

Kayne Anderson MLP Investment CO

Form 497

February 29, 2012

Table of Contents

**Filed pursuant to Rule 497(e)
under the Securities Act of 1933,
as amended, File No. 333-177550**

**PROSPECTUS SUPPLEMENT
(To Prospectus dated February 16, 2012)**

7,500,000 Shares

**Common Stock
\$31.51 per share**

Kayne Anderson MLP Investment Company (the Company, we, us or our) is a non-diversified, closed-end management investment company. Our investment objective is to obtain a high after-tax total return by investing at least 85% of our total assets in energy-related partnerships and their affiliates (collectively, master limited partnerships or MLPs), and in other companies that, as their principal business, operate assets used in the gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined petroleum products or coal (collectively with MLPs, Midstream Energy Companies).

We are offering 7,500,000 shares of our common stock in this prospectus supplement. This prospectus supplement, together with the accompanying prospectus dated February 16, 2012, sets forth the information that you should know before investing.

Our shares of common stock are listed on the New York Stock Exchange under the symbol KYN. The last reported sale price of our common stock on February 28, 2012 was \$32.79 per share. The net asset value per share of our common stock at the close of business on February 28, 2012 was \$30.05.

Investing in our common stock involves risk. See Risk Factors beginning on page 17 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total(1)
Public offering price	\$ 31.51	\$ 236,325,000
Underwriting discounts and commissions	\$ 1.26	\$ 9,450,000
Proceeds, before expenses, to us	\$ 30.25	\$ 226,875,000

(1) We have granted the underwriters an option exercisable for a period of 45 days from the date of this prospectus supplement to purchase up to 1,125,000 additional shares of common stock at the public offering price, less the underwriting discount, to cover over-allotments, if any. If the underwriters exercise the option in full, the total underwriting discounts and commissions will be \$10,867,500, and the total proceeds, before expenses, to us will be \$260,906,250.

The underwriters are offering the shares of common stock as described in Underwriting. Delivery of the shares of common stock will be made on or about March 5, 2012.

Joint Book-Running Managers

Citigroup

BofA Merrill Lynch

Morgan Stanley

UBS Investment Bank

Wells Fargo Securities

Co-Managers

Baird

RBC Capital Markets

Stifel Nicolaus Weisel

February 29, 2012

Table of Contents

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus set forth certain information about us that a prospective investor should carefully consider before making an investment in our securities. This prospectus supplement, which describes the specific terms of this offering, also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in the accompanying prospectus. The accompanying prospectus gives more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement; provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date and incorporated by reference into the accompanying prospectus or prospectus supplement, the statement in the incorporated document having the later date modifies or supersedes the earlier statement. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. The information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates on their front covers, regardless of the time of delivery of this prospectus supplement, the accompanying prospectus, or the sale of the common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>Cautionary Notice Regarding Forward-Looking Statements</u>	S-iii
<u>Prospectus Supplement Summary</u>	S-1
<u>Use of Proceeds</u>	S-4
<u>Capitalization</u>	S-5
<u>Underwriting</u>	S-7
<u>Legal Matters</u>	S-11
<u>Where You Can Find More Information</u>	S-11
<u>Financial Statements as of and for the Year ended November 30, 2011 and Financial Highlights for the Period September 28, 2004 through November 30, 2004 and for the Fiscal Years ended November 30, 2005 through 2011</u>	F-1

Prospectus

	Page
<u>Prospectus Summary</u>	1
<u>Forward-Looking Statements</u>	7
<u>Kayne Anderson MLP Investment Company</u>	8
<u>Fees and Expenses</u>	9
<u>Financial Highlights</u>	11
<u>Senior Securities</u>	12
<u>Market and Net Asset Value Information</u>	15
<u>Use of Proceeds</u>	16
<u>Risk Factors</u>	17
<u>Distributions</u>	35
<u>Dividend Reinvestment Plan</u>	37
<u>Investment Objective and Policies</u>	39
<u>Use of Leverage</u>	43
<u>Management</u>	46
<u>Net Asset Value</u>	50
<u>Description of Capital Stock</u>	52
<u>Rating Agency Guidelines</u>	67
<u>Our Structure: Common Stock Repurchases and Change in Our Structure</u>	69
<u>Tax Matters</u>	71
<u>Plan of Distribution</u>	75
<u>Transfer Agent and Dividend-Paying Agent</u>	78
<u>Administrator, Custodian and Fund Accountant</u>	78
<u>Legal Matters</u>	78
<u>Table of Contents of Our Statement of Additional Information</u>	79

Table of Contents

You should read this prospectus supplement and the accompanying prospectus before deciding whether to invest and retain it for future reference. A statement of additional information, dated February 16, 2012 (SAI), as supplemented from time to time, containing additional information about us, has been filed with the Securities and Exchange Commission (SEC) and is incorporated by reference in its entirety into this prospectus supplement. You may request a free copy of our SAI by calling toll-free at (877) 657-3863, or by writing to us at 717 Texas Avenue, Suite 3100, Houston, Texas 77002. Electronic copies of the accompanying prospectus, our stockholder reports and our SAI are also available on our website (<http://www.kaynefunds.com>). You may also obtain copies of these documents (and other information regarding us) from the SEC 's web site (<http://www.sec.gov>).

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the SAI contain forward-looking statements. All statements other than statements of historical facts included in this prospectus that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements including, in particular, the statements about our plans, objectives, strategies and prospects regarding, among other things, our financial condition, results of operations and business. We have identified some of these forward-looking statements with words like believe, may, could, might, forecast, possible, potential, project, will, shall, intend, plan, predict, anticipate, estimate, approximate or continue and other words and terms of similar meaning and the negative of such terms. Such forward-looking statements may be contained in this prospectus supplement as well as in the accompanying prospectus. These forward-looking statements are based on current expectations about future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Many factors mentioned in our discussion in this prospectus supplement and the accompanying prospectus, including the risks outlined under Risk Factors, will be important in determining future results. In addition, several factors that could materially affect our actual results are the ability of the MLPs and other Midstream Energy Companies in which we invest to achieve their objectives, our ability to source favorable private investments, the timing and amount of distributions and dividends from the MLPs and other Midstream Energy Companies in which we intend to invest, the dependence of our future success on the general economy and its impact on the industries in which we invest and other factors discussed in our periodic filings with the SEC.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we do not know whether our expectations will prove correct. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. The factors identified above are believed to be important factors, but not necessarily all of the important factors, that could cause our actual results to differ materially from those expressed in any forward-looking statement. Unpredictable or unknown factors could also have material adverse effects on us. Since our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, we cannot give any assurance that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. All forward-looking statements included in this prospectus supplement, the accompanying prospectus or the SAI are expressly qualified in their entirety by the foregoing cautionary statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of such documents. We do not undertake any obligation to update, amend or clarify these forward-looking statements or the risk factors contained therein, whether as a result of new information, future events or otherwise, except as may be required under the federal securities laws. We acknowledge that, notwithstanding the foregoing statements, the Private Securities Litigation Reform Act of 1995 does not apply to investment companies such as us.

Table of Contents**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary does not contain all of the information you should consider before investing in our common stock. You should read carefully the entire prospectus supplement, the accompanying prospectus, including the section entitled *Risk Factors* and the financial statements and related notes, before making an investment decision.*

THE COMPANY

Kayne Anderson MLP Investment Company, a Maryland corporation, is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). Our investment objective is to obtain a high after-tax total return by investing at least 85% of our total assets in MLPs and other Midstream Energy Companies. We also must comply with the SEC's rule regarding investment company names, which requires us, under normal market conditions, to invest at least 80% of our total assets in MLPs so long as MLP is in our name. Our shares of common stock are listed on the New York Stock Exchange (NYSE) under the symbol KYN.

We began investment activities in September 2004 following our initial public offering. As of January 31, 2012, we had net assets applicable to our common stock of approximately \$2.2 billion and total assets of approximately \$3.9 billion.

PORTFOLIO INVESTMENTS

Our investments are principally in equity securities issued by MLPs. Generally, we invest in equity securities of (i) master limited partnerships, including preferred, common and subordinated units and general partner interests, (ii) owners of such interests in master limited partnerships and (iii) other Midstream Energy Companies. We may also invest in debt securities of MLPs and other Midstream Energy Companies with varying maturities of up to 30 years.

We are permitted to invest up to 50% of our total assets in unregistered or otherwise restricted securities of MLPs and other Midstream Energy Companies, including securities issued by private companies. We may invest up to 15% of our total assets in any single issuer.

We are permitted to invest up to 20% of our total assets in debt securities of MLPs and other Midstream Energy Companies, including below investment grade debt securities rated, at the time of investment, at least B3 by Moody's Investors Service, Inc., B- by Standard & Poor's Financial Services LLC, a division of the McGraw-Hill Companies, Inc., or Fitch Ratings, Inc., or, if unrated, determined by Kayne Anderson to be of comparable quality. In addition, up to one-quarter of our permitted investments in debt securities (or up to 5% of our total assets) may include unrated debt securities of private companies.

As of January 31, 2012, we held \$3.8 billion in equity investments and \$35 million in fixed income investments. Our top 10 largest holdings by issuer as of that date were:

Company	Sector	Amount (\$ millions)	Percent of Long-Term Investments
1. Enterprise Products Partners L.P.	Midstream MLP	\$ 351.9	9.1%

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

2.	Kinder Morgan Management, LLC	MLP Affiliate	292.1	7.5
3.	Plains All American Pipeline, L.P.	Midstream MLP	242.8	6.3
4.	MarkWest Energy Partners, L.P.	Midstream MLP	217.0	5.6
5.	Energy Transfer Equity, L.P.	General Partner MLP	189.1	4.9
6.	Regency Energy Partners L.P.	Midstream MLP	163.0	4.2
7.	Williams Partners L.P.	Midstream MLP	155.5	4.0
8.	Magellan Midstream Partners, L.P.	Midstream MLP	154.9	4.0
9.	EI Paso Pipeline Partners, L.P.	Midstream MLP	142.0	3.7
10.	Buckeye Partners, L.P.	Midstream MLP	128.0	3.3

S-1

Table of Contents***INVESTMENT ADVISER***

KA Fund Advisors, LLC (KAFAs) is our investment adviser and is responsible for implementing and administering our investment strategy. KAFAs is a subsidiary of Kayne Anderson Capital Advisors, L.P. (KACALP) and together with KAFAs, Kayne Anderson). Both KAFAs and KACALP are SEC-registered investment advisers. As of December 31, 2011, Kayne Anderson and its affiliates managed approximately \$14.2 billion, including approximately \$8.7 billion in MLPs and other Midstream Energy Companies. Kayne Anderson has invested in MLPs and other Midstream Energy Companies since 1998. We believe that Kayne Anderson has developed an understanding of the MLP market that enables it to identify and take advantage of public MLP investment opportunities. In addition, Kayne Anderson's senior professionals have developed a strong reputation in the energy sector and have many long-term relationships with industry managers, which we believe gives Kayne Anderson an important advantage in sourcing and structuring private investments.

DISTRIBUTIONS

We have paid distributions to our common stockholders every fiscal quarter since inception and intend to continue to pay quarterly distributions to our common stockholders. Our quarterly distribution per share has increased by 36% since inception and we have increased our distribution in each of the last five quarters. Our most recent quarterly distribution of \$0.51 per share, paid in January 2012, was 5.2% higher than the corresponding distribution paid in January 2011. Our next regularly scheduled quarterly distribution will be for our fiscal quarter ending February 29, 2012 and, if approved by our Board of Directors, will be paid to common stockholders on or about April 13, 2012. Payment of future distributions is subject to approval by our Board of Directors, as well as meeting the covenants of our senior debt, meeting the terms of our preferred stock and the asset coverage requirements of the 1940 Act. The distributions we have paid since the beginning of fiscal 2010 are as follows:

Payment Date	Distribution per Share (\$)	
January 13, 2012	\$	0.5100
October 14, 2011		0.5025
July 15, 2011		0.4975
April 15, 2011		0.4900
January 14, 2011		0.4850
October 15, 2010		0.4800
July 9, 2010		0.4800
April 16, 2010		0.4800
January 15, 2010		0.4800

Table of Contents

THE OFFERING

Common stock we are offering	7,500,000 shares
Common stock to be outstanding after this offering	82,868,863 shares(1)
Use of proceeds after expenses	We estimate that our net proceeds from this offering after expenses without exercise of the over-allotment option will be approximately \$227 million. We intend to use the net proceeds to make investments in portfolio companies in accordance with our investment objective and policies and for general corporate purposes. See Use of Proceeds.
Risk factors	See Risk Factors and other information included in the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
NYSE Symbol	KYN

The shareholder transaction expenses can be summarized as follows:

Underwriting discounts and commissions (as a percentage of offering price)	4.00%
Net offering expenses borne by us (as a percentage of offering price)	0.08%
Dividend reinvestment plan fees(2)	None

- (1) The number of shares outstanding after the offering assumes the underwriters' over-allotment option is not exercised. If the over-allotment option is exercised in full, the number of shares outstanding will increase by 1,125,000 shares.
- (2) You will pay brokerage charges if you direct American Stock Transfer & Trust Company, as agent for our common stockholders, to sell your common stock held in a dividend reinvestment account.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the 7,500,000 shares of common stock that we are offering will be approximately \$227 million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, or approximately \$261 million if the underwriters exercise the over-allotment option in full.

We intend to use the net proceeds of the offering to make investments in portfolio companies in accordance with our investment objective and policies and for general corporate purposes. We anticipate that we will be able to invest the net proceeds within two to three months.

Pending such investments, we anticipate (i) repaying all or a portion of the indebtedness owed under our existing unsecured revolving credit facility and (ii) investing the remaining net proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments. A delay in the anticipated use of proceeds could lower returns, reduce our distribution to common stockholders and reduce the amount of cash available to make dividend and interest payments on preferred stock and debt securities, respectively.

