

**FIRST AMENDMENT TO SENIOR SECURED AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT**

THIS FIRST AMENDMENT TO SENIOR SECURED AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this "*Amendment*"), is made and entered into as of November 14, 2011, by and among KAYNE ANDERSON ENERGY DEVELOPMENT COMPANY, a Maryland corporation (the "*Borrower*"), the several banks and other financial institutions from time to time party hereto (collectively, the "*Lenders*") and SUNTRUST BANK, in its capacity as Administrative Agent for the Lenders (the "*Administrative Agent*").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to a certain Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 30, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"; capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement), pursuant to which the Lenders have made certain financial accommodations available to the Borrower;

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend certain provisions of the Credit Agreement, and subject to the terms and conditions hereof, the Lenders are willing to do so;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of all of which are acknowledged, the Borrower, the Lenders and the Administrative Agent agree as follows:

1. **Amendments.**

(a) Section 1.1 of the Credit Agreement is hereby amended by replacing the definitions of 'Asset Coverage Ratio', 'Borrowing Limit', 'Revolving Commitment Amount', 'Revolving Commitment Termination Date', 'Security Documents' and 'Value' in their entirety with the following definitions:

"*Asset Coverage Ratio*" shall mean, as of any date, the ratio, determined on a consolidated basis, without duplication, in accordance with GAAP, of (i) the value of total assets of the Borrower and its Subsidiaries, less all liabilities (other than Indebtedness, including Indebtedness under this Agreement) of the Borrower and its Subsidiaries, as of such date, to (ii) the aggregate amount of Indebtedness of the Borrower and its Subsidiaries.

"*Borrowing Limit*" shall mean, at any time, the lesser of (i) the Revolving Commitment Amount at such time and (ii) the Borrowing Base at such time as reported in the Borrowing Base Certificate most recently delivered to the Lenders pursuant to Section 5.1(e).

"*Revolving Commitment Amount*" shall mean the aggregate principal amount of the Revolving Commitments from time to time. On the First Amendment Date, the Revolving Commitment Amount equals \$85,000,000.

“**Revolving Commitment Termination Date**” shall mean the earliest of (i) March 30, 2014, (ii) the date on which the Revolving Commitments are terminated pursuant to Section 2.7 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

“**Security Documents**” shall mean, collectively, the Security Agreement, the Pledge Agreement, any Deeds of Trust or other Real Estate Documents, any other Control Agreement, the Perfection Certificate, and all other instruments and agreements now or hereafter securing the whole or any part of the Obligations or any Guarantee thereof, all UCC financing statements, fixture financing statements, stock powers, and all other documents, instruments, agreements and certificates executed and delivered by any Loan Party to the Administrative Agent and the Lenders in connection herewith.

“**Value**” means, with respect to any Portfolio Investment, the lower of the most recent internal fair market value as determined pursuant to Section 5.11(a)(ii)(C) and the most recent external fair market value as determined pursuant to Section 5.11(a)(ii)(A) and (B), but in each case subject to Section 5.11(c).

(b) Section 1.1 of the Credit Agreement is hereby amended by deleting the definitions of “Aggregate Commitment Amount”, “Closed End Company Required Threshold” and “Required Threshold”.

(c) Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions in the appropriate alphabetical order:

“**First Amendment Date**” shall mean November 14, 2011.

“**Pledge Agreement**” shall mean that certain Amended and Restated Pledge Agreement, dated as of the Closing Date, executed by the Borrower in favor of the Administrative Agent for the benefit of the Lenders, as amended, restated, supplemented or otherwise modified from time to time.

(d) Section 2.1 of the Credit Agreement is hereby amended by replacing the reference to “Aggregate Commitment Amount” in such Section with “Revolving Commitment Amount”.

(e) Section 2.10 of the Credit Agreement is hereby amended by replacing the reference to “Aggregate Commitment Amount in paragraph (b) of such Section with “Revolving Commitment Amount”.

(f) Section 4.7 of the Credit Agreement is hereby amended by replacing such Section in its entirety with the following:

Section 4.7. Investment Company Act, Etc. The Borrower is registered with the Securities and Exchange Commission as an “investment company” as defined under the Investment Company Act, is classified as a “closed-end company” under Section 5 of the Investment Company Act, and is subject to regulation as such thereunder.

