KELLOGG CO
Form 10-Q
August 07, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-4171

KELLOGG COMPANY

State of Incorporation Delaware IRS Employer Identification No.38-0710690

One Kellogg Square, P.O. Box 3599, Battle Creek, MI 49016-3599

Registrant s telephone number: 269-961-2000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or shorter period that the registrant was required to submit and post such files).

Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

Common Stock outstanding as of July 28, 2012 357,735,254 shares

Table of Contents

KELLOGG COMPANY

INDEX

Table of Contents

Part I FINANCIAL INFORMATION

Item 1. Financial Statements.

Kellogg Company and Subsidiaries

CONSOLIDATED BALANCE SHEET

(millions, except per share data)

	June 30, 2012	December 31, 2011
	(unaudited)	*
Current assets		
Cash and cash equivalents	$ **230**	$ 460
Accounts receivable, net	**1,420**	1,188
Inventories:		
Raw materials and supplies	**282**	247
Finished goods and materials in process	**953**	885
Deferred income taxes	**176**	149
Other prepaid assets	**150**	98
Total current assets	**3,211**	3,027
Property, net of accumulated depreciation of $4,976 and $4,847	**3,561**	3,281
Goodwill	**5,044**	3,623
Other intangibles, net of accumulated amortization of $49 and $49	**2,193**	1,454
Pension	**195**	150
Other assets	**436**	366
Total assets	$ **14,640**	$ 11,901
Current liabilities		
Current maturities of long-term debt	$ **1,518**	$ 761
Notes payable	**739**	234
Accounts payable	**1,226**	1,189
Accrued advertising and promotion	**486**	410
Accrued income taxes	**5**	66
Accrued salaries and wages	**215**	242
Other current liabilities	**417**	411
Total current liabilities	**4,606**	3,313
Long-term debt	**6,030**	5,037
Deferred income taxes	**644**	637
Pension liability	**595**	560
Nonpension postretirement benefits	**181**	188
Other liabilities	**431**	404
Commitments and contingencies		

Equity		
Common stock, $.25 par value	**105**	105
Capital in excess of par value	**541**	522
Retained earnings	**7,061**	6,721
Treasury stock, at cost	**(3,118)**	(3,130)
Accumulated other comprehensive income (loss)	**(2,438)**	(2,458)
Total Kellogg Company equity	**2,151**	1,760
Noncontrolling interests	**2**	2
Total equity	**2,153**	1,762
Total liabilities and equity	**$ 14,640**	$ 11,901

* Condensed from audited financial statements.
Refer to Notes to Consolidated Financial Statements.

Table of Contents

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

(millions, except per share data)

(Results are unaudited)	Quarter ended June 30, 2012	Quarter ended July 2, 2011	Year-to-date period ended June 30, 2012	Year-to-date period ended July 2, 2011
Net sales	**$ 3,474**	$ 3,386	**$ 6,914**	$ 6,871
Cost of goods sold	**2,060**	1,943	**4,129**	4,007
Selling, general and administrative expense	**929**	900	**1,765**	1,749
Operating profit	**485**	543	**1,020**	1,115
Interest expense	**89**	53	**122**	120
Other income (expense), net	**7**	(1)	**20**	(1)
Income before income taxes	**403**	489	**918**	994
Income taxes	**102**	147	**259**	287
Net income	**$ 301**	$ 342	**$ 659**	$ 707
Net income (loss) attributable to noncontrolling interests		(1)		(2)
Net income attributable to Kellogg Company	**$ 301**	$ 343	**$ 659**	$ 709
Per share amounts:				
Basic	**$ 0.84**	$ 0.94	**$ 1.85**	$ 1.95
Diluted	**$ 0.84**	$ 0.94	**$ 1.84**	$ 1.93
Dividends per share	**$ 0.430**	$ 0.405	**$ 0.860**	$ 0.810
Average shares outstanding:				
Basic	**357**	363	**357**	364
Diluted	**359**	366	**359**	367
Actual shares outstanding at period end			**358**	362

Refer to Notes to Consolidated Financial Statements.

4

Table of Contents

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(millions)

(Results are unaudited)	**Quarter ended June 30, 2012** Pre-tax amount	Tax (expense) benefit	After-tax amount	**Year-to-date period ended June 30, 2012** Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			**$ 301**			**$ 659**
Other comprehensive income:						
Foreign currency translation adjustments	**$ (123)**	**$**	**(123)**	**$ (28)**	**$ 2**	**(26)**
Cash flow hedges:						
Unrealized gain (loss) on cash flow hedges				**(8)**	**3**	**(5)**
Reclassification to net income	**5**	**(2)**	**3**	**9**	**(3)**	**6**
Postretirement and postemployment benefits:						
Amounts arising during the period:						
Net experience gain (loss)	**3**	**(2)**	**1**	**(16)**	**3**	**(13)**
Prior service credit (cost)	**1**		**1**			
Reclassification to net income:						
Net experience loss	**39**	**(13)**	**26**	**80**	**(27)**	**53**
Prior service cost	**3**	**(1)**	**2**	**7**	**(2)**	**5**
Other comprehensive income (loss)	**$ (72)**	**$ (18)**	**$ (90)**	**$ 44**	**$ (24)**	**$ 20**
Comprehensive income			**$ 211**			**$ 679**

(Results are unaudited)	Quarter ended July 2, 2011 Pre-tax amount	Tax (expense) benefit	After-tax amount	Year-to-date period ended July 2, 2011 Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			$ 342			$ 707
Other comprehensive income:						
Foreign currency translation adjustments	$ 34	$	34	$ 143	$	143
Cash flow hedges:						
Unrealized gain (loss) on cash flow hedges	(46)	16	(30)	(35)	12	(23)
Reclassification to net income	(3)	1	(2)	(11)	4	(7)
Postretirement and postemployment benefits:						
Amounts arising during the period:						
Net experience gain (loss)	(1)		(1)	(13)	4	(9)
Prior service credit (cost)				(1)		(1)
Reclassification to net income:						
Net experience loss	32	(11)	21	64	(22)	42
Prior service cost	3	(1)	2	6	(2)	4
Other comprehensive income (loss)	$ 19	$ 5	$ 24	$ 153	$ (4)	$ 149
Comprehensive income			$ 366			$ 856

Refer to notes to Consolidated Financial Statements.

