MEXICAN ECONOMIC DEVELOPMENT INC
Form 6-K
April 28, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2011

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FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.
(Exact name of Registrant as specified in its charter)

Mexican Economic Development, Inc.
(Translation of Registrant's name into English)

United Mexican States
(Jurisdiction of incorporation or organization)

General Anaya No. 601 Pte.
Colonia Bella Vista
Monterrey, Nuevo León 64410
México
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _______

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____________

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

FOMENTO ECONÓMICO MEXICANO, S.A. DE C.V.

By: /s/ Javier Astaburuaga
Javier Astaburuaga
Chief Financial Officer

Date: April 28, 2011

FEMSA Reports 1Q11
Income from Operations Growth of 9.4%

Monterrey, Mexico, April 28, 2011 — Fomento Económico Mexicano, S.A.B. de C.V. (“FEMSA”) announced today its operational and financial results for the first quarter of 2011.

First Quarter 2011 Highlights:

- FEMSA comparable consolidated total revenues and income from operations grew 12.5% and 9.4%, respectively, compared to the first quarter of 2010, reflecting solid results at Coca-Cola FEMSA and FEMSA Comercio.

- Coca-Cola FEMSA total revenues and income from operations increased 9.5% and 10.4%, respectively. Double-digit income from operations growth in the Mexico and Mercosur divisions drove these results.

- FEMSA Comercio achieved total revenues growth of 19.5% aided by the opening of over 1,100 net new stores in the last twelve months, as well as robust same-store sales during the quarter. Income from operations increased 25.5%.

José Antonio Fernández Carbajal, Chairman and CEO of FEMSA, commented: “We are off to a good start in 2011. FEMSA Comercio delivered another strong quarter, showing good progress in terms of new store openings, revenue growth and profitability. And Coca-Cola FEMSA also had a promising start to the year, with Mexico showing very strong trends and Mercosur continuing with good momentum. We also continue to benefit from the strong profitability being achieved at Heineken. And so, we are optimistic that this year will continue to be an exciting and rewarding one for FEMSA.”

FEMSA Consolidated

On April 30, 2010, FEMSA announced the closing of the strategic transaction pursuant to which FEMSA agreed to exchange 100% of its beer operations for a 20% economic interest in the Heineken Group ("the transaction"). For more information regarding this acquisition, please refer to the transaction filings available at www.femsa.com/investor. FEMSA's consolidated results for the first quarter of 2011 reflect the transaction effects and are presented on a comparable basis.

Comparable total revenues increased 12.5% compared to 1Q10 to Ps. 42.892 billion in 1Q11. FEMSA Comercio and Coca-Cola FEMSA drove the incremental consolidated revenues.

Comparable gross profit increased 12.1% compared to 1Q10 to Ps. 17.357 billion in 1Q11 driven by FEMSA Comercio and Coca-Cola FEMSA. Gross margin decreased 10 basis points compared to the same period in 2010 to 40.5% of total revenues, as the faster growth of lower-margin FEMSA Comercio tends to compress FEMSA's consolidated margins over time.

Comparable income from operations increased 9.4% to Ps. 4.772 billion in 1Q11 as compared to the same period in 2010. Consolidated operating margin decreased 30 basis points compared to 1Q10 to 11.1% of total revenues, reflecting (i) the faster growth of lower-margin FEMSA Comercio that tends to compress FEMSA's consolidated margins over time and (ii) lower operating income generation resulting from the sale of the Mundet brand and our flexible packaging business in the second half of 2010.

Net income from continuing operations increased 28.7% to Ps. 3.348 billion in 1Q11 compared to 1Q10, reflecting the fact that this line includes FEMSA's 20% participation in Heineken's first quarter 2011 net income. The figures also reflect growth in comparable income from operations, as described above. The effective income tax rate on continuing operations was 25.9% in 1Q11 compared to 30.5% in 1Q10.

Net consolidated income increased 8.3% compared to 1Q10 to Ps. 3.348 billion in 1Q11, reflecting the double-digit increase in FEMSA's net income from continuing operations. Net majority income for 1Q11 resulted in Ps. 0.61 per FEMSA Unit1. Net majority income per FEMSA ADS was US$ 0.51 for the quarter.

