,015
Changes in operating assets and liabilities:	
Increase in dividends receivable	(55,444)
Increase in prepaid expenses and other assets	(8,411)
Decrease in receivable for investments sold	38,923,653
Decrease in payable for investments purchased	(38,948,588)
Increase in payable to Adviser, net of fee waiver	109,525
Decrease in accrued expenses and other liabilities	(8,106)
Total adjustments	<u>(56,888,991)</u>
Net cash provided by operating activities	<u>\$ 10,367,508</u>

Non-Cash Financing Activities

Reinvestment of distributions by common stockholders in additional common shares	<u>\$ 349,292</u>
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See accompanying Notes to Financial Statements.

Financial Highlights

	Year Ended November 30, 2013	Year Ended November 30, 2012	Period from October 31, 2011 ⁽¹⁾ through November 30, 2011
Per Common Share Data⁽²⁾			
Net Asset Value, beginning of period	\$ 25.24	\$ 24.42	\$ —
Public offering price	—	—	25.00
Income from Investment Operations			
Net investment income (loss) ⁽³⁾	0.10	0.12	(0.02)
Net realized and unrealized gains ⁽³⁾	6.62	2.33	0.61
Total income from investment operations	6.72	2.45	0.59
Distributions to Common Stockholders			
Net investment income	(0.57)	(0.24)	—
Net realized gain	(1.03)	(1.07)	—
Return of capital	(0.03)	(0.32)	—
Total distributions to common stockholders	(1.63)	(1.63)	—
Underwriting discounts and offering costs on issuance of common stock ⁽⁴⁾	—	—	(1.17)
Net Asset Value, end of period	\$ 30.33	\$ 25.24	\$ 24.42
Per common share market value, end of period	\$ 28.11	\$ 24.15	\$ 25.01
Total Investment Return Based on Market Value ⁽⁵⁾	23.44 %	3.18 %	0.04 %
Supplemental Data and Ratios			
Net assets applicable to common stockholders, end of period (000's)	\$ 303,797	\$ 252,508	\$ 244,264
Average net assets (000's)	\$ 289,876	\$ 253,815	\$ 237,454
Ratio of Expenses to Average Net Assets ⁽⁶⁾			
Advisory fees	1.42 %	1.44 %	1.17 %
Other operating expenses	0.19	0.21	0.56
Fee waiver	(0.26)	(0.33)	(0.27)
Subtotal	1.35	1.32	1.46
Leverage expenses	0.90	1.03	0.31
Total expenses	2.25 %	2.35 %	1.77 %
Ratio of net investment income (loss) to average net assets before fee waiver ⁽⁶⁾	0.08 %	0.16 %	(1.12) %
Ratio of net investment income (loss) to average net assets after fee waiver ⁽⁶⁾	0.34 %	0.49 %	(0.85) %
Portfolio turnover rate	31.43 %	34.65 %	1.68 %
Short-term borrowings, end of period (000's)	\$ 22,200	\$ 16,600	—
Long-term debt obligations, end of period (000's)	\$ 49,000	\$ 49,000	\$ 24,500
Preferred stock, end of period (000's)	\$ 16,000	\$ 16,000	\$ 8,000
Per common share amount of long-term debt obligations outstanding, end of period	\$ 4.89	\$ 4.90	\$ 2.45
Per common share amount of net assets, excluding long-term debt obligations, end of period	\$ 35.22	\$ 30.14	\$ 26.87
Asset coverage, per \$1,000 of principal amount of long-term debt obligations and short-term borrowings ⁽⁷⁾	\$ 5,492	\$ 5,093	\$ 11,296
Asset coverage ratio of long-term debt obligations and short-term borrowings ⁽⁷⁾	549 %	509 %	1,130 %
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock ⁽⁸⁾	\$ 112	\$ 102	\$ 213
Asset coverage ratio of preferred stock ⁽⁸⁾	448 %	409 %	852 %

(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 year ended November 30, 2012 and the period from October 31, 2011 through November 30, 2011 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) Represents the dilution per common share from underwriting and other offering costs for the period from October 31, 2011 through November 30, 2011.

(5) Not annualized for periods less than one full year. 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.

(6) Annualized for periods less than one full year.

(7) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations, short-term borrowings and preferred stock at the end of the period divided by long-term debt obligations and short-term borrowings outstanding at the end of the period.

(8) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations, short-term borrowings and preferred stock at the end of the period divided by long-term debt obligations, short-term borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.

Notes to Financial Statements

November 30, 2013

1. Organization

Tortoise Pipeline & Energy Fund, Inc. (the "Company") was organized as a Maryland corporation on July 19, 2011, 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 total return, with an emphasis on current distributions. The Company seeks to provide its stockholders an efficient vehicle to invest in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. The Company commenced operations on October 31, 2011. The Company's stock is listed on the New York Stock Exchange under the symbol "TTP."

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 30 percent of its total assets in unregistered or otherwise 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 restricted 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 will 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. The Company did not hold any restricted securities at November 30, 2013.

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.

