TORTOISE ENERGY INDEPENDENCE FUND, INC.
Form N-CSR
January 22, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number **811-22690**

Tortoise Energy Independence Fund, Inc.
(Exact name of registrant as specified in charter)

11550 Ash Street, Suite 300, Leawood, KS 66211
(Address of principal executive offices) (Zip code)

Terry Matlack
Michelle Kelly
11550 Ash Street, Suite 300, Leawood, KS 66211
(Name and address of agent for service)

913-981-1020
Registrant's telephone number, including area code

Date of fiscal year end: **November 30**

Date of reporting period: **November 30, 2012**

Item 1. Report to Stockholders.

Tortoise
Energy Independence Fund, Inc.

Annual Report 2012

The North American
energy revolution

Fund at a glance

Tortoise believes Tortoise Energy Independence Fund, Inc. (NYSE: NDP) is the first closed-end fund with a focus on North American crude oil and natural gas production growth growth which supports energy independence.

Investment opportunity

Technological developments are now providing access to vast amounts of unconventional resources in North American oil and gas reservoirs, with the potential for an extended period of production growth. Virtually unthinkable a few years ago, North America now has the opportunity to be a global leader in energy production, with many experts predicting North America could become energy self-sufficient over the coming decades.

To capture the heart of this significant North American production growth potential, NDP invests in energy producers, also known as the upstream portion of the energy value chain. While commodity prices will fluctuate, we believe the sector s volume growth potential provides an attractive long-term investment opportunity.

Targeted investment characteristics

NDP primarily invests in North American energy companies that engage in the exploration and production of crude oil, condensate, natural gas and natural gas liquids that generally have a significant presence in North American oil and gas fields, including shale reservoirs, and, to a lesser extent, in companies that provide associated transportation, processing and storage. The majority of NDP s investments will include upstream energy companies with the following targeted characteristics:

- Substantial acreage positions in premier North American oil and gas fields
- Production volume growth potential over many years
- High quality, financially disciplined management teams
- Total return potential through a combination of current income and capital appreciation

We also intend to write (sell) out-of-the-money covered call options on companies that meet our investment thresholds, seeking to mitigate portfolio risk, increase current income and enhance long-term total return potential across economic cycles.

Portfolio statistics at Nov. 30, 2012 (unaudited)

December 31, 2012

Dear Fellow Stockholders,

We continue to be optimistic about Tortoise Energy Independence Fund s strategy of investing in oil and gas production companies that are leading the charge to North American energy independence. New technologies for extracting oil and natural gas have enabled more efficient production, greater drilling success and faster drilling times. We believe these advances lay the groundwork for a decades-plus opportunity.

However, the upstream portion of the energy value chain does bring with it the potential for greater short-term volatility. Such was the case during the fund s first fiscal period ending Nov. 30, 2012, as the markets contended with challenges ranging from slowing global economic growth and geopolitical concerns to a contentious U.S. presidential election. Despite the attendant volatility, production visibility is healthy, drilling activity is strong and new frontiers for development offer additional growth opportunities, which we believe bodes well for the fund s long-term opportunity.

Energy sector review and outlook

Despite macro uncertainties and the transitory headwinds facing the energy sector in 2012, there were many positives at work during the year. To grasp the speed of production growth, consider that in 2008, crude oil production in the U.S. was approximately 5 million barrels per day. Today, U.S. crude oil production stands at more than 6.5 million barrels per day, a figure that is expected to grow to the extent that by 2020, the U.S. stands to be not only energy self-sufficient, but also the second-largest oil producer in the world.

Looking nearer term, as of the end of the third quarter, crude oil production in the onshore lower 48 states was up 21 percent year-over-year and is being generated primarily in the middle of the country in the Permian Basin, the Eagle Ford shale and the Bakken shale. We anticipate a total of $122 billion in capital investment in upstream in 2012 alone, and a total of $4.3 trillion in capital investment is expected by 2035.

Increased energy production in the U.S. is an exciting and promising event, providing a potential boost for the economy along with other benefits for Americans, such as creating jobs, generating federal, state and local tax revenues and improving national security. These advances and optimism about the future of energy in America have not been overlooked by investors who understand the potential growth for exploration and production companies in the years ahead, despite near-term volatility.