At February 28, 2012, we had outstanding borrowings on the revolving credit facility of \$76 million and the interest rate was 3.19%. Any borrowings under our revolving credit facility will be used to fund investments in portfolio companies and for general corporate purposes. Amounts repaid under our revolving credit facility will remain available for future borrowings. Affiliates of some of the underwriters are lenders under our revolving credit facility and will receive a pro rata portion of the net proceeds from this offering, if any, used to reduce amounts outstanding under our revolving credit facility. See Underwriting Affiliations Conflicts of Interests.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization: (i) as of November 30, 2011 and (ii) as of November 30, 2011, as adjusted to give effect to the issuance of the shares of common stock offered hereby. As indicated below, common stockholders will bear the offering costs associated with this offering.

	As of November 30, 2011	
	Actual	As Adjusted
	(Unaudited)	
	(\$ in 000s,	
	except per share data)	
Repurchase Agreements, Cash and Cash Equivalents	\$ 53,830	\$ 280,505(1)
Short-Term Debt:		
Revolving Credit Facility		(1)
Senior Notes Series I(2)	60,000	60,000
Long-Term Debt:		
Senior Notes Series K(2)	125,000	125,000
Senior Notes Series M(2)	60,000	60,000
Senior Notes Series N(2)	50,000	50,000
Senior Notes Series O(2)	65,000	65,000
Senior Notes Series P(2)	45,000	45,000
Senior Notes Series Q(2)	15,000	15,000
Senior Notes Series R(2)	25,000	25,000
Senior Notes Series S(2)	60,000	60,000
Senior Notes Series T(2)	40,000	40,000
Senior Notes Series U(2)	60,000	60,000
Senior Notes Series V(2)	70,000	70,000
Senior Notes Series W(2)	100,000	100,000
Total Debt:	\$ 775,000	\$ 775,000
Mandatory Redeemable Preferred Stock:		
Series A MRP Shares, \$0.001 par value per share, liquidation preference \$25.00 per share (4,400,000 shares issued and outstanding, 4,400,000 shares authorized)(2)	\$ 110,000	\$ 110,000
Series B MRP Shares, \$0.001 par value per share, liquidation preference \$25.00 per share (320,000 shares issued and outstanding, 320,000 shares authorized)(2)	8,000	8,000
Series C MRP Shares, \$0.001 par value per share, liquidation preference \$25.00 per share (1,680,000 shares issued and outstanding, 1,680,000 shares authorized)(2)	42,000	42,000
Series D MRP Shares, \$0.001 par value per share, liquidation preference \$25.00 per share (4,000,000 shares issued and outstanding, 4,000,000 shares authorized)(2)	100,000	100,000
Common Stockholders Equity:	\$ 75	\$ 83

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

Common stock, \$0.001 par value per share, 189,600,000 shares authorized (75,130,209 shares issued and outstanding; 82,630,209 shares issued and outstanding as adjusted)(2)(3)(4)		
Paid-in capital(5)	1,369,132	1,595,799
Accumulated net investment loss, net of income taxes, less dividends	(335,774)	(335,774)
Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	195,655	195,655
Net unrealized gains on investments and options, net of income taxes	800,515	800,515
Net assets applicable to common stockholders	\$ 2,029,603	\$ 2,256,278

S-5

Table of Contents

- (1) As described under Use of Proceeds, we intend to use the net proceeds from this offering to make investments in portfolio companies in accordance with our investment objective and policies, to repay indebtedness and for general corporate purposes. Pending such investments, we anticipate either investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations, money market instruments or cash.
- (2) We do not hold any of these outstanding securities for our account.
- (3) This does not include shares that may be issued in connection with the underwriters' over-allotment option.
- (4) On January 13, 2012, we issued 238,654 shares of common stock pursuant to our dividend reinvestment plan which are not reflected in the as adjusted shares issued and outstanding.
- (5) As adjusted, additional paid-in capital reflects the issuance of shares of common stock offered hereby (\$236,325), less \$0.001 par value per share of common stock (\$8), less the underwriting discounts and commissions (\$9,450) and less the net estimated offering costs borne by us (\$200) related to the issuance of shares.

Table of Contents**UNDERWRITING**

We are offering the shares of our common stock described in this prospectus supplement through the underwriters named below. Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, UBS Securities LLC and Wells Fargo Securities, LLC are the joint book-running managers of the offering and representatives of the underwriters. We have entered into an underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase the number of shares of common stock listed next to its name in the following table.

Underwriters	Number of Shares
Citigroup Global Markets Inc.	1,496,250
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,496,250
Morgan Stanley & Co. LLC	1,496,250
UBS Securities LLC	1,170,000
Wells Fargo Securities, LLC	937,500
Robert W. Baird & Co. Incorporated	307,500
RBC Capital Markets, LLC	346,500
Stifel, Nicolaus & Company, Incorporated	249,750
Total	7,500,000

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriting agreement provides that the underwriters must buy all of the shares if they buy any of them. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

Our common stock is offered subject to a number of conditions, including:

receipt and acceptance of our common stock by the underwriters; and

the underwriters' right to reject orders in whole or in part.

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses electronically.

OVER-ALLOTMENT OPTION

We have granted the underwriters an option to buy up to an aggregate of 1,125,000 additional shares of common stock. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with this offering. The underwriters have 45 days from the date of this prospectus supplement to exercise this option. If the underwriters exercise this option, they will each purchase additional shares approximately in proportion to the amounts specified in the table above.

COMMISSIONS AND DISCOUNTS

Shares sold by the underwriters to the public will be offered at the public offering price set forth on the cover page of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$0.76 per share from the public offering price. Any of these securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to \$0.10 per share from the public offering price. Sales of shares made outside of the U.S. may be made by affiliates of the underwriters. If all of the shares are not sold at the public offering price, the representatives may change the offering price and the other selling terms. Upon execution of the underwriting agreement, the underwriters will be obligated to purchase the shares at the prices and upon the terms stated therein and, as a result, will thereafter bear any risk associated with changing the offering price to the public and other selling terms. The sales load and underwriting discount is equal to 4.00% of the initial offering price. Investors must pay for their shares of common stock on or before March 5, 2012.

S-7

Table of Contents

The following table shows the per share and total underwriting discounts and commissions we will pay to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 1,125,000 shares of common stock.

	No Exercise	Full Exercise
Per share	\$ 1.26	\$ 1.26
Total	\$ 9,450,000	\$ 10,867,500

We estimate that the total expenses of this offering payable by us, not including the underwriting discounts and commissions, will be approximately \$200,000.

NO SALES OF SIMILAR SECURITIES

We, our Adviser and certain officers of our Adviser, including all of our officers, and our directors who own shares of our common stock and/or purchase shares of our common stock in this offering, have entered into lock-up agreements with the underwriters. Under these agreements, subject to certain exceptions, we and each of these persons may not, without the prior written consent of the representatives, offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or hedge our common stock or securities convertible into or exchangeable or exercisable for our common stock for a period of 60 days after the date of this prospectus supplement. In the event that either (x) during the last 17 days of the 60-day period referred to above, we issue an earnings release or (y) prior to the expiration of such 60 days, we announce that we will release earnings during the 16-day period beginning on the last day of such 60-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the date of the earnings or the press release.

We have agreed to indemnify the underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended (the "Securities Act"). If we are unable to provide this indemnification, we have agreed to contribute to payments the underwriters may be required to make in respect of those liabilities.

NYSE LISTING

Our currently outstanding shares of common stock are, and the shares of common stock sold pursuant to this prospectus supplement and the accompanying prospectus, subject to notice of issuance, will be listed on the NYSE under the symbol KYN.

PRICE STABILIZATION, SHORT POSITIONS

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and

syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock which involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering.

Short sales may be covered short sales, which are short positions in an amount not greater than the underwriters over-allotment option referred to above, or may be naked short sales, which are short positions in excess of that amount.

The underwriters may close out any covered short position by either exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.

S-8

Table of Contents

The underwriters may close out any naked short sale position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discounts and commissions received by it because the representatives have repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. The underwriters may carry out these transactions on the NYSE or in the over-the-counter market, or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make any representation that the underwriters will engage in these stabilizing transactions or that any transaction, if commenced, will not be discontinued without notice.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus supplement has not been made and may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an offer of securities to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The underwriters have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus supplement. Accordingly, no purchaser of the securities, other than the underwriters, is authorized to make any further offer of the securities on our behalf or on behalf of the underwriters.

Table of Contents

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This prospectus supplement and the accompanying prospectus (this Communication) has not been approved by an authorized person under section 21 of the Financial Services and Markets Act 2000 and is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a relevant person).

This Communication and its contents are confidential and provided on a personal basis to the recipients and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any investment or investment activity to which this Communication relates is available only to relevant persons and will only be engaged with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Communication or any of its contents.

AFFILIATIONS CONFLICTS OF INTERESTS

Some of the underwriters and their affiliates may from time to time in the future engage in transactions with us and perform services for us in the ordinary course of their business.

Affiliates of some of the underwriters are lenders under our revolving credit facility and will receive a pro rata portion of the net proceeds from this offering, if any, used to reduce amounts outstanding thereunder. See Use of Proceeds.

KA Associates, Inc., an affiliate of ours and Kayne Anderson, is a member of the selling group for this offering.

The respective addresses of the representatives are Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013; Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036; Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036; UBS Securities LLC, 299 Park Avenue, New York, NY 10171; and Wells Fargo Securities, LLC, 301 S. College Street, Charlotte, North Carolina 28288.

Table of Contents

LEGAL MATTERS

Certain legal matters in connection with our common stock will be passed upon for us by Paul Hastings LLP, Costa Mesa, California, and for the underwriters by Sidley Austin llp, New York, New York. Paul Hastings LLP and Sidley Austin llp may rely as to certain matters of Maryland law on the opinion of Venable LLP, Baltimore, Maryland.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act) and the 1940 Act, and are required to file reports, including annual and semi-annual reports, proxy statements and other information with the SEC. We voluntarily file quarterly shareholder reports. Our most recent shareholder report filed with the SEC is for the year ended November 30, 2011. These documents are available on the SEC's EDGAR system and can be inspected and copied for a fee at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Additional information about the operation of the public reference room facilities may be obtained by calling the SEC at (202) 551-5850.

This prospectus supplement and the accompanying prospectus do not contain all of the information in our registration statement, including amendments, exhibits and schedules. Statements in this prospectus supplement and the accompanying prospectus about the contents of any contract or other document are not necessarily complete and in each instance reference is made to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference. Additional information about us can be found in our registration statement (including amendments, exhibits, and schedules) on Form N-2 filed with the SEC. The SEC maintains a web site (<http://www.sec.gov>) that contains our registration statement, other documents incorporated by reference, and other information we have filed electronically with the SEC, including proxy statements and reports filed under the Exchange Act.

Table of Contents

**FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2011
AND FINANCIAL HIGHLIGHTS FOR THE PERIOD SEPTEMBER 28, 2004
THROUGH NOVEMBER 30, 2004 AND FOR THE FISCAL YEARS ENDED
NOVEMBER 30, 2005 THROUGH 2011**

CONTENTS

	Page
<u>Portfolio Summary</u>	F-2
<u>Management Discussion</u>	F-3
<u>Schedule of Investments</u>	F-8
<u>Statement of Assets and Liabilities</u>	F-11
<u>Statement of Operations</u>	F-12
<u>Statement of Changes in Net Assets Applicable to Common Stockholders</u>	F-13
<u>Statement of Cash Flows</u>	F-14
<u>Financial Highlights</u>	F-15
<u>Notes to Financial Statements</u>	F-18
<u>Report of Independent Registered Public Accounting Firm</u>	F-34

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
PORTFOLIO SUMMARY
(UNAUDITED)**

Portfolio Investments by Category

Top 10 Holdings by Issuer

	Holding	Sector	Percent of Total Investments*	
			as of November 30, 2011	2010
1.	Enterprise Products Partners L.P.	Midstream MLP	9.3%	9.1%
2.	Kinder Morgan Management, LLC	MLP Affiliate	7.4	6.5
3.	MarkWest Energy Partners, L.P.	Midstream MLP	5.6	4.9
4.	Plains All American Pipeline, L.P.	Midstream MLP	5.3	5.9
5.	Williams Partners L.P.	Midstream MLP	4.6	4.9
6.	Magellan Midstream Partners, L.P.	Midstream MLP	4.4	6.7
7.	Regency Energy Partners LP	Midstream MLP	4.1	3.2
8.	Energy Transfer Equity, L.P.	General Partner MLP	3.8	3.9
9.	Buckeye Partners, L.P.	Midstream MLP	3.6	0.5
10.	El Paso Pipeline Partners, L.P.	Midstream MLP	3.5	3.2

* Includes cash and repurchase agreement (if any).

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)**

Company Overview

Kayne Anderson MLP Investment Company is a non-diversified, closed-end fund that commenced operations in September 2004. Our investment objective is to obtain a high after-tax total return by investing at least 85% of our total assets in energy-related master limited partnerships and their affiliates (MLPs) and in other companies that operate assets used in the gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined petroleum products or coal (collectively with MLPs, Midstream Energy Companies).

As of November 30, 2011, we had total assets of \$3.6 billion, net assets applicable to our common stock of \$2.0 billion (net asset value per share of \$27.01), and 75.1 million shares of common stock outstanding.

Our investments are principally in equity securities issued by MLPs, but we may also invest in debt securities of MLPs and debt/equity securities of Midstream Energy Companies. As of November 30, 2011, we held \$3.5 billion in equity investments and \$33.9 million in debt investments.

Results of Operations For the Three Months Ended November 30, 2011

Investment Income. Investment income totaled \$8.0 million and consisted primarily of net dividends and distributions and interest income on our investments. Interest and other income was \$0.8 million, and we received \$49.5 million of cash dividends and distributions, of which \$42.3 million was treated as return of capital during the quarter. During the quarter, we received \$7.0 million of paid-in-kind dividends, which are not included in investment income, but are reflected as an unrealized gain.

Operating Expenses. Operating expenses totaled \$25.3 million, including \$11.9 million of investment management fees, \$8.7 million of interest expense (including non-cash amortization of debt issuance costs of \$0.4 million), and \$1.1 million of other operating expenses. Management fees are calculated based on the average total assets under management. Preferred stock distributions for the quarter were \$3.6 million (including non-cash amortization of \$0.2 million).

