

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
THE CUSHING ROYALTY ENERGY INCOME FUND		37-1694790	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
ANGELA A. TER MAAT	414-287-3013	angela.termaat@usbank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
777 EAST WISCONSIN AVENUE 5TH FLOOR		MILWAUKEE, WISCONSIN, 53202	
8 Date of action		9 Classification and description	
10/18/12		NONTAXABLE RETURN OF CAPITAL DISTRIBUTION	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
23162P605		CURZX	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **THE CUSHING ROYALTY ENERGY INCOME FUND PAID A NONTAXABLE RETURN OF CAPITAL DISTRIBUTION ON 07/23/12, 10/22/12 TO SHAREHOLDERS OF RECORD ON 07/19/12, 10/18/12. THE ESTIMATED PERCENT OF THE NONTAXABLE RETURN OF CAPITAL DISTRIBUTION PAID TO SHAREHOLDERS ON 07/19/12, 10/18/12 IS 100 PERCENT OF THE TOTAL AMOUNT OF DIVIDEND.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **THE TOTAL NONTAXABLE RETURN OF CAPITAL PORTION OF THE DIVIDEND PAID TO SHAREHOLDERS OF RECORD ON 07/19/12, 10/18/12 WAS 0.4000 PER SHARE.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **THE BASIS OF SHAREHOLDERS OF RECORD ON 07/19/12, 10/18/12 IS LOWERED BY THE PER SHARE AMOUNT OF .4000 REFERENCED ABOVE. THE RATE WAS DETERMINED IN ACCORDANCE WITH IRC SECTION 301 AND SECTION 316.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC 301,316

18 Can any resulting loss be recognized? ▶ **NO LOSS CAN BE RECOGNIZED BY THE SHAREHOLDERS OF RECORD ON 07/19/12, 10/18/12 FOR THE NONTAXABLE RETURN OF CAPITAL DISTRIBUTION RECEIVED.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **THE INFORMATION PROVIDED ABOVE WILL BE PROVIDED ON THE SHAREHOLDERS 2012 1099 DIV STATEMENT BOX 3.**

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 10/18/12
Print your name ▶ John Alban Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

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777 EAST WISCONSIN AVENUE 5TH FLOOR		MILWAUKEE, WISCONSIN, 53202	
8 Date of action		9 Classification and description	
10/18/12		NONTAXABLE RETURN OF CAPITAL DISTRIBUTION	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
23162P407		CURAX	

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Part II Organizational Action (continued)

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Sign Here
Signature ▶ *[Signature]* Date ▶ *10/18/12*
Print your name ▶ *John Alban* Title ▶ *CFO*

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.