

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Kayne Anderson Energy Development Company		2 Issuer's employer identification number (EIN)	
3 Name of contact for additional information Monique Vo	4 Telephone No. of contact 1-877-657-3863	5 Email address of contact CEF@kaynecapital.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 811 Main Street, 14th Floor		7 City, town, or post office, state, and Zip code of contact Houston, Texas 77002	
8 Date of action See below	9 Classification and description Common Stock		
10 CUSIP number 48660Q102	11 Serial number(s)	12 Ticker symbol KED	13 Account number(s)

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 ▶ Kayne Anderson Energy Development Company (KED) paid distributions to common shareholders during 2016 that were determined to be nontaxable upon computation of KED's earnings and profits after the tax year-end. See Part II, Line 15 for the amount of distributions per share.

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 ▶ A shareholder's basis in KED common stock is reduced by the nontaxable distributions paid per share as follows:

\$0.4326 with a record date of 1/8/16 payable 1/15/16
\$0.4326 with a record date of 4/15/16 payable 4/22/16
\$0.4326 with a record date of 7/8/16 payable 7/15/16
\$0.4325 with a record date of 10/7/16 payable 10/14/16

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 ▶ KED's earnings and profits were calculated pursuant to IRC Section 312, and the regulations thereunder. Amounts in excess of earnings and profits reduce the shareholder's tax basis in its shares to the extent of basis.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Tax treatment is based upon Internal Revenue Code Section 301 (c) and 316 (a)

18 Can any resulting loss be recognized? ▶ No

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ These actions are effective on the dates of distribution identified above.

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.

Sign Here

Signature ▶

Terry A. Hart

Date ▶

1/27/17

Print your name ▶

Terry A. Hart

Title ▶

CFO

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.