Net Investment Loss. Our net investment loss totaled \$11.8 million and included a deferred income tax benefit of \$5.4 million.

Net Realized Gains. We had net realized gains from our investments of \$5.1 million, net of \$2.8 million of deferred tax expense.

Net Change in Unrealized Gains. We had a net change in unrealized gains of \$120.2 million. The net change consisted of \$190.7 million of unrealized gains from investments and a deferred tax expense of \$70.5 million.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of \$113.5 million. This increase was composed of a net investment loss of \$11.8 million; net realized gains of \$5.1 million; and net change in unrealized gains of \$120.2 million, as noted above.

Results of Operations For the Fiscal Year Ended November 30, 2011

Investment Income. Investment income totaled \$23.5 million and consisted primarily of net dividends and distributions and interest income on our investments. Interest and other income was \$3.8 million, and we received \$187.2 million of cash dividends and distributions, of which \$167.5 million was treated as return of capital during the year. During the third quarter of fiscal 2011, we received 2010 tax reporting information from our portfolio investments that increased our return of capital estimate for 2010 by \$5.0 million. During the year, we received \$24.9 million of paid-in-kind dividends, which is not included in investment income but is reflected as an unrealized gain.

F-3

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)**

Operating Expenses. Operating expenses totaled \$96.4 million, including \$46.5 million of investment management fees; \$33.6 million of interest expense (including non-cash amortization of debt issuance costs of \$1.6 million), and \$4.4 million of other operating expenses. Management fees are calculated based on the average total assets under management. Preferred stock distributions for the year were \$11.9 million (including non-cash amortization of \$0.5 million).

Net Investment Loss. Our net investment loss totaled \$49.9 million and included a deferred income tax benefit of \$22.9 million.

Net Realized Gains. We had net realized gains from our investments of \$110.2 million, net of \$64.6 million of tax expense.

Net Change in Unrealized Gains. We had a net change in unrealized gains of \$91.6 million. The net change consisted of \$145.3 million of unrealized gains from investments and a deferred tax expense of \$53.7 million.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of \$151.9 million. This increase was composed of a net investment loss of \$49.9 million; net realized gains of \$110.2 million; and net change in unrealized gains of \$91.6 million, as noted above.

Distributions to Common Stockholders

We pay quarterly distributions to our common stockholders, funded in part by net distributable income (NDI) generated from our portfolio investments. NDI is the amount of income received by us from our portfolio investments less operating expenses, subject to certain adjustments as described below. NDI is not a financial measure under the accounting principles generally accepted in the United States of America (GAAP). Refer to the Reconciliation of NDI to GAAP section below for a reconciliation of this measure to our results reported under GAAP.

Income from portfolio investments includes (a) cash dividends and distributions, (b) paid-in-kind dividends received (i.e., stock dividends), (c) interest income from debt securities and commitment fees from private investments in public equity (PIPE investments) and (d) net premiums received from the sale of covered calls.

Operating expenses include (a) investment management fees paid to our investment adviser, (b) other expenses (mostly attributable to fees paid to other service providers), (c) interest expense and preferred stock distributions and (d) deferred income tax expense/benefit on net investment income/loss.

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)**

Net Distributable Income (NDI)
(amounts in millions, except for per share amounts)

	Three Months Ended November 30, 2011	Fiscal Year Ended November 30, 2011
Distributions and Other Income from Investments		
Dividends and Distributions	\$ 49.5	\$ 187.2
Paid-In-Kind Dividends	7.0	24.9
Interest and Other Income ⁽¹⁾	1.2	5.7
Net Premiums Received from Call Options Written	1.4	5.1
Total Distributions and Other Income from Investments	59.1	222.9
Expenses		
Investment Management Fee	(11.9)	(46.5)
Other Expenses	(1.1)	(4.4)
Total Management Fee and Other Expenses	(13.0)	(50.9)
Interest Expense	(8.3)	(32.0)
Preferred Stock Distributions	(3.4)	(11.5)
Income Tax Benefit	5.4	22.9
Net Distributable Income (NDI)	\$ 39.8	\$ 151.4
Weighted Shares Outstanding	75.0	72.7
NDI per Weighted Share Outstanding	\$ 0.53	\$ 2.08
Distributions paid per Common Share⁽²⁾	\$ 0.51	\$ 2.00

(1) Includes \$0.4 million and \$1.9 million of commitment fees from PIPE investments, which are recorded as reductions to the cost of the investments.

(2) The distribution of \$0.51 per share for the fourth quarter of fiscal 2011 was paid to common stockholders on January 13, 2012. Distributions for fiscal 2011 include the distributions paid in April 2011, July 2011, October 2011 and the distribution paid in January 2012.

Payment of future distributions is subject to Board of Directors approval, as well as meeting the covenants of our debt agreements and terms of our preferred stock. In determining our quarterly distribution to common stockholders, our Board of Directors considers a number of factors that include, but are not limited to:

NDI generated in the current quarter;

Expected NDI over the next twelve months; and

Realized and unrealized gains generated by the portfolio.

On December 13, 2011, we increased our quarterly distribution to \$0.51 from \$0.5025 per common share for the fiscal fourth quarter 2011 for a total quarterly distribution payment of \$38.3 million. The distribution was paid on January 13, 2012 to common stockholders of record on January 5, 2012.

F-5

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)**

Reconciliation of NDI to GAAP

The difference between distributions and other income from investments in the NDI calculation and total investment income as reported in our Statement of Operations is reconciled as follows:

GAAP recognizes that a significant portion of the cash distributions received from MLPs is characterized as a return of capital and therefore excluded from investment income, whereas the NDI calculation includes the return of capital portion of such distributions.

NDI includes the value of dividends paid-in-kind, whereas such amounts are not included as investment income for GAAP purposes, but rather are recorded as unrealized gains upon receipt.

NDI includes commitment fees from PIPE investments, whereas such amounts are generally not included in investment income for GAAP purposes, but rather are recorded as a reduction to the cost of the investment.

Many of our investments in debt securities were purchased at a discount or premium to the par value of such security. When making such investments, we consider the security's yield to maturity, which factors in the impact of such discount (or premium). Interest income reported under GAAP includes the non-cash accretion of the discount (or amortization of the premium) based on the effective interest method. When we calculate interest income for purposes of determining NDI, in order to better reflect the yield to maturity, the accretion of the discount (or amortization of the premium) is calculated on a straight-line basis to the earlier of the expected call date or the maturity of the debt security.

We may sell covered call option contracts to generate income or to reduce our ownership of certain securities that we hold. In some cases, we are able to repurchase these call option contracts at a price less than the fee that we received, thereby generating a profit. The amount we received from selling call options, less the amount that we pay to repurchase such call option contracts is included in NDI. For GAAP purposes, premiums received from call option contracts sold is not included in investment income. See Note 2 – Significant Accounting Policies for a full discussion of the GAAP treatment of option contracts.

The treatment of expenses included in NDI also differs from what is reported in the Statement of Operations as follows:

The non-cash amortization or write-offs of capitalized debt issuance costs and preferred stock offering costs related to our financings is included in interest expense and distributions on mandatory redeemable preferred stock for GAAP purposes, but is excluded from our calculation of NDI.

NDI also includes recurring payments (or receipts) on interest rate swap contracts (excluding termination payments) whereas for GAAP purposes, these amounts are included in the realized gains/losses section of the Statement of Operations.

Liquidity and Capital Resources

Total leverage outstanding at November 30, 2011 of \$1,035.0 million was comprised of \$775.0 million of senior unsecured notes (the Senior Notes) and \$260.0 million of mandatory redeemable preferred stock. At November 30,

2011, we did not have any borrowings outstanding under our unsecured revolving credit facility (the Credit Facility). Total leverage represented 29% of total assets at November 30, 2011. As of January 19, 2012, we had \$61.0 million borrowed under our Credit Facility, and we had \$2.7 million of cash.

During fiscal 2011, we increased the size of our Credit Facility from \$100.0 million to \$175.0 million through two amendments to the facility. The Credit Facility matures on June 11, 2013. The interest rate may vary between LIBOR plus 1.75% and LIBOR plus 3.00%, depending on our asset coverage ratios. Outstanding loan balances accrue interest daily at a rate equal to one-month LIBOR plus 1.75% based on current asset

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)**

coverage ratios. We pay a commitment fee of 0.40% per annum on any unused amounts of the Credit Facility. A full copy of our Credit Facility is available on our website, www.kaynefunds.com.

At November 30, 2011, our asset coverage ratios under the Investment Company Act of 1940, as amended (the 1940 Act), were 395% and 296% for debt and total leverage (debt plus preferred stock), respectively. We currently target an asset coverage ratio with respect to our debt of 375%, but at times may be above or below our target depending on market conditions.

We had \$775.0 million of senior unsecured notes outstanding at November 30, 2011. Of this amount, \$60.0 million matures in 2012 and remaining \$715.0 million of senior unsecured notes matures between 2013 and 2022. As of the same date, we had \$260.0 million of mandatory redeemable preferred stock, which is subject to mandatory redemption starting on 2017 through 2020.

Our leverage, at November 30, 2011, consisted of both fixed rate (85%) and floating rate (15%) obligations. At such date, the weighted average interest rate on our leverage was 4.51%.

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
SCHEDULE OF INVESTMENTS**

NOVEMBER 30, 2011

(amounts in 000 s, except number of option contracts)

Description	No. of Shares/Units	Value
Long-Term Investments 173.6%		
Equity Investments⁽¹⁾ 171.9%		
Midstream MLP⁽²⁾ 117.9%		
Boardwalk Pipeline Partners, LP	703	\$ 18,240
Buckeye Partners, L.P.	1,253	79,966
Buckeye Partners, L.P. Class B Unit ⁽³⁾⁽⁴⁾	848	48,645
Chesapeake Midstream Partners, L.P.	785	20,580
Copano Energy, L.L.C.	1,891	62,583
Crestwood Midstream Partners LP	1,558	46,542
Crestwood Midstream Partners LP Class C Unit ⁽³⁾⁽⁴⁾	1,116	29,934
Crosstex Energy, L.P.	1,619	25,147
DCP Midstream Partners, LP	1,974	84,703
El Paso Pipeline Partners, L.P.	3,774	123,684
Enbridge Energy Partners, L.P.	3,326	103,010
Energy Transfer Partners, L.P.	1,767	77,335
Enterprise Products Partners L.P.	7,323	333,105
Exterran Partners, L.P.	2,506	54,407
Global Partners LP	1,936	40,050
Holly Energy Partners, L.P.	449	25,001
Magellan Midstream Partners, L.P. ⁽⁵⁾	2,432	155,621
MarkWest Energy Partners, L.P.	3,750	201,162
Niska Gas Storage Partners LLC	1,407	13,620
Oiltanking Partners, L.P.	634	18,259
ONEOK Partners, L.P.	2,307	116,651
PAA Natural Gas Storage, L.P.	1,266	22,145
Plains All American Pipeline, L.P. ⁽⁶⁾	2,903	188,296
Regency Energy Partners L.P.	6,328	145,610
Spectra Energy Partners, L.P.	1,018	30,829
Targa Resources Partners L.P.	1,753	65,797
TC PipeLines, LP	435	20,701
Tesoro Logistics LP	502	13,697
Transmontaigne Partners L.P.	627	19,166
Western Gas Partners L.P.	1,156	43,548
Williams Partners L.P.	2,850	165,497
		2,393,531
MLP Affiliate⁽²⁾ 16.8%		
Enbridge Energy Management, L.L.C. ⁽⁴⁾	2,381	75,870
Kinder Morgan Management, LLC ⁽⁴⁾	3,740	264,691

		340,561
General Partner MLP⁽²⁾ 11.0%		
Alliance Holdings GP L.P.	1,682	85,240
Energy Transfer Equity, L.P.	3,873	136,671
NuStar GP Holdings, LLC	68	2,004
		223,915
Shipping MLP 8.9%		
Capital Product Partners L.P.	2,841	17,613
Golar LNG Partners LP	75	2,183
Navios Maritime Partners L.P.	1,950	26,636
Teekay LNG Partners L.P.	1,471	47,349

See accompanying notes to financial statements.

F-8

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
SCHEDULE OF INVESTMENTS
NOVEMBER 30, 2011
(amounts in 000 s, except number of option contracts)

Description	No. of Shares/Units	Value
Shipping MLP (continued)		
Teekay Offshore Partners L.P.	1,654	\$ 46,139
Teekay Offshore Partners L.P. Unregistered, Common Unit ⁽³⁾	1,569	40,711
		180,631
Midstream 6.0%		
Kinder Morgan, Inc.	1,271	37,497
ONEOK, Inc.	361	30,037
Plains All American GP LLC Unregistered ⁽⁴⁾⁽⁶⁾	24	41,199
Targa Resources Corp.	68	2,333
The Williams Companies, Inc.	340	10,969
		122,035
Propane MLP 3.9%		
Inergy, L.P.	3,260	78,834
Coal MLP 3.6%		
Penn Virginia Resource Partners, L.P.	2,997	72,954
Upstream MLP & Income Trust 3.4%		
BreitBurn Energy Partners L.P.	905	16,737
Chesapeake Granite Wash Trust ⁽⁸⁾	151	3,011
Legacy Reserves L.P.	545	14,614
SandRidge Mississippian Trust I	355	9,598
SandRidge Permian Trust	988	18,881
VOC Energy Trust	340	7,052
		69,893
Other 0.4%		
Clearwater Trust ⁽³⁾⁽⁶⁾⁽⁷⁾	N/A	3,640
Teekay Tankers Ltd.	949	3,606
		7,246

Total Equity Investments (Cost \$2,213,662) 3,489,600

	Interest Rate	Maturity Date	Principal Amount	
Debt Investments 1.7%				
Midstream 1.0%				
Crestwood Holdings Partners, LLC	(9)	10/1/16	\$ 5,752	5,838
Crestwood Midstream Partners LP	7.750%	4/1/19	15,000	14,775
				20,613
Other 0.3%				
Calumet Specialty Products Partners, L.P.	9.375	5/1/19	4,000	3,860
Calumet Specialty Products Partners, L.P.	9.375	5/1/19	2,000	1,910
				5,770
Upstream 0.2%				
Eagle Rock Energy Partners, L.P.	8.375	6/1/19	975	970
Linn Energy, LLC	8.625	4/15/20	2,000	2,100
Linn Energy, LLC	7.750	2/1/21	1,500	1,508
				4,578

See accompanying notes to financial statements.

