

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

2006 Form 1099- DIV Dividends & Distributions Information

- Stockholders holding shares as the record date below should receive a 2006 Form 1099 – DIV.
- Although stockholders as of December 29, 2006, received the \$.22 per share dividend during January 2007, the dividend should be included in the 2006 Form 1099-DIV.
- Example 1: Stockholder X purchased 100 shares during the initial public offering and held the shares through the calendar year ended 2006. Stockholder X received \$22.00 (\$.22 per share x 100 shares) of dividends during January 2007. Stockholder X should receive a 2006 Form 1099 – DIV including \$22.00 (\$.22 per share x 100 shares) of Ordinary Income (Box 1a).
- Example 2: Stockholder X purchased 100 shares on December 1, 2006 (held shares as of the December 29 record date) and received \$22.00 (\$.22 per share x 100 shares) of dividends during January 2007. Stockholder X should receive a 2006 Form 1099 – DIV including \$22.00 (\$.22 per share x 100 shares) of Ordinary Income (Box 1a).

All information in the table below is based on ownership of 100 shares of Kayne Anderson Energy Development Company.

				Year Included in			Box 1a Total	Box 1b Total
				Shareholders' Income				
Record	Ex-Div	Payable	Total				Ordinary	Qualified
Date	Date	Date	Dividends	2004	2005	2006	Dividends	Dividends
12/29/2006	12/27/2006	1/12/2007	\$ 22.00			\$ 22.00	\$ 22.00	
Total			\$ 22.00			\$ 22.00	\$ 22.00	

	Box 2a	Box 2b	Box 2c	Box 2d	Box 3	Box 6	Box 8	Box 9	
		Unrecap				Foreign	Cash	Noncash	Exempt
Record	Total Capital	Sec. 1250	Section 1202	Collectibles	Nondividend	Tax	Liquidation	Liquidation	Interest
Date	Gain Distr.	Gain	Gain	(28%) Gain	Distributions	Paid	Distr	Distr	Dividends
12/29/2006									
Total									

- Dividends (Boxes 1a and 1b) 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 before the ex-dividend date.