

TORTOISE MLP FUND, INC.

Form N-30B-2

October 24, 2012

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## Company at a Glance

*Tortoise MLP Fund, Inc. (NYSE: NTG) offers a closed-end fund strategy of investing in energy infrastructure MLPs and their affiliates, with an emphasis on natural gas infrastructure MLPs.*

## Investment Focus

NTG seeks to provide stockholders with a high level of total return with an emphasis on current distributions. The fund focuses primarily on midstream energy infrastructure MLPs that engage in the business of transporting, gathering and processing and storing natural gas and natural gas liquids (NGLs).

Under normal circumstances, we invest at least 80 percent of NTG's total assets in MLP equity securities with at least 70 percent of total assets in natural gas infrastructure MLP equity securities. Of the total assets in the fund, we may invest as much as 50 percent in restricted securities, primarily through direct investments in securities of listed companies. We do not invest in privately held companies and limit our investment in any one security to 10 percent.

## About Energy Infrastructure Master Limited Partnerships

MLPs are limited partnerships whose units trade on public exchanges such as the New York Stock Exchange (NYSE), the NYSE Alternext US and NASDAQ. Buying MLP units makes an investor a limited partner in the MLP. There are currently more than 80 MLPs in the market, mostly in industries related to energy and natural resources.

We primarily invest in MLPs and their affiliates in the energy infrastructure sector, with an emphasis on natural gas infrastructure MLPs. Energy infrastructure MLPs are engaged in the transportation, storage and processing of crude oil, natural gas and refined products from production points to the end users. Natural gas infrastructure MLPs are companies in which over 50 percent of their revenue, cash flow or assets are related to the operation of natural gas or NGL infrastructure assets. Our investments are primarily in midstream (mostly pipeline) operations, which typically produce steady cash flows with less exposure to commodity prices than many alternative investments in the broader energy industry. With the growth potential of this sector along with our disciplined investment approach, we endeavor to generate a predictable and increasing distribution stream for our investors.

## An NTG Investment Versus a Direct Investment in MLPs

We provide our stockholders an alternative to investing directly in MLPs and their affiliates. A direct MLP investment potentially offers an attractive distribution with a significant portion treated as return of capital, and a historically low correlation to returns on stocks and bonds. However, the tax characteristics of a direct MLP investment are generally undesirable for tax-exempt investors such as retirement plans. We are structured as a C Corporation accruing federal and state income taxes based on taxable earnings and profits. Because of this innovative structure, pioneered by Tortoise Capital Advisors, institutions and retirement accounts are able to join individual stockholders as investors in MLPs.

Additional features include:

- ◆ The opportunity for tax deferred distributions and distribution growth;
- ◆ Simplified tax reporting (investors receive a single 1099) compared to directly owning MLP units;
- ◆ Appropriate for retirement and other tax exempt accounts;
- ◆ Potential diversification of overall investment portfolio; and
- ◆ Professional securities selection and active management by an experienced adviser.



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September 28, 2012

Dear Fellow Stockholders,

Following the market retreat earlier this summer, equities gained momentum again during our third fiscal quarter ended Aug. 31, 2012, with a myriad of ongoing and emerging economic events continuing to dominate the headlines.

In contrast to the shift earlier in the year into riskier assets, this quarter, more defensive, higher-yielding sectors, such as MLPs, outperformed the broader market on a relative basis as soft economic growth, election uncertainty and a potential fiscal cliff contributed to market ambiguity.

### **Master Limited Partnership Sector Review**

The Tortoise MLP Index<sup>®</sup> posted a total return of 10.7 percent and 12.6 percent for the three months and nine months ended Aug. 31, 2012, respectively. In contrast, the S&P 500<sup>®</sup> posted a total return of 7.9 percent and 14.7 percent for the same periods. Although MLPs have outperformed broader equities during only three of the first nine months of our fiscal year, we believe they continue to have solid business fundamentals anchored in an attractive yield.

While all eyes will be on Washington this coming November, the North American oil and gas boom was praised at both party conventions this summer as a contributor to the economy, a job creator and an aid to national security. The abundance of domestic, relatively clean, low-cost natural gas is supporting a trend towards energy independence. There has been rising demand for natural gas from power generation, as power companies take advantage of lower prices and increasingly switch from coal. Natural gas demand from power generation increased 5 billion cubic feet per day over the last year normalizing storage levels that were, at one point, nearly 60 percent higher than the 5-year average.

In addition to internal growth projects, more than \$32 billion in MLP acquisitions have been announced thus far in 2012. Capital markets remain supportive, with the sector on pace for another significant year with MLP equity issuance in excess of \$15 billion year-to-date.

### **Fund Performance Review**

Our total assets increased from \$1.5 billion on May 31, 2012, to \$1.6 billion as of our third fiscal quarter end, resulting primarily from market appreciation of our investments. Our asset performance during the quarter was hampered by our overweight in natural gas infrastructure MLPs, which grew distributions at lower rates compared to crude oil and refined products MLPs. Despite the shorter term relative performance, we continue to believe that domestic and abundant natural gas will serve as a critical energy source in the U.S. for decades and that investing in natural gas infrastructure MLPs is an excellent strategy over a longer term time horizon.

Our market-based total return was 8.6 percent and 10.8 percent (both including the reinvestment of distributions) for the three months and nine months ended Aug. 31, 2012, respectively. Our NAV-based total return was 6.4 percent and 5.7 percent (both including the reinvestment of distributions) for the same periods. The difference between the market value total return as compared to the NAV total return reflects the change in the market's premium or discount over the time period.

We paid a distribution of \$0.4150 per common share (\$1.66 annualized) to our stockholders on Sept. 4, 2012, an increase of 0.6 percent from our prior quarterly distribution. This distribution represented an annualized yield of 6.3 percent based on our fiscal quarter closing price of \$26.19. Our distribution coverage (distributable cash flow divided by distributions) for the third fiscal quarter was 101.7 percent. For tax purposes, we currently expect 90 to 100 percent of NTG's 2012 distributions to be characterized as a return of capital, with the remainder, if any, characterized as qualified dividend income, or QDI. A final determination of the characterization will be made in January 2013.

We ended the third fiscal quarter with leverage (including bank debt, senior notes and preferred stock) at 21.2 percent of total assets, which had a weighted average maturity of 5.5 years, a weighted average cost of 3.8 percent, and over 88 percent at fixed rates.

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Additional information about our financial performance is available in the Key Financial Data and Management's Discussion of this report.

**Conclusion**

As 2012 enters its final stretch, there are a number of major questions looming on the horizon. We believe the natural gas infrastructure MLPs will continue to be resilient over the long-term, regardless of the global economic environment, domestic fiscal setting or geopolitical landscape.

