

Kayne Anderson Energy Development Company Increases Quarterly Distribution to \$0.31 per Share for Q1 2011 and Announces NAV of \$21.88 per Share as of February 28, 2011

Houston, TX – March 31, 2011 – (NYSE:KED) Kayne Anderson Energy Development Company (the “Company”) announced today its quarterly distribution of \$0.31 per share for the quarter ended February 28, 2011, representing an increase of 3.3% from the prior quarter’s distribution of \$0.30 per share. The Company also announced today its unaudited net asset value (NAV) of \$225 million or \$21.88 per share as of February 28, 2011, representing an increase of \$1.32 per share (6.4%) from the Company’s NAV as of November 30, 2010.

The distribution will be payable on April 28, 2011 to common stockholders of record on April 15, 2011, with an ex-dividend date of April 13, 2011. It is anticipated that a portion of this distribution will be treated as a return of capital for tax purposes. The final determination of such amount will be made in early 2012 when the Company can determine its earnings and profits. The final tax status of the distribution may differ substantially from this preliminary information.

“We are pleased to increase our distribution this quarter by \$0.01 per share to \$0.31 per share,” said Kevin McCarthy, Chairman, CEO and President. “This increase was the result of higher distributions received from our portfolio of public MLPs and International Resource Partners LP (“IRP”). While a significant portion of the distributions received from Direct Fuels Partners, L.P. and VantaCore Partners LP were in the form of additional partnership units, we believe that the cash component of these distributions will increase substantially over the next twelve months. Further, we expect that the sale of IRP will close late in the second quarter or early in the third quarter. We expect to receive proceeds at closing, after withholding the escrow amount and appropriate taxes, of approximately \$75 million. We hope to redeploy a significant amount of the after-tax proceeds into similarly structured transactions for private midstream companies, but we do not have any specific transactions identified. In the meantime, over the three-month period following the closing of the IRP transaction, we intend to reinvest those proceeds in a combination of public MLPs and quoted debt securities. We expect that such public MLP and quoted debt investments will support a dividend in the \$0.33 to \$0.34 per quarter range. Actual dividends will be determined once the proceeds are fully invested and must be approved by our board of directors.”

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The Company is a non-diversified, closed-end investment company registered under the Investment Company Act of 1940. The Company's investment objective is to generate both current income and capital appreciation primarily through equity and debt investments. The Company will seek to achieve this objective by investing at least 80% of its net assets together with the proceeds of any borrowings (its "total assets") in securities of companies that derive the majority of their revenue from activities in the energy industry, including: (a) Midstream Energy Companies, which are businesses that operate assets used to gather, transport, process, treat, terminal and store natural gas, natural gas liquids, propane, crude oil or refined petroleum products; (b) Upstream Energy Companies, which are

businesses engaged in the exploration, extraction and production of natural resources, including natural gas, natural gas liquids and crude oil, from onshore and offshore geological reservoirs; and (c) Other Energy Companies, which are businesses engaged in owning, leasing, managing, producing, processing and sale of coal and coal reserves; the marine transportation of crude oil, refined petroleum products, liquefied natural gas, as well as other energy-related natural resources using tank vessels and bulk carriers; and refining, marketing and distributing refined energy products, such as motor gasoline and propane to retail customers and industrial end-users.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This press release contains "forward-looking statements" as defined under the U.S. federal securities laws. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to materially differ from the Company's historical experience and its present expectations or projections indicated in any forward-looking statement. These risks include, but are not limited to, changes in economic and political conditions; regulatory and legal changes; energy industry risk; commodity pricing risk; leverage risk; valuation risk; non-diversification risk; interest rate risk; tax risk; and other risks discussed in the Company's filings with the SEC. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Company 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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