Exchange-traded options are valued at the mean of the highest bid and lowest asked prices across all option exchanges.

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.

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 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 information provided by 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.

During the year ended November 30, 2013, the Company reallocated the amount of 2012 investment income and return of capital it recognized based on the 2012 tax reporting information received from the individual

Notes to Financial Statements (continued)

MLPs. This reclassification amounted to a decrease in net investment income of approximately \$275,000 or \$0.028 per share, an increase in unrealized appreciation of investments of approximately \$97,000 or \$0.010 per share, and an increase in realized gains of approximately \$178,000 or \$0.018 per share for the year ended November 30, 2013.

In addition, the Company may be subject to withholding taxes on foreign-sourced income. The Company accrues such taxes when the related income is earned.

D. Foreign currency translation

For foreign currency, investments in foreign securities, and other assets and liabilities denominated in a foreign currency, the Company translates these amounts into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange on the valuation date, and (ii) purchases and sales of investment securities, income and expenses at the relevant rates of exchange on the respective dates of such transactions. The Company does not isolate that portion of gains and losses on investments that is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity securities.

E. Distributions to stockholders

Distributions to common stockholders are recorded on the ex-dividend date. The Company intends to make quarterly cash distributions of its investment company taxable income to common stockholders. In addition, on an annual basis, the Company may distribute additional capital gains in the last calendar quarter if necessary to meet minimum distribution requirements and thus avoid being subject to excise taxes. The amount of any distributions will be determined by the Board of Directors. The character of distributions to common stockholders 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.

Distributions to mandatory redeemable preferred ("MRP") stockholders are accrued daily and paid quarterly based on a fixed annual rate. The Company may not declare or pay distributions to its preferred stockholders if it does not meet a 200 percent asset coverage ratio for its debt or the rating agency basic maintenance amount for the debt following such distribution. The character of distributions to MRP stockholders 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.

F. 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 recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. The Company's policy is to record interest and penalties on uncertain tax positions as part of tax expense. The Company has reviewed all open tax years and major jurisdictions and concluded that there is 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.

G. 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 and MRP Stock are capitalized and amortized over the period the debt and MRP Stock is outstanding.

H. Derivative financial instruments

The Company seeks to provide current income from gains earned through an option strategy which will normally consist of writing (selling) call options on selected equity securities in the portfolio ("covered calls"). The premium received on a written call option will initially be recorded as a liability and subsequently adjusted to the then current fair value of the option written. Premiums received from writing call options that expire unexercised will be recorded as a realized gain on the expiration date. Premiums received from writing call options that are exercised will be added to the proceeds from the sale of the underlying security to calculate the realized gain (loss). If a written call option is repurchased prior to its exercise, the realized gain (loss) will

Notes to Financial Statements (continued)

be the difference between the premium received and the amount paid to repurchase the option.

I. 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.

J. Recent accounting pronouncements

In December 2011, the Financial Accounting Standards Board issued ASU 2011-11 "Balance Sheet (Topic 210) Disclosures about Offsetting Assets and Liabilities". ASU 2011-11 requires new disclosures for recognized financial instruments and derivative instruments that are either offset on the balance sheet in accordance with the offsetting guidance in ASC 210-20-45 or ASC 815-10-45 or are subject to an enforceable master netting arrangement or similar arrangement. ASU 2011-11 is effective for periods beginning on or after January 1, 2013 and must be applied retrospectively.

In January 2013, the Financial Accounting Standards Board issued Accounting Standards Update No. 2013-01 "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" ("ASU 2013-01") which amended Accounting Standards Codification Subtopic 210-20, Balance Sheet Offsetting. ASU 2013-01 clarified the scope of ASU No. 2011-11 "Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). ASU 2013-01 clarifies the scope of ASU 2011-11 as applying to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset either in accordance with other requirements of U.S. GAAP or subject to an enforceable master netting arrangement or similar agreement. The guidance in ASU 2013-01 and ASU 2011-11 is effective for interim and annual periods beginning on or after January 1, 2013. The Company has adopted these amendments, which did not have an impact on the financial statements.

3. Concentration risk

Under normal circumstances, the Company will have at least 80 percent of its total assets (including any assets obtained through leverage) 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 and/or process, explore, develop, manage or produce crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or natural gas liquids ("NGLs") or that provide electric power generation (including renewable energy), transmission and/or distribution. The Company may invest up to 30 percent of its total assets in restricted securities, primarily through direct investments in securities of listed companies. The Company may also invest up to 25 percent of its total assets in securities of MLPs. The Company will not invest in privately-held companies.

4. Agreements

The Company has entered into an Investment Advisory Agreement with the Adviser. Under the terms of the Agreement, the Company pays the Adviser a fee equal to an annual rate of 1.10 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 waived fees in an amount equal to an annual rate of 0.25 percent of the Company's average monthly Managed Assets for the period from the commencement of operations through December 31, 2012, and has contractually agreed to waive fees in an amount equal to an annual rate of 0.20 percent of average monthly Managed Assets for the period from January 1, 2013 through December 31, 2013 and 0.15 percent of average monthly Managed Assets for the period from January 1, 2014 through December 31, 2014.