Fund highlights and outlook

Following our July launch, we achieved some important milestones, including the investment of initial equity and leverage proceeds in less than two months after launch, with the majority of our portfolio invested in North American oil and gas producers. In addition, we paid the fund s initial distribution of $0.4375 per common share ($1.75 annualized) to our stockholders on Nov. 30, 2012. This represented an annualized yield of 7.0 percent based on our initial public offering price of $25.00 (7.8 percent based on our fiscal-year closing price of $22.33), providing what we believe to be attractive current income as investors get a front-row seat as the North American energy independence theme takes off. For tax purposes, distributions to stockholders for 2012 were 21 percent qualified dividend income, 68 percent ordinary dividend income and 11 percent return of capital.

We believe we are in the early stages of a significant transformation of North American energy. However, the upstream portion of the energy value chain does have the potential for greater short-term volatility. We experienced this toward the end of the fund s fiscal period, which impacted NDP s return on NAV. However, the NDP stock price has declined more than we would expect, resulting in NDP trading at a discount to its net asset value.

We ended our fiscal year with leverage (including bank debt), at 11.7 percent of total assets, within our long-term target of 10 to 15 percent. This provides us flexibility in managing the portfolio during market cycles and allows us to add leverage when compelling opportunities arise. As of Nov. 30, 2012, our leverage had a weighted average cost of 1.1 percent, consistent with our strategy of maintaining floating-rate leverage given our relatively low target levels.

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

Conclusion

We continue to be encouraged and optimistic about the energy sector and the potential for U.S. energy independence. We believe NDP is well-positioned with an investment strategy that seeks exposure to North American production growth and we look forward to serving you as your professional investment adviser in navigating the course ahead.

Sincerely,

The Managing Directors
Tortoise Capital Advisors, L.L.C.
The adviser to Tortoise Energy Independence Fund, Inc.

(Unaudited)

Key Financial Data (supplemental unaudited information)
(dollar amounts in thousands unless otherwise indicated)

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

	Period from July 31, 2012[1] through November 30, 2012
Total Income from Investments	
Distributions received from investments	$ 3,771
Less foreign withholding taxes	(143)
Dividends paid in stock	382
Net premiums on options written	4,089
Interest and dividend income	31
Total from investments	8,130
Operating Expenses Before Leverage Costs	
Advisory fees, net of fees waived	1,151
Other operating expenses	222
	1,373
Distributable cash flow before leverage costs	6,757
Leverage costs[2]	114
Distributable Cash Flow[3]	$ 6,643
Net realized gain on investments and foreign currency translation, for the period	$ 2,197
As a percent of average total assets[4]	
Total from investments	N/M
Operating expenses before leverage costs	1.14%
Distributable cash flow before leverage costs	N/M
As a percent of average net assets[4]	
Total from investments	N/M
Operating expenses before leverage costs	1.22%
Leverage costs	N/M
Distributable cash flow	N/M
Selected Financial Information	
Distributions paid on common stock	$ 6,346
Distributions paid on common stock per share	0.4375
Total assets, end of period	418,914
Average total assets during period[5]	359,641
Leverage[6]	49,000
Leverage as a percent of total assets	11.7%
Net unrealized depreciation, end of period	(15,351)
Net assets, end of period	329,676
Average net assets during period[7]	334,232
Net asset value per common share	22.73
Market value per common share	22.33
Shares outstanding	14,504,200

(1) Commencement of operations.
(2) Leverage costs include interest expense and other recurring leverage expenses.
(3) Net investment income on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow (DCF): increased by net premiums on options written, the return of capital on MLP distributions, and the value of paid-in-kind distributions.
(4) Annualized. Certain of the ratios for the period are not meaningful due to partial investment of initial offering and leverage proceeds.
(5) Computed by averaging month-end values within the period.
(6) Leverage consists of short-term borrowings.
(7) Computed by averaging daily net assets for the period.

Management s Discussion (unaudited)

The information contained in this section should be read in conjunction with our Financial Statements and the Notes thereto. In addition, this report contains certain forward-looking statements. These statements include the plans and objectives of management for future operations and financial objectives and can be identified by the use of forward-looking terminology such as may, will, expect, intend, anticipate, estimate, or continue or the negative thereof or other variations thereon or comparab 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.

Introduction

We include the Management s Discussion section in each quarterly report to provide insight into the results of operations, including comparative information to prior periods and trends. In addition, we include a Key Financial Data page which provides quarterly and annual detail of our distributable cash flow (DCF) and other important metrics, including leverage and selected operating ratios. We hope that you find this discussion and financial data a useful supplement to the GAAP financial information included in this report. The Key Financial Data page in this report reflects information from July 31, 2012 (commencement of operations) through fiscal year end November 30, 2012.