(g) Section 5.1 of the Credit Agreement is hereby amended by replacing paragraphs (a) and (b) of such Section in their entirety with the following:

(a) as soon as available and in any event within 60 days after the end of each Fiscal Year of Borrower, a copy of the annual audited report for such Fiscal Year for the Borrower and its Subsidiaries, containing a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of the Borrower and its Subsidiaries for such Fiscal Year, all in reasonable detail and reported on by PricewaterhouseCoopers LLP or other independent public accountants of nationally recognized standing (without a "going concern" or like qualification, exception or explanation and without any qualification or exception as to scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of the Borrower and its Subsidiaries for such Fiscal Year on a consolidated and consolidating basis in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards; provided, that to the extent that any Special Purpose Subsidiary has entered into a financing transaction, securitization or other monetization transaction and is treated as a consolidated entity and reflected on the consolidated balance sheet of the Borrower and its Subsidiaries, concurrently with the delivery of the financial statements referred to in this paragraph (a), the Borrower shall provide to the Administrative Agent a balance sheet for each such Special Purpose Subsidiary as of the end of such Fiscal Year and the related statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of such Special Purpose Subsidiary for such Fiscal Year;

(b) as soon as available and in any event within 60 days after the end of each Fiscal Quarter of the Borrower, an unaudited consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and the related unaudited consolidated and consolidating statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Quarter (with respect to statements of income only) and the then elapsed portion of such Fiscal Year, all certified by the chief financial officer or treasurer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; provided, that to the extent that any Special Purpose Subsidiary has entered into a financing transaction, securitization or other monetization transaction and is treated as a consolidated entity and reflected on the consolidated balance sheet of the Borrower and its Subsidiaries, concurrently with the delivery of the financial statements referred to in this paragraph (b), the Borrower shall provide to the Administrative Agent a balance sheet for each such Special Purpose Subsidiary as of the end of such Fiscal Quarter and the related statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of such Special Purpose Subsidiary for such Fiscal Quarter;

(h) Section 6.1 of the Credit Agreement is hereby amended by replacing such Section in its entirety with the following:

Section 6.1. Minimum Asset Coverage Ratio. The Borrower shall maintain at all times an Asset Coverage Ratio of at least 3.00:1.00.

(i) Section 6.3 of the Credit Agreement is hereby amended by replacing such Section in its entirety with the following:

Section 6.3. Minimum Consolidated Shareholders Equity. The Borrower will not permit Shareholder's Equity at the last day of any Fiscal Quarter of the Borrower to be less than the greater of (i) 40% of the total assets of the Borrower and its Subsidiaries as at the last day of such Fiscal Quarter (determined on a consolidated basis, without duplication, in accordance with GAAP) and (ii) \$85,000,000 plus 25% of the net proceeds of the sale of Equity Interests by the Borrower and its Subsidiaries after the Closing Date.

(j) **Section 9.9 of the Credit Agreement is hereby amended by replacing such Section in its entirety with the following:**

Section 9.9. Administrative Agent May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or any Revolving Credit Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans or Revolving Credit Exposure and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and its agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and

(b) Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.3.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

(k) The Credit Agreement is amended by replacing Schedule I in its entirety with Schedule I to this Amendment.

2. **Revolving Commitments.**

(a) Schedule I hereto sets forth for each Lender its Revolving Commitment under the Credit Agreement immediately after to giving effect to this Amendment.

(b) Immediately upon this Amendment becoming effective, the principal amount of all Revolving Loans outstanding under the Credit Agreement shall be deemed to be outstanding ratably among the Revolving Commitments as set forth on Schedule I.

3. **Conditions to Effectiveness of this Amendment.** Notwithstanding any other provision of this Amendment and without affecting in any manner the rights of the Lenders hereunder, it is understood and agreed that this Amendment shall not become effective, and the Borrower shall have no rights under this Amendment, until the Administrative Agent shall have received (i) such fees as the Borrower has previously agreed to pay the Administrative Agent or any of its affiliates or the Lenders in connection with this Amendment, (ii) reimbursement or payment of the Administrative Agent's and its Affiliates' costs and expenses incurred in connection with this Amendment or the Credit Agreement (including reasonable fees, charges and disbursements of King & Spalding LLP, counsel to the Administrative Agent) to the extent invoiced prior to the date hereof, and (iii) each of the following documents:

(a) executed counterparts to this Amendment from the Borrower and each of the Lenders;

(b) an executed reaffirmation of the Security Agreement and the Pledge Agreement;