Table of Contents

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF EQUITY

(millions)

(unaudited)	Common stock shares	Common stock amount	Capital in excess of par value	Retained earnings	Treasury stock shares	Treasury stock amount	Accumulated other comprehensive income (loss)	Total Kellogg Company equity	Non-controlling interests	Total equity	Total comprehensive income (loss)
Balance, January 1, 2011	419	$ 105	$ 495	$ 6,122	54	$ (2,650)	$ (1,914)	$ 2,158	$ (4)	$ 2,154	
Common stock repurchases					15	(793)		(793)		(793)	
Acquisition of noncontrolling interest			(8)					(8)	8		
Net income (loss)				1,231				1,231	(2)	1,229	$ 1,229
Dividends				(604)				(604)		(604)	
Other comprehensive loss							(544)	(544)		(544)	(544)
Stock compensation			26					26		26	
Stock options exercised and other			9	(28)	(7)	313		294		294	
Balance, December 31, 2011	419	$ 105	$ 522	$ 6,721	62	$ (3,130)	$ (2,458)	$ 1,760	$ 2	$ 1,762	$ 685
Common stock repurchases					1	(63)		(63)		(63)	
Net income				659				659		659	659
Dividends				(306)				(306)		(306)	
Other comprehensive income							20	20		20	20
Stock compensation			17					17		17	
Stock options exercised and other	1		2	(13)	(1)	75		64		64	
Balance, June 30, 2012	**420**	**$ 105**	**$ 541**	**$ 7,061**	**62**	**$ (3,118)**	**$ (2,438)**	**$ 2,151**	**$ 2**	**$ 2,153**	**$ 679**

Refer to Notes to Consolidated Financial Statements.

Table of Contents

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions)

	Year-to-date period ended	
(unaudited)	**June 30, 2012**	July 2, 2011
Operating activities		
Net income	**$ 659**	$ 707
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	**194**	175
Deferred income taxes	**(38)**	(1)
Other	**34**	25
Postretirement benefit plan contributions	**(32)**	(183)
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables	**(69)**	(285)
Inventories	**(2)**	39
Accounts payable	**32**	59
Accrued income taxes	**(21)**	122
Accrued interest expense	**(1)**	(18)
Accrued and prepaid advertising, promotion and trade allowances	**48**	6
Accrued salaries and wages	**(27)**	51
All other current assets and liabilities	**(97)**	(51)
Net cash provided by operating activities	**680**	646
Investing activities		
Additions to properties	**(155)**	(243)
Acquisitions, net of cash acquired	**(2,674)**	
Other	**6**	5
Net cash used in investing activities	**(2,823)**	(238)
Financing activities		
Net issuances of notes payable	**500**	687
Issuances of long-term debt	**1,727**	397
Reductions of long-term debt		(946)
Net issuances of common stock	**65**	249
Common stock repurchases	**(63)**	(518)
Cash dividends	**(306)**	(296)
Other	**(3)**	10
Net cash provided by (used in) financing activities	**1,920**	(417)
Effect of exchange rate changes on cash and cash equivalents	**(7)**	22
Increase (decrease) in cash and cash equivalents	**(230)**	13
Cash and cash equivalents at beginning of period	**460**	444
Cash and cash equivalents at end of period	**$ 230**	$ 457

Refer to Notes to Consolidated Financial Statements.

Table of Contents

Notes to Consolidated Financial Statements

for the quarter ended June 30, 2012 (unaudited)

Note 1 Accounting policies

Basis of presentation

The unaudited interim financial information of Kellogg Company (the Company) included in this report reflects normal recurring adjustments that management believes are necessary for a fair statement of the results of operations, comprehensive income, financial position, equity and cash flows for the periods presented. This interim information should be read in conjunction with the financial statements and accompanying footnotes within the Company s 2011 Annual Report on Form 10-K.

The condensed balance sheet data at December 31, 2011 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. The results of operations for the quarterly period ended June 30, 2012 are not necessarily indicative of the results to be expected for other interim periods or the full year.

New accounting standards

Presentation of Comprehensive Income. In June 2011, the Financial Accounting Standards Board (FASB) issued a new accounting standard requiring most entities to present items of net income and other comprehensive income either in one continuous statement referred to as the statement of comprehensive income or in two separate, but consecutive, statements of net income and comprehensive income. The update does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The new standard included a requirement to present reclassification adjustments out of accumulated other comprehensive income by component on the face of the financial statements. In December 2011, the reclassification requirement within the new standard was deferred until further guidance is issued on this topic. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and was adopted by the Company on a retrospective basis at the beginning of its 2012 fiscal year.

Goodwill impairment testing. In September 2011, the FASB issued an updated accounting standard to allow entities the option to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under the updated standard an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The updated standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 and will be adopted by the Company in connection with its annual goodwill impairment evaluation in the fourth quarter of 2012.

Note 2 Acquisitions, goodwill and other intangibles

Pringles® acquisition

On May 31, 2012, the Company completed its acquisition of the *Pringles®* business (Pringles) from The Procter & Gamble Company (P&G) for $2.695 billion, or $2.684 billion net of cash and cash equivalents, subject to certain purchase price adjustments. Through June 30, 2012, the net purchase price adjustments have resulted in a reduction of the purchase price by approximately $10 million. The purchase price, net of cash and cash equivalents, totals $2.674 billion. The acquisition was accounted for under the purchase method and was financed through a combination of cash on hand, and short-term and long-term debt. The assets and liabilities of Pringles are included in the Consolidated Balance Sheet as of June 30, 2012 and the results of the Pringles operations subsequent to the acquisition date are included in the Consolidated Statement of Income.

The acquired assets and assumed liabilities include the following:

Table of Contents

(millions)	May 31, 2012
Accounts receivable, net	$ 130
Inventories	103
Other prepaid assets	17
Property	330
Goodwill	1,419
Other intangibles:	
Definite-lived intangible assets	9
Brand	727
Other assets:	
Deferred income taxes	15
Other	13
Notes payable	(3)
Accounts payable	(9)
Other current liabilities	(28)
Other liabilities	(49)
	$ 2,674

Goodwill of $713 million is expected to be deductible for statutory tax purposes.

Goodwill is calculated as the excess of the purchase price over the fair value of the net assets recognized. The goodwill recorded as part of the acquisition primarily reflects the value of providing an established platform to leverage the Company s existing brands in the international snacks category, synergies expected to arise from the combined brand portfolios, as well as any intangible assets that do not qualify for separate recognition.

The above amounts represent the preliminary allocation of purchase price, which will include the allocation to reportable segments, and are subject to revision when appraisals are finalized, which is expected to occur during the remainder of 2012.

As part of the Pringles acquisition, we incurred $31 million in transaction fees and other integration-related costs in the second quarter of 2012 which are recorded in selling, general and administrative (SGA). In addition, we incurred $5 million in fees for a bridge financing facility which are recorded in other income (expense), net.