Overview

Tortoise Energy Independence Fund, Inc. s (NDP) primary investment objective is to provide a high level of total return, with an emphasis on current distributions. We seek to provide stockholders an efficient vehicle to invest in a portfolio consisting primarily of equity securities of companies that provide access to North American oil and gas production growth, which supports North American energy independence through reduced reliance on foreign energy sources. We focus primarily on North American energy companies that engage in the exploration and production of crude oil, condensate, natural gas and natural gas liquids (NGLs) that generally have a strong presence in North American oil and gas reservoirs, including shale, and, to a lesser extent, on companies that provide associated transportation, processing, storage, servicing and equipment. We also seek to provide current income from gains earned through a covered call option strategy, which consists of writing (selling) call options on selected equity securities in our portfolio.

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

Company update

The initial proceeds from the IPO, exercise of the over-allotment and from leverage were fully invested by the end of September. We declared our initial distribution of $0.4375 on September 5, 2012, which was paid on November 30, 2012. This distribution reflects full investment of our IPO and leverage proceeds and equates to a 7.0 percent yield on the IPO purchase price. Additional information on these events and results of our operations are discussed below.

Critical accounting policies

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

Determining distributions to stockholders

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

Determining DCF

DCF is income from investments less expenses. Income from investments includes the amount we receive as cash or paid-in-kind distributions from common stock, MLPs or affiliates of MLPs in which we invest and dividend payments on short-term investments we own. Income also includes

Management s Discussion (unaudited)
(continued)

the premiums received from sales of covered call options, net of amounts paid to buy back out of the money options. The total expenses include current or anticipated operating expenses and leverage costs.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) GAAP recognizes 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; (2) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (3) net premiums on options written (premiums received less amounts paid to buy back out of the money options) with expiration dates during our fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses). A reconciliation of Net Investment Income to DCF is included below.

Income from investments

We seek to achieve our investment objectives by investing in a portfolio consisting primarily of equity securities of companies that provide access to North American oil and gas production growth. We evaluate each holding based upon its contribution to our investment income and its risk relative to other potential investments.

We focus primarily on North American energy companies that engage in the exploration and production of crude oil, condensate, natural gas and NGLs that generally have a strong presence in North American oil and gas reservoirs, including shale.

We also seek to provide current income from gains earned through a covered call option strategy, which consists of writing (selling) call options on selected equity securities in our portfolio.

Total distributions received from our investments and option strategy for the period from inception through November 30, 2012 was approximately $8.1 million. This reflects earnings on our investments of $4.0 million and net premiums on options written of approximately $4.1 million.

Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee; and (2) leverage costs. On a percentage basis, operating expenses before leverage costs were an annualized 1.14 percent of average total assets for the period. While the contractual advisory fee is 1.10 percent of average monthly managed assets, the Adviser has agreed to waive an amount equal to 0.15 percent of average monthly managed assets for years 1 and 2 and 0.10 percent of average monthly managed assets for years 3 and 4 following the closing of the initial public offering.

Leverage costs consist of the interest expense on our margin borrowing facility, which will vary from period to period as the facility has a variable interest rate. Detailed information on our margin borrowing facility is included in the Liquidity and Capital Resources section below. Total leverage costs for DCF purposes were approximately $114,000 for the period from inception through November 30, 2012.

The average annualized total cost of leverage was 1.15 percent as of November 30, 2012. Interest accrues on the margin facility at a rate equal to 1-month LIBOR plus 0.85 percent and unused balances are subject to a fee of 0.25 percent. The annual rate of leverage may vary in future periods as a result of changes in LIBOR and the utilization of our margin facility. Additional information on our leverage is disclosed below in Liquidity and Capital Resources and in our Notes to Financial Statements.

Distributable cash flow

For the period from inception through November 30, 2012, our DCF was approximately $6.6 million. In addition, we had net realized gains on investments of $2.2 million during the period.

We declared our initial distribution of $6.3 million for the period from inception through November 30, 2012. On a per share basis, we declared a $0.4375 per share distribution on September 4, 2012. This represents a full run-rate distribution and equates to a 7.0 percent yield on the $25 IPO price.

Net Investment Income on the Statement of Operations is adjusted as follows to reconcile to DCF for the period ended November 30, 2012 (in thousands):

	Period from inception through Nov. 30, 2012
Net Investment Income	$ 606
Adjustments to reconcile to DCF:	
Net premiums on options written	4,089
Distributions characterized as return of capital	1,566
Dividends paid in stock	382
DCF	$ 6,643

Management s Discussion (unaudited)
(continued)

Liquidity and capital resources

We had total assets of approximately $419 million at year-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and receivables and any expenses that may have been prepaid.