Capital expenditures decreased to Ps. 1.266 billion in 1Q11 as Coca-Cola FEMSA deployed a lower amount of investment in capacity-related projects than in the comparable quarter of last year. As the year progresses we expect the pace of investment to pick up.

Our consolidated balance sheet as of March 31, 2011, recorded a cash balance of Ps. 27.511 billion (US$ 2.309 billion), an increase of Ps. 8.550 billion (US$ 717.5 million) compared to the same period in 2010. Short-term debt was Ps. 6.745 billion (US$ 566.0 million), while long-term debt was Ps. 17.766 billion (US$ 1.491 billion). Our consolidated net cash balance was Ps. 3.000 billion (US$ 251.7 million).

Coca-Cola FEMSA

Coca-Cola FEMSA's financial results and discussion are incorporated by reference from Coca-Cola FEMSA's press release, which is attached to this press release or visit www.coca-colafemsa.com.

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FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of March 31, 2011 was 3,578,226,270 equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

FEMSA Comercio

Total revenues increased 19.5% compared to 1Q10 to Ps. 16.110 billion in 1Q11 mainly driven by the opening of 195 net new stores in the quarter, reaching 1,129 total net new store openings in the last twelve months. As of March 31, 2011, FEMSA Comercio had a total of 8,621 convenience stores. Same-store sales increased an average of 9.0% for the quarter over 1Q10, reflecting a 5.2% increase in store traffic and a 3.7% increase in average customer ticket.

Gross profit increased by 21.1% in 1Q11 compared to 1Q10, resulting in a 40 basis point gross margin expansion to 31.4% of total revenues. This increase reflects (i) a positive mix shift due to the growth of higher margin categories, (ii) a more effective collaboration and execution with our key supplier partners combined with a more efficient use of promotion-related marketing resources, and (iii) a change in the structure of commercial terms for certain supplier partners; while the impact of these terms used to be skewed towards the fourth quarter, it is now more evenly spread throughout the year.

Income from operations increased 25.5% over 1Q10 to Ps. 777 billion in 1Q11. Operating expenses increased 20.4% to Ps. 4.283 billion, below revenue growth, largely driven by the growing number of stores as well as by incremental expenses such as the strengthening of FEMSA Comercio's organizational structure, mainly IT-related. Operating expense growth was contained during the first quarter, allowing the operating margin to expand 20 basis points compared to 1Q10, reaching 4.8% of total revenues.

CONFERENCE CALL INFORMATION:

Our First Quarter Conference Call will be held on: Thursday April 28, 2011, 11:00 AM Eastern Time (10:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic US: (800) 659-2056 International: (617) 614-2714, Conference Id 43048342. The conference call will be webcast live through streaming audio. For details please visit www.femsa.com/investor.

If you are unable to participate live, the conference call audio will be available on http://ir.FEMSA.com/results.cfm.

FEMSA is a leading company that participates in the non-alcoholic beverage industry through Coca-Cola FEMSA, the largest independent bottler of Coca-Cola products in the world in terms of sales volume; in the retail industry through FEMSA Comercio, operating the largest and fastest-growing chain of convenience stores in Latin America, and in the beer industry, through its ownership of the second largest equity stake in Heineken, one of the world's leading brewers with operations in over 70 countries.

The translations of Mexican pesos into US dollars are included solely for the convenience of the reader, using the noon day buying rate for pesos as published by the Federal Reserve Bank of New York at March 31, 2011, which was 11.917 Mexican pesos per US dollar.

FORWARD LOOKING STATEMENTS

This report may contain certain forward-looking statements concerning our future performance that should be considered as good faith estimates made by us. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact our actual performance.

Five pages of tables and Coca-Cola FEMSA's press release to follow.

