Kayne Anderson

Energy Infrastructure Fund, Inc.

KYN Annual Letter &
Q4 2022 Performance Data

December 21, 2022

Dear Fellow Stockholders:

We hope that you and your families are well and enjoying the holiday season.

While quite a bit has changed in the world of investments since KYN went public in 2004, the Company's core mission of providing a high after-tax return with an emphasis on making quarterly cash distributions to shareholders remains unchanged. Further, KYN was designed to provide investors an efficient means of investing in the energy infrastructure asset class – a vital part of the global economy – and the Company remains true to that mission today. Energy infrastructure is the backbone of the global energy sector, and the vast network of infrastructure assets owned by the Company's portfolio investments are critical enablers of society's modern way of life.

This year's annual letter is designed to provide a concise summary of KYN's performance, portfolio, and outlook. As discussed in this letter, we are excited about the Company's prospects. While we readily acknowledge that the near-term economic outlook is uncertain, we believe the long-term benefits for KYN's portfolio companies outweigh any short-term headwinds.

KYN generated very strong returns over the last 12 months – energy infrastructure companies performed well, with stock price returns far in excess of the S&P 500 index. Active portfolio management played a role in KYN's excellent year, as performance benefited from our decision to "overweight" the midstream subsector vs. renewable infrastructure and utilities.(1) Active management of the Company's balance sheet also influenced performance. In the face of heightened volatility in financial markets and rising interest rates, we reduced leverage during fiscal 2022. We made this decision to enable the Company to better navigate "choppy" market conditions, which seem to be the one constant in the financial markets these days. Higher marginal borrowing costs also played a role in this decision. While KYN's returns would have been slightly higher had we not reduced leverage, we believe lower leverage levels are in the long-term best interest of the Company's stockholders.

The parallel themes of energy security and energy transition – trends that have shaped our investment process for several years – are now recognized globally by policy makers, consumers, and the media. Throughout 2022, topics such as liquified natural gas ("LNG") exports to Europe, the Strategic Petroleum Reserve, and investment tax credits frequented the front pages of mainstream news sources across the globe. While this renewed interest in the energy markets is partially attributable to market disruptions resulting from the war in Ukraine, it is our view that energy literacy among global citizens and policymakers will result in pragmatic energy policies over the longer term. A key global challenge today is the acute need for *more* energy, and North American energy infrastructure is the critical link in providing low-cost, abundant, and secure sources of energy to global markets.

Why Invest in KYN?

We routinely try to put ourselves "in the shoes" of our investors and ask: What is KYN's value proposition for investors? In our opinion, KYN — with its flexible investment mandate, permanent capital base, and expertise providing capital solutions to both public and private companies — is a very attractive vehicle for investors seeking diversified exposure to the North American energy infrastructure sector in an income-producing vehicle. We believe the sector's investment thesis is compelling for several reasons:

- Access to affordable and reliable energy is critical to the global economy, as evidenced by international developments throughout 2022. Energy infrastructure plays a vital role in facilitating this access by connecting producers and end users;
- European nations' pursuit of reliable, alternative sources of energy, including natural gas produced in the United States, has created a new frontier of commercial opportunities for North American energy infrastructure companies;
- Policy developments supporting the energy transition – namely, the Inflation Reduction Act in the U.S. – create decades-long visibility on cash flows and an attractive runway for long-term growth;

Endnotes can be found on page 5.

- Global demand for energy is expected to steadily increase over the next several decades — driven primarily by growth in developing economies; and
- Energy infrastructure companies have stable cash flows, operate businesses with increasingly high barriers to entry, and, in many cases, have contractual protections to offset higher levels of inflation.

In short, KYN provides investors exposure to the durable megatrends of global decarbonization and energy security in a diversified fund. The Company provides this exposure to investors in a very easy-to-own structure – daily liquidity via the NYSE listing, an attractive quarterly distribution, and the tax simplicity of a single Form 1099. Importantly, the Company's portfolio has evolved over the last 18 years in concert with the domestic energy sector's transition. Today, KYN is much more than "a way to invest in MLPs," and the Company's portfolio is, in our opinion, a more comprehensive and better way to invest in the North American energy infrastructure sector.

Performance and Distributions

KYN generated a total Net Asset Return of 30.5% in fiscal 2022.(2) We were pleased with this performance on the heels of a 41.0% return in fiscal 2021. KYN outperformed its benchmark by 820 basis points in fiscal 2022.(3) As you can see in the table below, midstream companies were the best performing energy infrastructure subsector for the second consecutive year. Renewable infrastructure companies performed the weakest during fiscal 2022, with higher interest rates (and inflation), supply chain pressure, and concerns about the outlook for European and Asian economies weighing on equity price performance.