Pringles contributed net revenues of $119 million and net earnings of $7 million from June 1, 2012 through June 30, 2012. The unaudited pro forma combined historical second quarter and year-to-date results, as if Pringles had been acquired at the beginning of fiscal 2011 are estimated to be:

	Quarter ended		Year-to-date period ended	
(millions, except per share data)	**June 30, 2012**	July 02, 2011	June 30, 2012	July 02, 2011
Net sales	**$ 3,792**	$ 3,795	**$ 7,579**	$ 7,618
Net income	**$ 341**	$ 382	**$ 705**	$ 753
Net income (loss) attributable to noncontrolling interests		(1)		(2)
Net income attributable to Kellogg Company	**$ 341**	$ 383	**$ 705**	$ 755
Net earnings per share	**$ 0.95**	$ 1.05	**$ 1.96**	$ 2.06

Table of Contents

The pro forma results include transaction and bridge financing costs, interest expense on the debt issued to finance the acquisition, amortization of the definite lived intangible assets, and depreciation based on estimated fair value and useful lives. The pro forma results are not necessarily indicative of what actually would have occurred if the acquisition had been completed as of the beginning of 2011, nor are they necessarily indicative of future consolidated results.

Changes in the carrying amount of goodwill including the preliminary allocation of goodwill resulting from the Pringles acquisition to the Company s reportable segments for the quarter ended June 30, 2012 are presented in the following table.

Carrying amount of goodwill

(millions)	U.S. Morning Foods & Kashi	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Consolidated
December 31, 2011	$ 80	$ 3,257	$	$ 202	$ 57	$	$ 27	$ 3,623
Pringles goodwill	147	466	43	57	478	75	153	1,419
Currency translation adjustment					2			2
June 30, 2012	**$ 227**	**$ 3,723**	**$ 43**	**$ 259**	**$ 537**	**$ 75**	**$ 180**	**$ 5,044**

Intangible assets subject to amortization

(millions)

Gross carrying amount	U.S. Morning Foods & Kashi	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Consolidated
December 31, 2011	$ 33	$ 18	$	$	$ 2	$ 7	$	$ 60
Pringles customer relationships		3			5		1	9
June 30, 2012	**$ 33**	**$ 21**	**$**	**$**	**$ 7**	**$ 7**	**$ 1**	**$ 69**
Accumulated Amortization								
December 31, 2011	$ 31	$ 9	$	$	$ 2	$ 7	$	$ 49
Amortization								
June 30, 2012	**$ 31**	**$ 9**	**$**	**$**	**$ 2**	**$ 7**	**$**	**$ 49**
Intangible assets subject to amortization, net								
December 31, 2011	$ 2	$ 9	$	$	$	$	$	$ 11
Pringles customer relationships		3			5		1	9
June 30, 2012	**$ 2**	**$ 12**	**$**	**$**	**$ 5**	**$**	**$ 1**	**$ 20**

For intangible assets in the preceding table, amortization was less than $1 million for the current year-to-date period ended June 30, 2012, compared to $1 million for the prior year-to-date period ended July 2, 2011. The currently estimated aggregate annual amortization expense for full-year 2012 and each of the four succeeding fiscal years is approximately $2 million.

Intangible assets not subject to amortization

(millions)	U.S. Morning Foods & Kashi	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Consolidated
December 31, 2011	$ 158	$ 1,285	$	$	$	$	$	$ 1,443
Pringles brand		340			387			727
Currency translation adjustment					3			3
June 30, 2012	**$ 158**	**$ 1,625**	**$**	**$**	**$ 390**	**$**	**$**	**$ 2,173**

Table of Contents

Note 3 Exit or disposal activities

The Company views its continued spending on cost-reduction activities as part of its ongoing operating principles to provide greater visibility in achieving its long-term profit growth targets. Initiatives undertaken are expected to recover cash implementation costs within a five-year period of completion. Upon completion (or as each major stage is completed in the case of multi-year programs), the project begins to deliver cash savings and/or reduced depreciation.

Costs summary

During the quarter and year-to-date period ended June 30, 2012, the Company recorded $4 million of exit costs related to two ongoing programs which will result in cost of goods sold (COGS) and SGA expense savings. The costs included $2 million for severance in the U.S. Snacks reportable segment, $1 million for severance in the U.S. Morning Foods and Kashi reportable segment, and $1 million for asset write-offs in the European reportable segment. During the quarter ended July 2, 2011, the Company recorded $6 million for pension costs associated with exit or disposal activities in the U.S. Snacks reportable segment. During the year-to-date period ended July 2, 2011, the Company recorded $11 million of costs associated with exit or disposal activities. The costs included $6 million for pension costs, $4 million for severance and $1 million for asset write-offs. The costs impacted reportable segments, as follows (in millions): U.S. Snacks $6; and Europe $5. Based on forecasted exchange rates, the Company currently expects to incur an additional $3 million in exit costs for these programs in 2012.

For programs that are active as of June 30, 2012, total program costs incurred to date were $36 million and include $12 million for severance, $3 million for other cash costs including relocation of assets and employees, $17 million for pension costs and $4 million for asset write-offs. The costs impacted reportable segments as follows (in millions): U.S. Morning Foods and Kashi $1; U.S. Snacks $21; and Europe $14.

Refer to the footnotes within the Company s 2011 Annual Report on Form 10-K for further information on these initiatives.

Note 4 Equity

Earnings per share

Basic earnings per share is determined by dividing net income attributable to Kellogg Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is similarly determined, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued. Dilutive potential common shares consist principally of employee stock options issued by the Company, and to a lesser extent, certain contingently issuable performance shares. Basic earnings per share is reconciled to diluted earnings per share in the following table. The total number of anti-dilutive potential common shares excluded from the reconciliation were 17 million and 13 million for the quarter and year-to-date periods ended June 30, 2012, respectively, and 5 million and 8 million for the quarter and year-to-date periods ended July 2, 2011.