Total leverage outstanding at November 30, 2012 was $49.0 million, representing 11.7 percent of total assets. Our leverage as a percent of total assets is on the low end of our long-term target level of 10 to 15 percent of total assets. This allows the opportunity to add leverage when compelling investment opportunities arise. Temporary increases to up to 20 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 market values of our investments, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

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

Taxation of our distributions

We expect that distributions paid on common shares will generally consist of: (i) investment company taxable income (ICTI) which includes ordinary income net of deductions plus any short-term capital gains in excess of net long-term capital losses (under current law, distributions of ICTI may be designated as qualified dividend income (QDI) to the extent of any qualifying dividend income received from NDP s investments in common stocks); (ii) long-term capital gain (net gain from the sale of a capital asset held longer than 12 months over net short-term capital losses) and (iii) return of capital. The 15 percent QDI and long-term capital gain tax rates are currently effective through 2012. As a result of legislative changes, starting in 2013, the QDI and long-term capital gain tax rates are variable based on the taxpayer s taxable income.

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

For tax purposes, distributions paid to common stockholders for the calendar year ended December 31, 2012 were approximately 21 percent qualified dividend income, 68 percent ordinary dividend income, and 11 percent return of capital. A holder of our common stock would reduce their cost basis for income tax purposes by the amount designated as return of capital. This information is reported to stockholders on Form 1099-DIV and is available on our Web site at www.tortoiseadvisors.com.

Schedule of Investments
November 30, 2012

	Shares		Fair Value
Common Stock 81.0%(1)			
Natural Gas Pipelines 4.9%(1)			
United States 4.9%(1)			
EQT Corporation	138,100	$	8,294,286
National Fuel Gas Company	153,400		7,989,072
			16,283,358
Oil and Gas Production 76.1%(1)			
Canada 15.0%(1)			
ARC Resources Ltd.	334,600		8,380,579
Baytex Energy Corp.(2)	87,800		3,878,126
Canadian Natural Resources Limited(3)	258,300		7,358,967
Crescent Point Energy Corp.	285,700		11,219,768
Encana Corporation(3)	177,700		3,872,083
Enerplus Corporation(2)	275,800		3,662,624
Penn West Petroleum Ltd.(2)	266,400		2,941,056
Suncor Energy Inc.(2)	247,100		8,057,931
The Netherlands 2.3%(1)			
Royal Dutch Shell plc (ADR)(2)	114,500		7,668,065
United Kingdom 2.5%(1)			
BP p.l.c. (ADR)(2)	192,800		8,051,328
United States 56.3%(1)			
Anadarko Petroleum Corporation(3)	226,900		16,606,811
Apache Corporation(3)	176,600		13,614,094
Cabot Oil & Gas Corporation(3)	90,800		4,276,680
Chesapeake Energy Corporation(3)	201,600		3,433,248
Chevron Corporation(2)	70,400		7,440,576
Concho Resources Inc.(3)(4)	83,400		6,693,684
ConocoPhillips(2)	138,700		7,897,578
Continental Resources, Inc.(3)(4)	153,600		10,552,320
Denbury Resources Inc.(4)	712,400		10,992,332
Devon Energy Corporation(3)	200,000		10,334,000
Energen Corporation(2)	145,100		6,461,303
EOG Resources, Inc.(3)	106,400		12,514,768
Hess Corporation(3)	74,900		3,715,789
Marathon Oil Corporation(3)	276,200		8,520,770
Newfield Exploration Company(3)(4)	120,100		2,923,234
Occidental Petroleum Corporation(3)	223,300		16,794,393
Pioneer Natural Resources Company(3)	154,900		16,574,300
QEP Resources, Inc.	130,100		3,658,412
Range Resources Corporation(3)	179,700		11,504,394
Southwestern Energy Company(3)(4)	120,800		4,192,968
Whiting Petroleum Corporation(3)(4)	167,500		7,024,950
			250,817,131
Total Common Stock (Cost $281,955,569)			267,100,489
Master Limited Partnerships and Related Companies 34.1%(1)			
Crude/Refined Products Pipelines 10.5%(1)			
United States 10.5%(1)			
Enbridge Energy Management, L.L.C.(2)(5)	389,578		11,492,540
Kinder Morgan Management, LLC(2)(5)	134,553		10,212,589
Magellan Midstream Partners, L.P.(2)	75,000		3,336,000
MPLX LP(2)	117,232		3,383,316