F-9

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
SCHEDULE OF INVESTMENTS
NOVEMBER 30, 2011
(amounts in 000 s, except number of option contracts)

Description	Interest Rate	Maturity Date	Principal Amount	Value
Coal MLP 0.2%				
Penn Virginia Resource Partners, L.P.	8.250%	4/15/18	\$ 3,000	\$ 2,970
Total Energy Debt Investments (Cost \$34,151)				33,931
Total Long-Term Investments (Cost \$2,247,813)				3,523,531
			No. of Contracts	
Liabilities				
Call Option Contracts Written⁽¹⁰⁾				
Midstream MLP				
Magellan Midstream Partners, L.P., call option expiring 12/16/11 @ \$65.00 (Premiums Received \$121)			1,119	(28)
Senior Unsecured Notes				(775,000)
Mandatory Redeemable Preferred Stock at Liquidation Value				(260,000)
Deferred Tax Liability				(486,106)
Other Liabilities				(38,584)
Total Liabilities				(1,559,718)
Other Assets				65,790
Total Liabilities in Excess of Other Assets				(1,493,928)
Net Assets Applicable to Common Stockholders				\$ 2,029,603

(1) Unless otherwise noted, equity investments are common units/common shares.

(2) Includes limited liability companies.

(3) Fair valued securities, restricted from public sale. See Notes 2, 3 and 7 in Notes to Financial Statements.

(4) Distributions are paid-in-kind.

- (5) Security or a portion thereof is segregated as collateral on option contracts written.
- (6) The Company believes that it is an affiliate of the Clearwater Trust, Plains All American Pipeline, L.P. and Plains All American GP LLC. See Note 5 Agreements and Affiliations.
- (7) The Company owns an interest in the Creditors Trust of Miller Bros. Coal, LLC (Clearwater Trust) consisting of cash and a coal royalty interest. See Notes 5 and 7 in Notes to Financial Statements.
- (8) Security is not currently paying cash distributions but is expected to pay cash distributions within the next 12 months.
- (9) Floating rate first lien senior secured term loan. Security pays interest at a rate of LIBOR + 850 basis points, with a 2% LIBOR floor (10.50% as of November 30, 2011).
- (10) Security is non-income producing.

See accompanying notes to financial statements.

F-10

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
STATEMENT OF ASSETS AND LIABILITIES**

NOVEMBER 30, 2011

(amounts in 000 s, except share and per share amounts)

ASSETS

Investments at fair value:

Non-affiliated (Cost \$2,144,220)	\$ 3,290,396
Affiliated (Cost \$103,593)	233,135

Total investments (Cost \$2,247,813)	3,523,531
--------------------------------------	-----------

Cash	53,830
------	--------

Deposits with brokers	274
-----------------------	-----

Receivable for securities sold	1,252
--------------------------------	-------

Interest, dividends and distributions receivable	884
--	-----

Deferred debt issuance and preferred stock offering costs and other assets	9,550
--	-------

Total Assets	3,589,321
---------------------	------------------

LIABILITIES

Payable for securities purchased	8,682
----------------------------------	-------

Investment management fee payable	11,914
-----------------------------------	--------

Accrued directors fees and expenses	79
-------------------------------------	----

Call option contracts written (Premiums received \$121)	28
---	----

Accrued expenses and other liabilities	17,909
--	--------

Deferred tax liability	486,106
------------------------	---------

Senior unsecured notes	775,000
------------------------	---------

Mandatory redeemable preferred stock, \$25.00 liquidation value per share (10,400,000 shares issued and outstanding)	260,000
--	---------

Total Liabilities	1,559,718
--------------------------	------------------

NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	\$ 2,029,603
---	---------------------

NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS CONSIST OF

Common stock, \$0.001 par value (75,130,209 shares issued and outstanding, 189,600,000 shares authorized)	\$ 75
---	-------

Paid-in capital	1,369,132
-----------------	-----------

Accumulated net investment loss, net of income taxes, less dividends	(335,774)
--	-----------

Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	195,655
---	---------

Net unrealized gains on investments and options, net of income taxes	800,515
--	---------

NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	\$ 2,029,603
---	---------------------

NET ASSET VALUE PER COMMON SHARE	\$ 27.01
---	-----------------

See accompanying notes to financial statements.

F-11

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2011
(amounts in 000 s)

INVESTMENT INCOME**Income**

Dividends and distributions:

Non-affiliated investments	\$ 173,272
Affiliated investments	13,938

Total dividends and distributions	187,210
Return of capital	(167,542)

Net dividends and distributions	19,668
Interest and other income	3,857

Total Investment Income	23,525
-------------------------	--------

Expenses

Investment management fees	46,522
Administration fees	1,249
Professional fees	571
Custodian fees	391
Reports to stockholders	359
Directors' fees and expenses	279
Insurance	201
Other expenses	1,332

Total Expenses Before Interest Expense, Preferred Distributions and Taxes	50,904
Interest expense and amortization of debt issuance costs	33,560
Distributions on mandatory redeemable preferred stock and amortization of offering costs	11,936

Total Expenses Before Taxes	96,400
-----------------------------	--------

Net Investment Loss Before Taxes	(72,875)
Deferred tax benefit	22,922

Net Investment Loss	(49,953)
----------------------------	-----------------

REALIZED AND UNREALIZED GAINS (LOSSES)**Net Realized Gains (Losses)**

Investments non-affiliated	170,319
Investments affiliated	1,597
Options	3,222
Payments on interest rate swap contracts	(345)
Deferred tax expense	(64,600)

Net Realized Gains	110,193
Net Change in Unrealized Gains (Losses)	
Investments non-affiliated	118,859
Investments affiliated	26,816
Options	(332)
Deferred tax expense	(53,717)
Net Change in Unrealized Gains	91,626
Net Realized and Unrealized Gains	201,819
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM OPERATIONS	\$ 151,866

See accompanying notes to financial statements.

F-12

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
STATEMENT OF CHANGES IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS
(amounts in 000 s, except share amounts)

	For the Fiscal Year Ended November 30,	
	2011	2010
OPERATIONS		
Net investment loss, net of tax ⁽¹⁾	\$ (49,953)	\$ (26,342)
Net realized gains, net of tax	110,193	34,340
Net change in unrealized gains, net of tax	91,626	487,184
Net Increase in Net Assets Resulting from Operations	151,866	495,182
DIVIDENDS TO AUCTION RATE PREFERRED STOCKHOLDERS⁽¹⁾⁽²⁾		
Dividends		\$ (177)
DIVIDENDS AND DISTRIBUTIONS TO COMMON STOCKHOLDERS⁽²⁾		
Dividends	(89,963)	(49,829)
Distributions return of capital	(51,663)	(64,293)
Dividends and Distributions to Common Stockholders	(141,626)	(114,122)
CAPITAL STOCK TRANSACTIONS		
Proceeds from common stock offerings of 5,700,000 and 15,846,650 shares of common stock, respectively	174,306	396,211
Underwriting discounts and offering expenses associated with the issuance of common stock	(7,322)	(15,169)
Issuance of 958,808 and 1,045,210 newly issued shares of common stock from reinvestment of distributions, respectively	26,488	25,689
Net Increase in Net Assets Applicable to Common Stockholders from Capital Stock Transactions	193,472	406,731
Total Increase in Net Assets Applicable to Common Stockholders	203,712	787,614
NET ASSETS ATTRIBUTABLE TO COMMON STOCKHOLDERS		
Beginning of year	1,825,891	1,038,277
End of year	\$ 2,029,603	\$ 1,825,891

(1) Distributions on the Company's mandatory redeemable preferred stock are treated as an operating expense under GAAP and are included in the calculation of net investment loss. See Note 2 Significant Accounting Policies. Distributions in the amount of \$11,451 and \$3,644 paid to mandatory redeemable preferred stockholders for the fiscal years ended November 30, 2011 and 2010, respectively, were characterized as qualified dividend income. This characterization is based on the Company's earnings and profits.

- (2) The information presented in each of these items is a characterization of a portion of the total dividends and distributions paid to auction rate preferred stockholders and common stockholders for the fiscal years ended November 30, 2011 and 2010 as either dividends (qualified dividend income) or distributions (return of capital). This characterization is based on the Company's earnings and profits.

See accompanying notes to financial statements.

F-13

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2011
(amounts in 000 s)

CASH FLOWS FROM OPERATING ACTIVITIES

Net increase in net assets resulting from operations	\$ 151,866
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Net deferred tax expense	95,395
Return of capital distributions	167,542
Net realized gains	(174,793)
Net unrealized gains	(145,343)
Amortization of bond premiums, net	4
Purchase of long-term investments	(1,121,642)
Proceeds from sale of long-term investments	748,958
Proceeds from sale of short-term investments, net	16,320
Decrease in deposits with brokers	807
Increase in receivable for securities sold	(352)
Decrease in interest, dividends and distributions receivable	901
Amortization of deferred debt issuance costs	1,577
Amortization of mandatory redeemable preferred stock issuance costs	485
Increase in other assets, net	(190)
Increase in payable for securities purchased	3,038
Increase in investment management fee payable	2,549
Increase in accrued directors' fees and expenses	25
Decrease in call option contracts written, net	(1,126)
Increase in accrued expenses and other liabilities	4,760
Net Cash Used in Operating Activities	(249,219)

CASH FLOWS FROM FINANCING ACTIVITIES

Issuance of shares of common stock, net of offering costs	166,984
Proceeds from offering of senior unsecured notes	230,000
Proceeds from issuance on mandatory redeemable preferred stock	100,000
Redemption of senior unsecured notes	(75,000)
Costs associated with issuance of revolving credit facility	(379)
Costs associated with issuance of senior unsecured notes	(1,641)
Costs associated with issuance of mandatory redeemable preferred stock	(2,322)
Cash distributions paid to common stockholders	(115,138)
Net Cash Provided by Financing Activities	302,504

NET INCREASE IN CASH	53,285
CASH BEGINNING OF YEAR	545
CASH END OF YEAR	\$ 53,830

Supplemental disclosure of cash flow information:

Non-cash financing activities not included herein consist of reinvestment of distributions of \$26,488 pursuant to the Company's dividend reinvestment plan.

During the fiscal year ended November 30, 2011, interest paid was \$28,170 and there were no income taxes paid.

The Company received \$24,941 paid-in-kind dividends during the fiscal year ended November 30, 2011. See Note 2 Significant Accounting Policies.

See accompanying notes to financial statements.

F-14

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
FINANCIAL HIGHLIGHTS

(amounts in 000 s, except share and per share amounts)

	For the Fiscal Year Ended November 30,								For Per September 20 thru November 2
	2011	2010	2009	2008	2007	2006	2005		
Block ⁽²⁾									
Per share, period	\$ 26.67	\$ 20.13	\$ 14.74	\$ 30.08	\$ 28.99	\$ 25.07	\$ 23.91	\$	
Net income ⁽⁴⁾	(0.69)	(0.44)	(0.33)	(0.73)	(0.73)	(0.62)	(0.17)		
and depreciation/(loss)	2.91	8.72	7.50	(12.56)	3.58	6.39	2.80		
/(loss) operations	2.22	8.28	7.17	(13.29)	2.85	5.77	2.63		
Preferred dividends ⁽⁵⁾					(0.10)		(0.05)		
Preferred return of			(0.01)	(0.10)		(0.10)			
Dividends and Auction Proceeds			(0.01)	(0.10)	(0.10)	(0.10)	(0.05)		
Dividends ⁽⁵⁾	(1.26)	(0.84)			(0.09)		(0.13)		
Contributions Total ⁽⁵⁾	(0.72)	(1.08)	(1.94)	(1.99)	(1.84)	(1.75)	(1.37)		
Dividends and Common	(1.98)	(1.92)	(1.94)	(1.99)	(1.93)	(1.75)	(1.50)		
Discounts costs on of auction stock balance of								(0.03)	
Block	0.09	0.16	0.12		0.26		0.11		

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

Shares issued Percent of	0.01	0.02	0.05	0.04	0.01					
Stock	0.10	0.18	0.17	0.04	0.27				0.08	
Price, end of	\$ 27.01	\$ 26.67	\$ 20.13	\$ 14.74	\$ 30.08	\$ 28.99	\$ 25.07	\$		
Price per share of stock, end	\$ 28.03	\$ 28.49	\$ 24.43	\$ 13.37	\$ 28.27	\$ 31.39	\$ 24.33	\$		
Percent return on common value ⁽⁶⁾	5.6%	26.0%	103.0%	(48.8)%	(4.4)%	37.9%	3.7%			

See accompanying notes to financial statements.

F-15

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
FINANCIAL HIGHLIGHTS**

(amounts in 000 s, except share and per share amounts)

**For the Fiscal Year Ended
November 30,**

2011	2010	2009	2008	2007	2006	2005
\$ 2,029,603	\$ 1,825,891	\$ 1,038,277	\$ 651,156	\$ 1,300,030	\$ 1,103,392	\$ 932,090
2.4%	2.1%	2.1%	2.2%	2.3%	3.2%	1.2%
0.2	0.2	0.4	0.3	0.2	0.2	0.3
2.6	2.3	2.5	2.5	2.5	3.4	1.5
2.3	1.9	2.5	3.4	2.3	1.7	0.8
4.8	20.5	25.4	(9)	3.5	13.8	6.4
9.7%	24.7%	30.4%	5.9%	8.3%	18.9%	8.7%
(2.5)%	(1.8)%	(2.0)%	(2.8)%	(2.3)%	(2.4)%	(0.7)%
7.7%	34.6%	43.2%	(51.2)%	7.3%	21.7%	10.0%

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

	22.3%	18.7%	28.9%	6.7%	10.6%	10.0%	25.6%
\$	1,971,469	\$ 1,432,266	\$ 774,999	\$ 1,143,192	\$ 1,302,425	\$ 986,908	\$ 870,672
	775,000	620,000	370,000	304,000	505,000	320,000	260,000
					97,000	17,000	
			75,000	75,000	75,000	75,000	75,000
	260,000	160,000					
	72,661,162	60,762,952	46,894,632	43,671,666	41,134,949	37,638,314	34,077,731
	395.4%	420.3%	400.9%	338.9%	328.4%	449.7%	487.3%
	296.1%	334.1%	333.3%	271.8%	292.0%	367.8%	378.2%
\$	10.09	\$ 7.70	\$ 6.79	\$ 11.52	\$ 12.14	\$ 8.53	\$ 5.57

See accompanying notes to financial statements.