Quarters ended June 30, 2012 and July 2, 2011:

(millions, except per share data)	Net income attributable to Kellogg Company	Average shares outstanding	Earnings per share
2012			
Basic	**$301**	**357**	**$0.84**
Dilutive potential common shares		**2**	
Diluted	**$301**	**359**	**$0.84**
2011			
Basic	$343	363	$0.94
Dilutive potential common shares		3	
Diluted	$343	366	$0.94

Table of Contents

Year-to-date period ended June 30, 2012 and July 2, 2011:

(millions, except per share data)	Net income attributable to Kellogg Company	Average shares outstanding	Earnings per share
2012			
Basic	**$659**	**357**	**$1.85**
Dilutive potential common shares		**2**	**(0.01)**
Diluted	**$659**	**359**	**$1.84**
2011			
Basic	$709	364	$1.95
Dilutive potential common shares		3	(0.02)
Diluted	$709	367	$1.93

On April 23, 2010, the Company s board of directors authorized a $2.5 billion three-year share repurchase program for 2010 through 2012. During the year-to-date period ended June 30, 2012, the Company repurchased slightly more than 1 million shares of common stock for a total of $63 million. No common stock was repurchased during the second quarter of 2012. During the year-to-date period ended July 2, 2011, the Company repurchased approximately 9 million shares of common stock for a total of $513 million.

Comprehensive income

The Consolidated Statement of Comprehensive Income includes net income and all other changes in equity during a period except those resulting from investments by or distributions to shareholders. Other comprehensive income for all periods presented consists of foreign currency translation adjustments, fair value adjustments associated with cash flow hedges and adjustments for net experience losses and prior service cost related to employee benefit plans.

Accumulated other comprehensive income (loss) as of June 30, 2012 and December 31, 2011 consisted of the following:

(millions)	June 30, 2012	December 31, 2011
Foreign currency translation adjustments	**$ (922)**	$ (896)
Cash flow hedges unrealized net gain (loss)	**(8)**	(9)
Postretirement and postemployment benefits:		
Net experience loss	**(1,443)**	(1,483)
Prior service cost	**(65)**	(70)
Total accumulated other comprehensive income (loss)	**$(2,438)**	$(2,458)

Table of Contents

Note 5 Debt

The following table presents the components of notes payable at June 30, 2012 and December 31, 2011:

(millions)	**June 30, 2012**		December 31, 2011	
	Principal amount	**Effective interest rate**	Principal amount	Effective interest rate
Europe commercial paper	**$464**	**0.64%**	$	%
U.S. commercial paper	**245**	**0.26**	216	0.24
Bank borrowings	**30**		18	
Total	**$739**		$234	

In May 2012, the Company issued $350 million of three-year 1.125% U.S. Dollar Notes, $400 million of five-year 1.75% U.S. Dollar Notes and $700 million of ten-year 3.125% U.S. Dollar Notes, resulting in aggregate net proceeds after debt discount of $1.442 billion. The proceeds from these Notes were used for general corporate purposes, including financing a portion of the acquisition of Pringles from P&G. The Notes contain customary covenants that limit the ability of the Company and its restricted subsidiaries (as defined) to incur certain liens or enter into certain sale and lease-back transactions, as well as a change of control provision.

In May 2012, the Company issued Cdn.$300 million (approximately $292 million USD at June 30, 2012, which reflects the discount and translation adjustments) of two-year 2.10% fixed rate Canadian Dollar Notes, using the proceeds from these Notes for general corporate purposes, which included repayment of intercompany debt. This repayment resulted in cash available to be used for a portion of the acquisition of Pringles from P&G. The Notes contain customary covenants that limit the ability of the Company and its restricted subsidiaries (as defined) to incur certain liens or enter into certain sale and lease-back transactions, as well as a change of control provision.

In the first quarter of 2012, the Company entered into interest rate swaps with notional amounts totaling $1.6 billion, which effectively converted the associated U.S. Dollar Notes from fixed rate to floating rate obligations. The effective interest rates on debt obligations resulting from the Company s interest rate swaps as of June 30, 2012 were as follows: 1) seven-year 4.45% U.S. Dollar Notes due 2016 3.345%; 2) five-year 1.875% U.S. Dollar Notes due 2016 1.208%, 3) seven-year 3.25% U.S. Dollar Notes due 2018 2.293% and 4) ten-year 4.15% U.S. Dollar Notes due 2019 2.797%. These derivative instruments were designated as fair value hedges.

In March 2012, the Company entered into an unsecured 364-Day Term Loan Agreement (the New Credit Agreement) to fund, in part, the acquisition of Pringles from P&G. The New Credit Agreement allowed the Company to borrow up to $1 billion to fund, in part, the acquisition and pay related fees and expenses. The loans under the New Credit Agreement were to mature and be payable in full 364 days after the date on which the loans were made. The New Credit Agreement contained customary representations, warranties and covenants, including restrictions on indebtedness, liens, sale and leaseback transactions, and a specified interest expense coverage ratio. If an event of default occurred, then, to the extent permitted under the New Credit Agreement, the administrative agent could (i) not earlier than the date on which the acquisition is or is to be consummated, terminate the commitments under the New Credit Agreement and (ii) accelerate any outstanding loans under the New Credit Agreement. The Company had no borrowings against the New Credit Agreement, and in May 2012, upon issuance of the U.S. dollar notes described above, the available commitments under the New Credit Agreement were automatically and permanently reduced to $0.

Table of Contents

Note 6 Stock compensation

The Company uses various equity-based compensation programs to provide long-term performance incentives for its global workforce. Currently, these incentives consist principally of stock options, and to a lesser extent, executive performance shares and restricted stock grants. Additionally, the Company awards restricted stock to its non-employee directors.

The Company classifies pre-tax stock compensation expense in SGA expense principally within its corporate operations. For the periods presented, compensation expense for all types of equity-based programs and the related income tax benefit recognized were as follows:

	Quarter ended		Year-to-date period ended	
(millions)	**June 30, 2012**	July 2, 2011	**June 30, 2012**	July 2, 2011
Pre-tax compensation expense	**$10**	$12	**$22**	$22
Related income tax benefit	**$ 4**	$ 4	**$ 8**	$ 8

As of June 30, 2012, total stock-based compensation cost related to non-vested awards not yet recognized was $60 million and the weighted-average period over which this amount is expected to be recognized was 2 years.

Stock options

During the year-to-date periods ended June 30, 2012 and July 2, 2011, the Company granted non-qualified stock options to eligible employees as presented in the following activity tables. Terms of these grants and the Company s methods for determining grant-date fair value of the awards were consistent with that described within the stock compensation footnote in the Company s 2011 Annual Report on Form 10-K.