Sincerely,

The Managing Directors  
Tortoise Capital Advisors, L.L.C.  
*The adviser to Tortoise MLP Fund, Inc.*

H. Kevin Birzer

Zachary A. Hamel

Kenneth P. Malvey

Terry Matlack  
*(Unaudited)*

David J. Schulte

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**Key Financial Data** *(Supplemental Unaudited Information)**(dollar amounts in thousands unless otherwise indicated)*

The information presented below regarding Distributable Cash Flow and Selected 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.

	2011			2012	
	Q3 <sup>(1)</sup>	Q4 <sup>(1)</sup>	Q1 <sup>(1)</sup>	Q2 <sup>(1)</sup>	Q3 <sup>(1)</sup>
<b>Total Income from Investments</b>					
Distributions received from master limited partnerships	\$ 24,081	\$ 24,030	\$ 24,217	\$ 23,945	\$ 24,350
Dividends paid in stock	1,511	1,543	1,635	1,749	1,803
Total from investments	25,592	25,573	25,852	25,694	26,153
<b>Operating Expenses Before Leverage Costs and Current Taxes</b>					
Advisory fees, net of expense reimbursement	2,789	2,825	3,107	3,094	2,991
Other operating expenses	352	359	286	286	278
	3,141	3,184	3,393	3,380	3,269
Distributable cash flow before leverage costs and current taxes	22,451	22,389	22,459	22,314	22,884
Leverage costs <sup>(2)</sup>	3,438	3,372	3,401	3,400	3,392
Current income tax expense	7	2			
<b>Distributable Cash Flow<sup>(3)</sup></b>	\$ 19,006	\$ 19,015	\$ 19,058	\$ 18,914	\$ 19,492
<b>As a percent of average total assets<sup>(4)</sup></b>					
Total from investments	6.47%	6.67%	6.24%	6.18%	6.50%
Operating expenses before leverage costs and current taxes	0.79%	0.83%	0.82%	0.81%	0.81%
Distributable cash flow before leverage costs and current taxes	5.68%	5.84%	5.42%	5.37%	5.69%
<b>As a percent of average net assets<sup>(4)</sup></b>					
Total from investments	9.06%	9.31%	8.75%	8.79%	9.24%
Operating expenses before leverage costs and current taxes	1.11%	1.16%	1.15%	1.16%	1.15%
Leverage costs and current taxes	1.22%	1.23%	1.15%	1.16%	1.20%
Distributable cash flow	6.73%	6.92%	6.45%	6.47%	6.89%
<b>Selected Financial Information</b>					
Distributions paid on common stock	\$ 18,693	\$ 18,883	\$ 18,954	\$ 18,997	\$ 19,166
Distributions paid on common stock per share	0.4100	0.4125	0.4125	0.4125	0.4150
Distribution coverage percentage for period <sup>(5)</sup>	101.7%	100.7%	100.5%	99.6%	101.7%
Net realized gain (loss), net of income taxes, for the period	1,228	1,691	(5,314)	(6,034)	12,964
Total assets, end of period	1,521,935	1,566,608	1,731,580	1,530,564	1,633,486
Average total assets during period <sup>(6)</sup>	1,568,210	1,537,375	1,664,967	1,652,843	1,601,246
Leverage <sup>(7)</sup>	345,000	355,100	355,700	349,200	345,600
Leverage as a percent of total assets	22.7%	22.7%	20.5%	22.8%	21.2%
Net unrealized appreciation, end of period	77,527	121,871	237,227	137,300	198,772
Net assets, end of period	1,095,414	1,127,592	1,214,853	1,085,816	1,140,486
Average net assets during period <sup>(8)</sup>	1,120,242	1,101,261	1,188,060	1,162,876	1,126,062

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Net asset value per common share	24.03	24.54	26.44	23.58	24.68
Market value per common share	24.41	24.84	26.45	24.51	26.19
Shares outstanding	45,593,328	45,949,783	45,949,783	46,052,502	46,203,904

(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 loss, before income taxes on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow (DCF): increased by the return of capital on MLP distributions, the value of paid-in-kind distributions, implied distributions included in direct placement discounts, and amortization of debt issuance costs; and decreased by current taxes paid on net investment income.

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

(5) Distributable Cash Flow divided by distributions paid.

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

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

(8) Computed by averaging daily values for the period.

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## Management's Discussion (Unaudited)

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

### Overview

Tortoise MLP Fund, Inc.'s (NTG) primary investment objective is to provide a high level of total return with an emphasis on current distributions paid to stockholders. We seek to provide our stockholders with an efficient vehicle to invest in a portfolio consisting primarily of energy infrastructure master limited partnerships (MLPs) and their affiliates, with an emphasis on natural gas infrastructure. Energy infrastructure MLPs own and operate a network of pipeline and energy-related logistical assets that transport, store, gather and process natural gas, natural gas liquids (NGLs), crude oil, refined petroleum products, and other resources or distribute, market, explore, develop or produce such commodities. Natural gas infrastructure MLPs are defined as companies engaged in such activities with over 50 percent of their revenue, cash flow or assets related to natural gas or NGL infrastructure assets.

While we are a registered investment company under the Investment Company Act of 1940, as amended (the 1940 Act), we are not a regulated investment company for federal tax purposes. Our distributions do not generate unrelated business taxable income (UBTI) and our stock may therefore be suitable for holding by pension funds, IRAs and mutual funds, as well as taxable accounts. We invest primarily in MLPs through private and public market purchases. MLPs are publicly traded partnerships whose equity interests are traded in the form of units on public exchanges, such as the NYSE or NASDAQ. Tortoise Capital Advisors, L.L.C. serves as our investment adviser.

### Company Update

Total assets increased approximately \$103 million during the 3rd quarter primarily as a result of higher market values of our MLP investments. Distribution increases from our MLP investments were in-line with our expectations and asset-based expenses and other operating expenses decreased slightly from the previous quarter. Total leverage as a percent of total assets decreased and we increased our quarterly distribution to \$0.415 per share. Additional information on these events and results of our operations are discussed in more detail below.

### Critical Accounting Policies

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

### Determining Distributions to Stockholders

Our portfolio generates cash flow from which we pay distributions to stockholders. Our Board of Directors has adopted a policy of declaring what it believes to be sustainable distributions. In determining distributions, our Board of Directors considers a number of current and anticipated factors, including, among others, distributable cash flow, realized and unrealized gains, leverage amounts and rates, current and deferred taxes payable, and potential volatility in returns from our investments and the overall market. Over the long term, we expect to distribute substantially all of our DCF to holders of common stock. Our Board of Directors reviews the distribution rate quarterly, and may adjust the quarterly distribution throughout the year.

### Determining DCF



DCF is distributions received from investments, less expenses. The total distributions received from our investments include the amount we receive as cash distributions from MLPs, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on net investment income of the Company, in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles ( GAAP ), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; 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; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units),

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## **Management's Discussion** *(Unaudited)*

*(Continued)*

whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including expense reimbursement, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as current taxes paid on net investment income. A reconciliation of Net Investment Loss, before Income Taxes to DCF is included below.