FEMSA
Consolidated Income Statement
Millions of Pesos
For the first quarter of:

	2011 (A)	% of rev.	2010 (A)	% of rev.	% Increase
Total revenues	42,892	100.0	38,116	100.0	12.5
Cost of sales	25,535	59.5	22,637	59.4	12.8
Gross profit	17,357	40.5	15,479	40.6	12.1
Administrative expenses	1,820	4.2	1,690	4.4	7.7
Selling expenses	10,765	25.2	9,428	24.8	14.2
Operating expenses	12,585	29.4	11,118	29.2	13.2
Income from operations	4,772	11.1	4,361	11.4	9.4
Other (expenses) income	(260)		(180)		44.4
Interest expense	(637)		(743)		(14.3)
Interest income	200		299		(33.1)
Interest expense, net	(437)		(444)		(1.6)
Foreign exchange (loss) gain	(179)		(274)		(34.7)
(Loss) gain on monetary position	46		146		(68.5)
Gain (loss) on financial instrument(1)	87		135		(35.6)
Integral result of financing	(483)		(437)		10.5
Participation in Heineken results(2)	491		-		N.S.
Income before income tax	4,520		3,744		20.7
Income tax	1,172		1,142		2.6
Net income from continuing operations	3,348		2,602		28.7
Net Income from FEMSA's former beer operations(3)	-		490		N.S.
Net consolidated income	3,348		3,092		8.3
Net majority income	2,192		1,988		10.3
Net minority income	1,156		1,104		4.7

(A) This information is presented on a comparable basis.

EBITDA & CAPEX					
Income from operations	4,772	11.1	4,361	11.4	9.4
Depreciation	1,044	2.4	900	2.4	16.0
Amortization & other(4)	541	1.3	491	1.3	10.2
EBITDA	6,357	14.8	5,752	15.1	10.5
CAPEX	1,266		1,542		(17.9)

FINANCIAL RATIOS	2011	2010	Var. p.p.
Liquidity(5)	1.30	1.33	(0.03)
Interest coverage(6)	14.55	12.95	1.60
Leverage(7)	0.50	0.92	(0.42)
Capitalization(8)	14.51 %	21.93 %	(7.42)

(1) Includes solely derivative instruments that do not meet hedging criteria for accounting purposes.
(2) Represents the equity-method participation in Heineken´s results.
(3) Represents the net income of FEMSA's former beer operations for the period ended March 31.
(4) Includes returnable bottle breakage expense.
(5) Total current assets / total current liabilities.
(6) Income from operations + depreciation + amortization & other / interest expense, net.
(7) Total liabilities / total stockholders' equity.
(8) Total debt / long-term debt + stockholders' equity.
Total debt = short-term bank loans + current maturities long-term debt + long-term bank loans.

FEMSA
Consolidated Balance Sheet
Millions of Pesos
As of March 31:

ASSETS	2011 (A)	2010 (A)		% Increase
Cash and cash equivalents	27,511	18,961		45.1
Accounts receivable	6,717	5,542		21.2
Inventories	10,803	9,264		16.6
Other current assets	5,894	6,128		(3.8)
Current assests of Beer Operations	-	15,079		N.S.
Total current assets	50,925	54,974		(7.4)
Investments in shares	72,923	1,503		N.S.
Property, plant and equipment, net	41,657	37,435		11.3
Intangible assets(1)	52,193	51,090		2.2
Other assets	9,053	19,760		(54.2)
Non-Current assests of Beer Operations	-	56,516		N.S.
TOTAL ASSETS	226,751	221,278		2.5
LIABILITIES & STOCKHOLDERS´ EQUITY				
Bank loans	1,438	1,576		(8.8)
Current maturities long-term debt	5,307	2,722		94.9
Interest payable	120	184		(34.8)
Operating liabilities	32,193	23,733		35.6
Current liabilities of Beer Operations	-	12,970	or=#c0c0c0>(0.26)	

Total distributions to common stockholders	(0.38)	(1.50)	(1.50)	
Underwriting discounts and offering costs on issuance of common stock				
Net Asset Value, end of period	$ 27.70	$ 26.76	$ 25.37	$
Per common share market value, end of period	$ 26.35	$ 25.26	$ 24.18	$
Total Investment Return Based on Market Value(4)	5.81%	10.83%	11.49%	
Total Investment Return Based on Net Asset Value(5)	4.99%	11.90%	10.24%	
Supplemental Data and Ratios				
Net assets applicable to common stockholders, end of period (000 s)	$192,583	$ 186,034	$176,329	$1
Average net assets (000 s)	$188,510	$ 182,224	$173,458	$1
Ratio of Expenses to Average Net Assets(6)				
Advisory fees	1.13%	1.13%	1.13%	
Other operating expenses	0.28	0.27	0.28	
Fee waiver	(0.12)	(0.12)	(0.18)	
Subtotal	1.29	1.28	1.23	
Leverage expenses	0.45	0.44	0.42	
Current foreign tax expense(7)			0.00	
Total expenses	1.74%	1.72%	1.65%	

See accompanying Notes to Financial Statements.

