

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)	
SALIENT MIDSTREAM & MLP FUND		45-4968620	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
SALIENT PARTNERS, LP	1-800-809-0525	mlpinfo@salientpartners.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	
3435 STELZER ROAD		COLUMBUS, OH 43219	
8 Date of action		9 Classification and description	
12/03/2012		REGULATED INVESTMENT COMPANY (RIC) SHARES	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
79471V105	NA	SMM	NA

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 SALIENT MIDSTREAM & MLP FUND (THE "FUND") PAID ITS QUARTERLY DISTRIBUTION OF \$0.33 PER SHARE ON 12/03/2012 TO STOCKHOLDERS OF RECORD ON 11/19/2012. THE FUND ESTIMATES 100% OF THIS DISTRIBUTION WILL BE TREATED AS A RETURN OF CAPITAL.

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 FUND ESTIMATES 100% OF THE \$0.33 PER SHARE DISTRIBUTION TO BE A RETURN OF CAPITAL.

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 EACH STOCKHOLDER OF RECORD ON 11/19/2012 SHALL BE REDUCED BY THE \$0.33 PER SHARE DISTRIBUTED ON 12/03/2012. THIS AMOUNT WAS DETERMINED IN ACCORDANCE WITH IRC SECTIONS 301 AND 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 SECTIONS 301 AND 316.

18 Can any resulting loss be recognized? ▶ A LOSS WOULD NOT BE RECOGNIZED AS PART OF THIS DISTRIBUTION. THE BASIS OF EACH STOCKHOLDER OF RECORD WOULD NEED TO BE ADJUSTED BY THE AMOUNT OF THE DISTRIBUTION WHICH WOULD AFFECT REALIZED GAIN OR LOSS RECOGNIZED ON THE DISPOSITION OF FUND SHARES.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE FINAL AMOUNT DETERMINED TO BE A RETURN OF CAPITAL SHALL BE REPORTED TO EACH STOCKHOLDER OF RECORD ON THEIR 2012 IRS FORM 1099-DIV.

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 ▶ _____

Paid Preparer Use Only	Print your name ▶ <u>JOHN E. PRICE</u>		Title ▶ <u>PRINCIPAL FINANCIAL OFFICER</u>	
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		Phone no.
	Firm's address ▶			