Comparison of Returns in Fiscal 2022

KYN Net Asset Return(2)	30.5%
KYN Benchmark(4)	22.3%
Midstream(5)	30.8%
Renewable Infrastructure(6)	-13.0%
U.S. Utilities(7)	11.8%

KYN's Market Return, which is based on stock price performance rather than Net Asset Value, was 27.2% for fiscal 2022.(8) This trailed our Net Asset Return as our stock price traded at a 15.0% discount to NAV at fiscal year-end compared to a 12.8% discount at the beginning of the year.

We are disappointed in KYN's current discount to NAV, and we continue to assess options to narrow this discount. Narrowing this discount can – in the short term – be an elusive goal. We will not hesitate to consider actions that we expect to have a sustained impact, but we do not anticipate utilizing strategies that are unlikely to result in a lasting solution. While we will carefully consider all actions suggested by our stockholders, our decisions will be guided by what we believe is in the best interests of all of our investors. To that end, one of our most important long-term goals is to provide investors with an attractive distribution because we continue to believe that consistent performance, along with a substantial return of cash to shareholders through quarterly distributions, will be rewarded over time in the form of a narrowing discount.

KYN's current quarterly distribution rate is 20¢ per share, a level that we believe is sustainable based on our current outlook. Our goal is to steadily increase KYN's distribution over time, as supported by the Company's operating results.

In determining KYN's distribution, the Company's board of directors considers both the income we receive from our investments as well as capital appreciation in the portfolio. We take a long-term view

Endnotes can be found on page 5.

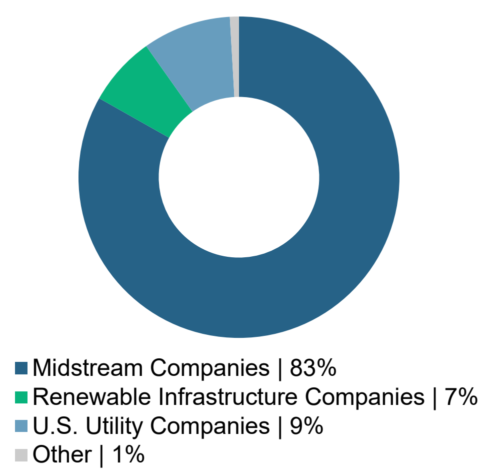
when making this determination and are not overly influenced by fluctuations in quarterly operating results. We expect that the returns generated by our portfolio companies over the next few years will accrue to the Company in a balanced combination of income and capital appreciation.

Portfolio Positioning and Outlook

In many ways, fiscal 2022 ushered in a "long forgotten" era for financial markets. Inflation rose to levels not seen since the early 1980s and remains stubbornly high. The Federal Reserve has engaged in a very aggressive tightening cycle, and short-term interest rates rose to levels not seen in decades. As investors digested the potential for a global recession, SPACs and NFTs ceded market share to "old economy" stocks like Exxon Mobil and Berkshire Hathaway. Unsettled capital markets and heightened geopolitical risk drove a flight to investments with defensive attributes, and KYN's portfolio investments have benefited from this trend.

KYN's portfolio consists of a diversified mix of North American-focused energy infrastructure investments. Throughout 2020 and 2021, we meaningfully increased the Company's holdings of U.S. utilities and renewable infrastructure companies to capitalize on the accelerating transition to lower carbon fuels. We paused that shift during fiscal 2022 because we believed midstream companies offered a better near-term value proposition. While utilities and renewable infrastructure companies will play an essential role in KYN's portfolio over the coming years, we will continue to tactically position the portfolio in the short term for the most attractive risk-adjusted returns. The pie chart below summarizes KYN's allocations to the three energy infrastructure subsectors at the end of fiscal 2022. The Company's Benchmark for fiscal 2023 has similar subsector allocations as were used in fiscal 2022.(9) Importantly, this benchmark should be seen as a directional target for subsector allocations over the intermediate term – we do not believe rigid portfolio allocation guidelines are in stockholders' best interests.

November 30, 2022(10)



As we contemplate the outlook for the next few years, we believe the energy infrastructure sector is positioned for success – business fundamentals for the companies in our portfolio are excellent, corporate governance is greatly improved, and balance sheets are as healthy as any time in the past decade. Furthermore, the defensive attributes of these businesses compare favorably in the current economic environment. Importantly, fundamentals in the broader energy markets remain constructive. Global energy demand is poised to exceed pre-COVID levels and is set to grow consistently over the next decade. North American energy companies remain steadfastly committed to generating free cash flow, returning capital to shareholders, and growing production at a responsible pace. Collective adherence to this "new" business model bodes well for the stability of the North American energy infrastructure sector over the next decade.