Financial Highlights
(Continued)

	Period from December 1, 2012 through February 28, 2013 *(Unaudited)*	Year Ended November 30, 2012	Year Ended November 30, 2011	Year Ended November 30, 2010	Period from July 31, 2009[1] through November 30, 2009
Ratio of net investment income to average net assets before fee waiver[6]	2.58%	2.64%	2.70%	3.05%	2.38%
Ratio of net investment income to average net assets after fee waiver[6]	2.70%	2.76%	2.88%	3.23%	2.55%
Portfolio turnover rate	0.74%	13.67%	8.78%	21.93%	2.97%
Short-term borrowings, end of period (000 s)	$ 36,700	$ 16,400	$ 13,000	$ 12,700	$ 11,300
Long-term debt obligations, end of period (000 s)		$ 20,000	$ 20,000	$ 20,000	$ 20,000
Per common share amount of long-term debt obligations outstanding, end of period		$ 2.88	$ 2.88	$ 2.88	$ 2.90
Per common share amount of net assets, excluding long-term debt obligations, end of period	$ 27.70	$ 29.64	$ 28.25	$ 27.35	$ 23.45
Asset coverage, per $1,000 of principal amount of long-term debt obligations and short-term borrowings[8]	$ 6,248	$ 6,111	$ 6,343	$ 6,195	$ 5,530
Asset coverage ratio of long-term debt obligations and short-term borrowings[8]	625%	611%	634%	619%	553%

(1) Commencement of Operations.
(2) Information presented relates to a share of common stock outstanding for the entire period.
(3) The per common share data for the years ended November 30, 2011 and 2010 and the period from July 31, 2009 through November 30, 2009 do not reflect the change in estimate of investment income and return of capital, for the respective period. See Note 2C to the financial statements for further disclosure.
(4) 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.
(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 period (or initial public offering price) and a sale at net asset value on the last day of the period. The calculation also assumes reinvestment of distributions at actual prices pursuant to the Company s dividend reinvestment plan.
(6) Annualized for periods less than one full year.
(7) The Company accrued $0, $0, $4,530, $1,660 and $0 for the period from December 1, 2012 through February 28, 2013, the years ended November 30, 2012, 2011 and 2010, and the period from July 31, 2009 through November 30, 2009, respectively, for current foreign tax expense. Ratio is less than 0.01% for the years ended November 30, 2011 and 2010.
(8) Represents value of total assets less all liabilities and indebtedness not represented by long-term debt obligations and short-term borrowings at the end of the period divided by long-term debt obligations and short-term borrowings outstanding at the end of the period.

See accompanying Notes to Financial Statements.

Notes to Financial Statements *(Unaudited)*
February 28, 2013

1. Organization

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

2. Significant Accounting Policies

A. Use of Estimates

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

B. Investment Valuation

The Company primarily owns securities that are listed on a securities exchange or over-the-counter market. The Company values those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Company uses the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ will be valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security will be valued at the mean between the last bid price and last ask price on such day.

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

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

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

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

C. Security Transactions and Investment Income

Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. Dividend and distribution income is recorded on the ex-dividend date. Distributions received from the Company s investments in master limited partnerships (MLPs) generally are comprised of ordinary income 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.

For the period from December 1, 2012 through February 28, 2013, the Company estimated the allocation of investment income and return of capital for the distributions received from MLPs within the Statement of Operations. For this period, the Company has estimated approximately 6 percent as investment income and approximately 94 percent as return of capital.