Plains All American Pipeline, L.P.[2]	134,000	6,241,720
		34,666,165
Natural Gas/Natural Gas Liquids Pipelines 7.6%[1]		
United States 7.6%[1]		
Energy Transfer Partners, L.P.[2]	180,800	7,935,312
Enterprise Products Partners L.P.[2]	110,200	5,711,666
Regency Energy Partners LP[2]	252,300	5,643,951
Williams Partners L.P.[2]	113,600	5,783,376
		25,074,305
Natural Gas Gathering/Processing 2.9%[1]		
United States 2.9%[1]		
DCP Midstream Partners, LP[2]	135,300	5,666,364
Southcross Energy Partners, L.P.[2]	45,076	1,058,385
Targa Resources Partners LP[2]	74,800	2,817,716
		9,542,465

See accompanying Notes to Financial Statements.

Schedule of Investments (continued)

November 30, 2012

	Shares	Fair Value
Oil and Gas Production 13.1%[(1)]		
United States 13.1%[(1)]		
BreitBurn Energy Partners L.P.[(2)]	312,900	$ 5,782,392
EV Energy Partners, L.P.[(2)]	131,862	8,004,023
Legacy Reserves, L.P.[(2)]	280,373	6,897,176
Linn Energy, L.L.C.[(2)]	245,000	9,709,350
Pioneer Southwest Energy Partners L.P.[(2)]	307,700	6,990,944
Vanguard Natural Resources, LLC[(2)]	212,100	5,879,412
		43,263,297
Total Master Limited Partnerships and Related Companies (Cost $113,825,947)		112,546,232
Short-Term Investment 0.1%[(1)]		
United States Investment Company 0.1%[(1)]		
Fidelity Institutional Money Market Portfolio Class I, 0.14%[(6)] (Cost $111,963)	111,963	111,963
Total Investments 115.2%[(1)] (Cost $395,893,479)		379,758,684
Total Value of Options Written (Premiums received $1,532,136) (0.2%)[(1)]		(748,365)
Other Assets and Liabilities (15.0%)[(1)]		(49,334,330)
Total Net Assets Applicable to Common Stockholders 100.0%[(1)]		$ 329,675,989

(1) Calculated as a percentage of net assets applicable to common stockholders.
(2) All or a portion of the security is segregated as collateral for the margin borrowing facility. See Note 10 to the financial statements for further disclosure.
(3) All or a portion of the security represents cover for outstanding call option contracts written.
(4) Non-income producing security.
(5) Security distributions are paid-in-kind.
(6) Rate indicated is the current yield as of November 30, 2012.
Key to abbreviation
ADR = American Depository Receipts

See accompanying Notes to Financial Statements.

Schedule of Options Written

November 30, 2012

Call Options Written	Expiration Date	Strike Price	Contracts	Fair Value
Anadarko Petroleum Corporation	December 2012	$ 77.50	1,836	$ (82,620)
Apache Corporation	December 2012	85.00	1,550	(20,150)
Cabot Oil & Gas Corporation	December 2012	55.00	818	(4,090)
Canadian Natural Resources Limited	December 2012	30.00	2,376	(47,520)
Chesapeake Energy Corporation	December 2012	19.00	2,016	(18,144)
Concho Resources Inc.	December 2012	90.00	788	(19,700)
Continental Resources, Inc.	December 2012	75.00	1,467	(80,685)
Devon Energy Corporation	December 2012	57.50	818	(2,454)
Encana Corporation	December 2012	23.00	1,726	(27,616)
EOG Resources, Inc.	December 2012	125.00	1,064	(61,712)
Hess Corporation	December 2012	55.00	707	(11,312)
Marathon Oil Corporation	December 2012	33.00	2,571	(17,997)
Newfield Exploration Company	December 2012	27.00	1,201	(12,010)
Occidental Petroleum Corporation	December 2012	80.00	2,233	(40,194)
Pioneer Natural Resources Company	December 2012	110.00	1,160	(220,400)
Pioneer Natural Resources Company	December 2012	115.00	323	(26,486)
Range Resources Corporation	December 2012	72.50	1,797	(26,955)
Southwestern Energy Company	December 2012	37.00	308	(7,700)
Southwestern Energy Company	December 2012	38.00	900	(8,100)
Whiting Petroleum Corporation	December 2012	50.00	1,252	(12,520)
Total Value of Call Options Written (Premiums received $1,532,136)				$ (748,365)

See accompanying Notes to Financial Statements.