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, 0.01 percent on the next \$500,000,000 of Managed Assets and 0.005 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.

Notes to Financial Statements (continued)

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 of the average daily market value of the Company's domestic assets and 0.015 percent of the average daily market value of the Company's Canadian Dollar-denominated assets, 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 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 primarily related to return of capital distributions and character differences of realized gains on MLP investments resulted in the reclassification of \$7,410,613 to undistributed net investment income, \$(7,115,149) to accumulated net realized loss and \$(295,464) to additional paid-in capital.

The tax character of distributions paid to common and preferred stockholders for the years ending November 30, 2013 and November 30, 2012 was as follows:

	Year Ended November 30, 2013		
	Common	Preferred	Total
Ordinary income*	\$ 10,761,343	\$ 686,400	\$ 11,447,743
Long-term capital gain	5,293,558	—	5,293,558
Return of capital	261,899	—	261,899
Total distributions	<u>\$ 16,316,800</u>	<u>\$ 686,400</u>	<u>\$ 17,003,200</u>

	Year Ended November 30, 2012		
	Common	Preferred	Total
Ordinary income*	\$ 9,434,381	\$ 551,027	\$ 9,985,408
Long-term capital gain	3,621,515	—	3,621,515
Return of capital	3,225,940	—	3,225,940
Total distributions	<u>\$ 16,281,836</u>	<u>\$ 551,027</u>	<u>\$ 16,832,863</u>

*For Federal income tax purposes, distributions of short-term capital gains are treated as ordinary income distributions.

As of November 30, 2013, the components of accumulated earnings on a tax basis were as follows:

Unrealized appreciation	\$ 73,235,114
Other temporary differences*	(4,581,146)
Accumulated earnings	<u>\$ 68,653,968</u>

*Other temporary differences primarily relate to losses deferred under straddle regulations per IRC Code Sec. 1092.

As of November 30, 2013, the aggregate cost of securities for federal income tax purposes was \$314,855,700. The aggregate gross unrealized appreciation for all securities in which there was an excess of fair value over tax cost was \$77,193,860, the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over fair value was \$563,473 and the net unrealized appreciation was \$76,630,387.

6. Fair Value of financial instruments

Various inputs are used in determining the fair value of the Company's financial instruments. 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.)
- 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.

Notes to Financial Statements (continued)

The following table provides the fair value measurements of applicable Company assets and liabilities by level within the fair value hierarchy as of November 30, 2013. These assets and liabilities are measured on a recurring basis.

Description	Fair Value at November 30, 2013	Level 1	Level 2	Level 3
Assets				
Equity Securities:				
Common Stock ^(a)	\$ 258,699,692	\$ 258,699,692	\$ —	\$ —
Master Limited Partnerships and Related Companies ^(a)	132,715,935	132,715,935	—	—
Total Equity Securities	391,415,627	391,415,627	—	—
Other Securities:				
Short-Term Investment ^(b)	70,460	70,460	—	—
Total Assets	\$ 391,486,087	\$ 391,486,087	\$ —	\$ —
Liabilities				
Written Call Options	\$ 400,579	\$ 400,579	\$ —	\$ —

(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 November 30, 2013.

The Company did not hold any Level 3 securities during the year ended November 30, 2013. The Company utilizes the beginning of reporting period method for determining transfers between levels. There were no transfers between levels during the year ended November 30, 2013.

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 and liabilities.

An equity security of a publicly traded company acquired in a private placement transaction without registration under the Securities Act of 1933, as amended (the "1933 Act"), is subject to restrictions on resale that can affect the security's fair value. If such a security is convertible into publicly-traded common shares, the security generally will be valued at the common share market price adjusted by a percentage discount due to the restrictions and categorized as Level 2 in the fair value hierarchy. If the security has characteristics that are dissimilar to the class of security that trades on the open market, the security will generally be valued and categorized as Level 3 in the fair value hierarchy.

7. Derivative financial instruments

The Company has adopted the disclosure provisions of FASB Accounting Standard Codification 815, Derivatives and Hedging ("ASC 815"). ASC 815 requires enhanced disclosures about the Company's use of and accounting for derivative instruments and the effect of derivative instruments on the Company's results of operations and financial position. Tabular disclosure regarding derivative fair value and gain/loss by contract type (e.g., interest rate contracts, foreign exchange contracts, credit contracts, etc.) is required and derivatives accounted for as hedging instruments under ASC 815 must be disclosed separately from those that do not qualify for hedge accounting. Even though the Company may use derivatives in an attempt to achieve an economic hedge, the Company's derivatives are not accounted for as hedging instruments under ASC 815 because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings.