D. Distributions to Stockholders

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

Notes to Financial Statements *(Unaudited)*
(Continued)
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. For the year ended November 30, 2012, the Company s distributions for tax purposes were comprised of 59 percent ordinary income and 41 percent long-term capital gain. The tax character of distributions paid to common stockholders for the current year will be determined subsequent to November 30, 2013.

E. Federal Income Taxation

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

The Company 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.

F. Offering and Debt Issuance Costs

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

G. Derivative Financial Instruments

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

H. Indemnifications

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

I. Recent Accounting Pronouncements

In December 2011, the FASB 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. Management is currently evaluating the impact of these amendments on the financial statements.

3. Concentration of Risk

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

Notes to Financial Statements *(Unaudited)*
(Continued)

4. Agreements

The Company has entered into an Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C. (the Adviser). Under the terms of the agreement, the Company pays the Adviser a fee equal to an annual rate of 0.95 percent of the Company s average monthly total assets (including any assets attributable to leverage) minus accrued liabilities (other than debt entered into for purposes of leverage and the aggregate liquidation preference of outstanding preferred stock, if any) (Managed Assets), in exchange for the investment advisory services provided. The Adviser waived an amount equal to 0.10 percent of average monthly Managed Assets for the period from January 1, 2012 through December 31, 2012, and has contractually agreed to a fee waiver of 0.10 percent of average monthly Managed Assets for the period from January 1, 2013 through December 31, 2013.

U.S. Bancorp Fund Services, LLC serves as the Company s administrator. The Company pays the administrator a monthly fee computed at an annual rate of 0.04 percent of the first $1,000,000,000 of the Company s Managed Assets, 0.03 percent on the next $1,000,000,000 of Managed Assets and 0.02 percent on the balance of the Company s Managed Assets.

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

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

5. Income Taxes

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

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

As of November 30, 2012, the components of accumulated earnings on a tax basis were as follows:

Unrealized appreciation	$ 56,536,147
Undistributed ordinary income	35,998
Other temporary differences	(28,065)
Accumulated earnings	$ 56,544,080

As of February 28, 2013, the aggregate cost of securities for federal income tax purposes was $155,734,925. The aggregate gross unrealized appreciation for all securities in which there was an excess of fair value over tax cost was $72,267,920, the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over fair value was $0 and the net unrealized appreciation was $72,267,920.

6. Fair Value of Financial Instruments

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

Level 1 quoted prices in active markets for identical investments

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

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

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

The following table provides the fair value measurements of applicable Company assets and liabilities by level within the fair value hierarchy as of February 28, 2013. These assets and liabilities are measured on a recurring basis.

Description	Fair Value at February 28, 2013	Level 1	Level 2	Level 3
Assets				
Debt Securities:				
Corporate Bonds[a]	$ 132,781,084	$ 5,025,180	$ 127,755,904	$
Equity Securities:				
Master Limited Partnerships and Related Companies[a]	95,132,279	95,132,279		
Other:				
Short-Term Investment[b]	89,482	89,482		
Total Assets	$ 228,002,845	$ 100,246,941	$ 127,755,904	$
Liabilities				
Interest Rate Swap Contracts	$ 886,408	$	$ 886,408	$

(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 February 28, 2013.

The Company did not hold any Level 3 securities during the period from December 1, 2012 through February 28, 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.

Notes to Financial Statements *(Unaudited)*
(Continued)

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

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

The Company utilizes the beginning of reporting period method for determining transfers between levels. There were no transfers between levels for the period from December 1, 2012 through February 28, 2013.

7. Restricted Securities

Certain of the Company s investments are restricted and are valued as determined in accordance with procedures established by the Board of Directors, as more fully described in Note 2. The table below shows the principal amount, acquisition date(s), acquisition cost, fair value and the percent of net assets which the securities comprise at February 28, 2013.