### **Distributions Received from Investments**

Our ability to generate cash is dependent on the ability of our portfolio of investments to generate cash flow from their operations. In order to maintain and grow distributions to our stockholders, we evaluate each holding based upon its contribution to our investment income, our expectation for its growth rate, and its risk relative to other potential investments.

We concentrate on MLPs we believe can expect an increasing demand for services from economic and population growth. We seek well-managed businesses with hard assets and stable recurring revenue streams. Our focus remains primarily on investing in fee-based service providers that operate long-haul, interstate pipelines. We further diversify among issuers, geographies and energy commodities to seek a distribution payment which approximates an investment directly in energy infrastructure MLPs. In addition, many crude/refined products and natural gas liquids pipeline companies are regulated and currently benefit from a tariff inflation escalation index of PPI + 2.65 percent. Over the long-term, we believe MLPs' distributions will outpace inflation and interest rate increases, and produce positive real returns.

Total distributions received from our investments for the 3rd quarter 2012 was approximately \$26.2 million, representing an increase of 2.2 percent as compared to 3rd quarter 2011 and an increase of 1.8 percent as compared to 2nd quarter 2012. On an annualized basis, total distributions for the quarter equate to 6.50 percent of our average total assets for the quarter. These changes reflect increases in per share distribution rates on our MLP investments and the impact of various portfolio trading activity.

### **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 0.81 percent of average total assets for the 3rd quarter 2012, unchanged as compared to the 2nd quarter 2012 and a slight increase as compared to 3rd quarter 2011. While the contractual advisory fee is 0.95 percent of average monthly managed assets, the Adviser waived an amount equal to 0.25 percent of average monthly managed assets through July 27, 2011. In addition, the Adviser has agreed to waive an amount equal to 0.20 percent of average monthly managed assets from July 28, 2011 through December 31, 2012, with further reductions in the fee waiver of 0.05 percent of average managed assets per calendar year through 2015.

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 relatively unchanged as compared to the 2nd quarter 2012.

The weighted average annual rate of our leverage at August 31, 2012 was 3.79 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.25 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**

For 3rd quarter 2012, our DCF was approximately \$19.5 million, an increase of 2.6 percent as compared to 3rd quarter 2011 and an increase of 3.1 percent as compared to 2nd quarter 2012. The changes are the net result of changes in distributions and expenses as outlined above. We declared a distribution of \$19.2 million, or \$0.415 per share, during the quarter. This represents an increase of \$0.005 per share as compared to 3rd quarter 2011 and an increase of \$0.0025 per share from 2nd quarter 2012.

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Our distribution coverage ratio was 101.7 percent for 3rd quarter 2012, compared to a coverage ratio of 99.6 percent for 2nd quarter 2012. Our goal is to pay what we believe to be sustainable distributions with any increases safely covered by earned DCF. A distribution coverage ratio of greater than 100 percent provides flexibility for on-going management of the portfolio, changes in leverage costs and other expenses. An on-going distribution coverage ratio of less than 100 percent will, over time, erode the earning power of a portfolio and may lead to lower distributions or portfolio managers taking on more risk than they otherwise would.

Net investment loss before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2012 YTD and 3rd quarter 2012 (in thousands):

	2012 YTD	3rd Qtr 2012
Net Investment Loss, before Income Taxes	\$(21,488)	\$ (5,418)
Adjustments to reconcile to DCF:		
Dividends paid in stock	5,187	1,803
Distributions characterized as return of capital	73,475	23,010
Amortization of debt issuance costs	290	97
DCF	\$ 57,464	\$ 19,492

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## **Management's Discussion** *(Unaudited)*

*(Continued)*

### **Liquidity and Capital Resources**

We had total assets of \$1.633 billion at quarter-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and dividends receivable and any expenses that may have been prepaid. During 3rd quarter 2012, total assets increased \$103 million. This change was primarily the result of a \$94 million increase in the value of our investments as reflected by the change in net realized and unrealized gains on investments (excluding return of capital on distributions), net sales of approximately \$1 million and an increase in receivables of approximately \$10 million.

We issued 51,430 shares of our common stock during the quarter under our at-the-market equity program for a net total of approximately \$1.2 million. We are waiving our advisory fees on the net proceeds from shares issued under our at-the-market equity program for six months.

Total leverage outstanding at August 31, 2012 was \$345.6 million, a decrease of \$3.6 million as compared to May 31, 2012. Outstanding leverage is comprised of \$255 million in senior notes, \$90 million in preferred shares and \$0.6 million outstanding under the credit facility, with 88.3 percent of leverage with fixed rates and a weighted average maturity of 5.5 years. Total leverage represented 21.2 percent of total assets at August 31, 2012, as compared to 22.8 percent as of May 31, 2012 and 22.7 percent as of August 31, 2011. Our leverage as a percent of total assets remains below our long-term target level of 25 percent, 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 MLP 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 \$345 million is comprised of 74 percent private placement debt and 26 percent private placement preferred equity with a weighted average rate of 3.76 percent and remaining weighted average laddered maturity of approximately 5.6 years.

We use leverage to acquire MLPs consistent with our investment philosophy. The terms of our leverage are governed by regulatory and contractual asset coverage requirements that arise from the use of leverage. Additional information on our leverage and asset coverage requirements is discussed in Note 9 and Note 10 in the Notes to Financial Statements. Our coverage ratios are updated each week on our Web site at [www.tortoiseadvisors.com](http://www.tortoiseadvisors.com).

### **Taxation of our Distributions and Income Taxes**

We invest in partnerships that generally have cash distributions in excess of their income for accounting and tax purposes. Accordingly, the distributions include a return of capital component for accounting and tax purposes. Distributions declared and paid by us in a year generally differ from taxable income for that year, as such distributions may include the distribution of current year taxable income or return of capital.

The taxability of the distribution you receive depends on whether we have annual earnings and profits ( E&P ). E&P is primarily comprised of the taxable income from MLPs with certain specified adjustments as reported on annual K-1s, fund operating expenses and net realized gains. If we have E&P, it is first allocated to the preferred shares and then to the common shares.

In the event we have E&P allocated to our common shares, all or a portion of our distribution will be taxable at the 15 percent Qualified Dividend Income ( QDI ) rate, assuming various holding requirements are met by the stockholder. The 15 percent QDI rate is currently effective through 2012. The portion of our distribution that is taxable may vary for either of two reasons. First, the characterization of the distributions we receive from MLPs could change annually based upon the K-1 allocations and result in less return of capital and more in the form of income. Second, we could sell an MLP investment and realize a gain or loss at any time. It is for these reasons that we inform you of the tax treatment after the close of each year as the ultimate characterization of our distributions is undeterminable until the year is over.