Transactions in written option contracts for the year ended November 30, 2013, are as follows:

	Number of Contracts	Premium
Options outstanding at November 30, 2012	10,509	\$ 710,275
Options written	119,844	7,115,975
Options closed	(102,066)	(6,364,284)
Options exercised	(5,043)	(258,217)
Options expired	(14,524)	(552,214)
Options outstanding at November 30, 2013	8,720	\$ 651,535

The following table presents the types and fair value of derivatives by location as presented on the Statement of Assets and Liabilities at November 30, 2013:

Derivatives not accounted for as hedging instruments under ASC 815	Liabilities	
	Location	Fair Value
Written equity call options	Options written, at fair value	\$ 400,579

The following table presents the effect of derivatives on the Statement of Operations for the year ended November 30, 2013:

Derivatives not accounted for as hedging instruments under ASC 815	Location of Gains (Losses) on Derivatives	
	Net Realized Loss on Options	Net Unrealized Appreciation of Options
Written equity call options	\$(2,084,201)	\$ 63,994

Notes to Financial Statements (continued)

8. Investment transactions

For the year ended November 30, 2013, the Company purchased (at cost) and sold securities (proceeds received) in the amount of \$117,200,672 and \$123,843,686 (excluding short-term debt securities), respectively.

9. Long-term debt obligations

The Company has \$49,000,000 aggregate principal amount of private senior notes (collectively, the "Notes") outstanding. 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; (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. Holders of the Notes are entitled to receive periodic cash interest payments each quarter until maturity. The Notes are not listed on any exchange or automated quotation system.

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 November 30, 2013, the Company was in compliance with asset coverage covenants and basic maintenance covenants for its senior notes.

The estimated fair value of each series of fixed-rate Notes was calculated, for disclosure purposes, by discounting future cash flows by a rate equal to the current U.S. Treasury rate with an equivalent maturity date, plus either 1) the spread between the interest rate on recently issued debt and the U.S. Treasury rate with a similar maturity date or 2) if there has not been a recent debt issuance, the spread between the AAA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the spread between the fixed rates of the Notes and the AAA corporate finance debt rate. The estimated fair value of the Series A Notes approximates the carrying amount because the interest rate fluctuates with changes in interest rates available in the current market. The estimated fair values in the table below are Level 2 valuations within the fair value hierarchy. The following table shows the maturity

date, interest rate, payment frequency, notional/carrying amount and estimated fair value for each series of Notes outstanding at November 30, 2013.

Series	Maturity Date	Interest Rate	Payment Frequency	Notional/ Carrying Amount	Estimated Fair Value
Series A	December 15, 2016	2.00% ⁽¹⁾	Quarterly	\$10,000,000	\$10,000,000
Series B	December 15, 2014	2.50%	Quarterly	17,000,000	17,241,010
Series C	December 15, 2018	3.49%	Quarterly	6,000,000	6,229,324
Series D	December 15, 2021	4.08%	Quarterly	16,000,000	16,577,547
				<u>\$49,000,000</u>	<u>\$50,047,881</u>

(1) Floating rate resets each quarter based on 3-month LIBOR plus 1.75 percent. The current rate is effective for the period from September 15, 2013 through December 15, 2013. The weighted-average interest rate for the year ended November 30, 2013 was 2.03 percent.

10. Preferred Stock

The Company has 10,000,000 shares of preferred stock authorized. Of that amount, the Company has 640,000 shares of Series A Mandatory Redeemable Preferred ("MRP") Stock authorized and 640,000 shares are outstanding at November 30, 2013. The MRP Stock has a liquidation value of \$25.00 per share plus any accumulated but unpaid distributions, whether or not declared. Holders of the MRP Stock are entitled to receive cash interest payments each quarter at a fixed rate until maturity. The MRP Stock is not listed on any exchange or automated quotation system.

The MRP Stock has rights determined by the Board of Directors. Except as otherwise indicated in the Company's Charter or Bylaws, or as otherwise required by law, the holders of MRP Stock have voting rights equal to the holders of common stock (one vote per MRP share) and will vote together with the holders of shares of common stock as a single class except on matters affecting only the holders of preferred stock or the holders of common stock. The 1940 Act requires that the holders of any preferred stock (including MRP Stock), voting separately as a single class, have the right to elect at least two directors at all times.

The estimated fair value of MRP Stock was calculated, for disclosure purposes, by discounting future cash flows by a rate equal to the current U.S. Treasury rate with an equivalent maturity date, plus either 1) the spread between the interest rate on recently issued preferred stock and the U.S. Treasury rate with a similar maturity date or 2) if there

Notes to Financial Statements (continued)

has not been a recent preferred stock issuance, the spread between the AA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the spread between the fixed rates of the MRP Stock and the AA corporate finance debt rate. The estimated fair value in the table below is a Level 2 valuation within the fair value hierarchy. The following table shows the mandatory redemption date, fixed rate, number of shares outstanding, aggregate liquidation preference and estimated fair value as of November 30 2013.