Year-to-date period ended June 30, 2012:

Employee and director stock options	Shares (millions)	Weighted-average exercise price	Weighted-average remaining contractual term (yrs.)	Aggregate intrinsic value (millions)
Outstanding, beginning of period	**24**	**$48**		
Granted	**6**	**52**		
Exercised	**(1)**	**43**		
Forfeitures and expirations	**(1)**	**53**		
Outstanding, end of period	**28**	**$49**	**6.6**	**$58**
Exercisable, end of period	**18**	**$47**	**5.3**	**$58**

Year-to-date period ended July 2, 2011:

Employee and director stock options	Shares (millions)	Weighted-average exercise price	Weighted-average remaining contractual term (yrs.)	Aggregate intrinsic value (millions)
Outstanding, beginning of period	26	$47		
Granted	5	53		
Exercised	(6)	45		

Forfeitures and expirations				
Outstanding, end of period	25	$48	6.7	$177
Exercisable, end of period	16	$46	5.5	$146

The weighted-average fair value of options granted was $5.23 per share for the year-to-date period ended June 30, 2012 and $7.59 per share for the year-to-date period ended July 2, 2011. The fair value was estimated using the following assumptions:

Table of Contents

	Weighted-average expected volatility	Weighted-average expected term (years)	Weighted-average risk-free interest rate	Dividend yield
Grants within the year-to-date period ended June 30, 2012:	16%	7.53	1.60%	3.30%
Grants within the year-to-date period ended July 2, 2011:	17%	6.98	3.07%	3.10%

The total intrinsic value of options exercised was $13 million for the year-to-date period ended June 30, 2012 and $56 million for the year-to-date period ended July 2, 2011.

Performance shares

In the first quarter of 2012, the Company granted performance shares to a limited number of senior executive-level employees, which entitle these employees to receive a specified number of shares of the Company s common stock on the vesting date, provided cumulative three-year operating profit and internal net sales growth targets are achieved.

The 2012 target grant currently corresponds to approximately 239,000 shares, with a grant-date fair value of $47 per share. The actual number of shares issued on the vesting date could range from 0 to 200% of target, depending on actual performance achieved. Based on the market price of the Company s common stock at June 30, 2012, the maximum future value that could be awarded to employees on the vesting date for all outstanding performance share awards was as follows:

(millions)	**June 30, 2012**
2010 Award	**$19**
2011 Award	**$21**
2012 Award	**$24**

The 2009 performance share award, payable in stock, was settled at 82% of target in February 2012 for a total dollar equivalent of $7 million.

Note 7 Employee benefits

The Company sponsors a number of U.S. and foreign pension, other nonpension postretirement and postemployment plans to provide various benefits for its employees. These plans are described within the footnotes to the Consolidated Financial Statements included in the Company s 2011 Annual Report on Form 10-K. Components of Company plan benefit expense for the periods presented are included in the tables below.

Table of Contents

Pension

(millions)	Quarter ended June 30, 2012	Quarter ended July 2, 2011	Year-to-date period ended June 30, 2012	Year-to-date period ended July 2, 2011
Service cost	**$ 26**	$ 23	**$ 54**	$ 49
Interest cost	**52**	53	**103**	105
Expected return on plan assets	**(91)**	(94)	**(183)**	(186)
Amortization of unrecognized prior service cost	**3**	3	**7**	7
Recognized net loss	**35**	26	**71**	52
Settlement cost		3		4
Total pension expense	**$ 25**	$ 14	**$ 52**	$ 31

Other nonpension postretirement

(millions)	Quarter ended June 30, 2012	Quarter ended July 2, 2011	Year-to-date period ended June 30, 2012	Year-to-date period ended July 2, 2011
Service cost	**$ 7**	$ 5	**$ 13**	$ 11
Interest cost	**13**	15	**26**	31
Expected return on plan assets	**(22)**	(22)	**(44)**	(44)
Amortization of unrecognized prior service cost				(1)
Recognized net loss	**3**	5	**7**	10
Total postretirement benefit expense	**$ 1**	$ 3	**$ 2**	$ 7

Postemployment

(millions)	Quarter ended June 30, 2012	Quarter ended July 2, 2011	Year-to-date period ended June 30, 2012	Year-to-date period ended July 2, 2011
Service cost	**$ 2**	$ 1	**$ 4**	$ 3
Interest cost	**1**	1	**2**	2
Recognized net loss	**1**	1	**2**	2
Total postemployment benefit expense	**$ 4**	$ 3	**$ 8**	$ 7

Company contributions to employee benefit plans are summarized as follows:

(millions)	**Pension**	**Nonpension postretirement**	**Total**
Quarter ended:			
June 30, 2012	**$ 3**	**$ 5**	**$ 8**
July 2, 2011	$ 1	$ 4	$ 5
Year-to-date period ended:			
June 30, 2012	**$ 24**	**$ 9**	**$ 33**
July 2, 2011	$175	$ 8	$183
Full year:			
Fiscal year 2012 (projected)	**$ 38**	**$18**	**$ 56**
Fiscal year 2011 (actual)	$180	$12	$192

Plan funding strategies may be modified in response to management s evaluation of tax deductibility, market conditions, and competing investment alternatives.

Note 8 Income taxes

The consolidated effective tax rate for the quarter ended June 30, 2012 of 25% was lower than the prior year s rate of 30%. The consolidated effective tax rate for the year-to-date period ended June 30, 2012 of 28% was lower than the prior year s rate of 29%. The lower 2012 rate was primarily due to an elimination of a tax liability related to certain international earnings now considered indefinitely reinvested.

Table of Contents

As of June 30, 2012, the Company classified $9 million related to uncertain tax positions as a net current liability, representing several income tax positions under examination in various jurisdictions. Management s estimate of reasonably possible changes in unrecognized tax benefits during the next twelve months consists of the current liability balance, expected to be settled within one year, offset by $8 million of projected additions. Management is currently unaware of any issues under review that could result in significant additional payments, accruals or other material deviation in this estimate.

Following is a reconciliation of the Company s total gross unrecognized tax benefits for the quarter ended June 30, 2012; $52 million of this total represents the amount that, if recognized, would affect the Company s effective income tax rate in future periods.

(millions)	
December 31, 2011	**$ 66**
Tax positions related to current year:	
Additions	**5**
Reductions	
Tax positions related to prior years:	
Additions	
Reductions	**(1)**
Settlements	**(1)**
June 30, 2012	**$ 69**

For the year-to-date period ended June 30, 2012, the Company recognized an increase of $2 million of tax-related interest and penalties and had $17 million accrued at June 30, 2012.

Note 9 Derivative instruments and fair value measurements

The Company is exposed to certain market risks such as changes in interest rates, foreign currency exchange rates, and commodity prices, which exist as a part of its ongoing business operations. Management uses derivative financial and commodity instruments, including futures, options, and swaps, where appropriate, to manage these risks. Instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged.

The Company designates derivatives as cash flow hedges, fair value hedges, net investment hedges, and uses other contracts to reduce volatility in interest rates, foreign currency and commodities. As a matter of policy, the Company does not engage in trading or speculative hedging transactions.