Investment Security	Principal Amount	Acquisition Date(s)	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
DCP Midstream LLC, 9.750%, 03/15/2019	$5,000,000	08/07/09-08/17/12	$ 6,052,370	$ 6,604,395	3.4%
Duquesne Light Holdings, Inc., 6.400%, 09/15/2020	3,000,000	11/30/11	3,180,330	3,647,076	1.9
Duquesne Light Holdings, Inc., 5.900%, 12/01/2021	2,000,000	11/18/11-12/05/11	2,074,420	2,368,840	1.2
Enogex LLC, 6.250%, 03/15/2020	4,000,000	02/26/10-04/22/10	4,118,593	4,523,580	2.4
Florida Gas Transmission Co., LLC, 5.450%, 07/15/2020	1,500,000	07/08/10-01/04/11	1,551,220	1,742,351	0.9
FTS International, Inc., 7.125%, 11/15/2018	1,184,000	12/22/11	1,246,160	1,225,440	0.6
IPALCO Enterprises, Inc., 7.250%, 04/01/2016	4,000,000	11/03/09-01/04/11	4,165,000	4,480,000	2.3
Midcontinent Express Pipelines, LLC, 6.700%, 09/15/2019	6,000,000	09/09/09-03/02/10	6,055,570	6,477,252	3.4
NGPL PipeCo LLC, 9.625%, 06/01/2019	4,000,000	05/23/12	4,042,500	4,640,000	2.4
Ruby Pipeline, LLC, 6.000%, 04/01/2022	1,500,000	09/17/12	1,616,250	1,652,979	0.9
Source Gas, LLC, 5.900%, 04/01/2017	5,770,000	04/21/10	5,544,521	6,235,939	3.2
Southern Star Central Gas Pipeline, Inc., 6.000%, 06/01/2016	2,000,000	08/24/09	1,970,000	2,219,876	1.2
			$41,616,934	$45,817,728	23.8%

8. Investment Transactions

For the period from December 1, 2012 through February 28, 2013, the Company purchased (at cost) and sold securities (proceeds received) in the amount of $1,652,500 and $2,172,848 (excluding short-term debt securities), respectively.

9. Long-Term Debt Obligations

The Company had $20,000,000 aggregate principal amount of Series A private senior notes (the Notes) outstanding at November 30, 2012. Holders of the Notes were entitled to receive quarterly cash interest payments at an annual rate that reset each quarter based on the 3-month LIBOR plus 1.87 percent. The Company redeemed the Notes on December 18, 2012. The weighted-average interest rate on the Notes for the period from December 1, 2012 through December 18, 2012 was 2.18 percent. The unamortized balance of allocated capital costs was expensed upon redemption and resulted in a total loss on early redemption of $71,204 which is included in amortization of debt issuance costs in the accompanying Statement of Operations.

10. Interest Rate Swap Contracts

The Company has entered into interest rate swap contracts in an attempt to protect itself from increasing interest expense on its leverage resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap contracts, which may result in a decline in the net assets of the Company. At the time the interest rate swap contracts reach their scheduled termination, there is a risk that the Company would not be able to obtain a replacement transaction, or that the terms of the replacement would not be as favorable as on the expiring transaction. In addition, if the Company is required to terminate any swap contract early due to the net assets of the Company falling below $60,000,000 or the Company failing to maintain a required 300 percent asset coverage of the liquidation value of the outstanding debt, then the Company could be required to make a termination payment to the extent of the Company s net liability position, in addition to redeeming all or some of the senior notes. The Company has segregated a portion of its assets as collateral for the amount of the net liability of its interest rate swap contracts. Details of the interest rate swap contracts outstanding as of February 28, 2013, are as follows:

Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by the Company	Floating Rate Received by the Company	Unrealized Appreciation (Depreciation)
Wells Fargo Bank, N.A.	01/05/2016	$ 2,500,000	1.09%	3-month U.S. Dollar LIBOR	$ (47,314)
Wells Fargo Bank, N.A.	01/05/2017	2,500,000	1.34%	3-month U.S. Dollar LIBOR	(71,103)
Wells Fargo Bank, N.A.	08/07/2017	6,000,000	1.89%	3-month U.S. Dollar LIBOR	(304,351)
Wells Fargo Bank, N.A.	08/06/2018	6,000,000	1.95%	3-month U.S. Dollar LIBOR	(309,756)
Wells Fargo Bank, N.A.	11/29/2019	6,000,000	1.33%	3-month U.S. Dollar LIBOR	2,383
Wells Fargo Bank, N.A.	08/06/2020	3,000,000	2.18%	3-month U.S. Dollar LIBOR	(156,267)
		$26,000,000			$ (886,408)

Notes to Financial Statements *(Unaudited)*
(Continued)

The Company is exposed to credit risk on the interest rate swap contracts if the counterparty should fail to perform under the terms of the interest rate swap contracts. The amount of credit risk is limited to the net appreciation of the interest rate swap contracts, if any, as no collateral is pledged by the counterparty. In addition, if the counterparty to the interest rate swap contracts defaults, the Company would incur a loss in the amount of the receivable and would not receive amounts due from the counterparty to offset the interest payments on the Company s leverage.