For tax purposes, distributions to common stockholders for the fiscal year ended 2011 were 100 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](http://www.tortoiseadvisors.com). For book purposes, the source of distributions to common stockholders for the fiscal year ended 2011 was 100 percent return of capital. We

currently estimate that 90 to 100 percent of 2012 distributions will be characterized as return of capital for tax purposes, with the remaining percentage, if any, characterized as qualified dividend income. A final determination of the characterization will be made in January 2013.

The unrealized gain or loss we have in the portfolio is reflected in the Statement of Assets and Liabilities. At August 31, 2012, our investments are valued at approximately \$1.621 billion, with an adjusted cost of \$1.307 billion. The \$314 million difference reflects unrealized gain that would be realized for financial statement purposes if those investments were sold at those values. The Statement of Assets and Liabilities also reflects either a net deferred tax liability or net deferred tax asset depending upon unrealized gains (losses) on investments, realized gains (losses) on investments, capital loss carryforwards and net operating losses. At August 31, 2012, the balance sheet reflects a net deferred tax liability of approximately \$112.1 million or \$2.43 per share. Accordingly, our net asset value per share represents the amount which would be available for distribution to stockholders after payment of taxes.

As of November 30, 2011, we had approximately \$34 million in net operating losses. To the extent we have taxable income that is not offset by net operating losses, we will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets or borrowings. Details of our taxes are disclosed in Note 5 in our Notes to Financial Statements.

**Schedule of Investments**August 31, 2012  
(Unaudited)

	Shares	Fair Value
<b>Master Limited Partnerships and Related Companies 142.1%</b>		
<b>Natural Gas/Natural Gas Liquids Pipelines 85.2%</b>		
<b>United States 85.2%</b>		
Boardwalk Pipeline Partners, LP	3,523,800	\$ 95,248,314
El Paso Pipeline Partners, L.P.	3,720,900	134,659,371
Energy Transfer Equity, L.P.	446,621	19,628,993
Energy Transfer Partners, L.P.	2,893,600	123,614,592
Enterprise Products Partners L.P.	2,462,700	131,508,180
EQT Midstream Partners, L.P.	333,286	9,152,034
Inergy Midstream, L.P.	812,700	18,935,910
ONEOK Partners, L.P.	1,419,000	80,627,580
Regency Energy Partners LP	4,520,433	104,602,820
Spectra Energy Partners, LP	2,704,180	86,587,844
TC PipeLines, LP	788,900	35,831,838
Williams Partners L.P.	2,543,700	131,204,046
		971,601,522
<b>Natural Gas Gathering/Processing 27.9%</b>		
<b>United States 27.9%</b>		
Access Midstream Partners, L.P.	1,140,000	34,348,200
Copano Energy, L.L.C.	1,646,300	50,524,947
Crestwood Midstream Partners LP <sup>(2)</sup>	1,490,813	36,674,000
DCP Midstream Partners, LP	1,109,400	47,859,516
MarkWest Energy Partners, L.P.	924,600	49,096,260
Targa Resources Partners LP	1,224,600	49,620,792
Western Gas Partners LP	1,040,131	49,666,255
		317,789,970
<b>Crude/Refined Products Pipelines 29.0%</b>		
<b>United States 29.0%</b>		
Buckeye Partners, L.P.	923,400	45,634,428
Enbridge Energy Partners, L.P.	1,728,900	50,933,394
Holly Energy Partners, L.P.	666,135	44,864,192
Kinder Morgan Management, LLC <sup>(2)</sup>	884,592	65,565,969
Magellan Midstream Partners, L.P.	319,750	26,529,657
NuStar Energy L.P.	631,500	32,029,680
Plains All American Pipeline, L.P.	757,700	65,563,781
		331,121,101
Total Master Limited Partnerships and Related Companies (Cost \$1,307,219,370)		1,620,512,593
<b>Short-Term Investment 0.0%</b>		
<b>United States Investment Company 0.0%</b>		
Fidelity Institutional Money Market Portfolio Class I, 0.16% <sup>(3)</sup> (Cost \$200,453)	200,453	200,453
<b>Total Investments 142.1%</b> (Cost \$1,307,419,823)		1,620,713,046
<b>Other Assets and Liabilities (11.8%)</b>		(135,227,488)
<b>Long-Term Debt Obligations (22.4%)</b>		(255,000,000)
<b>Mandatory Redeemable Preferred Stock at Liquidation Value (7.9%)</b>		(90,000,000)
<b>Total Net Assets Applicable to</b>		

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<b>Common Stockholders</b>	<b>100.0%</b>	\$	1,140,485,558
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*(1) Calculated as a percentage of net assets applicable to common stockholders.*

*(2) Security distributions are paid-in-kind.*

*(3) Rate indicated is the current yield as of August 31, 2012.*

*See accompanying Notes to Financial Statements.*

6 Tortoise MLP Fund, Inc.

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**Statement of Assets & Liabilities**August 31, 2012  
(Unaudited)

<b>Assets</b>	
Investments at fair value (cost \$1,307,419,823)	\$ 1,620,713,046
Receivable for Adviser fee waiver	549,573
Receivable for investments sold	10,087,788
Prepaid expenses and other assets	2,135,634
<b>Total assets</b>	<b>1,633,486,041</b>
<b>Liabilities</b>	
Payable to Adviser	2,610,304
Payable for investments purchased	10,352,512
Distribution payable to common stockholders	19,166,373
Accrued expenses and other liabilities	3,168,701
Deferred tax liability	112,102,593
Short-term borrowings	600,000
Long-term debt obligations	255,000,000
Mandatory redeemable preferred stock (\$25.00 liquidation value per share; 3,600,000 shares outstanding)	90,000,000
<b>Total liabilities</b>	<b>493,000,483</b>
<b>Net assets applicable to common stockholders</b>	<b>\$ 1,140,485,558</b>
<b>Net Assets Applicable to Common Stockholders Consist of:</b>	
Capital stock, \$0.001 par value; 46,203,904 shares issued and outstanding (100,000,000 shares authorized)	\$ 46,204
Additional paid-in capital	953,311,517
Common stock subscribed	764,737
Subscriptions receivable	(764,737)
Accumulated net investment loss, net of income taxes	(32,298,600)
Undistributed realized gain, net of income taxes	20,654,582
Net unrealized appreciation of investments, net of income taxes	198,771,855
<b>Net assets applicable to common stockholders</b>	<b>\$ 1,140,485,558</b>
<b>Net Asset Value per common share outstanding</b> (net assets applicable to common stock, divided by common shares outstanding)	<b>\$ 24.68</b>