Statement of Assets & Liabilities

November 30, 2012

Assets		
Investments at fair value (cost $395,893,479)	$	379,758,684
Receivable for Adviser fee waiver		97,436
Dividends and distributions receivable		614,830
Receivable for investments sold		38,419,154
Prepaid expenses and other assets		23,507
Total assets		418,913,611
Liabilities		
Options written, at fair value (premiums received $1,532,136)		748,365
Payable to Adviser		714,527
Payable for investments purchased		38,448,633
Distribution payable to common stockholders		204,627
Accrued expenses and other liabilities		121,470
Short-term borrowings		49,000,000
Total liabilities		89,237,622
Net assets applicable to common stockholders	$	329,675,989
Net Assets Applicable to Common Stockholders Consist of:		
Capital stock, $0.001 par value; 14,504,200 shares issued and outstanding (100,000,000 shares authorized)	$	14,504
Additional paid-in capital		344,844,950
Undistributed net investment income		194,667
Accumulated net realized loss		(26,956)
Net unrealized depreciation		(15,351,176)
Net assets applicable to common stockholders	$	329,675,989
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	$	22.73

Statement of Operations

Period from July 31, 2012[(1)] through Nov. 30, 2012

Investment Income		
Distributions from master limited partnerships	$	1,949,738
Less return of capital on distributions		(1,566,120)
Net distributions from master limited partnerships		383,618
Dividends from common stock (net of foreign taxes withheld of $142,767)		1,679,060
Dividends from money market mutual funds		30,510
Total Investment Income		2,093,188
Operating Expenses		
Advisory fees		1,332,484
Professional fees		74,583
Administrator fees		48,454
Stockholder communication expenses		22,866
Directors fees		18,900
Fund accounting fees		18,446
Custodian fees and expenses		13,910
Registration fees		8,384
Stock transfer agent fees		5,075

Other operating expenses	11,523
Total Operating Expenses	1,554,625
Leverage Expenses	
Interest expense	114,013
Total Expenses	1,668,638
Less fees waived by Adviser	(181,702)
Net Expenses	1,486,936
Net Investment Income	606,252
Realized and Unrealized Gains (Losses)	
Net realized gain on investments, including foreign currency gain (loss)	2,193,798
Net realized gain on options	3,007,139
Net realized gain on foreign currency and translation of other assets and liabilities denominated in foreign currency	2,788
Net realized gain	5,203,725
Net unrealized depreciation of investments, including foreign currency gain (loss)	(16,134,795)
Net unrealized appreciation of options	783,771
Net unrealized depreciation of other assets and liabilities due to foreign currency translation	(152)
Net unrealized depreciation	(15,351,176)
Net Realized and Unrealized Losses	(10,147,451)
Net Decrease in Net Assets Applicable to Common Stockholders Resulting from Operations	$ (9,541,199)

(1) Commencement of Operations.

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

Period from July 31, 2012[(1)] through November 30, 2012

Operations	
Net investment income	$ 606,252
Net realized gain	5,203,725
Net unrealized depreciation	(15,351,176)
Net decrease in net assets applicable to common stockholders resulting from operations	(9,541,199)
Distributions to Common Stockholders	
Net investment income	(430,049)
Net realized gain	(5,212,217)
Return of capital	(703,321)
Total distributions to common stockholders	(6,345,587)
Capital Stock Transactions	
Proceeds from initial public offering of 14,500,000 common shares	362,500,000
Underwriting discounts and offering expenses associated with the issuance of common stock	(17,037,500)
Net increase in net assets applicable to common stockholders from capital stock transactions	345,462,500
Total increase in net assets applicable to common stockholders	329,575,714
Net Assets	
Beginning of period	100,275
End of period	$ 329,675,989
Undistributed net investment income, end of period	$ 194,667

(1) Commencement of Operations.

See accompanying Notes to Financial Statements.