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
FINANCIAL HIGHLIGHTS**

(amounts in 000 s, except share and per share amounts)

- (1) Commencement of operations.
- (2) Based on average shares of common stock outstanding.
- (3) Initial public offering price of \$25.00 per share less underwriting discounts of \$1.25 per share and offering costs of \$0.05 per share.
- (4) Distributions on the Company's mandatory redeemable preferred stock are treated as an operating expense under GAAP and are included in the calculation of net investment loss. See Note 2 Significant Accounting Policies.
- (5) The information presented for each period is a characterization of the total distributions paid to preferred stockholders and common stockholders as either a dividend (ordinary income) or a distribution (return of capital) and is based on the Company's earnings and profits.
- (6) Total investment return is calculated assuming a purchase of common stock at the market price on the first day and a sale at the current market price on the last day of the period reported. The calculation also assumes reinvestment of distributions at actual prices pursuant to the Company's dividend reinvestment plan.
- (7) Not annualized.
- (8) Unless otherwise noted, ratios are annualized.
- (9) For the fiscal year ended November 30, 2008, the Company accrued deferred income tax benefits of \$339,991 (29.7% of average net assets) primarily related to unrealized losses on investments. Realization of a deferred tax benefit is dependent on whether there will be sufficient taxable income of the appropriate character within the carryforward periods to realize a portion or all of the deferred tax benefit. No deferred income tax benefit has been included for the purpose of calculating total expense.
- (10) Calculated pursuant to section 18(a)(1)(A) of the 1940 Act. Represents the value of total assets less all liabilities not represented by Senior Notes or any other senior securities representing indebtedness and mandatory redeemable preferred stock divided by the aggregate amount of Senior Notes and any other senior securities representing indebtedness. Under the 1940 Act, the Company may not declare or make any distribution on its common stock nor can it incur additional indebtedness if, at the time of such declaration or incurrence, its asset coverage with respect to senior securities representing indebtedness would be less than 300%. For purposes of this test, the revolving credit facility is considered a senior security representing indebtedness.
- (11) Calculated pursuant to section 18(a)(2)(A) of the 1940 Act. Represents the value of total assets less all liabilities not represented by Senior Notes, any other senior securities representing indebtedness and preferred stock divided by the aggregate amount of Senior Notes, any other senior securities representing indebtedness and preferred stock. Under the 1940 Act, the Company may not declare or make any distribution on its common stock nor can it issue additional preferred stock if at the time of such declaration or issuance, its asset coverage with respect to all senior securities would be less than 200%. In addition to the limitations under the 1940 Act, the Company, under the terms of its mandatory redeemable preferred stock, would not be able to declare or pay

any distributions on its common stock if such declaration would cause its asset coverage with respect to all senior securities to be less than 225%. For purposes of these tests, the revolving credit facility is considered a senior security representing indebtedness.

See accompanying notes to financial statements.

F-17

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

1. Organization

Kayne Anderson MLP Investment Company (the Company) was organized as a Maryland corporation on June 4, 2004, and is a non-diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Company's investment objective is to obtain a high after-tax total return by investing at least 85% of its net assets plus any borrowings (total assets) in energy-related master limited partnerships and their affiliates (collectively, MLPs), and in other companies that, as their principal business, operate assets used in the gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids (including propane), crude oil, refined petroleum products or coal (collectively with MLPs, Midstream Energy Companies). The Company commenced operations on September 28, 2004. The Company's shares of common stock are listed on the New York Stock Exchange, Inc. (NYSE) under the symbol KYN.

2. Significant Accounting Policies

A. Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimates.

B. Cash and Cash Equivalents Cash and cash equivalents include short-term, liquid investments with an original maturity of three months or less and include money market fund accounts.

C. Calculation of Net Asset Value The Company determines its net asset value no less frequently than as of the last day of each month based on the most recent close of regular session trading on the NYSE, and makes its net asset value available for publication monthly. Currently, the Company calculates its net asset value on a weekly basis. Net asset value is computed by dividing the value of the Company's assets (including accrued interest and distributions), less all of its liabilities (including accrued expenses, distributions payable, current and deferred accrued income taxes, and any borrowings) and the liquidation value of any outstanding preferred stock, by the total number of common shares outstanding.

D. Investment Valuation Readily marketable portfolio securities listed on any exchange other than the NASDAQ Stock Market, Inc. (NASDAQ) are valued, except as indicated below, at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and ask prices on such day. Securities admitted to trade on the NASDAQ are valued at the NASDAQ official closing price. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities.

Equity securities traded in the over-the-counter market, but excluding securities admitted to trading on the NASDAQ, are valued at the closing bid prices. Debt securities that are considered bonds are valued by using the mean of the bid and ask prices provided by an independent pricing service. For debt securities that are considered bank loans, the fair market value is determined by the mean of the bid and ask prices provided by the agent or syndicate bank or principal market maker. When price quotes are not available, fair market value will be based on prices of comparable securities. In certain cases, the Company may not be able to purchase or sell debt securities at the quoted prices due to the lack of

liquidity for these securities.

Exchange-traded options and futures contracts are valued at the last sales price at the close of trading in the market where such contracts are principally traded or, if there was no sale on the applicable exchange on such day, at the mean between the quoted bid and ask price as of the close of such exchange.

F-18

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

The Company holds securities that are privately issued or otherwise restricted as to resale. For these securities, as well as any other portfolio security held by the Company for which reliable market quotations are not readily available, valuations are determined in a manner that most fairly reflects fair value of the security on the valuation date. Unless otherwise determined by the Board of Directors, the following valuation process is used for such securities:

Investment Team Valuation. The applicable investments are valued by senior professionals of KA Fund Advisors, LLC (KAFAs or the Adviser) who are responsible for the portfolio investments. The investments will be valued quarterly, unless a new investment is made during the quarter, in which case such investment is valued at the end of the month in which the investment was made.

Investment Team Valuation Documentation. Preliminary valuation conclusions will be determined by senior management of KAFAs. Such valuations are submitted to the Valuation Committee (a committee of the Company's Board of Directors) or the Board of Directors on a monthly or quarterly basis, as appropriate, and stand for intervening periods of time.

Valuation Committee. The Valuation Committee meets to consider the valuations submitted by KAFAs (1) at the end of each month for new investments, if any, and (2) at the end of each quarter for existing investments. Between meetings of the Valuation Committee, a senior officer of KAFAs is authorized to make valuation determinations. All valuation determinations of the Valuation Committee are subject to ratification by the Board of Directors at its next regular meeting.

Valuation Firm. No less than quarterly, a third-party valuation firm engaged by the Board of Directors reviews the valuation methodologies and calculations employed for these securities.

Board of Directors Determination. The Board of Directors meets quarterly to consider the valuations provided by KAFAs and the Valuation Committee, if applicable, and ratify valuations for the applicable securities. The Board of Directors considers the report provided by the third-party valuation firm in reviewing and determining in good faith the fair value of the applicable portfolio securities.

Unless otherwise determined by the Board of Directors, securities that are convertible into or otherwise will become publicly traded (e.g., through subsequent registration or expiration of a restriction on trading) are valued through the process described above, using a valuation based on the fair value of the publicly traded security less a discount. The discount is initially equal in amount to the discount negotiated at the time the purchase price is agreed to. To the extent that such securities are convertible or otherwise become publicly traded within a time frame that may be reasonably determined, this discount will be amortized on a straight line basis over such estimated time frame.

At November 30, 2011, the Company held 8.1% of its net assets applicable to common stockholders (4.6% of total assets) in securities valued at fair value, as determined pursuant to procedures adopted by the Board of Directors, with fair value of \$164,129. See Note 7 Restricted Securities.

E. Repurchase Agreements The Company has agreed, from time to time, to purchase securities from financial institutions, subject to the seller's agreement to repurchase them at an agreed-upon time and price (repurchase agreements). The financial institutions with whom the Company enters into repurchase agreements are banks and broker/dealers which KAFAs considers creditworthy. The seller under a repurchase agreement is required to maintain the value of the securities as collateral, subject to the agreement, at not less than the repurchase price plus accrued

interest. Kafa monitors daily the mark-to-market of the value of the collateral, and, if necessary, requires the seller to maintain additional securities so that the value of the collateral is not less than the repurchase price. Default by or bankruptcy of the seller would, however, expose the Company to possible loss because of adverse market action or delays in connection with the disposition of the underlying securities. As of November 30, 2011, the Company did not have any repurchase agreements.

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

F. Short Sales A short sale is a transaction in which the Company sells securities it does not own (but has borrowed) in anticipation of or to hedge against a decline in the market price of the securities. To complete a short sale, the Company may arrange through a broker to borrow the securities to be delivered to the buyer. The proceeds received by the Company for the short sale are retained by the broker until the Company replaces the borrowed securities. In borrowing the securities to be delivered to the buyer, the Company becomes obligated to replace the securities borrowed at their market price at the time of replacement, whatever the price may be.

The Company's short sales, if any, are fully collateralized. The Company is required to maintain assets consisting of cash or liquid securities equal in amount to the liability created by the short sale. These assets are adjusted daily to reflect changes in the value of the securities sold short. The Company is liable for any dividends or distributions paid on securities sold short.

The Company may also sell short against the box (*i.e.*, the Company enters into a short sale as described above while holding an offsetting long position in the security which it sold short). If the Company enters into a short sale against the box, the Company would segregate an equivalent amount of securities owned as collateral while the short sale is outstanding. During the fiscal year ended November 30, 2011, the Company did not engage in any short sales.

G. Security Transactions Security transactions are accounted for on the date these securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis.

H. Return of Capital Estimates Distributions received from the Company's investments in MLPs generally are comprised of income and return of capital. The Company records investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on historical information available from each MLP and other industry sources. These estimates may subsequently be revised based on information received from MLPs after their tax reporting periods are concluded.

The following table sets forth the Company's estimated total return of capital portion of the distributions received from its investments. The return of capital portion of the distributions is a reduction to investment income, results in an equivalent reduction in the cost basis of the associated investments and increases net realized gains (losses) and net change in unrealized gains (losses).

	Fiscal Year Ended November 30, 2011
Return of capital portion of distributions received	89%
Return of capital attributable to net realized gains (losses)	\$ 29,133
Return of capital attributable to net change in unrealized gains (losses)	138,409
Total return of capital	\$ 167,542

For the fiscal year ended November 30, 2011, the Company estimated the return of capital portion of distributions received to be \$162,512 or 87%. This amount was increased by \$5,030 attributable to 2010 tax reporting information received by the Company in the third quarter of fiscal 2011. As a result, the return of capital percentage for fiscal year ended November 30, 2011 was 89%, respectively.

I. *Investment Income* The Company records dividends and distributions on the ex-dividend date. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. When investing in securities with payment in-kind interest, the Company will accrue interest income during the life of the security even though it will not be receiving cash as the interest is accrued. To the extent that interest income to be received is not expected to be realized, a reserve against income is

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

established. During the fiscal year ended November 30, 2011, the Company did not have a reserve against interest income, since all interest income accrued is expected to be received.

Many of the debt securities that the Company holds were purchased at a discount or premium to the par value of the security. The non-cash accretion of a discount to par value increases interest income while the non-cash amortization of a premium to par value decreases interest income. The accretion of a discount and amortization of premiums are based on the effective interest method. The amount of these non-cash adjustments can be found in the Company's Statement of Cash Flows. The non-cash accretion of a discount increases the cost basis of the debt security, which results in an offsetting unrealized loss. The non-cash amortization of a premium decreases the cost basis of the debt security which results in an offsetting unrealized gain. To the extent that par value is not expected to be realized, the Company discontinues accruing the non-cash accretion of the discount to par value of the debt security.

The Company receives paid-in-kind dividends in the form of additional units from its investment in Buckeye Partners, L.P. (Class B Units), Crestwood Midstream Partners LP (Class C Units), Enbridge Energy Management, L.L.C. and Kinder Morgan Management, LLC. In connection with the purchase of units directly from PAA Natural Gas Storage, L.P. in a private investment in public equity (PIPE investments) transaction, the Company was entitled to the distribution paid to unitholders of record on February 4, 2011, even though such investment had not closed at such date. Pursuant to the purchase agreement, the purchase price for the PAA Natural Gas Storage, L.P. units was reduced by the amount of such dividend, which had the effect of paying such distribution in additional units. The additional units are not reflected in investment income during the period received but are recorded as unrealized gains. During the fiscal year ended November 30, 2011, the Company received the following paid-in-kind dividends.

	Fiscal Year Ended November 30, 2011
Buckeye Partners, L.P. (Class B Units)	\$ 2,737
Crestwood Midstream Partners LP (Class C Units)	1,488
Enbridge Energy Management, L.L.C.	4,584
Kinder Morgan Management, LLC	15,649
PAA Natural Gas Storage, L.P.	483
Total paid-in-kind dividends	\$ 24,941

J. Distributions to Stockholders Distributions to common stockholders are recorded on the ex-dividend date. Distributions to mandatory redeemable preferred stockholders are accrued on a daily basis as described in Note 12 Preferred Stock. As required by the Distinguishing Liabilities from Equity topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, the Company includes the accrued distributions on its mandatory redeemable preferred stock as an operating expense due to the fixed term of this obligation. For tax purposes the payments made to the holders of the Company's mandatory redeemable preferred stock are treated as dividends or distributions.