Series	Mandatory Redemption Date	Fixed Rate	Shares Outstanding	Aggregate Liquidation Preference	Estimated Fair Value
Series A	December 15, 2018	4.29%	640,000	\$ 16,000,000	\$ 16,637,226

The MRP Stock is redeemable in certain circumstances at the option of the Company. Under the Investment Company Act of 1940, the Company may not declare dividends or make other distributions on shares of common stock or purchases of such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding MRP Stock would be less than 200 percent. The MRP Stock is also subject to a mandatory redemption if the Company fails to meet an asset coverage ratio of at least 225 percent as determined in accordance with the 1940 Act or a rating agency basic maintenance amount if such failure is not waived or cured. At November 30, 2013, the Company was in compliance with asset coverage covenants and basic maintenance covenants for its MRP Stock.

11. Credit facility

As of November 30, 2013, the Company had a \$30,000,000 unsecured credit facility that matures on June 16, 2014. The Bank of Nova Scotia serves as a lender and the lending syndicate agent on behalf of other lenders participating in the facility. The capacity available under the credit facility was increased from \$25,000,000 to \$30,000,000 on November 25, 2013. Effective June 17, 2013, outstanding balances generally will accrue interest at a variable annual rate equal to one-month LIBOR plus 1.125 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.15 percent. For the period from December 1, 2012 through June 16, 2013, outstanding balances accrued interest at a variable annual rate equal to one-month LIBOR plus 1.25 percent and unused portions of the credit facility accrued a non-usage fee equal to an annual rate of 0.20 percent.

The average principal balance and interest rate for the period during which the credit facility was utilized during the year ended November 30, 2013 was approximately \$18,600,000 and 1.38 percent, respectively. At November 30, 2013, the principal balance outstanding was \$22,200,000 at an interest rate of 1.29 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 November 30, 2013, 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 10,016,413 shares outstanding at November 30, 2013. Transactions in common stock for the year ended November 30, 2013, were as follows:

Shares at November 30, 2012	10,004,200
Shares issued through reinvestment of distributions	12,213
Shares at November 30, 2013	<u>10,016,413</u>

13. Subsequent events

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

Report of Independent Registered Public Accounting Firm

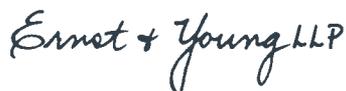
The Board of Directors and Stockholders Tortoise Pipeline & Energy Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Tortoise Pipeline & Energy Fund, Inc. (the Company), including the schedule of investments, as of November 30, 2013, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also

includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2013, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tortoise Pipeline & Energy Fund, Inc. at November 30, 2013, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

Kansas City, Missouri
January 21, 2014

Company Officers and Directors (unaudited)

November 30, 2013

Name and Age*	Position(s) Held with Company, Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director ⁽¹⁾	Other Public Company Directorships Held
Independent Directors**				
Conrad S. Ciccotello (Born 1960)	Director since 2011	Associate Professor of Risk Management and Insurance, Robinson College of Business, Georgia State University (faculty member since 1999); Director of Personal Financial Planning Program; Investment Consultant to the University System of Georgia for its defined contribution retirement plan; Formerly Faculty Member, Pennsylvania State University (1997-1999); Published a number of academic and professional journal articles on investment company performance and structure, with a focus on MLPs.	7	CorEnergy Infrastructure Trust, Inc. (formerly Tortoise Capital Resources Corporation)
John R. Graham (Born 1945)	Director since 2011	Executive-in-Residence and Professor of Finance (part-time), College of Business Administration, Kansas State University (has served as a professor or adjunct professor since 1970); Chairman of the Board, President and CEO, Graham Capital Management, Inc., primarily a real estate development, investment and venture capital company; Owner of Graham Ventures, a business services and venture capital firm; Part-time Vice President Investments, FB Capital Management, Inc. (a registered investment adviser), since 2007; formerly, CEO, Kansas Farm Bureau Financial Services, including seven affiliated insurance or financial service companies (1979-2000).	7	CorEnergy Infrastructure Trust, Inc. (formerly Tortoise Capital Resources Corporation)
Charles E. Heath (Born 1942)	Director since 2011	Retired in 1999, Formerly Chief Investment Officer, GE Capital's Employers Reinsurance Corporation (1989-1999). Chartered Financial Analyst ("CFA") designation since 1974.	7	CorEnergy Infrastructure Trust, Inc. (formerly Tortoise Capital Resources Corporation)

(1) This number includes Tortoise Energy Infrastructure Corporation ("TYG"), Tortoise Energy Capital Corporation ("TYY"), Tortoise North American Energy Corporation ("TYN"), Tortoise Power and Energy Infrastructure Fund, Inc. ("TPZ"), Tortoise MLP Fund, Inc. ("NTG"), Tortoise Energy Independence Fund, Inc. ("NDP") and the Company. Our Adviser also serves as the investment adviser to TYG, TYY, TYN, TPZ, NTG and NDP.

