

# Kayne Anderson Energy Development Company - (CUSIP: 48660Q102)

## 2010 Form 1099- DIV Dividends & Distributions Information

- Stockholders holding shares as of any of the record dates below should receive a 2010 Form 1099 – DIV.
- Example 1: Stockholder X owns one share during the entire calendar year of 2010 and received \$1.20 of distributions during the calendar year. Stockholder X should receive a 2010 Form 1099 – DIV including \$0.5052 of Ordinary Income (Box 1a), \$0.5052 of Qualified Dividends (Box 1b), and \$0.6948 of Non-dividend Distributions (Box 3).
- Example 2: Stockholder X purchased one share on October 12, 2010 (i.e., held the share as of the October 15 record date) and received \$0.30 of distributions during October 2010. Stockholder X should receive a 2010 Form 1099 – DIV including \$0.1263 of Ordinary Income (Box 1a), \$0.1263 of Qualified Dividends (Box 1b), and \$0.1737 of Non-dividend Distributions (Box 3).

Record Date	Ex-Dividend Date	Payable Date	Total Distribution Per Share	Year Included in Shareholders' Income			Box 1a Total	Box 1b Total
				2009	2011	2010	Ordinary Dividends	Qualified Dividends
01/15/10	01/13/10	01/28/10	\$ 0.3000			\$ 0.3000	\$ 0.1263	\$ 0.1263
04/16/10	04/14/10	04/29/10	\$ 0.3000			\$ 0.3000	\$ 0.1263	\$ 0.1263
07/16/10	07/14/10	07/29/10	\$ 0.3000			\$ 0.3000	\$ 0.1263	\$ 0.1263
10/15/10	10/13/10	10/28/10	\$ 0.3000			\$ 0.3000	\$ 0.1263	\$ 0.1263
			\$ 1.2000			\$ 1.2000	\$ 0.5052	\$ 0.5052

Record Date	Box 2a Total Capital Gain Distr.	Box 2b Unrecap Sec. 1250 Gain	Box 2c Section 1202 Gain	Box 2d Collectibles (28%) Gain	Box 3 Nondividend Distributions	Box 6 Foreign Tax Paid	Box 8 Cash Liquidation Distr	Box 9 Noncash Liquidation Distr	Exempt Interest Dividends
01/15/10					\$ 0.1737				
04/16/10					\$ 0.1737				
07/16/10					\$ 0.1737				
10/15/10					\$ 0.1737				
					\$ 0.6948				

- Dividends (Box 1a) are either Qualified Dividends or non-Qualified Dividends. To the extent that Ordinary Dividends (Box 1a) exceeds Qualified Dividends (Box 1b), the difference will be taxed at ordinary income tax rates.
- In addition to other requirements which designate dividends as Qualified Dividends, a stockholder must meet the holding period requirements. Generally, a stockholder must hold the stock for more than 60 days during the 121-day period that begins 60 days before the ex-dividend date.
- Non-dividend Distributions (Box 3) are treated as a return of capital for tax purposes (i.e., not as taxable income) and reduce the cost basis of shares owned.