The unrealized appreciation of interest rate swap contracts in the amount of $271,816 for the period ended February 28, 2013 is included in the Statement of Operations. Cash settlement payments under the terms of the interest rate swap contracts in the amount of $90,482 are recorded as realized losses for the period ended February 28, 2013. The total notional amount of all open swap agreements at February 28, 2013 is indicative of the volume of this derivative type for the period ended February 28, 2013.

11. Credit Facility

As of February 28, 2013, the Company has a 270-day rolling evergreen margin loan facility with Bank of America, N.A. The Company entered into the margin loan agreement on December 6, 2012. The terms of the agreement provide for a $40,000,000 facility that is secured by certain of the Company s assets. Outstanding balances generally will accrue interest at a variable rate equal to three-month LIBOR plus 0.75 percent and unused portions of the facility will accrue a fee equal to an annual rate of 0.25 percent.

The average principal balance and interest rate for the period during which the margin loan facility was utilized during the period ended February 28, 2013 was approximately $36,000,000 and 1.05 percent, respectively. At February 28, 2013, the principal balance outstanding was $36,700,000 at an interest rate of 1.04 percent.

Under the terms of the margin loan 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 February 28, 2013, the Company was in compliance with the terms of the margin loan facility.

The Company utilized the margin loan facility to redeem the outstanding balance and terminate the unsecured credit facility with U.S. Bank, N.A. on December 18, 2012. Outstanding balances on the credit facility 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 period from December 1, 2012 through December 18, 2012 was approximately $16,000,000 and 1.46 percent, respectively.

12. Common Stock

The Company has 100,000,000 shares of capital stock authorized and 6,951,333 shares outstanding at February 28, 2013 and November 30, 2012.

13. Subsequent Events

On March 28, 2013, the Company paid a distribution in the amount of $0.125 per common share, for a total of $868,917. Of this total, the dividend reinvestment amounted to $50,844.

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

Additional Information *(Unaudited)*

Director and Officer Compensation

The Company does not compensate any of its directors who are interested persons, as defined in Section 2(a)(19) of the 1940 Act, nor any of its officers. For the period ended February 28, 2013, the aggregate compensation paid by the Company to the independent directors was $12,750. The Company did not pay any special compensation to any of its directors or officers.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Company s actual results are the performance of the portfolio of investments held by it, the conditions in the U.S. and international financial, petroleum and other markets, the price at which shares of the Company will trade in the public markets and other factors discussed in filings with the SEC.

Proxy Voting Policies

A description of the policies and procedures that the Company uses to determine how to vote proxies relating to portfolio securities owned by the Company and information regarding how the Company voted proxies relating to the portfolio of securities during the 12-month period ended June 30, 2012 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 has submitted to the New York Stock Exchange the annual certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

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

Privacy Policy

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

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

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

Office of the Company
and of the Investment Adviser

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STOCK SYMBOL
Listed NYSE Symbol: TPZ

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

Tortoise Capital Advisors 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.		Midstream Equity	$2,029	Tortoise Pipeline & Energy Fund, Inc.		Pipeline Equity	$382
Tortoise Energy Capital Corp.		Midstream Equity	$1,040	Tortoise Energy Independence Fund, Inc.		North American Upstream Equity	$412
			$1,893				$237

Tortoise MLP Fund, Inc.	Natural Gas Infrastructure Equity		Tortoise Power and Energy Infrastructure Fund, Inc.	Power & Energy Infrastructure Debt & Dividend Paying Equity
Tortoise North American Energy Corp.	Midstream/Upstream Equity	$258		

(1) As of 3/31/13