

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

## 2007 Form 1099- DIV Dividends & Distributions Information

- Stockholders holding shares as the record date below should receive a 2007 Form 1099 – DIV.
- Although stockholders as of December 29, 2006 received the \$0.22 per share dividend during January 2007, the dividend should not be included in 2007 Form 1099 – DIV and should have been included in 2006 Form 1099 – DIV.
- Although stockholders as of December 31, 2007 received the \$0.41 per share dividend during January 2008, the dividend should be included in 2007 Form 1099 – DIV.
- Example 1: Stockholder X owns 100 shares during the entire calendar year of 2007. Stockholder X received \$112.50 (\$1.125 per share x 100 shares) of dividends during the calendar year 2007. Stockholder X received \$41.00 (\$0.41 per share X 100 shares) of dividends during January 2008. Stockholder X should receive a 2007 Form 1099 – DIV including \$113.71 (\$1.1371 per share X 100 shares) of Ordinary Income (Box 1a), zero of Qualified Dividends (Box 1b), \$15.69 (\$0.1569 X 100 shares) of Total Capital Gains Distributed (Box 2a) and \$24.10 (\$0.2410 per share x 100 shares) of Non-dividend Distributions (Box 3).
- Example 2: Stockholder X purchased 100 shares on December 1, 2007 (held shares as of the December 31 record date) and received \$41.00 (\$0.41 per share x 100 shares) of dividends during January 2008. Stockholder X should receive a 2007 Form 1099 – DIV including \$30.37 (\$0.3037 per share X 100 shares) of Ordinary Income (Box 1a), zero of Qualified Dividends (Box 1b), \$4.19 ( \$0.0419 per share X 100 shares) of Total Capital Gains Distributed (Box 2a) and \$6.44 (\$0.0644 per share x 100 shares) of Non-dividend Distributions (Box 3).

				Year Included in			Box 1a Total	Box 1b Total
				Shareholders' Income				
Record	Ex-Div	Payable	Total				Ordinary	Qualified
Date	Date	Date	Dividends	2005	2006	2007	Dividends	Dividends
4/18/2007	4/16/2007	4/26/2007	\$ 0.3200			\$ 0.3200	\$ 0.2371	
7/20/2007	7/18/2007	7/26/2007	\$ 0.4000			\$ 0.4000	\$ 0.2963	
10/19/2007	10/17/2007	10/26/2007	\$ 0.4050			\$ 0.4050	\$ 0.3000	
12/31/2007	12/27/2007	1/17/2008	\$ 0.4100			\$ 0.4100	\$ 0.3037	
Total			\$ 1.5350			\$ 1.5350	\$ 1.1371	

	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
4/18/2007	\$ 0.0327				\$ 0.0502				
7/20/2007	\$ 0.0409				\$ 0.0628				
10/19/2007	\$ 0.0414				\$ 0.0636				
12/31/2007	\$ 0.0419				\$ 0.0644				
Total	\$ 0.1569				\$ 0.2410				

- Dividends (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 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 costs basis of shares owned.