**Statement of Operations**Period from December 1, 2011 through August 31, 2012  
(Unaudited)

<b>Investment Income</b>	
Distributions from master limited partnerships	\$ 72,511,943
Less return of capital on distributions	(73,475,210)
Net distributions from master limited partnerships	(963,267)
Dividends from money market mutual funds	238
<b>Total Investment Loss</b>	<b>(963,029)</b>
<b>Operating Expenses</b>	
Advisory fees	11,643,451
Administrator fees	343,131
Professional fees	150,396
Stockholder communication expenses	118,856
Directors fees	105,459
Fund accounting fees	63,300
Custodian fees and expenses	52,860
Registration fees	32,672



Stock transfer agent fees	9,344
Franchise fees	(113,095)
Other operating expenses	87,567
<b>Total Operating Expenses</b>	<b>12,493,941</b>
<b>Leverage Expenses</b>	
Interest expense	7,278,387
Distributions to mandatory redeemable preferred stockholders	2,802,751
Amortization of debt issuance costs	289,688
Other leverage expenses	111,880
<b>Total Leverage Expenses</b>	<b>10,482,706</b>
<b>Total Expenses</b>	<b>22,976,647</b>
Less fees waived by Adviser	(2,451,288)
<b>Net Expenses</b>	<b>20,525,359</b>
<b>Net Investment Loss, before Income Taxes</b>	<b>(21,488,388)</b>
Deferred tax benefit	6,745,326
<b>Net Investment Loss</b>	<b>(14,743,062)</b>
<b>Realized and Unrealized Gain on Investments</b>	
Net realized gain on investments, before income taxes	2,538,823
Deferred tax expense	(922,953)
Net realized gain on investments	1,615,870
Net unrealized appreciation of investments, before income taxes	120,824,945
Deferred tax expense	(43,924,203)
Net unrealized appreciation of investments	76,900,742
<b>Net Realized and Unrealized Gain on Investments</b>	<b>78,516,612</b>
<b>Net Increase in Net Assets Applicable to Common Stockholders Resulting from Operations</b>	<b>\$ 63,773,550</b>

See accompanying Notes to Financial Statements.

**Statement of Changes in Net Assets**

	Period from December 1, 2011 through August 31, 2012 <i>(Unaudited)</i>	Year Ended November 30, 2011
<b>Operations</b>		
Net investment loss	\$ (14,743,062)	\$ (15,661,729)
Net realized gain on investments	1,615,870	18,830,309
Net unrealized appreciation of investments	76,900,742	54,475,263
Net increase in net assets applicable to common stockholders resulting from operations	63,773,550	57,643,843
<b>Distributions to Common Stockholders</b>		
Net investment income		
Return of capital	(57,117,305 )	(74,579,942 )
Total distributions to common stockholders	(57,117,305)	(74,579,942)
<b>Capital Stock Transactions</b>		
Proceeds from shelf offerings of 51,430 common shares	1,353,030	
Underwriting discounts and offering expenses associated with the issuance of common stock	(188,530)	
Issuance of 202,691 and 545,595 common shares from reinvestment of distributions to stockholders	5,073,230	13,407,746
Net increase in net assets applicable to common stockholders from capital stock transactions	6,237,730	13,407,746
Total increase (decrease) in net assets applicable to common stockholders	12,893,975	(3,528,353)
<b>Net Assets</b>		
Beginning of period	1,127,591,583	1,131,119,936
End of period	\$ 1,140,485,558	\$ 1,127,591,583
Accumulated net investment loss, net of income taxes, end of period	\$ (32,298,600)	\$ (17,555,538)

*See accompanying Notes to Financial Statements.*

**Statement of Cash Flows**

Period from December 1, 2011 through August 31, 2012  
(Unaudited)

<b>Cash Flows From Operating Activities</b>	
Distributions received from master limited partnerships	\$ 72,511,943
Dividend income received	367
Purchases of long-term investments	(128,816,173)
Proceeds from sales of long-term investments	117,688,406
Purchases of short-term investments, net	(58,251)
Interest expense paid	(7,251,273)
Distributions to mandatory redeemable preferred stockholders	(2,802,750)
Other leverage expenses paid	(63,237)
Operating expenses paid	(10,148,272)
Net cash provided by operating activities	41,060,760
<b>Cash Flows From Financing Activities</b>	
Advances from revolving line of credit	98,600,000
Repayments on revolving line of credit	(108,100,000)
Issuance of common stock	1,353,030
Common stock issuance costs	(36,078)
Distributions paid to common stockholders	(32,877,712)
Net cash used in financing activities	(41,060,760)
Net change in cash	
Cash beginning of period	
Cash end of period	\$
<b>Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities</b>	
Net increase in net assets applicable to common stockholders resulting from operations	\$ 63,773,550
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	(134,821,154)
Proceeds from sales of long-term investments	124,882,040
Purchases of short-term investments, net	(58,251)
Return of capital on distributions received	73,475,210
Deferred tax expense	38,101,830
Net unrealized appreciation of investments	(120,824,945)
Net realized gain on investments	(2,538,823)
Amortization of debt issuance costs	289,688
Changes in operating assets and liabilities:	
Decrease in interest and dividend receivable	152
Increase in receivable for investments sold	(7,193,634)
Increase in prepaid expenses and other assets	(57,026)
Increase in payable for investments purchased	6,004,981
Increase in payable to Adviser, net of fee waiver	146,603
Decrease in accrued expenses and other liabilities	(119,461)
Total adjustments	(22,712,790)
Net cash provided by operating activities	\$ 41,060,760
<b>Non-Cash Financing Activities</b>	
Reinvestment of distributions by common stockholders in additional common shares	\$ 5,073,230

See accompanying Notes to Financial Statements.