* The address of each director and officer is 11550 Ash Street, Suite 300, Leawood, Kansas 66211

** Subsequent to fiscal year-end, Mr. Graham passed away. Effective January 1, 2014, Mr. Rand C. Berney joined the Company's Board of Directors as an independent director. Mr. Berney also joined the Board of Directors of each of TYG, TYY, TYN, TPZ, NTG and NDP. Mr. Berney was born in 1955. Mr. Berney is Executive-in-Residence and Professor for Professional Financial Planning course and Professional Ethics course, College of Business Administration, Kansas State University since 2012. He was formerly Senior Vice President of Corporate Shared Services of ConocoPhillips from April 2009 to 2012, Vice President and Controller of ConocoPhillips from 2002 to April 2009, and Vice President and Controller of Phillips Petroleum Company from 1997 to 2002. Mr. Berney is a member of the Oklahoma Society of CPAs, the Financial Executive Institute, American Institute of Certified Public Accountants, the Institute of Internal Auditors and the Institute of Management Accountants.

Company Officers and Directors (unaudited) (continued)

November 30, 2013

Name and Age*	Position(s) Held with Company, Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director ⁽¹⁾	Other Public Company Directorships Held
Interested Director and Officers⁽²⁾				
H. Kevin Birzer (Born 1959)	Director and Chairman of the Board since 2011	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Member, Fountain Capital Management, LLC ("Fountain Capital"), a registered investment adviser, (1990-May 2009); Director and Chairman of the Board of each of TYG, TYY, TYN, TPZ, NTG and NDP since its inception; Director and Chairman of the Board of Tortoise Capital Resources Corporation ("TTO") from its inception through November 30, 2011. CFA designation since 1988.	7	None
Terry Matlack (Born 1956)	Chief Executive Officer since 2011; Director since November 12, 2012	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Director of each of TYG, TYY, TYN, TPZ and TTO from its inception to September 15, 2009; Director of each of TYG, TYY, TYN, TPZ, NTG and NDP since November 12, 2012; Chief Executive Officer of NTG since 2010, of each of TYG, TYY, TYN and TPZ since May 2011 and of NDP since inception; Chief Financial Officer of each of TYG, TYY, TYN, and TPZ from its inception to May 2011, and of TTO from its inception to June 2012. CFA designation since 1985.	7	None
P. Bradley Adams (Born 1960)	Chief Financial Officer since 2011	Managing Director of the Adviser since January 2013; Director of Financial Operations of the Adviser from 2005 to January 2013; Chief Financial Officer of each of NTG and NDP since its inception and of each of TYG, TYY, TYN and TPZ since May 2011; Assistant Treasurer of TYG, TYY, and TYN from April 2008 to May 2011, of TPZ from its inception to May 2011, and of TTO from April 2008 to June 2012.	N/A	None
Zachary A. Hamel (Born 1965)	President since 2011	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Joined Fountain Capital in 1997 and was a Partner there from 2001 through September 2012. President of NTG since 2010, of each of TYG, TYY and TPZ since May 2011, and of NDP since its inception; Senior Vice President of TYY from 2005 to May 2011, of TYG from 2007 to May 2011, of TYN since 2007, of TPZ from its inception to May 2011 and of TTO from 2005 through November 2011. CFA designation since 1998.	N/A	None
Kenneth P. Malvey (Born 1965)	Senior Vice President and Treasurer since 2011	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Joined Fountain Capital in 2002 and was a Partner there from 2004 through September 2012; Treasurer of each of TYG, TYY and TYN since 2005, of each of TPZ, NTG and NDP since its inception, and of TTO from 2005 through November 2011; Senior Vice President of TYY since 2005, of each of TYG and TYN since 2007, of each of TPZ, NTG and NDP since its inception, and of TTO from inception through November 2011. CFA designation since 1996.	N/A	None
David J. Schulte (Born 1961)	Senior Vice President since 2011	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Managing Director of Corridor InfraTrust Management, LLC, an affiliate of the Adviser; President and Chief Executive Officer of each of TYG, TYY and TPZ from its inception to May 2011; Chief Executive Officer of TYN from 2005 to May 2011 and President of TYN from 2005 to September 2008; Chief Executive Officer of TTO (now CORR) since 2005 and President from 2005 to April 2007 and since June 2012; Senior Vice President of each of TYG, TYY, TYN, and TPZ since May 2011, of NTG since 2010 and of NDP since its inception. CFA designation since 1992.	N/A	CorEnergy Infrastructure Trust, Inc. ("CORR") (formerly Tortoise Capital Resources Corporation)

(1) This number includes TYG, TYY, TYN, TPZ, NTG, NDP and the Company. Our Adviser also serves as the investment adviser to TYG, TYY, TYN, TPZ, NTG and NDP.

(2) As a result of their respective positions held with our Adviser or its affiliates, these individuals are considered "interested persons" within the meaning of the 1940 Act.

* The address of each director and officer is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.

Additional Information (unaudited)

Notice to stockholders

For stockholders that do not have a November 30, 2013 tax year end, this notice is for information purposes only. For stockholders with a November 30, 2013 tax year end, please consult your tax advisor as to the pertinence of this notice. For the fiscal year ended November 30, 2013, the Company is designating the following items with regard to distributions paid during the year.