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Additionally, we are witnessing a permanent, seismic shift in the nature of global energy supply and demand: an understanding that not all molecules and electrons are created equal. The megatrends of decarbonization and energy security have collided to create a durable, global "bid" on low carbon, responsibly produced, secure sources of energy; in our opinion, this bodes very well for KYN's portfolio investments. We expect North American energy infrastructure to remain the enabling network of choice for heating homes and powering economies all over the world in 2023 and beyond.

Higher interest rates are naturally a headwind for companies with deep project backlogs (including certain companies in KYN's portfolio), but this is a manageable situation in our view. At the Company level, KYN's balance sheet is well-positioned for the current interest rate environment. Our decision to primarily utilize fixed-rate leverage (as opposed to floating-rate leverage) should benefit the Company over the next few years, and interest expense during fiscal 2023 will not be nearly as high as it would have otherwise been. We have always believed this was the prudent way to operate the business. Further, KYN's leverage levels are conservative, and we have ample downside cushion to dampen the impact of any potential market dislocations.[11]

Over a longer horizon, domestic legislation like the Inflation Reduction Act and the European Commission's REPowerEU plan – replete with tax credit extensions, regional incentives, and other policy support mechanisms – create an extremely attractive commercial backdrop for new renewable infrastructure and other energy transition related investments. Commercial traction in emerging energy subsectors continues to accelerate, and we believe energy infrastructure companies are just beginning to capitalize on the global decarbonization megatrend.

The energy infrastructure industry today – in its themes, corporate structure, and even its jargon – is fundamentally different than a decade ago. Our diverse team of industry experts embraces this evolution and is well-positioned to capitalize on opportunities emerging from this new landscape. We do this with decades of experience and a deep appreciation for, and understanding of, business cycles and the dangers of chasing investment fads.

We appreciate the trust you have placed in us, and we take this responsibility very seriously. We are very optimistic about the Company's prospects moving forward and look forward to executing on our investment objective of achieving high after-tax total returns. Please do not hesitate to contact us with any questions or comments.

Sincerely,

James C. Baker, Jr.

Chairman of the Board
President and Chief Executive Officer

Endnotes can be found on page 5.

(1) Whenever we reference "midstream companies", the "midstream sector" or the "midstream industry" it includes both traditional midstream companies and natural gas & LNG infrastructure companies. Traditional midstream companies are defined as midstream companies that own and/or operate midstream assets related to crude oil, refined products, natural gas liquids or water. Natural gas & LNG infrastructure companies are defined as midstream companies that primarily own and/or operate midstream assets related to natural gas or liquefied natural gas. "Overweight" relative to KYN's Benchmark detailed in footnote 4.

(2) Net Asset Return is defined as the change in net asset value per share plus cash distributions paid during the period (assuming reinvestment through our dividend reinvestment plan).

(3) Based on the difference between the Company's Net Asset Return and the total return of KYN's Benchmark.

(4) KYN's Benchmark is a composite of energy infrastructure companies. For fiscal 2022, this composite is comprised of a 75% weighting to the midstream sector, a 15% weighting to the renewable infrastructure sector, and a 10% weighting to the U.S. utility sector. The subsector allocations for this composite were established by Kayne Anderson at the beginning of fiscal 2022 based on the estimated target subsector allocations of the Company's assets over the intermediate term. KYN's portfolio holdings and/or subsector allocations may change at any time. Returns for each period are total returns (assuming reinvestment of dividends).

(5) The benchmark for the midstream sector is the Alerian Midstream Energy Index (AMNA).

(6) The benchmark for the renewable infrastructure sector is a composite total return of 41 domestic and international renewable infrastructure and utility companies (calculated on a market-cap weighted basis with individual constituents capped at a 10% weighting).

(7) The benchmark for the U.S. utility sector is the Utilities Select Sector SPDR Fund (XLU), which is an exchange-traded fund ("ETF") linked to the Utilities Select Sector Index (IXU), a subset of the S&P 500.

(8) Market Return is defined as the change in share price plus cash distributions paid during the period (assuming reinvestment through our dividend reinvestment program).