Total notional amounts of the Company s derivative instruments as of June 30, 2012 and December 31, 2011 were as follows:

(millions)	**June 30, 2012**	December 31, 2011
Foreign currency exchange contracts	**$ 921**	$ 1,265
Interest rate contracts	**2,150**	600
Commodity contracts	**102**	175
Total	**$ 3,173**	$ 2,040

Following is a description of each category in the fair value hierarchy and the financial assets and liabilities of the Company that were included in each category at June 30, 2012 and December 31, 2011, measured on a recurring basis.

Level 1 Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. For the Company, level 1 financial assets and liabilities consist primarily of commodity derivative contracts.

Level 2 Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. For the Company, level 2 financial assets and liabilities consist of interest rate swaps and over-the-counter commodity and currency contracts.

Table of Contents

The Company s calculation of the fair value of interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve. Over-the-counter commodity derivatives are valued using an income approach based on the commodity index prices less the contract rate multiplied by the notional amount. Foreign currency contracts are valued using an income approach based on forward rates less the contract rate multiplied by the notional amount. The Company s calculation of the fair value of level 2 financial assets and liabilities takes into consideration the risk of nonperformance, including counterparty credit risk.

Level 3 Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management s own assumptions about the assumptions a market participant would use in pricing the asset or liability. The Company did not have any level 3 financial assets or liabilities as of June 30, 2012 or December 31, 2011.

The following table presents assets and liabilities that were measured at fair value in the Consolidated Balance Sheet on a recurring basis as of June 30, 2012 and December 31, 2011:

	Level 1		Level 2		Total	
Derivatives designated as hedging instruments (millions)	**June 30, 2012**	December 31, 2011	**June 30, 2012**	December 31, 2011	**June 30, 2012**	December 31, 2011
Assets:						
Foreign currency exchange contracts:						
Other prepaid assets	**$**	$	**$ 8**	$ 11	**$ 8**	$ 11
Interest rate contracts:						
Other assets			**53**	23	**53**	23
Commodity contracts:						
Other prepaid assets		2				2
Total assets	**$**	$ 2	**$ 61**	$ 34	**$ 61**	$ 36
Liabilities:						
Foreign currency exchange contracts:						
Other current liabilities	**$**	$	**$ (7)**	$ (18)	**$ (7)**	$(18)
Commodity contracts:						
Other current liabilities	**(1)**	(4)	**(12)**	(12)	**(13)**	(16)
Other liabilities			**(33)**	(34)	**(33)**	(34)
Total liabilities	**$ (1)**	$ (4)	**$(52)**	$ (64)	**$(53)**	$(68)

The fair value of non designated hedging instruments as of June 30, 2012 and December 31, 2011 was immaterial.

Table of Contents

The effect of derivative instruments on the Consolidated Statements of Income and Comprehensive Income for the quarters ended June 30, 2012 and July 2, 2011 was as follows:

Derivatives in fair value hedging relationships (millions)	Location of gain (loss) recognized in income	Gain (loss) recognized in income (a) **June 30, 2012**	July 2, 2011
Foreign currency exchange contracts	Other income (expense), net	**$ (16)**	$ 3
Interest rate contracts	Interest expense	**(1)**	
Total		**$ (17)**	$ 3

(a) Includes the ineffective portion and amount excluded from effectiveness testing.

Derivatives in cash flow hedging relationships (millions)	Gain (loss) recognized in AOCI **June 30, 2012**	July 2, 2011	Location of gain (loss) reclassified from AOCI	Gain (loss) reclassified from AOCI into income **June 30, 2012**	July 2, 2011	Location of gain (loss) recognized in income (a)	Gain (loss) recognized in income (a) **June 30, 2012**	July 2, 2011
Foreign currency exchange contracts	**$1**	$(1)	COGS	**$**	$(1)	Other income (expense), net	**$**	$
Foreign currency exchange contracts	**1**	(1)	SGA expense	**1**		Other income (expense), net		
Interest rate contracts		(12)	Interest expense	**1**	1	N/A		
Commodity contracts	**(2)**	(32)	COGS	**(7)**	3	Other income (expense), net		
Total	**$**	$(46)		**$(5)**	$3		**$**	$

(a) Includes the ineffective portion and amount excluded from effectiveness testing.

Derivatives in net investment hedging relationships (millions)	Gain (loss) recognized in AOCI **June 30, 2012**	July 2, 2011
Foreign currency exchange contracts	**$ 12**	$
Total	**$ 12**	$

Derivatives not designated as hedging instruments (millions)	Location of gain (loss) recognized in income	Gain (loss) recognized in income **June 30, 2012**	July 2, 2011			
Foreign currency exchange contracts	Other income (expense), net	**$**	$ 1			
Interest rate contracts	Interest expense	**(27)**				
Total		**$ (27)**	$	First Trust Portfolios L.P.(**)	1,176,281	6.1%

	First Trust Advisers L.P.(**) The Charger Corporation(**) 120 East Liberty Drive, Suite 400 Wheaton, IL 60187

(**) Information based on 13G filing jointly filed by The Charger Corporation, First Trust Portfolios L.P. and First Trust Advisors L.P. on January 24, 2011. The Charger Corporation is the General Partner of both First Trust Portfolios L.P. and First Trust Advisors L.P. First Trust Portfolios L.P. acts as sponsor of certain unit investment trusts which hold shares of TYY.

The table below indicates the persons known to TYN to own 5% or more of its shares of common stock as of December 31, 2010. The beneficial owners listed below share the power to vote and dispose of the shares listed in the table below.

Name and Address	Number of TYN Common Shares	Percent of Class
First Trust Portfolios L.P.(**) First Trust Advisers L.P.(**) The Charger Corporation(**) 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	873,450	13.9%

(**) Information based on 13G filing jointly filed by The Charger Corporation, First Trust Portfolios L.P. and First Trust Advisors L.P. on January 24, 2011. The Charger Corporation is the General Partner of both First Trust Portfolios L.P. and First Trust Advisors L.P. First Trust Portfolios L.P. acts as sponsor of certain unit investment trusts which hold shares of TYN.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Investment Advisory Agreement. Tortoise Capital Advisors, LLC is each Company's investment adviser. The Adviser's address is 11550 Ash Street, Suite 300, Leawood, Kansas 66211. As of January 31, 2011, the Adviser had approximately $6.3 billion of client assets under management. The Adviser may be contacted at the address listed on the first page of this proxy statement.

