

## Kayne Anderson Midstream/Energy Fund Closes Private Placement of Senior Notes and Preferred Stock

Houston, TX – March 22, 2012 – Kayne Anderson Midstream Energy Fund, Inc. (the “Fund”) (NYSE: KMF) announced today that it has closed a private placement with institutional investors of \$50 million of senior unsecured notes (“Senior Notes”) and \$30 million of mandatory redeemable preferred stock (“MRPS”). Net proceeds from such offerings will be used to repay borrowings, to make new portfolio investments and for general corporate purposes.

The table below sets forth the key terms of the Senior Notes and the MRPS:

| Security                                      | Amount<br>(\$ in millions) | Rate  | Maturity  |
|---|----------------------------|-------|-----------|
| Series C Senior Notes                         | \$50                       | 4.00% | 2/22/2022 |
| Series B Mandatory Redeemable Preferred Stock | \$30                       | 4.50% | 2/22/2020 |

Neither the Senior Notes nor the MRPS will be registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration.

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*Kayne Anderson Midstream/Energy Fund, Inc. is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, whose common stock is traded on the New York Stock Exchange. The Fund's investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions to its stockholders by investing at least 80% of its total assets in securities of companies in the Midstream/Energy Sector, consisting of: (a) Midstream Master Limited Partnerships (“MLPs”), (b) Midstream Companies, (c) Other MLPs and (d) Other Energy Companies. The Fund anticipates that the majority of its investments will consist of investments in Midstream MLPs and Midstream Companies. See Glossary of Key Terms on page ii of the Prospectus for definitions of certain key terms.*

**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 differ from the Fund's historical experience and its present expectations or projections indicated in any forward-looking statements. These risks include, but are not limited to, changes in economic and political conditions; regulatory and legal changes; MLP industry risk; leverage risk; valuation risk; interest rate risk; tax risk; and other risks discussed in the Fund'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 Fund undertakes no obligation to publicly update or revise any forward-looking statements made herein. There is no assurance that the Fund's investment objective will be attained.*

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