## Financial Highlights

	Period from December 1, 2011 through August 31, 2012 <i>(Unaudited)</i>	Year Ended November 30, 2011	Period from July 30, 2010 <sup>(1)</sup> through November 30, 2010
<b>Per Common Share Data<sup>(2)</sup></b>			
Net Asset Value, beginning of period	\$ 24.54	\$ 24.91	\$ 25.00
Public offering price			
Income (Loss) from Investment Operations			
Net investment loss <sup>(3)</sup>	(0.32)	(0.34)	(0.04)
Net realized and unrealized gain on investments <sup>(3)</sup>	1.70	1.61	1.49
Total income from investment operations	1.38	1.27	1.45
Distributions to Common Stockholders			
Net investment income			
Return of capital	(1.24)	(1.64)	(0.36)
Total distributions to common stockholders	(1.24)	(1.64)	(0.36)
Underwriting discounts and offering costs on issuance of common stock <sup>(4)</sup>			(1.18)
Premiums less underwriting discounts and offering costs on issuance of common stock <sup>(5)(6)</sup>	(0.00)		
Total capital stock transactions	(0.00)		(1.18)
Net Asset Value, end of period	\$ 24.68	\$ 24.54	\$ 24.91
Per common share market value, end of period	\$ 26.19	\$ 24.84	\$ 24.14
Total Investment Return Based on Market Value <sup>(7)</sup>	10.77%	9.88%	(2.02)%
<b>Supplemental Data and Ratios</b>			
Net assets applicable to common stockholders, end of period (000 s)	\$ 1,140,486	\$ 1,127,592	\$ 1,131,120
Average net assets (000 s)	\$ 1,158,894	\$ 1,140,951	\$ 1,087,459
Ratio of Expenses to Average Net Assets <sup>(8)</sup>			
Advisory fees	1.33%	1.30%	1.07%
Other operating expenses	0.10	0.13	0.12
Fee waiver	(0.28)	(0.32)	(0.28)
Subtotal	1.15	1.11	0.91
Leverage expenses	1.20	1.22	0.48
Income tax expense <sup>(9)</sup>	4.38	3.11	10.44
Total expenses	6.73%	5.44%	11.83%
Ratio of net investment loss to average net assets before fee waiver <sup>(8)</sup>	(1.97)%	(1.69)%	(0.79)%
Ratio of net investment loss to average net assets after fee waiver <sup>(8)</sup>	(1.69)%	(1.37)%	(0.51)%
Portfolio turnover rate	7.64%	19.57%	1.24%
Short-term borrowings, end of period (000 s)	\$ 600	\$ 10,100	\$ 30,700
Long-term debt obligations, end of period (000 s)	\$ 255,000	\$ 255,000	\$ 230,000
Preferred stock, end of period (000 s)	\$ 90,000	\$ 90,000	\$ 90,000
Per common share amount of long-term debt obligations outstanding, end of period	\$ 5.52	\$ 5.55	\$ 5.07
Per common share amount of net assets, excluding long-term debt obligations, end of period	\$ 30.20	\$ 30.09	\$ 29.98
Asset coverage, per \$1,000 of principal amount of long-term debt obligations and short-term borrowings <sup>(10)</sup>	\$ 5,814	\$ 5,593	\$ 5,684
Asset coverage ratio of long-term debt			

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obligations and short-term borrowings <sup>(10)</sup>	581%	559%	568%
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock <sup>(11)</sup>	\$ 108	\$ 104	\$ 106
Asset coverage ratio of preferred stock <sup>(11)</sup>	430%	418%	423%

(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, 2011 and the period from July 30, 2010 through November 30, 2010 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 July 30, 2010 through November 30, 2010.

(5) Represents the premiums on the shelf offerings of less than \$0.01 per share, less the underwriter discount and offering costs of less than \$0.01 per share for the period from December 1, 2011 through August 31, 2012.

(6) Less than \$(0.01) for the period from December 1, 2011 through August 31, 2012.

(7) 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). This calculation also assumes reinvestment of distributions at actual prices pursuant to the company's dividend reinvestment plan.

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

(9) For the period from December 1, 2011 through August 31, 2012, the Company accrued \$38,101,830 for net deferred income tax expense. For the year ended November 30, 2011, the Company accrued \$20,589 for current income tax benefit and \$35,466,770 for net deferred income tax expense. For the period from July 30, 2010 to November 30, 2010, the Company accrued \$50,000 for current income tax expense and \$38,533,993 for net deferred income tax expense.

(10) 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.

(11) 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 the sum of long-term debt obligations, short-term borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.

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## Notes to Financial Statements *(Unaudited)*

August 31, 2012

### 1. Organization

Tortoise MLP Fund, Inc. (the Company) was organized as a Maryland corporation on April 23, 2010, 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 investment objective is to seek a high level of total return with an emphasis on current distributions paid to stockholders. The Company seeks to provide its stockholders with an efficient vehicle to invest in the energy infrastructure sector, with an emphasis on natural gas infrastructure. The Company commenced operations on July 30, 2010. The Company's stock is listed on the New York Stock Exchange under the symbol NTG.

### 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 50 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 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 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 August 31, 2012.

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.

#### 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, 2010 through November 30, 2011, the Company estimated the allocation of investment income and return of capital for the distributions received from MLPs within the Statement of Operations. For this period, the Company had estimated approximately 6 percent of total distributions as investment income and approximately 94 percent as return of capital.

Subsequent to November 30, 2011, the Company reallocated the amount of investment income and return of capital it recognized for the period from December 1, 2010 through November 30, 2011 based on the 2011 tax reporting information received from the individual MLPs. This reclassification amounted to a decrease in pre-tax net investment income of approximately \$4,960,000 or \$0.107 per share (\$3,140,000 or \$0.068 per share, net of deferred tax benefit), an increase in unrealized appreciation of investments of approximately \$4,153,000 or \$0.090 per share (\$2,629,000 or \$0.057 per share, net of deferred tax expense), and an increase in realized gains of approximately \$807,000 or \$0.017 per share (\$511,000 or \$0.011 per share, net of deferred tax expense) for the period from December 1, 2011 through August 31, 2012.

Subsequent to the period ended February 29, 2012, the Company reallocated the amount of investment income and return of capital it recognized in the current fiscal year based on its revised 2012 estimates, after considering the final allocations for 2011. This reclassification amounted to a decrease in pre-tax net investment income of approximately \$206,000 or \$0.005 per share (\$130,000 or \$0.003 per share, net of deferred tax benefit), an increase in unrealized appreciation of investments of approximately \$959,000 or \$0.021 per share (\$607,000 or \$0.013 per share, net of deferred tax expense), and a decrease in realized gains of approximately \$753,000 or \$0.016 per share (\$477,000 or \$0.010 per share, net of deferred tax benefit).

#### **D. Distributions to Stockholders**

Distributions to common stockholders are recorded on the ex-dividend date. The Company may not declare or pay distributions to its common stockholders if it does not meet asset coverage ratios required under the 1940 Act of the rating agency guidelines for its debt and preferred stock following such distribution. The character of distributions to common stockholders made during the year may differ from their



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## Notes to Financial Statements *(Unaudited)*

*(Continued)*

ultimate characterization for federal income tax purposes. For book purposes, the source of the Company's distributions to common stockholders for the year ended November 30, 2011 and the period ended August 31, 2012 was 100 percent return of capital. For tax purposes, the Company's distributions to common stockholders for the year ended November 30, 2011 were 100 percent return of capital. The tax character of distributions paid to common stockholders in the current year will be determined subsequent to November 30, 2012.

Distributions to mandatory redeemable preferred ( MRP ) stockholders are accrued daily and paid quarterly based on fixed annual rates. 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. For book purposes, the source of the Company's distributions to MRP stockholders for the year ended November 30, 2011 and the period ended August 31, 2012 was 100 percent return of capital. For tax purposes, the Company's distributions to MRP stockholders for the year ended November 30, 2011 were 100 percent return of capital. The tax character of distributions paid to MRP stockholders for the current year will be determined subsequent to November 30, 2012.