The estimated characterization of the distributions paid to preferred and common stockholders will be either a dividend (ordinary income) or distribution (return of capital). This estimate is based on the Company's operating results during the period. The actual characterization of the preferred and common stock distributions made during the current year will not be determinable until after the end of the fiscal year when the Company can determine earnings and profits and, therefore, the characterization may differ from the preliminary estimates.

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

K. Partnership Accounting Policy The Company records its pro rata share of the income (loss) and capital gains (losses), to the extent of distributions it has received, allocated from the underlying partnerships and adjusts the cost basis of the underlying partnerships accordingly. These amounts are included in the Company's Statement of Operations.

L. Federal and State Income Taxation The Company, as a corporation, is obligated to pay federal and state income tax on its taxable income. The Company invests its assets primarily in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, the Company includes its allocable share of the MLP's taxable income in computing its own taxable income. Deferred income taxes reflect (i) taxes on unrealized gains/(losses), which are attributable to the temporary difference between fair value and tax basis, (ii) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (iii) the net tax benefit of accumulated net operating and capital losses. To the extent the Company has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically by the Company based on the Income Tax Topic of the FASB Accounting Standards Codification that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future cash distributions from the Company's MLP holdings), the duration of statutory carryforward periods and the associated risk that operating and capital loss carryforwards may expire unused.

The Company may rely to some extent on information provided by the MLPs, which may not necessarily be timely, to estimate taxable income allocable to the MLP units held in the portfolio and to estimate the associated deferred tax liability. Such estimates are made in good faith. From time to time, as new information becomes available, the Company modifies its estimates or assumptions regarding the deferred tax liability.

The Company's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of November 30, 2011, the Company did not have any interest or penalties associated with the underpayment of any income taxes. The tax years from 2008 through 2011 remain open and subject to examination by tax jurisdictions.

M. Derivative Financial Instruments The Company may utilize derivative financial instruments in its operations.

Interest rate swap contracts. The Company may use hedging techniques such as interest rate swaps to mitigate potential interest rate risk on a portion of the Company's leverage. Such interest rate swaps would principally be used to protect the Company against higher costs on its leverage resulting from increases in short term interest rates. The Company does not hedge any interest rate risk associated with portfolio holdings. Interest rate transactions the Company uses for hedging purposes expose it to certain risks that differ from the risks associated with its portfolio holdings. A decline in interest rates may result in a decline in the value of the swap contracts, which, everything else being held constant, would result in a decline in the net assets of the Company. In addition, if the counterparty to an interest rate swap defaults, the Company would not be able to use the anticipated net receipts under the interest rate swap to offset its cost of financial leverage.

Interest rate swap contracts are recorded at fair value with changes in value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses in the Statement of Operations. Monthly cash settlements under the terms of the interest rate swap agreements or termination payments are recorded as realized gains or losses in the Statement of Operations. The Company generally values its interest rate swap contracts based on dealer quotations, if available, or by discounting the future

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

cash flows from the stated terms of the interest rate swap agreement by using interest rates currently available in the market. See Note 8 Derivative Financial Instruments.

Option contracts. The Company is also exposed to financial market risks including changes in the valuations of its investment portfolio. The Company may purchase or write (sell) call options. A call option on a security is a contract that gives the holder of the option, in return for a premium, the right to buy from the writer of the option the security underlying the option at a specified exercise price at any time during the term of the option.

The Company would normally purchase call options in anticipation of an increase in the market value of securities of the type in which it may invest. The Company would realize a gain on a purchased call option if, during the option period, the value of such securities exceeded the sum of the exercise price, the premium paid and transaction costs; otherwise the Company would realize either no gain or a loss on the purchased call option. The Company may also purchase put option contracts. If a purchased put option is exercised, the premium paid increases the cost basis of the securities sold by the Company.

The Company may also write (sell) call options with the purpose of generating realized gains or reducing its ownership of certain securities. If the Company writes a call option on a security, the Company has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price. The Company will only write call options on securities that the Company holds in its portfolio (i.e., covered calls).

When the Company writes a call option, an amount equal to the premium received by the Company is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Company on the expiration date as realized gains from investments. If the Company repurchases a written call option prior to its exercise, the difference between the premium received and the amount paid to repurchase the option is treated as a realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Company has realized a gain or loss. The Company, as the writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. See Note 8 Derivative Financial Instruments.

N. Indemnifications Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business, the Company enters into contracts that provide general indemnification to other parties. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred, and may not occur. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

3. Fair Value

As required by the Fair Value Measurement and Disclosures of the FASB Accounting Standards Codification, the Company has performed an analysis of all assets and liabilities measured at fair value to determine the significance and character of all inputs to their fair value determination.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories. Note that the valuation levels below are not necessarily an indication of the risk or liquidity associated with the underlying investment.

Level 1 Quoted unadjusted prices for identical instruments in active markets traded on a national exchange to which the Company has access at the date of measurement.

F-23

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.

Level 3 Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Company's own assumptions that market participants would use to price the asset or liability based on the best available information.

The following table presents the Company's assets measured at fair value on a recurring basis at November 30, 2011. The Company presents these assets by security type and description on its Schedule of Investments.

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>Assets at Fair Value</u>				
Equity investments	\$ 3,489,600	\$ 3,325,471	\$	\$ 164,129
Debt investments	33,931		33,931	
Total assets at fair value	\$ 3,523,531	\$ 3,325,471	\$ 33,931	\$ 164,129
<u>Liabilities at Fair Value</u>				
Call option contracts written	\$ 28	\$	\$ 28	\$

The Company did not have any liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at November 30, 2011 or at November 30, 2010. For the fiscal year ended November 30, 2011, there were no transfers between Level 1 and Level 2.

In May 2011, FASB issued Accounting Standards Update (ASU) No. 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs . ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (IFRSs). ASU No. 2011-04 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. Management is currently evaluating ASU No. 2011-04 and does not believe that it will have a material impact on the Company's financial statements and disclosures.

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

The following table presents the Company's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the fiscal year ended November 30, 2011.

	Equity Investments
Balance November 30, 2010	\$ 63,514
Purchases	251,646
Issuances	4,225
Transfers out	(167,948)
Realized gains (losses)	
Unrealized gains, net	12,692
Balance November 30, 2011	\$ 164,129

F-24

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

The \$12,692 of unrealized gains presented in the table above for the fiscal year ended November 30, 2011 related to investments that are still held at November 30, 2011, and the Company includes these unrealized gains on the Statement of Operations Net Change in Unrealized Gains (Losses).

The purchases of \$251,646 for the fiscal year ended November 30, 2011, relate to the Company's investments in Buckeye Partners, L.P. (Class B Units), Buckeye Partners, L.P. (Common Units), Crestwood Midstream Partners LP (Class C Units), PAA Natural Gas Storage, L.P., Plains All American GP LLC, Regency Energy Partners L.P. (Common Units) and Teekay Offshore Partners L.P. (Common Units). The issuances of \$4,225 relate to additional units received from Buckeye Partners, L.P. (Class B Units) and Crestwood Midstream Partners LP (Class C Units). The Company's investments in the common units of Buckeye Partners, L.P., Inergy, LP, Magellan Midstream Partners, L.P., PAA Natural Gas Storage, L.P. and Regency Energy Partners L.P., which are noted as transfers out of Level 3 in the table above, became readily marketable during the fiscal year ended November 30, 2011. Additionally, a portion of the Clearwater Trust was transferred out of Level 3 during fiscal 2011.

4. Concentration of Risk

The Company's investment objective is to obtain a high after-tax total return by investing at least 85% of our total assets in public and private investments in MLPs and other Midstream Energy Companies. Under normal circumstances, the Company intends to invest at least 80% of its total assets in MLPs, which are subject to certain risks, such as supply and demand risk, depletion and exploration risk, commodity pricing risk, acquisition risk, and the risk associated with the hazards inherent in midstream energy industry activities. A substantial portion of the cash flow received by the Company is derived from investment in equity securities of MLPs. The amount of cash that an MLP has available for distributions and the tax character of such distributions are dependent upon the amount of cash generated by the MLP's operations. The Company may invest up to 15% of its total assets in any single issuer and a decline in value of the securities of such an issuer could significantly impact the net asset value of the Company. The Company may invest up to 20% of its total assets in debt securities, which may include below investment grade securities. The Company may, for defensive purposes, temporarily invest all or a significant portion of its assets in investment grade securities, short-term debt securities and cash or cash equivalents. To the extent the Company uses this strategy, it may not achieve its investment objectives.

5. Agreements and Affiliations

A. Administration Agreement The Company has entered into an administration agreement with Ultimus Fund Solutions, LLC (Ultimus), which may be amended from time to time. Pursuant to the administration agreement, Ultimus will provide certain administrative services for the Company. The administration agreement has automatic one-year renewals unless earlier terminated by either party as provided under the terms of the administration agreement.

B. Investment Management Agreement The Company has entered into an investment management agreement with KAFA under which the Adviser, subject to the overall supervision of the Company's Board of Directors, manages the day-to-day operations of, and provides investment advisory services to, the Company. For providing these services, the Adviser receives a management fee from the Company. On June 14, 2011, the Company renewed its agreement with the Adviser for a period of one year. The agreement may be renewed annually upon approval of the Company's Board of Directors and a majority of the Company's Directors who are not interested persons of the Company, as such term is defined in the 1940 Act. For the fiscal year ended November 30, 2011, the Company paid management fees at

an annual rate of 1.375% of average total assets.

F-25

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

For purposes of calculating the management fee, the Company's total assets are equal to the Company's gross asset value (which includes assets attributable to or proceeds from the Company's use of preferred stock, commercial paper or notes and other borrowings and excludes any net deferred tax asset), minus the sum of the Company's accrued and unpaid dividends/distributions on any outstanding common stock and accrued and unpaid dividends/distributions on any outstanding preferred stock and accrued liabilities (other than liabilities associated with borrowing or leverage by the Company and any accrued taxes, including, a deferred tax liability). Liabilities associated with borrowing or leverage by the Company include the principal amount of any borrowings, commercial paper or notes issued by the Company, the liquidation preference of any outstanding preferred stock, and other liabilities from other forms of borrowing or leverage such as short positions and put or call options held or written by the Company.

C. Portfolio Companies From time to time, the Company may control or may be an affiliate of one or more portfolio companies, each as defined in the 1940 Act. In general, under the 1940 Act, the Company would be presumed to control a portfolio company if the Company owned 25% or more of its outstanding voting securities and would be an affiliate of a portfolio company if the Company owned 5% or more of its outstanding voting securities. The 1940 Act contains prohibitions and restrictions relating to transactions between investment companies and their affiliates (including the Company's investment adviser), principal underwriters and affiliates of those affiliates or underwriters.

The Company believes that there is significant ambiguity in the application of existing Securities and Exchange Commission (SEC) staff interpretations of the term voting security to complex structures such as limited partnership interests of the kind in which the Company invests. As a result, it is possible that the SEC staff may consider that certain securities investments in limited partnerships are voting securities under the staff's prevailing interpretations of this term. If such determination is made, the Company may be regarded as a person affiliated with and controlling the issuer(s) of those securities for purposes of Section 17 of the 1940 Act.

In light of the ambiguity of the definition of voting securities, the Company does not intend to treat any class of limited partnership interests that it holds as voting securities unless the security holders of such class currently have the ability, under the partnership agreement, to remove the general partner (assuming a sufficient vote of such securities, other than securities held by the general partner, in favor of such removal) or the Company has an economic interest of sufficient size that otherwise gives it the de facto power to exercise a controlling influence over the partnership. The Company believes this treatment is appropriate given that the general partner controls the partnership, and without the ability to remove the general partner or the power to otherwise exercise a controlling influence over the partnership due to the size of an economic interest, the security holders have no control over the partnership.

Clearwater Trust At November 30, 2011, the Company held approximately 63% of the Clearwater Trust. The Company believes that it is an affiliate of the trust under the 1940 Act by virtue of its majority interest in the trust.

Plains All American GP LLC and Plains All American Pipeline, L.P. Robert V. Sinnott is Chief Executive Officer of Kayne Anderson Capital Advisors, L.P. (KACALP), the managing member of KAFA. Mr. Sinnott also serves as a director on the board of Plains All American GP LLC (Plains GP), the general partner of Plains All American Pipeline, L.P. (PAA). Members of senior management of KACALP and KAFA and various affiliated funds managed by KACALP, including the Company, own units of Plains GP. The Company believes that it is an affiliate of Plains GP and PAA under the 1940 Act by virtue of (i) the Company's and other affiliated Kayne Anderson funds' ownership interests in Plains GP and (ii) Mr. Sinnott's participation on the board of Plains GP.

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

PAA Natural Gas Storage, L.P. (PNG) is an affiliate of PAA and Plains GP. PAA owns 62% of PNG s limited partner units and owns PNG s general partner. The Company does not believe it is an affiliate of PNG based on the current facts and circumstances.

6. Income Taxes

Deferred income taxes reflect (i) taxes on net unrealized gains, which are attributable to the difference between fair market value and tax basis, (ii) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (iii) the net tax benefit of accumulated net operating losses. Components of the Company s deferred tax assets and liabilities as of November 30, 2011 are as follows:

Deferred tax assets:		
Net operating loss carryforwards	Federal	\$ 56,499
Net operating loss carryforwards	State	4,816
Other		105
Deferred tax liabilities:		
Net unrealized gains on investment securities, interest rate swap contracts and option contracts		(536,005)
Basis reductions resulting from estimated return of capital		(11,521)
Total deferred tax liability, net		\$ (486,106)

At November 30, 2011, the Company had federal net operating loss carryforwards of \$166,560 (deferred tax asset of \$56,499). Realization of the deferred tax assets and net operating loss carryforwards are dependent, in part, on generating sufficient taxable income prior to expiration of the loss carryforwards. If not utilized, \$35,630, \$52,182, \$26,118, \$33,413 and \$19,217 of the net operating loss carryforward will expire in 2026, 2027, 2028, 2029 and 2030, respectively. In addition, the Company has state net operating losses of \$156,528 (deferred tax asset of \$4,816). These state net operating losses begin to expire in 2012 through 2030.

Upon filing its income tax returns for the year ended November 30, 2010, the Company had \$50,540 of federal and state capital loss carryforwards that were fully utilized during fiscal 2011. For corporations, capital losses can only be used to offset capital gains and cannot be used to offset ordinary income.