Statement of Cash Flows

Period from July 31, 2012[1] through November 30, 2012

Cash Flows From Operating Activities		
Distributions received from master limited partnerships	$	1,906,788
Dividend income received		1,140,326
Purchases of long-term investments		(400,767,316)
Proceeds from sales of long-term investments		5,642,956
Purchases of short-term investments, net		(111,963)
Call options written, net		4,539,275
Interest expense paid		(112,453)
Operating expenses paid		(659,428)
Net cash used in operating activities		(388,421,815)
Cash Flows From Financing Activities		
Advances from margin loan facility		56,700,000
Repayments on margin loan facility		(7,700,000)
Issuance of common stock		362,500,000
Common stock issuance costs		(17,037,500)
Distributions paid to common stockholders		(6,140,960)
Net cash provided by financing activities		388,321,540
Net change in cash		(100,275)
Cash beginning of period		100,275
Cash end of period	$	
Reconciliation of net decrease in net assets applicable to common stockholders resulting from operations to net cash used in operating activities		
Net decrease in net assets applicable to common stockholders resulting from operations	$	(9,541,199)
Adjustments to reconcile net decrease in net assets applicable to common stockholders resulting from operations to net cash used in operating activities:		
Purchases of long-term investments		(439,215,949)
Proceeds from sales of long-term investments		44,062,110
Purchases of short-term investments, net		(111,963)
Call options written, net		4,539,275
Return of capital on distributions received		1,566,120
Net unrealized depreciation		15,351,176
Net realized gain		(5,203,725)
Changes in operating assets and liabilities:		
Increase in dividends and distributions receivable		(612,194)
Increase in prepaid expenses and other assets		(23,507)
Increase in receivable for investments sold		(38,419,154)
Increase in payable for investments purchased		38,448,633
Increase in payable to Adviser, net of fees waived		617,091
Increase in accrued expenses and other liabilities		121,471
Total adjustments		(378,880,616)
Net cash used in operating activities	$	(388,421,815)

(1) Commencement of Operations.

See accompanying Notes to Financial Statements.

Financial Highlights

Period from July 31, 2012[1] through November 30, 2012

Per Common Share Data[2]		
Public offering price	$	25.00
Income from Investment Operations		
Net investment income		0.04
Net realized and unrealized loss		(0.65)
Total income from investment operations		(0.61)
Distributions to Common Stockholders		
Net investment income		(0.03)
Net realized gain		(0.36)
Return of capital		(0.05)
Total distributions to common stockholders		(0.44)
Underwriting discounts and offering costs on issuance of common stock[3]		(1.22)
Net Asset Value, end of period	$22.73	
Per common share market value, end of period	$22.33	
Total Investment Return Based on Market Value[4]		(8.89)%
Supplemental Data and Ratios		
Net assets applicable to common stockholders, end of period (000 s)	$	329,676
Average net assets (000 s)	$	334,232
Ratio of Expenses to Average Net Assets[5]		
Advisory fees		1.18%
Other operating expenses		0.20
Fee waiver		(0.16)
Subtotal		1.22
Leverage expenses		0.10
Total expenses		1.32%
Ratio of net investment income to average net assets before fee waiver[5]		0.38%
Ratio of net investment income to average net assets after fee waiver[5]		0.54%
Portfolio turnover rate		15.68%
Short-term borrowings, end of period (000 s)	$	49,000
Asset coverage, per $1,000 of principal amount of short-term borrowings[6]	$	7,728
Asset coverage ratio of short-term borrowings[6]		773%

(1) Commencement of Operations.
(2) Information presented relates to a share of common stock outstanding for the entire period.
(3) Represents the dilution per common share from underwriting and other offering costs for the period from July 31, 2012 through November 30, 2012.
(4) Not annualized. Total investment return is calculated assuming a purchase of common stock at the 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) Annualized.
(6) Represents value of total assets less all liabilities and indebtedness not represented by short-term borrowings at the end of the period divided by short-term borrowings outstanding at the end of the period.

See accompanying Notes to Financial Statements.

Notes to Financial Statements

November 30, 2012

1. Organization

Tortoise Energy Independence Fund, Inc. (the Company) was organized as a Maryland corporation on April 11, 2012, and is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Company s primary investment objective is to provide a high level of total return, with an emphasis on current distributions. The Company seeks to provide its stockholders an efficient vehicle to invest in a portfolio consisting primarily of equity securities of North American energy companies. The Company commenced operations on July 31, 2012. The Company s stock is listed on the New York Stock Exchange under the symbol NDP.

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 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 of the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ will be valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security will be valued at the mean between the last bid price and last ask price on such day.

The Company may invest up to 30 percent of its total assets in unregistered or otherwise restricted securities. Restricted securities are subject to statutory or contractual restrictions on their public resale, which may make it more difficult to obtain a valuation and may limit the Company s ability to dispose of them. Investments in restricted securities and other securities for which market quotations are not readily available will be valued in good faith by using fair value procedures approved by the Board of Directors. Such fair value procedures consider factors such as discounts to publicly traded issues, time until conversion date, securities with similar yields, quality, type of issue, coupon, duration and rating. If events occur that will affect the value of the Company s portfolio securities before the net asset value has been calculated (a significant event), the portfolio securities so affected will generally be priced using fair value procedures. The Company did not hold any restricted securities at November 30, 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.