### **E. Federal Income Taxation**

The Company, as a corporation, is obligated to pay federal and state income tax on its taxable income. Currently, the highest regular marginal federal income tax rate for a corporation is 35 percent. The Company may be subject to a 20 percent federal alternative minimum tax ( AMT ) on its federal alternative minimum taxable income to the extent that its AMT exceeds its regular federal income tax.

The Company invests its assets primarily 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's tax expense or benefit is included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

### **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. Offering costs (excluding underwriter discounts and commissions) of \$175,000 related to the issuance of common stock were recorded to additional paid-in capital during the period ended August 31, 2012. Debt issuance costs related to long-term debt obligations and Mandatory Redeemable Preferred ( MRP ) Stock are capitalized and amortized over the period the debt and MRP Stock is outstanding.

### **G. Derivative Financial Instruments**

The Company may use derivative financial instruments (principally interest rate swap contracts) in an attempt 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 accompanying Statement of Operations. Monthly cash settlements under the terms of the derivative instruments and the termination of such contracts are recorded as realized gains or losses in the accompanying Statement of Operations. The Company did not hold any derivative financial instruments during the period ended August 31, 2012.

### **H. Indemnifications**

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business, the Company may enter into contracts that provide general indemnification to other parties. The Company's maximum exposure under these arrangements is unknown, as

this would involve future claims that may be made against the Company that have not yet occurred, and may not occur. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

### **I. Recent Accounting Pronouncement**

In May 2011, the FASB issued ASU No. 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and the International Financial Reporting Standards ( IFRSs ). ASU No. 2011-04 amends FASB ASC Topic 820, Fair Value Measurements and Disclosures, to establish common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRSs. ASU No. 2011-04 is effective for fiscal years beginning after December 15, 2011 and for interim periods within those fiscal years. The Company has adopted these amendments and they did not have a material impact on the financial statements.

### **3. Concentration of Risk**

Under normal circumstances, the Company intends to invest at least 80 percent of its total assets in equity securities of MLPs in the energy infrastructure sector and to invest at least 70 percent of its total assets in equity securities of natural gas infrastructure MLPs. The Company will not invest more than 10 percent of its total assets in any single issuer as of the time of purchase. The Company may invest up to 50 percent of its total assets in restricted securities. The Company will not invest in privately held companies. 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) (Managed Assets), in exchange for the investment advisory services provided. The Adviser has agreed to waive an amount equal to 0.20 percent of average monthly Managed Assets for the period from July 28, 2011 through December 31, 2012, 0.15 percent of average monthly Managed Assets for the period from January 1, 2013 through December 31, 2013, 0.10 percent of average monthly Managed Assets for the period from January 1, 2014 through December 31, 2014, and 0.05 percent of average monthly Managed Assets for the period from January 1, 2015 through December 31, 2015. In addition, the Adviser has contractually agreed to waive all fees due under the Investment Advisory Agreement related to the net proceeds received from the issuance of additional common stock under the at-the-market equity program for a six month period following the date of issuance.

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.

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 Company's portfolio assets, plus portfolio transaction fees.

**5. Income Taxes**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of the Company's deferred tax assets and liabilities as of August 31, 2012, are as follows:

Deferred tax assets:	
Net operating loss carryforwards	\$ 61,263,532
Capital loss	2,188,727
	63,452,259
Deferred tax liabilities:	
Basis reduction of investment in MLPs	60,544,910
Net unrealized gains on investment securities	115,009,942
	175,554,852
Total net deferred tax liability	\$ 112,102,593

At August 31, 2012, a valuation allowance on deferred tax assets was not deemed necessary because the Company believes it is more likely than not that there is an ability to realize its deferred tax assets through future taxable income of the appropriate character. Any adjustments to the Company's estimates of future taxable income will be made in the period such determination is made. The Company's policy is to record interest and penalties on uncertain tax positions as part of tax expense. As of August 31, 2012, the Company had no uncertain tax positions and no penalties and interest were accrued. All tax years since inception remain open to examination by federal and state tax authorities.

Total income tax expense differs from the amount computed by applying the federal statutory income tax rate of 35 percent to net investment loss and net realized and unrealized gains on investments for the period ended August 31, 2012, as follows:

Application of statutory income tax rate	\$35,656,383
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State income taxes, net of federal tax benefit	1,742,070
Change in deferred tax liability due to change in overall tax rate	(111,871)
Nondeductible payments on preferred stock	1,076,929
Dividends received deduction	(261,681)
Total income tax expense	\$38,101,830

Total income taxes are computed by applying the federal statutory rate plus a blended state income tax rate. During the period, the Company re-evaluated its blended state income tax rate, decreasing the overall rate from 36.75 percent to 36.71 percent due to anticipated state apportionment of income and gains.

For the period from December 1, 2011 through August 31, 2012, the components of income tax expense include deferred federal and state income tax expense (net of federal tax benefit) of \$36,326,996 and \$1,774,834, respectively.

As of November 30, 2011, the Company had a net operating loss for federal income tax purposes of approximately \$33,642,000. The net operating loss may be carried forward for 20 years. If not utilized, this net operating loss will expire as follows: \$3,343,000 and \$30,299,000 in the years ending November 30, 2030 and 2031, respectively. The amount of deferred tax asset for net operating loss and capital loss at August 31, 2012 includes amounts for the period from December 1, 2011 through August 31, 2012. For corporations, capital losses can only be used to offset capital gains and cannot be used to offset ordinary income.

As of August 31, 2012, the aggregate cost of securities for federal income tax purposes was \$1,142,492,257. The aggregate gross unrealized appreciation for all securities in which there was an excess of fair value over tax cost was \$481,400,618, the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over fair value was \$3,179,829 and the net unrealized appreciation was \$478,220,789.

#### 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.

**Notes to Financial Statements** (Unaudited)

(Continued)

The following table provides the fair value measurements of applicable Company assets by level within the fair value hierarchy as of August 31, 2012. These assets are measured on a recurring basis.

Description	Fair Value at			
	August 31, 2012	Level 1	Level 2	Level 3
<b>Assets</b>				
Equity Securities:				
Master Limited Partnerships and Related Companies <sup>(a)</sup>	\$ 1,620,512,593	\$ 1,620,512,593	\$	\$
Other:				
Short-Term Investment <sup>(b)</sup>	200,453	200,453		
<b>Total Assets</b>	<b>\$ 1,620,713,046</b>	<b>\$ 1,620,713,046</b>	<b>\$</b>	<b>\$</b>

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

(b) Short-term investment is a sweep investment for cash balances in the Company at August 31, 2012.

**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.

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.

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, 2011 through August 31, 2012.

**7. Investment Transactions**

For the period from December 1, 2011 through August 31, 2012, the Company purchased (at cost) and sold securities (proceeds received) in the amount of \$134,821,154 and \$124,882,040 (excluding short-term debt securities), respectively.