Pursuant to the terms of an Advisory Agreement between TYG and the Adviser, dated September 15, 2009 (the "TYG Advisory Agreement"), TYG pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 0.95% of the Company's average monthly Managed Assets. In its last fiscal year, TYG incurred $11,956,215 in net fees due to the Adviser under the TYG Advisory Agreement. The Adviser has contractually agreed to waive, through July 19, 2011, all of its fees due under the TYG Advisory Agreement related to the net proceeds received by the Company from an offering completed on January 19, 2011.

Pursuant to the terms of an Advisory Agreement between TYY and the Adviser, dated September 15, 2009 (the "TYY Advisory Agreement"), TYY pays to the Adviser a fee equal on an annual basis to 0.95% annually of TYY's average monthly Managed Assets for such services. In its last fiscal year, TYY incurred $6,381,443 in fees due to the Adviser under the TYY Advisory Agreement.

Pursuant to the terms of an Advisory Agreement between TYN and the Adviser, dated September 15, 2009 (the "TYN Advisory Agreement"), TYN pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 1.00% of TYN's average monthly Managed Assets. The Adviser has contractually agreed to waive a portion of the fee equal to 0.10% of the average monthly Managed Assets for the period from January 1, 2009 through December 31, 2010 and to waive fees in the amount of 0.05% of average monthly Managed Assets from January 1, 2011 through December 31, 2011. In its last fiscal year, TYN incurred $1,514,943 in net fees due to the Adviser under the TYN Advisory Agreement.

Pursuant to the terms of an Advisory Agreement between TPZ and the Adviser, dated September 15, 2009 (the "TPZ Advisory Agreement"), TPZ pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 0.95% of the Company's average monthly Managed Assets. The Adviser has agreed to a fee waiver of 0.15% of Managed Assets through December 31, 2011 and 0.10% of Managed Assets from January 1, 2012

26

through December 31, 2012. In its last fiscal year, TPZ incurred $1,509,549 in net fees due to the Adviser under the TPZ Advisory Agreement.

Pursuant to the terms of an Advisory Agreement between NTG and the Adviser, dated June 18, 2010 (the “NTG Advisory Agreement”), NTG pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 0.95% of the Company’s average monthly Managed Assets. The Adviser has agreed to a fee waiver of 0.25% of Managed Assets through July 30, 2011 and 0.10% of Managed Assets from August 1, 2011 through July 30, 2012. In its last fiscal year, NTG incurred $2,909,630 in net fees due to the Adviser under the NTG Advisory Agreement.

With respect to each Company, “Managed Assets” means the total assets of the Company (including any assets attributable to leverage and excluding any net deferred tax asset) minus accrued liabilities other than (1) net deferred tax liability or debt entered into for the purpose of leverage and (2) the aggregate liquidation preference of any outstanding preferred shares.

The Adviser is wholly-owned by Tortoise Holdings, LLC (“Tortoise Holdings”). Montage Asset Management, LLC, a wholly-owned subsidiary of Mariner Holdings, LLC, owns a majority interest in Tortoise Holdings, LLC, with the remaining interests held by the five members of the Adviser’s investment committee, H. Kevin Birzer, Zachary A. Hamel, Kenneth P. Malvey, Terry C. Matlack and David J. Schulte, who are also officers of each Company, and certain other senior employees of the Adviser. Each of Messrs. Birzer, Hamel, Malvey, Matlack and Schulte are employed by the Adviser and have indirect ownership and financial interests in the Adviser. As a result, they may each be deemed to have an indirect material interest in fees paid to the Adviser.

MORE INFORMATION ABOUT THE MEETING

Stockholders. At the record date, each Company had the following number of shares issued and outstanding:

	Common Shares	Preferred Shares
TYG	27,199,433	7,300,000
TYY	19,345,016	5,000,000
TYN	6,295,750	-
TPZ	6,940,986	-
NTG	45,404,188	3,600,000

How Proxies Will Be Voted. All proxies solicited by the Board of Directors of each Company that are properly executed and received prior to the meeting, and that are not revoked, will be voted at the meeting. Shares represented by those proxies will be voted in accordance with the instructions marked on the proxy. If no instructions are specified, shares will be counted as a vote FOR the proposals described in this proxy statement.

How To Vote. You may vote your shares by simply completing and signing the enclosed proxy card (your ballot), and mailing it in the postage-paid envelope included in this package. You may also vote in person if you are able to attend the meeting.

Expenses and Solicitation of Proxies. The expenses of preparing, printing and mailing the enclosed proxy card, the accompanying notice and this proxy statement and all other costs, in connection

27

with the solicitation of proxies will be borne by the Companies on a pro rata basis. Each Company may also reimburse banks, brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of shares of the Company. In order to obtain the necessary quorum for a Company at the meeting, additional solicitation may be made by mail, telephone, telegraph, facsimile or personal interview by representatives of the Company, the Adviser, the Company's transfer agent, or by brokers or their representatives or by a solicitation firm that may be engaged by the Company to assist in proxy solicitations. If a proxy solicitor is retained by any Company, the costs associated with all proxy solicitation are not anticipated to exceed $35,000. None of the Companies will pay any representatives of the Company or the Adviser any additional compensation for their efforts to supplement proxy solicitation.

Revoking a Proxy. With respect to each Company, at any time before it has been voted, you may revoke your proxy by: (1) sending a letter stating that you are revoking your proxy to the Secretary of the Company at the Company's offices located at 11550 Ash Street, Suite 300, Leawood, Kansas 66211; (2) properly executing and sending a later-dated proxy; or (3) attending the meeting, requesting return of any previously delivered proxy, and voting in person.

Quorum. With respect to each Company, the presence, in person or by proxy, of holders of shares entitled to cast a majority of the votes entitled to be cast (without regard to class) constitutes a quorum. For purposes of determining the presence or absence of a quorum, shares present at the annual meeting that are not voted, or abstentions, and broker non-votes (which occur when a broker has not received directions from customers and does not have discretionary authority to vote the customers' shares) will be treated as shares that are present at the meeting but have not been voted.

With respect to each Company, if a quorum is not present in person or by proxy at the meeting, the chairman of the meeting or the stockholders entitled to vote at such meeting, present in person or by proxy, have the power to adjourn the meeting to a date not more than 120 days after the original record date without notice other than announcement at the meeting.