Common distributions

Return Of Capital Distributions	Long-Term Capital Gain Distributions ⁽¹⁾	Ordinary Income Distributions	Total Distributions	Qualifying Dividends ⁽²⁾	Qualifying For Corporate Dividends Rec. Deduction ⁽³⁾
1.61%	32.44%	65.95%	100.00%	61.74%	47.58%

Preferred distributions

Return Of Capital Distributions	Long-Term Capital Gain Distributions ⁽¹⁾	Ordinary Income Distributions	Total Distributions	Qualifying Dividends ⁽²⁾	Qualifying For Corporate Dividends Rec. Deduction ⁽³⁾
0%	0%	100.00%	100.00%	61.74%	47.58%

(1) The Company designates long-term capital gain distributions per IRC Code Sec. 852(b)(3)(C). The long-term capital gain tax rate is variable based on the taxpayer's taxable income.

(2) Represents the portion of Ordinary Income Distributions taxable at the capital gain tax rates if the stockholder meets holding period requirements.

(3) Represents the portion of Ordinary Income Distributions which qualify for the "Corporate Dividends Received Deduction."

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 year ended November 30, 2013, the aggregate compensation paid by the Company to the independent directors was \$59,500. 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, 2013 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; and (ii) on the SEC's Web site at 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. 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.

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.

Certifications

The Company's Chief Executive Officer submitted to the New York Stock Exchange the annual CEO certification in 2012 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.

Additional Information (unaudited) (continued)

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.

Automatic dividend reinvestment plan

If a stockholder's shares are registered directly with the Company or with a brokerage firm that participates in the Company's Automatic Dividend Reinvestment Plan (the "Plan"), all distributions are automatically reinvested for stockholders by the Plan Agent in additional shares of common stock of the Company (unless a stockholder is ineligible or elects otherwise). Stockholders holding shares that participate in the Plan in a brokerage account may not be able to transfer the shares to another broker and continue to participate in the Plan. 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 Computershare, as dividend paying agent. Distributions subject to tax (if any) are taxable whether or not shares are reinvested.

If, on the distribution payment date, the net asset value per share of the common stock is equal to or less than the market price per share of common stock plus estimated brokerage commissions, the Company will issue additional

shares of common stock to participants. The number of shares will be determined by the greater of the net asset value per share or 95 percent of the market price. Otherwise, shares generally will be purchased on the open market by the Plan Agent as soon as possible following the payment date or purchase date, but in no event later than 30 days after such date except as necessary to comply with applicable law. There are no brokerage charges with respect to shares issued directly by the Company as a result of distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred 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 common stock and remit the proceeds, such participant will be charged a transaction fee of \$15.00 plus his or her pro rata share of brokerage commissions on the shares sold.

Participation is completely voluntary. Stockholders may elect not to participate in the Plan, and participation may be terminated or resumed at any time without penalty, by giving notice in writing, by telephone or Internet to Computershare, the Plan Agent, at the address set forth below. Such termination will be effective with respect to a particular distribution if notice is received prior to such record date.

Additional information about the Plan may be obtained by writing to Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170. You may also contact Computershare by phone at (800) 426-5523 or visit their Web site at www.computershare.com.

Approval of the investment advisory agreement

In approving the renewal of the Investment Advisory Agreement in November 2013, the directors who are not "interested persons" (as defined in the Investment Company Act of 1940) of the Company ("Independent Directors") requested and received extensive data and information from the Adviser concerning the Company and the services provided to it by the Adviser under the Investment Advisory Agreement. In addition, the Independent Directors requested and received data and information from the Adviser, which also included information from independent, third-party sources, regarding the factors considered in their evaluation.

Additional Information (unaudited) (continued)

Factors considered

The Independent Directors considered and evaluated all the information provided by the Adviser. The Independent Directors did not identify any single factor as being all-important or controlling, and each Independent Director may have attributed different levels of importance to different factors. In deciding to renew the agreement, the Independent Directors' decision was based on the following factors.

Nature, Extent and Quality of Services Provided. The Independent Directors considered information regarding the history, qualification and background of the Adviser and the individuals responsible for the Adviser's investment program, the adequacy of the number of the Adviser personnel and other Adviser resources and plans for growth, use of affiliates of the Adviser, and the particular expertise with respect to pipeline and energy companies, energy markets and financing. The Independent Directors concluded that the nature of the Company and the specialized expertise of the Adviser in the energy market made it qualified to serve as the adviser. Further, the Independent Directors recognized that the Adviser's commitment to a long-term investment horizon correlated well to the investment strategy of the Company.

Investment Performance of the Company and the Adviser, Costs of the Services To Be Provided and Profits To Be Realized by the Adviser and its Affiliates from the Relationship, and Fee Comparisons. The Independent Directors reviewed and evaluated information regarding the Company's performance (including quarterly, last twelve months, and from inception) and the performance of the other Adviser accounts (including other investment companies), and information regarding the nature of the markets during the performance period, with a particular focus on the energy sector. The Independent Directors also considered the Company's performance as compared to comparable closed-end funds for the relevant periods.