**8. Long-Term Debt Obligations**

The Company has \$255,000,000 aggregate principal amount of private senior notes, Series A, Series B, Series C, Series D, Series E, Series F, and Series G (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 stock; (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 cash interest payments each quarter until maturity. The Series A, Series B, Series C, Series D, and Series G Notes accrue interest at fixed rates and the Series E and Series F Notes accrue interest at an annual rate that resets each quarter based on the 3-month LIBOR plus 1.70 and 1.35 percent, respectively. 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 August 31, 2012, the Company was in compliance with asset coverage covenants and basic maintenance covenants for its senior notes.

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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 E and Series F Notes approximates the carrying amount because the interest rates fluctuate 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, notional/carrying amount and estimated fair value for each series of Notes outstanding at August 31, 2012.

Series	Maturity Date	Interest Rate	Notional/ Carrying Amount	Estimated Fair Value
Series A	December 15, 2013	2.48%	\$ 12,000,000	\$ 12,100,064
Series B	December 15, 2015	3.14%	24,000,000	24,713,576
Series C	December 15, 2017	3.73%	57,000,000	60,248,072
Series D	December 15, 2020	4.29%	112,000,000	120,804,574
Series E	December 15, 2015	2.17% <sup>(1)</sup>	25,000,000	25,000,000
Series F	May 12, 2014	1.79% <sup>(2)</sup>	15,000,000	15,000,000
Series G	May 12, 2018	4.35%	10,000,000	10,827,695
			\$ 255,000,000	\$ 268,693,981

(1) Floating rate; rate effective for period from June 15, 2012 through September 15, 2012. The weighted-average rate for the period from December 1, 2011 through August 31, 2012 was 2.19 percent.

(2) Floating rate; rate effective for period from August 12, 2012 through November 12, 2012. The weighted-average rate for the period from December 1, 2011 through August 31, 2012 was 1.82 percent.

#### 9. Preferred Stock

The Company has 10,000,000 shares of preferred stock authorized. Of that amount, the Company has 3,600,000 shares of private Mandatory Redeemable Preferred ( MRP ) Stock authorized and outstanding at August 31, 2012. 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.

**Notes to Financial Statements** (Unaudited)

(Continued)

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 each series 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 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 values in the table below are Level 2 valuations within the fair value hierarchy. The following table shows the mandatory redemption date, fixed rate, aggregate liquidation preference, number of shares outstanding and estimated fair value of each series of MRP Stock outstanding as of August 31, 2012.

Series	Mandatory Redemption Date	Fixed Rate	Aggregate Liquidation Preference	Shares Outstanding	Estimated Fair Value
Series A	December 15, 2015	3.69%	\$25,000,000	1,000,000	\$25,569,411
Series B	December 15, 2017	4.33%	65,000,000	2,600,000	68,092,239
			\$90,000,000	3,600,000	\$93,661,650

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 August 31, 2012, the Company was in compliance with asset coverage covenants and basic maintenance covenants for its MRP Stock.

**10. Credit Facility**

On September 23, 2011, the Company entered into an amendment to its credit facility that extends the credit facility through September 21, 2012. Bank of America, N.A. serves as a lender and the lending syndicate agent on behalf of other lenders participating in the facility. The terms of the amendment provide for an unsecured revolving credit facility of \$65,000,000. During the extension, outstanding balances generally will accrue interest at a variable annual rate equal to one-month LIBOR plus 1.25 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.20 percent.

On June 18, 2012, the Company entered into an amendment to its credit facility that extends the credit facility through June 17, 2013. The terms of the amendment provide for an unsecured revolving credit facility of \$60,000,000. During the extension, outstanding balances generally will accrue interest at a variable annual rate equal to one-month LIBOR plus 1.25 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.20 percent.

The average principal balance and interest rate for the period during which the credit facility was utilized during the period ended August 31, 2012 was approximately \$24,200,000 and 1.50 percent, respectively. At August 31, 2012, the principal balance outstanding was \$600,000 at an interest rate of 1.48 percent.

Under the terms of the credit facility, the Company must maintain asset coverage required under the 1940 Act. If the Company fails to maintain the required coverage, it may be required to repay a portion of an outstanding balance until the coverage requirement has been met. At August 31, 2012, the Company was in compliance with the terms of the credit facility.

**11. Common Stock**

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The Company has 100,000,000 shares of capital stock authorized and 46,203,904 shares outstanding at August 31, 2012. Transactions in common stock for the period ended August 31, 2012, were as follows:

Shares at November 30, 2011	45,949,783
Shares sold through shelf offerings	51,430
Shares issued through reinvestment of distributions	202,691
Shares at August 31, 2012	46,203,904

### 12. Subsequent Events

On September 4, 2012, the Company paid a distribution of \$0.415 per common share, for a total of \$19,166,362. Of this total, the dividend reinvestment amounted to \$2,151,588.

During the period from September 1, 2012 through the date the financial statements were issued, the Company issued 130,815 shares of common stock under its at-the-market equity offering program for gross proceeds of approximately \$3.4 million.

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.



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## **Additional Information** *(Unaudited)*

### **Director and Officer Compensation**

The Company does not compensate any of its directors who are interested persons, as defined in Section 2(a)(19) of the 1940 Act, nor any of its officers. For the period ended August 31, 2012, the aggregate compensation paid by the Company to the independent directors was \$103,500. 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, 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](http://www.tortoiseadvisors.com); and (ii) on the SEC's Web site at [www.sec.gov](http://www.sec.gov).

### **Form N-Q**

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

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

### **Statement of Additional Information**

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

### **Certifications**

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

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

### **Privacy Policy**

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

such as a bank or broker.

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

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

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**Office of the Company  
and of the Investment Adviser**

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Terry Matlack  
David J. Schulte

**Board of Directors of  
Tortoise MLP Fund, Inc.**

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

**Conrad S. Ciccotello**  
Independent

**John R. Graham**  
Independent

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**STOCK SYMBOL**

Listed NYSE Symbol: NTG

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 <sup>(1)</sup> (\$ in millions)	Name	Ticker	Focus	Total Assets <sup>(1)</sup> (\$ in millions)
Tortoise Energy Infrastructure Corp.		Midstream Equity	\$1,749	Tortoise Pipeline & Energy Fund, Inc.		Pipeline Equity	\$
Tortoise Energy Capital Corp.		Midstream Equity	\$894	Tortoise Energy Independence Fund, Inc.		North American Upstream Equity	\$
Tortoise MLP Fund, Inc.		Natural Gas Equity	\$1,664	Tortoise Power and Energy Infrastructure Fund, Inc.		Power & Energy Infrastructure Debt & Dividend Paying Equity	\$
Tortoise North American Energy Corp.		Midstream/Upstream Equity	\$228				

(1) As of 9/30/12