(9) For fiscal 2023, KYN's Benchmark is a composite that is comprised of a 75% weighting to the midstream sector, a 12.5% weighting to the renewable infrastructure sector, and a 12.5% weighting to the U.S. utility sector. The subsector allocations for this composite were established by Kayne Anderson based on the estimated target subsector allocations of the Company's assets over the intermediate term. KYN's portfolio holdings and/or sector allocations may change at any time.

(10) "Midstream companies" include traditional midstream and natural gas / LNG companies.

(11) Downside cushion reflects the decrease in total asset value that could be sustained while maintaining compliance with 1940 Act leverage levels and KYN's financial covenants.

KYN Performance

Kayne Anderson

KYN Total Returns

	Fiscal Q4'22	Fiscal 2022
Net Asset Return[1]	2.5%	30.5%
Market Return[2]	1.8%	27.2%
KYN Benchmark[3]	2.1%	22.3%

KYN Portfolio Sector Returns

	Fiscal Q4'22		Fiscal 2022	
Sector Returns	**KYN[4]**	**Benchmark[5]**	**KYN[4]**	**Benchmark[5]**
Midstream[6]	4.7%	4.0%	35.6%	30.8%
Renewable Infrastructure	(12.2%)	(3.8%)	(10.1%)	(13.0%)
U.S. Utilities[7]	(7.6%)	(3.2%)	6.4%	11.8%

Note: Performance as of November 30, 2022.

(1) Net Asset Return is defined as the change in net asset value per share plus cash distributions paid during the period (assuming reinvestment through our dividend reinvestment plan).

(2) Market Return is defined as the change in share price plus cash distributions paid during the period (assuming reinvestment through our dividend reinvestment plan).

(3) KYN's Benchmark is a composite of energy infrastructure companies. For fiscal 2022, this composite is comprised of a 75% weighting to the midstream sector, a 15% weighting to the renewable infrastructure sector, and a 10% weighting to the U.S. utility sector. The sub-sector allocations for this composite were established by Kayne Anderson at the beginning of fiscal 2022. For fiscal 2023, KYN's Benchmark composite is comprised of a 75% weighting to the midstream sector, a 12.5% weighting to the renewable infrastructure sector, and a 12.5% weighting to the U.S. utility sector. Please see footnote 5 for a description of the benchmarks used for each sub-sector.

(4) Portfolio sector returns reflect KYN's asset level returns for each sub-sector based on KYN's portfolio holdings. Asset level return is calculated as the total return (before leverage and expenses) of KYN's portfolio holdings for each sub-sector.

(5) Benchmark returns are total returns. The benchmark for the midstream sector is the Alerian Midstream Energy Index (AMNA). The benchmark for the renewable infrastructure sector is a composite total return for 41 domestic and international renewable infrastructure and utility companies (calculated on a market-cap weighted basis with individual constituents capped at a 10% weighting). The benchmark for the U.S. utilities sector is the Utilities Select Sector SPDR Fund (XLU), which is an ETF linked to the Utilities Select Sector Index (IXU), a subset of the S&P 500.

(6) Excludes preferred and credit investments.

(7) Includes TransAlta Corporation (TA CN).

DISCLAIMER & RISK CONSIDERATIONS

All investments involve risk, including possible loss of principal. An investment in the fund could suffer loss.

Kayne Anderson Energy Infrastructure Fund, Inc. (NYSE: KYN) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended, whose common stock is traded on the NYSE. The Company's investment objective is to provide a high after-tax total return with an emphasis on making cash distributions to stockholders. KYN intends to achieve this objective by investing at least 80% of its total assets in securities of Energy Infrastructure Companies. See Glossary of Key Terms in the Company's most recent quarterly report for a description of these investment categories and the meaning of capitalized terms.

This communication contains statements reflecting assumptions, expectations, projections, intentions, or beliefs about future events. These and other statements not relating strictly to historical or current facts constitute forward-looking statements as defined under the U.S. federal securities laws. Forward-looking statements involve a variety of risks and uncertainties. These risks include, but are not limited to, changes in economic and political conditions; regulatory and legal changes; energy industry risk; leverage risk; valuation risk; interest rate risk; tax risk; and other risks discussed in detail in the Fund's filings with the Securities and Exchange Commission ("SEC"), available at www.kaynefunds.com or www.sec.gov. Actual events could differ materially from these statements or from our present expectations or projections. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Kayne Anderson undertakes no obligation to publicly update or revise any forward-looking statements made herein. There is no assurance that the Company's investment objectives will be attained.

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Past performance is no guarantee of future results. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. As with any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Shares of closed-end funds frequently trade at a market price that is below their net asset value.