Although the Company currently has a net deferred tax liability, it periodically reviews the recoverability of its deferred tax assets based on the weight of available evidence. When assessing the recoverability of its deferred tax assets, significant weight is given to the effects of potential future realized and unrealized gains on investments and the period over which these deferred tax assets can be realized, as the expiration dates for the federal capital and operating loss carryforwards range from five to nineteen years.

Based on the Company s assessment, it has determined that it is more likely than not that its deferred tax assets will be realized through future taxable income of the appropriate character. Accordingly, no valuation allowance has been established for the Company s deferred tax assets. The Company will continue to assess the need for a valuation allowance in the future. Significant declines in the fair value of its portfolio of investments may change the Company s

assessment regarding the recoverability of its deferred tax assets and may result in a valuation allowance. If a valuation allowance is required to reduce any deferred tax asset in the future, it could have a material impact on the Company's net asset value and results of operations in the period it is recorded.

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

Total income taxes were different from the amount computed by applying the federal statutory income tax rate of 35% to the net investment loss and realized and unrealized gains (losses) on investments before taxes for the fiscal year ended November 30, 2011, as follows:

	Fiscal Year Ended November 30, 2011
Computed federal income tax at 35%	\$ 86,541
State income tax, net of federal tax	5,092
Non-deductible distributions on mandatory redeemable preferred stock and other	3,762
Total income tax expense	\$ 95,395

At November 30, 2011, the cost basis of investments for federal income tax purposes was \$2,073,510. The cost basis of investments includes a \$174,303 reduction in basis attributable to the Company's portion of the allocated losses from its MLP investments. At November 30, 2011, gross unrealized appreciation and depreciation of investments and options for federal income tax purposes were as follows:

Gross unrealized appreciation of investments	\$ 1,469,389
Gross unrealized depreciation of investments	(19,275)
Net unrealized appreciation of investments	\$ 1,450,114

7. Restricted Securities

From time to time, certain of the Company's investments may be restricted as to resale. For instance, private investments that are not registered under the Securities Act of 1933, as amended, cannot be offered for public sale in a non-exempt transaction without first being registered. In other cases, certain of the Company's investments have restrictions such as lock-up agreements that preclude the Company from offering these securities for public sale.

At November 30, 2011, the Company held the following restricted investments:

Investment	Security	Acquisition Date	Type of Restriction	Number of Units, Principal (\$) (in 000 s)	Cost Basis	Fair Value	Percent of Net Assets	Percent of Total Assets
------------	----------	------------------	---------------------	--	------------	------------	-----------------------	-------------------------

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

Level 3 Investments⁽¹⁾

Buckeye Partners, L.P.	Class B Units	(2)	(3)	848	\$ 45,006	\$ 48,645	2.4%	1.4%
Clearwater Trust	Trust	(4)	(5)	1	3,266	3,640	0.2	0.1
Crestwood Midstream Partners LP	Class C Units	4/1/11	(3)	1,116	26,007	29,934	1.5	0.8
Plains All American GP LLC ⁽⁶⁾	Common Units	(2)	(5)	24	33,544	41,199	2.0	1.2
Teekay Offshore Partners L.P.	Common Units	11/25/11	(3)	1,569	37,500	40,711	2.0	1.1
Total					\$ 145,323	\$ 164,129	8.1%	4.6%

Level 2 Investments⁽⁷⁾

Calumet Specialty Products Partners LP	Senior Notes	4/15/11	(3)	\$ 4,000	\$ 4,000	\$ 3,860	0.2%	0.1%
Calumet Specialty Products Partners LP	Senior Notes	9/8/11	(3)	2,000	1,863	1,910	0.1	0.1
Crestwood Holdings Partners LLC	Bank Loan	9/29/10	(5)	5,752	5,654	5,838	0.3	0.2
Crestwood Midstream Partners LP	Senior Notes	(2)	(3)	15,000	15,010	14,775	0.7	0.4
Eagle Rock Energy Partners, L.P.	Senior Notes	(2)	(3)	975	993	970	0.1	
Total					\$ 27,520	\$ 27,353	1.4%	0.8%
Total of all restricted securities					\$ 172,843	\$ 191,482	9.5%	5.4%

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

- (1) Securities are valued using inputs reflecting the Company's own assumptions.
- (2) Securities acquired at various dates throughout the fiscal year ended November 30, 2011.
- (3) Unregistered or restricted security of a public company.
- (4) On September 28, 2010, the Bankruptcy Court finalized the plan of reorganization of Clearwater. As part of the plan of reorganization, the Company received an interest in the Clearwater Trust consisting of cash and a coal royalty interest as consideration for its unsecured loan to Clearwater. See Note 5 - Agreements and Affiliations.
- (5) Unregistered security of a private company or trust.
- (6) In determining the fair value for Plains All American GP, LLC (PAA GP), the Company's valuation is based on publicly available information. Robert V. Sinnott, the CEO of KACALP, sits on PAA GP's board of directors (see Note 5 - Agreements and Affiliations for more detail). Certain private investment funds managed by KACALP may value its investment in PAA GP based on non-public information, and, as a result, such valuation may be different than the Company's valuation.
- (7) These securities have a fair market value determined by the mean of the bid and ask prices provided by an agent or syndicate bank, principal market maker or an independent pricing service. These securities have limited trading volume and are not listed on a national exchange.

8. Derivative Financial Instruments

As required by the Derivatives and Hedging Topic of the FASB Accounting Standards Codification, below are the derivative instruments and hedging activities of the Company. See Note 2 - Significant Accounting Policies.

Option Contracts Transactions in option contracts for the fiscal year ended November 30, 2011 were as follows:

	Number of Contracts	Premium
Put Options Purchased		
Options outstanding at November 30, 2010		\$
Options purchased ⁽¹⁾	6,000	237
Options sold	(2,000)	(145)
Options expired	(4,000)	(92)
Options outstanding at November 30, 2011		\$
Call Options Written		
Options outstanding at November 30, 2010	9,550	\$ 1,247
Options written	71,652	6,714

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

Options subsequently repurchased ⁽²⁾	(41,183)	(4,284)
Options exercised	(32,127)	(3,021)
Options expired	(6,773)	(535)
Options outstanding at November 30, 2011 ⁽³⁾	1,119	\$ 121

(1) The Company purchased put options of the JPMorgan Alerian MLP Index ETN during the fourth quarter of fiscal 2011.

F-29

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

- (2) The price at which the Company subsequently repurchased the options was \$1,389, which resulted in a realized gain of \$2,895.
- (3) The percentage of total investments subject to call options written was 0.2% at November 30, 2011.

Interest Rate Swap Contracts The Company may enter into interest rate swap contracts to partially hedge itself from increasing interest expense on its leverage resulting from increasing short-term interest rates. A decline in future interest rates may result in a decline in the value of the swap contracts, which, everything else being held constant, would result in a decline in the net assets of the Company. In addition, if the counterparty to the interest rate swap contracts defaults, the Company would not be able to use the anticipated receipts under the swap contracts to offset the interest payments on the Company's leverage. At the time the interest rate swap contracts reach their scheduled termination, there is a risk that the Company would not be able to obtain a replacement transaction or that the terms of the replacement transaction would not be as favorable as on the expiring transaction. In addition, if the Company is required to terminate any swap contract early, then the Company could be required to make a termination payment. As of November 30, 2011, the Company did not have any interest rate swap contracts outstanding.

During the second quarter of fiscal 2011, the Company entered into interest rate swap contracts (\$125,000 notional amount) in anticipation of the private placements of senior notes and mandatory redeemable preferred stock. In conjunction with the pricing of the private placements on April 27, 2011, these interest rate swap contracts were terminated, which resulted in a \$345 realized loss.

The following table sets forth the fair value of the Company's derivative instruments on the Statement of Assets and Liabilities.

Derivatives Not Accounted for as		Fair Value as of
Hedging Instruments	Statement of Assets and Liabilities Location	November 30, 2011
Call options	Call option contracts written	\$ (28)

The following table set forth the effect of the Company's derivative instruments on the Statement of Operations.

Derivatives Not Accounted for as	Location of Gains/(Losses) on Derivatives Recognized in	For the Fiscal Year Ended November 30, 2011	
		Net Realized Gains/(Losses) on Derivatives	Change in Unrealized Gains/(Losses) on Derivatives Recognized in

Hedging Instruments	Income	Recognized in Income	Income
Call options	Options	\$ 3,222	\$ (332)
Interest rate swap contracts	Interest rate swap contracts	(345)	
		\$ 2,877	\$ (332)

9. Investment Transactions

For the fiscal year ended November 30, 2011, the Company purchased and sold securities in the amounts of \$1,121,642 and \$748,958 (excluding short-term investments and options), respectively.

10. Revolving Credit Facility

At November 30, 2011, the Company had a \$175,000 unsecured revolving credit facility (the Credit Facility) with a syndicate of lenders. During fiscal 2011, the Company increased the size of its Credit Facility

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

from \$100,000 to \$175,000 through two amendments to the facility. The Credit Facility matures on June 11, 2013. The interest rate may vary between LIBOR plus 1.75% to LIBOR plus 3.00%, depending on the Company's asset coverage ratios. Outstanding loan balances will accrue interest daily at a rate equal to one-month LIBOR plus 1.75% based on current asset coverage ratios. The Company will pay a fee of 0.40% per annum on any unused amounts of the Credit Facility. See Financial Highlights for the Company's asset coverage ratios under the 1940 Act.

For the fiscal year ended November 30, 2011, the average amount outstanding under the Credit Facility was \$32,666 with a weighted average interest rate of 2.35%. As of November 30, 2011, the Company had no outstanding borrowings under the Credit Facility.

11. Senior Unsecured Notes

At November 30, 2011, the Company had \$775,000, aggregate principal amount, of senior unsecured fixed and floating rate notes (the Senior Notes) outstanding. On April 26, 2011, the Company issued \$230,000 of Senior Notes, and a portion of the proceeds were used to redeem the Company's series G Senior Notes (\$75,000) that were scheduled to mature on June 19, 2011.

The table below sets forth the key terms of each series of the Senior Notes.

Series	Principal Outstanding, November 30, 2010	Principal Redeemed	Principal Issued	Principal Outstanding, November 30, 2011	Estimated Fair Value, November 30, 2011	Fixed/Floating Interest Rate	Maturity
G	\$ 75,000	\$ 75,000	\$	\$	\$	5.645%	6/19/11
I	60,000			60,000	62,800	5.847%	6/19/12
K	125,000			125,000	135,300	5.991%	6/19/13
M	60,000			60,000	64,700	4.560%	11/4/14
N	50,000			50,000	50,300	3-month LIBOR + 185 bps	11/4/14
O	65,000			65,000	69,600	4.210%	5/7/15
P	45,000			45,000	44,900	3-month LIBOR + 160 bps	5/7/15
Q	15,000			15,000	15,500	3.230%	11/9/15
R	25,000			25,000	26,000	3.730%	11/9/17
S	60,000			60,000	63,300	4.400%	11/9/20
T	40,000			40,000	42,000	4.500%	11/9/22
U			60,000	60,000	59,400	3-month LIBOR + 145 bps	5/26/16
V			70,000	70,000	73,500	3.710%	5/26/16
W			100,000	100,000	107,400	4.380%	5/26/18
	\$ 620,000	\$ 75,000	\$ 230,000	\$ 775,000	\$ 814,700		

Holders of the fixed rate Senior Notes are entitled to receive cash interest payments semi-annually (on June 19 and December 19) at the fixed rate. Holders of the floating rate Senior Notes are entitled to receive cash interest payments quarterly (on March 19, June 19, September 19 and December 19) at the floating rate. During the fiscal year ended November 30, 2011, the weighted average interest rate on the outstanding Senior Notes was 4.33%.

As of November 30, 2011, each series of Senior Notes were rated AAA by FitchRatings and series I, K, M, and N Senior Notes were rated Aa1 by Moody's. In the event the credit rating on any series of Senior Notes falls below A- (FitchRatings) or A3 (Moody's), the interest rate on such series will increase by 1% during the period of time such series is rated below A- or A3.

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

The Senior Notes were issued in private placement offerings to institutional investors and are not listed on any exchange or automated quotation system. The Senior Notes contain various covenants related to other indebtedness, liens and limits on the Company's overall leverage. Under the 1940 Act and the terms of the Senior Notes, the Company may not declare dividends or make other distributions on shares of its common stock or make purchases of such shares if, at any time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Senior Notes would be less than 300%.

The Senior Notes are redeemable in certain circumstances at the option of the Company. The Senior Notes are also subject to a mandatory redemption to the extent needed to satisfy certain requirements if the Company fails to meet an asset coverage ratio required by law and is not able to cure the coverage deficiency by the applicable deadline, or fails to cure a deficiency as stated in the Company's rating agency guidelines in a timely manner.

The Senior Notes are unsecured obligations of the Company and, upon liquidation, dissolution or winding up of the Company, will rank: (1) senior to all the Company's outstanding preferred shares; (2) senior to all of the Company's outstanding common shares; (3) on a parity with any unsecured creditors of the Company and any unsecured senior securities representing indebtedness of the Company; and (4) junior to any secured creditors of the Company.

At November 30, 2011, the Company was in compliance with all covenants under the Senior Notes agreements.

12. Preferred Stock

At November 30, 2011, the Company had 10,400,000 shares of mandatory redeemable preferred stock outstanding, with a liquidation value of \$260,000. On May 3, 2011, the Company issued 4,000,000 shares of series D mandatory redeemable preferred stock with a liquidation value of \$100,000.

The table below sets forth the key terms of each series of the mandatory redeemable preferred stock.

Series	Shares Held at November 30, 2010	Shares Issued	Shares Outstanding, November 30, 2011 ⁽¹⁾	Liquidation Value, November 30, 2011	Estimated Fair Value, November 30, 2011	Rate	Mandatory Redemption Date
A	4,400,000		4,400,000	\$ 110,000	\$ 119,100	5.57%	5/7/17
B	320,000		320,000	8,000	8,200	4.53%	11/9/17
C	1,680,000		1,680,000	42,000	43,700	5.20%	11/9/20
D ⁽²⁾		4,000,000	4,000,000	100,000	102,200	4.95%	6/1/18
	6,400,000	4,000,000	10,400,000	\$ 260,000	\$ 273,200		

(1) Each share has a \$25 liquidation value.