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

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

C. Security transactions and investment income

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

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

D. Foreign currency translation

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

Notes to Financial Statements (continued)

E. Distributions to stockholders

Distributions to common stockholders are recorded on the ex-dividend date. The Company intends to make quarterly cash distributions of its investment company taxable income to common stockholders. In addition, on an annual basis, the Company may distribute additional capital gains in the last calendar quarter if necessary to meet minimum distribution requirements and thus avoid being subject to excise taxes. The amount of any distributions will be determined by the Board of Directors. The character of distributions to common stockholders made during the year may differ from their ultimate characterization for federal income tax purposes. Distributions paid to stockholders in excess of investment company taxable income and net realized gains will be treated as return of capital to stockholders.

F. Federal income taxation

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

The Company recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained upon examination by the tax authorities based on the technical merits of the tax position. The Company s policy is to record interest and penalties on uncertain tax positions as part of tax expense. The Company has reviewed all open tax years and major jurisdictions and concluded that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on a tax return. All tax years since inception remain open to examination by federal and state tax authorities.

G. Offering 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 commissions) of $725,000 related to the issuance of common stock in the initial public offering were recorded to additional paid-in capital during the period ended November 30, 2012.

H. Derivative financial instruments

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

I. Indemnifications

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

J. Recent accounting pronouncements

In 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.

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.

Notes to Financial Statements (continued)

3. Concentration of risk

Under normal circumstances, the Company will have at least 80 percent of its total assets (including any assets obtained through leverage) in equity securities of North American energy companies, including at least 70 percent of its total assets in equity securities of upstream energy companies. The Company considers a company to be a North American energy company if (i) it is organized under the laws of, or maintains its principal place of business in, North America and (ii) at least 50 percent of its assets, cash flow or revenue is associated with the exploration, development, drilling, completion or production of crude oil, condensate, natural gas and natural gas liquids (NGLs), or that provide associated transportation, processing, equipment, storage, and servicing. The Company considers a company to be an upstream energy company if (i) at least 50 percent of its assets, cash flow or revenue is associated with the exploration, development, drilling, completion or production of crude oil, condensate, natural gas and NGLs or (ii) its business is related to energy production or refining as defined by the Standard Industrial Classification (SIC) system. The Company may invest up to 30 percent of its total assets in restricted securities, primarily through direct investments in securities of listed companies. The Company may also invest up to 25 percent of its total assets in securities of MLPs. The Company will not invest in privately-held companies.

4. Agreements

The Company has entered into an Investment Advisory Agreement with the Adviser. Under the terms of the Agreement, the Company pays the Adviser a fee equal to an annual rate of 1.10 percent of the Company s average monthly total assets (including any assets attributable to leverage) minus accrued liabilities (other than debt entered into for purposes of leverage and the aggregate liquidation preference of outstanding preferred stock, if any) (Managed Assets), in exchange for the investment advisory services provided. The Adviser has contractually agreed to waive fees in an amount equal to an annual rate of 0.15 percent of the Company s average monthly Managed Assets for the first year following the commencement of operations, 0.15 percent of average monthly Managed Assets for the second year following the commencement of operations, 0.10 percent of average monthly Managed Assets for the third year following the commencement of operations and 0.10 percent of average monthly Managed Assets for the fourth year following the commencement of operations.

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 average daily market value of the Company s domestic assets and 0.015 percent of the average daily market value of the Company s Canadian Dollar-denominated assets, plus portfolio transaction fees.

5. Income taxes

It is the Company s intention to continue to qualify as a regulated investment company under Subchapter M of the 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 resulted in the reclassification of $721,785 to undistributed net investment income, $(18,464) to accumulated net realized loss and $(703,321) to additional paid-in capital.

The tax character of distributions paid to common stockholders during the period from July 31, 2012 (commencement of operations) through November 30, 2012 was as follows:

Ordinary income*	$ 5,437,639
Return of capital	703,321
Total distributions	$ 6,140,960

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

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

Unrealized depreciation	$ (15,007,217)
Other temporary differences	(176,248)
Accumulated deficit	$ (15,183,465)

Notes to Financial Statements (continued)

As of November 30, 2012, the aggregate cost of securities for federal income tax purposes was $395,549,520. The aggregate gross unrealized appreciation for all securities in which there was an excess of fair value over tax cost was $5,421,394, the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over fair value was $21,212,230 and the net unrealized depreciation was $15,790,836.

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 November 30, 2012. These assets and liabilities are measured on a recurring basis.

Description	**Fair Value at November 30, 2012**	**Level 1**	**Level 2**	**Level 3**
Assets				
Equity Securities:				
Common Stock[(a)]	$			