Availability of Annual Report of TYG, TYY, TYN, TPZ and NTG. Each Company will furnish without charge upon written request a copy of its most recent annual report. Each such request must include a good faith representation that, as of the record date, the person making such request was a beneficial owner of the Company's common shares entitled to vote at the annual meeting of stockholders. Such written request should be directed to the Company's Secretary at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, (866) 362-9331.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 30(h) of the 1940 Act and Section 16(a) of the Exchange Act require each Company's directors and officers, the Adviser, affiliated persons of the Adviser and persons who own more than 10% of a registered class of the Company's equity securities to file forms reporting their affiliation with the Company and reports of ownership and changes in ownership of the Company's shares with the SEC and the New York Stock Exchange. Those persons and entities are required by SEC regulations to furnish the applicable Company with copies of all Section 16(a) forms they file. Based on a review of those forms furnished to the Company, each Company believes that its directors and officers, the Adviser and affiliated persons of the Adviser have complied with all applicable Section 16(a) filing requirements during the last fiscal year, except that certain affiliates of the Adviser controlled by Mariner Holdings, LLC were late in Filing Form 3s. Such Form 3s have now been filed. To the knowledge of management of each Company, no person is the beneficial owner (as defined in Rule 16a-1 under the Exchange Act) of more than 10% of a class of such Company's equity securities.

ADMINISTRATOR

TYG, TYY, TYN, TPZ and NTG have each entered into administration agreements with US Bancorp Fund Services, LLC whose principal business address is 615 E. Michigan Street, Milwaukee, Wisconsin 53202.

STOCKHOLDER COMMUNICATIONS

Stockholders are able to send communications to the Board of Directors of each Company. Communications should be addressed to the Secretary of the applicable Company at its principal offices at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. The Secretary will forward any communications received directly to the Board of Directors or particular director, as applicable.

CODE OF ETHICS

Each of the Companies has adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes personal trading procedures for employees designated as access persons and which is available through the Company's link on its investment adviser's website (www.tortoiseadvisors.com).

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR THE 2012 ANNUAL MEETING

Method for Including Proposals in a Company's Proxy Statement. Under the rules of the SEC, if you want to have a proposal included in a Company's proxy statement for its next annual meeting of stockholders, that proposal must be received by the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, not later than 5:00 p.m., Central Time on December 1, 2011. Such proposal must comply with all applicable requirements of Rule 14a-8 of the Exchange Act. Timely submission of a proposal does not mean the proposal will be included in the proxy material sent to stockholders.

Other Proposals and Nominations. If you want to nominate a director or have other business considered at a Company's next annual meeting of stockholders but do not want those items included in our proxy statement, you must comply with the advance notice provision of the Company's Bylaws. Under each Company's Bylaws, nominations for director or other business proposals to be addressed at the Company's next annual meeting may be made by a stockholder who has delivered a notice to the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, no earlier than December 1, 2011 in the case of TYG and November 1, 2011 in the case of each of TYY, TYN, TPZ and NTG, nor later than 5:00 p.m. Central Time on December 31, 2011 in the case of TYG and December 1, 2011 in the case of each of TYY, TYN, TPZ and NTG. The stockholder must satisfy certain requirements set forth in the Company's Bylaws and the notice must contain specific information required by the Company's Bylaws. With respect to nominees for director, the notice must include, among other things, the name, age, business address and residence address of any nominee for director, certain information regarding such person's ownership of Company shares, and all other information relating to the nominee as is required to be disclosed in solicitations of proxies in an election contest or as otherwise required by Regulation 14A under the Exchange Act. With respect to other business to be brought before the meeting, a notice must include, among other things, a description of the business and any material interest in such business by the stockholder and certain associated persons proposing the business. Any stockholder wishing to make a proposal should carefully read and review the applicable Company's Bylaws. A copy of each Company's Bylaws may be obtained by contacting the Secretary of the Company at 1-866-362-9331 or by writing the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. Timely submission of a proposal does not mean the proposal will be allowed to be brought before the meeting.

These advance notice provisions are in addition to, and separate from, the requirements that a stockholder must meet in order to have a proposal included in any Company's proxy statement under the rules of the SEC.

A proxy granted by a stockholder will give discretionary authority to the proxies to vote on any matters introduced pursuant to the above advance notice Bylaw provisions, subject to applicable rules of the SEC.

By Order of the Board of Directors

/s/ Connie J. Savage
Connie J. Savage
Secretary

March 30, 2011

PLEASE FOLD ALONG THE PERFORATION,
DETACH AND RETURN THE BOTTOM PORTION IN
THE
ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Infrastructure Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of common shares of Tortoise Energy Infrastructure Corporation appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Infrastructure Corporation to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance

Mark box to the right

if you plan to attend
the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

32

PLEASE FOLD ALONG THE PERFORATION,
DETACH AND RETURN THE BOTTOM PORTION IN
THE
ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Infrastructure Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of preferred shares of Tortoise Energy Infrastructure Corporation appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Infrastructure Corporation to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below. Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

34

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Capital Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of common shares of Tortoise Energy Capital Corporation appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Capital Corporation to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below. Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below
Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

36

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Capital Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of preferred shares of Tortoise Energy Capital Corporation appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Capital Corporation to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below. Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below
Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

38

PLEASE FOLD ALONG THE PERFORATION,
DETACH AND RETURN THE BOTTOM PORTION IN
THE
ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise North American Energy Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of shares of Tortoise North American Energy Corporation appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise North American Energy Corporation to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below. Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

40

PLEASE FOLD ALONG THE PERFORATION,
DETACH AND RETURN THE BOTTOM PORTION IN
THE
ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Power and Energy Infrastructure Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of shares of Tortoise Power and Energy Infrastructure Fund, Inc. appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Power and Energy Infrastructure Fund, Inc. to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below. Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

42

PLEASE FOLD ALONG THE PERFORATION,
DETACH AND RETURN THE BOTTOM PORTION IN
THE
ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise MLP Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of common shares of Tortoise MLP Fund, Inc. appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Capital Resources Corporation to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company's sale, with approval of its Board of Directors, of warrants or securities to subscribe for or convertible into shares of common stock and issuance of the common shares issuable pursuant to such warrants or securities, subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011.

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

44

PLEASE FOLD ALONG THE PERFORATION,
DETACH AND RETURN THE BOTTOM PORTION IN
THE
ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise MLP Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 20, 2011

The undersigned holder of preferred shares of Tortoise MLP Fund, Inc. appoints H. Kevin Birzer and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Capital Resources Corporation to be held on May 20, 2011 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

Nominee	FOR	WITHHOLD
Conrad S. Ciccotello	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company's sale, with approval of its Board of Directors, of warrants or securities to subscribe for or convertible into shares of common stock and issuance of the common shares issuable pursuant to such warrants or securities, subject to the limitations set forth in the proxy statement for the 2011 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2011.

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance

Mark box to the right

if you plan to attend
the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

46