(c) a certificate of the Secretary or Assistant Secretary of each Loan Party, attaching and certifying copies of its bylaws and of the resolutions of its board of directors, or partnership agreement or limited liability company agreement, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of the Amendment and certifying the name, title and true signature of each officer of such Loan Party executing the Amendment;

(d) certified copies of the articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of each Loan Party, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of such Loan Party and each other jurisdiction where such Loan Party is required to be qualified to do business as a foreign corporation;

(e) a certificate, dated the First Amendment Date and signed by a Responsible Officer, certifying that (x) no Default or Event of Default exists, (y) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (but without duplication of any existing materiality qualifiers) and (z) since November 30, 2010, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(f) a favorable written opinion of Paul Hastings LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, the Amendment and the transactions contemplated therein as the Administrative Agent or the Required Lenders shall reasonably request;

(g) certified copies of all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law, or by any Contractual Obligation of each Loan Party, in connection with the execution, delivery, performance, validity and enforceability of this Amendment or any of the transactions contemplated thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any governmental authority regarding the Amendment shall be ongoing; and

(h) copies of the unaudited consolidated financial statements for Borrower and its Subsidiaries for the Fiscal Quarter ending August 31, 2011.

4. **Representations and Warranties.** To induce the Lenders and the Administrative Agent to enter into this Amendment, the Borrower hereby represents and warrants to the Lenders and the Administrative Agent:

(a) The execution, delivery and performance by the Borrower of this Amendment is within the Borrower's organizational powers and has been duly authorized by all necessary organizational, and if required, shareholder, partner or member, action;

(b) The execution, delivery and performance by the Borrower of this Amendment (i) does not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (ii) will not violate any Requirements of Law applicable to Borrower or any of its Subsidiaries or any judgment, order or ruling of any Governmental Authority, (iii) will not violate or result in a default under any indenture, material agreement or other material instrument binding on the Borrower or any of its assets or give rise to a right thereunder to require any payment to be made by the Borrower and (iv) will not result in the creation or imposition of any Lien on any asset of the Borrower, except Liens (if any) created under the Loan Documents;

(c) This Amendment has been duly executed and delivered for the benefit of or on behalf of the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms except as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and remedies in general; and

(d) After giving effect to this Amendment, the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (but without duplication of any existing materiality qualifiers), and no Default or Event of Default has occurred and is continuing, as of the date hereof; provided, however, that any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (provided that such representations and warranties shall be true and correct in all material respects as of such earlier date).

5. **Acknowledgment of Perfection of Security Interest.** Each Loan Party hereby acknowledges that, as of the date hereof, the security interests and liens granted to the Administrative Agent and the Lenders under the Credit Agreement and the other Loan Documents are in full force and effect, are properly perfected and are enforceable in accordance with the terms of the Credit Agreement and the other Loan Documents.

6. **Effect of Amendment.** Except as set forth expressly herein, all terms of the Credit Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect and shall constitute the legal, valid, binding and enforceable obligations of the Borrower to the Lenders and the Administrative Agent. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement.

7. **Governing Law.**

(a) This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York and all applicable federal laws of the United States of America.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court of the Southern District of New York, and of any state court of the State of New York sitting in New York County and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment or the transactions contemplated hereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Amendment against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section 7 and brought in any court referred to in paragraph (b) of this Section 7. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1 of the Credit Agreement. Nothing in this Amendment will affect the right of any party hereto to serve process in any other manner permitted by law.

8. **WAIVER OF JURY TRIAL.** EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.

9. **No Novation.** This Amendment is not intended by the parties to be, and shall not be construed to be, a novation of the Credit Agreement or an accord and satisfaction in regard thereto.

10. **Costs and Expenses.** The Borrower agrees to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and out-of-pocket expenses of outside counsel for the Administrative Agent with respect thereto.

11. **Counterparts.** This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by facsimile transmission or by electronic mail in pdf form shall be as effective as delivery of a manually executed counterpart hereof.

12. **Binding Nature.** This Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, successors-in-titles, and assigns.

13. **Entire Understanding.** This Amendment sets forth the entire understanding of the parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect thereto.

[Signature Pages To Follow]

Schedule I

COMMITMENT AMOUNTS

SunTrust Bank	\$24,285,714.29
Citibank, N.A.	\$24,285,714.29
UBS Loan Finance LLC	\$21,857,142.86
JPMorgan Chase Bank, N.A.	\$ 8,500,000.00
Stifel Bank & Trust	\$ 6,071,428.56