The Adviser provided detailed information concerning its cost of providing services to the Company, its profitability in managing the Company, its overall profitability, and its financial condition. The Independent Directors reviewed with the Adviser the methodology used to prepare this financial information. This financial information regarding the Adviser is considered in order to evaluate the Adviser's financial condition, its ability to continue to provide

services under the Investment Advisory Agreement, and the reasonableness of the current management fee, and was, to the extent possible, evaluated in comparison to other investment advisers to closed-end funds with similar investment objectives and strategies.

The Independent Directors considered and evaluated information regarding fees charged to, and services provided to, other investment companies advised by the Adviser (including the impact of any fee waiver or reimbursement arrangements and any expense reimbursement arrangements), fees charged to separate institutional accounts by the Adviser, and comparisons of fees of closed-end funds with similar investment objectives and strategies to the Company. The Independent Directors concluded that the fees and expenses that the Company is paying under the Investment Advisory Agreement, as well as the operating expense ratios of the Company, are reasonable given the quality of services provided under the Investment Advisory Agreement and that such fees and expenses are reasonable compared to the fees charged by advisers to comparable funds. The Independent Directors also considered the Adviser's contractual agreement to waive fees in the amount of 0.20 percent of its 1.10 percent investment advisory fee for the period from January 1, 2013 through December 31, 2013 and in the amount of 0.15 percent of its 1.10 percent investment advisory fee for the period from January 1, 2014 through December 31, 2014.

Economies of Scale. The Independent Directors considered information from the Adviser concerning whether economies of scale would be realized as the Company grows, and whether fee levels reflect any economies of scale for the benefit of the Company's stockholders. The Independent Directors concluded that economies of scale are difficult to measure and predict overall. Accordingly, the Independent Directors reviewed other information, such as year-over-year profitability of the Adviser generally, the profitability of its management of the Company specifically, and the fees of competitive funds not managed by the Adviser over a range of asset sizes. The Independent Directors concluded the Adviser is appropriately sharing any economies of scale through its reasonable fee structure and through reinvestment in its business resources to provide stockholders additional content and services.

Additional Information (unaudited) (continued)

Collateral Benefits Derived by the Adviser. The Independent Directors reviewed information from the Adviser concerning collateral benefits it receives as a result of its relationship with the Company. They concluded that the Adviser generally does not use the Company's or stockholder information to generate profits in other lines of business, and therefore does not derive any significant collateral benefits from them.

The Independent Directors did not, with respect to their deliberations concerning their approval of the continuation of the Investment Advisory Agreement, consider the benefits the Adviser may derive from relationships the Adviser may have with brokers through soft dollar arrangements because the Adviser does not employ any such arrangements in rendering its advisory services to the Company. Although the Adviser may receive research from brokers with whom it places trades on behalf of clients, the Adviser does not have soft dollar arrangements or understandings with such brokers regarding receipt of research in return for commissions.

Conclusions of the directors

As a result of this process, the Independent Directors, assisted by the advice of legal counsel that is independent of the Adviser, and taking into account all of the factors discussed above and the information provided by the Adviser, unanimously concluded that the Investment Advisory Agreement between the Company and the Adviser is fair and reasonable in light of the services provided and should be renewed.

Office of the Company and of the Investment Adviser

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Managing Directors of Tortoise Capital Advisors, L.L.C.

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Kenneth P. Malvey
Terry Matlack
David J. Schulte

Board of Directors of Tortoise Pipeline & Energy Fund, Inc.

H. Kevin Birzer, Chairman
Tortoise Capital Advisors, L.L.C.

Terry Matlack
Tortoise Capital Advisors, L.L.C.

Rand C. Berney
Independent (effective 1/1/14)

Conrad S. Ciccotello
Independent

Charles E. Heath
Independent

Administrator

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Custodian

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Transfer, Dividend Disbursing and Reinvestment Agent

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Stock Symbol

Listed NYSE Symbol: TTP

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' Closed-end Funds

Pureplay MLP Funds				Broader Funds			
Name	Ticker	Focus	Total Assets ⁽¹⁾ (\$ in millions)	Name	Ticker	Focus	Total Assets ⁽¹⁾ (\$ in millions)
Tortoise Energy Infrastructure Corp.	TYG LISTED NYSE	Midstream Equity	\$2,257	Tortoise Pipeline & Energy Fund, Inc.	TTP LISTED NYSE	Pipeline Equity	\$409
Tortoise Energy Capital Corp.	TYY LISTED NYSE	Midstream Equity	\$1,164	Tortoise Energy Independence Fund, Inc.	NDP LISTED NYSE	North American Upstream Equity	\$454
Tortoise MLP Fund, Inc.	NTG LISTED NYSE	Natural Gas Infrastructure Equity	\$1,982	Tortoise Power and Energy Infrastructure Fund, Inc.	TPZ LISTED NYSE	Power & Energy Infrastructure Debt & Dividend Paying Equity	\$235
Tortoise North American Energy Corp.	TYN LISTED NYSE	Midstream/Upstream Equity	\$285				

(1) As of 12/31/13



Investment Adviser to
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