(2)

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

Series D mandatory redeemable preferred shares are publicly traded on the New York Exchange (NYSE) under the symbol KYN. Pr D . The fair value is based on the price of \$25.55 as of November 30, 2011.

Holders of the series A, B and C mandatory redeemable preferred stock are entitled to receive cumulative cash dividend payments on the first business day following each quarterly period (February 28, May 31, August 31 and November 30). Holders of the series D mandatory redeemable preferred stock are entitled to receive cumulative cash dividend payments on the first business day of each month.

The table below outlines the terms of each series of mandatory redeemable preferred stock. The dividend rate on the Company's mandatory redeemable preferred stock will increase if the credit rating is downgraded below A (FitchRatings). Further, the annual dividend rate for all series of mandatory redeemable preferred

F-32

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(amounts in 000 s, except number of option contracts, share and per share amounts)

stock will increase by 4.0% if no ratings are maintained, and the annual dividend rate will increase by 5.0% if the Company fails to make dividend or certain other payments.

	Series A, B and C	Series D
Rating as of November 30, 2011 (FitchRatings)	AA	AA
Ratings Threshold	A	A
Method of Determination	Lowest Credit Rating	Highest Credit Rating
Increase in Annual Dividend Rate	0.5% to 4.0%	0.75% to 4.0%

The mandatory redeemable preferred stock rank senior to all of the Company's outstanding common shares and on parity with any other preferred stock. The mandatory redeemable preferred stock is redeemable in certain circumstances at the option of the Company and are also subject to a mandatory redemption if the Company fails to meet a total leverage (debt and preferred stock) asset coverage ratio of 225% or fails to maintain its basic maintenance amount as stated in the Company's rating agency guidelines.

Under the terms of the mandatory redeemable preferred stock, the Company may not declare dividends or pay other distributions on shares of its common stock or make purchases of such shares if, at any time of the declaration, distribution or purchase, asset coverage with respect to total leverage would be less than 225%.

The holders of the mandatory redeemable preferred stock have one vote per share and will vote together with the holders of common stock as a single class except on matters affecting only the holders of mandatory redeemable preferred stock or the holders of common stock. The holders of the mandatory redeemable preferred stock, voting separately as a single class, have the right to elect at least two directors of the Company.

At November 30, 2011, the Company was in compliance with the asset coverage and basic maintenance requirements of its mandatory redeemable preferred stock.

13. Common Stock

At November 30, 2011, the Company has 189,600,000 shares of common stock authorized and 75,130,209 shares outstanding. As of that date, KACALP owned 4,000 shares. Transactions in common shares for the fiscal year ended November 30, 2011 were as follows:

Shares outstanding at November 30, 2010	68,471,401
Shares issued through reinvestment of distributions	958,808
Shares issued in connection with offerings of common stock ⁽¹⁾	5,700,000
Shares outstanding at November 30, 2011	75,130,209

(1)

On April 8, 2011, the Company closed its public offering of 5,700,000 shares of common stock at a price of \$30.58 per share. Total net proceeds from the offering were \$166,984 and were used by the Company to make additional portfolio investments that are consistent with the Company's investment objective, and for general corporate purposes.

14. Subsequent Events

On December 13, 2011, the Company declared its quarterly distribution of \$0.51 per common share for the fiscal fourth quarter for a total quarterly distribution payment of \$38,316. The distribution was paid on January 13, 2012 to common stockholders of record on January 5, 2012. Of this total, pursuant to the Company's dividend reinvestment plan, \$6,904 was reinvested into the Company through the issuance of 238,654 shares of common stock.

Table of Contents

**KAYNE ANDERSON MLP INVESTMENT COMPANY
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of
Kayne Anderson MLP Investment Company

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets applicable to common stockholders and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Kayne Anderson MLP Investment Company (the Company) at November 30, 2011, and the results of its operations and cash flows for the year then ended, the changes in its net assets applicable to common stockholders for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at November 30, 2011 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

Los Angeles, California
January 30, 2012

F-34

Table of Contents

BASE PROSPECTUS

\$500,000,000

**Common Stock
Preferred Stock**

Kayne Anderson MLP Investment Company (the Company, we, us, or our) is a non-diversified, closed-end management investment company that began investment activities on September 28, 2004 following our initial public offering. Our investment objective is to obtain a high after-tax total return by investing at least 85% of our total assets in energy-related partnerships and their affiliates (collectively, master limited partnerships or MLPs), and in other companies that, as their principal business, operate assets used in the gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined petroleum products or coal (collectively with MLPs, Midstream Energy Companies). We invest in equity securities of (i) master limited partnerships, including preferred, common and subordinated units and general partner interests, (ii) owners of such interests in master limited partnerships, and (iii) other Midstream Energy Companies. Additionally, we may invest in debt securities of MLPs and other Midstream Energy Companies. Substantially all of our total assets consist of publicly traded securities of MLPs and other Midstream Energy Companies. We are permitted to invest up to 50% of our total assets in unregistered or otherwise restricted securities of MLPs and other Midstream Energy Companies, including securities issued by private companies.

We may offer, from time to time, shares of our common stock (\$0.001 par value per share) or shares of our preferred stock (\$0.001 par value per share), which we refer to in this prospectus collectively as our securities, in one or more offerings. We may offer our common stock or preferred stock, separately or in concurrent offerings, in amounts, at prices and on terms set forth in a prospectus supplement to this prospectus. You should read this prospectus and the related prospectus supplement carefully before you decide to invest in any of our securities.

We may offer and sell our securities to or through underwriters, through dealers or agents that we designate from time to time, directly to purchasers or through a combination of these methods. If an offering of our securities involves any underwriters, dealers or agents, then the applicable prospectus supplement will name the underwriters, dealers or agents and will provide information regarding any applicable purchase price, fee, commission or discount arrangements made with those underwriters, dealers or agents or the basis upon which such amount may be calculated. For more information about the manners in which we may offer our securities, see Plan of Distribution. We may not sell our securities through agents, underwriters or dealers without delivery of a prospectus supplement.

Investing in our securities may be speculative and involve a high degree of risk and should not constitute a complete investment program. Before buying any securities, you should read the discussion of the material risks of investing in our securities in Risk Factors beginning on page 17 of this prospectus. You should consider carefully these risks together with all of the other information contained in this prospectus and any prospectus supplement before making a decision to purchase our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 16, 2012.

(continued on the following page)

Table of Contents

(continued from the previous page)

We are managed by KA Fund Advisors, LLC (KAFSA), a subsidiary of Kayne Anderson Capital Advisors, L.P. (together, with KAFSA, Kayne Anderson), a leading investor in MLPs. As of December 31, 2011, Kayne Anderson and its affiliates managed approximately \$14.2 billion, including approximately \$8.7 billion in MLPs and other Midstream Energy Companies.

Shares of our common stock are listed on the New York Stock Exchange (NYSE) under the symbol KYN. The net asset value of our common stock at the close of business on January 31, 2012 was \$28.97 per share, and the last sale price per share of our common stock on the NYSE as of that date was \$31.35. See Market and Net Asset Value Information.

Shares of common stock of closed-end investment companies, like ours, frequently trade at discounts to their net asset values. If our common stock trades at a discount to our net asset value, the risk of loss may increase for purchasers of our common stock, especially for those investors who expect to sell their common stock in a relatively short period after purchasing shares in this offering. See Risk Factors Additional Risks Related to Our Common Stock Market Discount From Net Asset Value Risk.

Our common stock is junior in liquidation and distribution rights to our debt securities and preferred stock. The issuance of our debt securities and preferred stock represents the leveraging of our common stock. See Use of Leverage Effects of Leverage, Risk Factors Additional Risks Related to Our Common Stock Leverage Risk to Common Stockholders and Description of Capital Stock. The issuance of any additional common stock offered by this prospectus will enable us to increase the aggregate amount of our leverage. Our preferred stock is senior in liquidation and distribution rights to our common stock and junior in liquidation and distribution rights to our debt securities. Our debt securities are our unsecured obligations and, upon our liquidation, dissolution or winding up, rank: (1) senior to all of our outstanding common stock and any preferred stock; (2) on a parity with our obligations to any unsecured creditors and any unsecured senior securities representing our indebtedness; and (3) junior to our obligations to any secured creditors.

You should rely only on the information contained or incorporated by reference in this prospectus and any related prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. You should assume that the information appearing in this prospectus and any prospectus supplement is accurate only as of the respective dates on their front covers, regardless of the time of delivery of this prospectus, any prospectus supplement, or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Prospectus Summary</u>	1
<u>Forward-Looking Statements</u>	7
<u>Kayne Anderson MLP Investment Company</u>	8
<u>Fees and Expenses</u>	9
<u>Financial Highlights</u>	11
<u>Senior Securities</u>	12
<u>Market and Net Asset Value Information</u>	15
<u>Use of Proceeds</u>	16
<u>Risk Factors</u>	17
<u>Distributions</u>	35
<u>Dividend Reinvestment Plan</u>	37
<u>Investment Objective and Policies</u>	39
<u>Use of Leverage</u>	43
<u>Management</u>	46
<u>Net Asset Value</u>	50
<u>Description of Capital Stock</u>	52
<u>Rating Agency Guidelines</u>	67
<u>Our Structure; Common Stock Repurchases and Change in Our Structure</u>	69
<u>Tax Matters</u>	71
<u>Plan of Distribution</u>	75
<u>Transfer Agent and Dividend-Paying Agent</u>	78
<u>Administrator, Custodian and Fund Accountant</u>	78
<u>Legal Matters</u>	78
<u>Table of Contents of Our Statement of Additional Information</u>	79

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the SEC), using the shelf registration process. Under the shelf registration process, we may offer, from time to time, our common stock or preferred stock, separately or in concurrent offerings, in amounts, at prices and on terms set forth in prospectus supplements to this prospectus. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus, together with any prospectus supplement, sets forth concisely the information about us that a prospective investor ought to know before investing. You should read this prospectus and the related prospectus supplement before deciding whether to invest and retain them for future reference. A Statement of Additional Information, dated February 16, 2012 (the SAI), containing additional information about us, has been filed with the SEC and is incorporated by reference in its entirety into this prospectus.

You may request a free copy of our SAI, the table of contents of which is on page 79 of this prospectus, request a free copy of our annual, semi-annual and quarterly reports, request other information or make stockholder inquiries, by calling toll-free at (877) 657-3863, or by writing to us at 717 Texas Avenue, Suite 3100, Houston, Texas 77002. Our annual, semi-annual and quarterly reports and the SAI also are available on our website at <http://www.kaynefunds.com>. Information included on such website does not form part of this prospectus.

We file reports (including our annual, semi-annual and quarterly reports, and the SAI), proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the Exchange Act). Copies of such reports, proxy statements and other information, as well as the registration statement

Table of Contents

and the amendments, exhibits and schedules thereto, can be obtained from the SEC's Public Reference Room in Washington, D.C. Information relating to the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Such materials, as well as the Company's annual, semi-annual and quarterly reports and other information regarding the Company, are also available on the SEC's website (<http://www.sec.gov>). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC's Public Reference Room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0112.

Neither our common stock nor our preferred stock represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and they are not federally insured by the Federal Deposit Insurance Corporation, the Federal Board or any other governmental agency.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our securities offered by this prospectus. You should carefully read the entire prospectus, any related prospectus supplement and the SAI, including the documents incorporated by reference into them, particularly the section entitled Risk Factors and the financial statements and related notes. Except where the context suggests otherwise, the terms the Company, we, us, and our refer to Kayne Anderson MLP Investment Company; KAFA or the Adviser refers to KA Fund Advisors, LLC; Kayne Anderson refers to KAFA and its managing member, Kayne Anderson Capital Advisors, L.P., collectively; midstream energy assets refers to assets used in the gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined petroleum products or coal; MLPs or master limited partnerships refers to (i) energy-related partnerships, (ii) energy-related limited liability companies treated as partnerships and (iii) affiliates of those energy-related partnerships, substantially all of whose assets consist of interests in publicly traded partnerships; Midstream Energy Companies means (i) MLPs and (ii) other companies that, as their principal business, operate midstream energy assets; and Energy Companies means companies that own and operate assets that are used in or provide services to the energy sector, including assets used in exploring, developing, producing, transporting, storing, gathering, processing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined products or coal.

The Company

Kayne Anderson MLP Investment Company, a Maryland corporation, is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). Our outstanding shares of common stock are listed on the New York Stock Exchange (the NYSE) under the symbol KYN.

We began investment activities in September 2004 following our initial public offering. As of January 31, 2012, we had approximately 75.4 million shares of common stock outstanding, net assets applicable to our common stock of approximately \$2.2 billion and total assets of approximately \$3.9 billion.

Investment Objective

Our investment objective is to obtain a high after-tax total return by investing at least 85% of our total assets in MLPs and other Midstream Energy Companies.

Investment Policies

We have adopted the following non-fundamental investment policies:

For as long as the word MLP is in our name, it shall be our policy, under normal market conditions, to invest at least 80% of our total assets in MLPs.

We intend to invest at least 50% of our total assets in publicly traded securities of MLPs and other Midstream Energy Companies.

Under normal market conditions, we may invest up to 50% of our total assets in unregistered or otherwise restricted securities of MLPs and other Midstream Energy Companies. The types of unregistered or otherwise restricted securities that we may purchase include common units, subordinated units, preferred units, and

convertible units of, and general partner interests in, MLPs, and securities of other public and private Midstream Energy Companies.

We may invest up to 15% of our total assets in any single issuer.

We may invest up to 20% of our total assets in debt securities of MLPs and other Midstream Energy Companies, including below investment grade debt securities (commonly referred to as junk bonds or high yield bonds) rated, at the time of investment, at least B3 by Moody's Investors Service, Inc., B- by Standard & Poor's or Fitch Ratings, comparably rated by another rating agency or, if unrated, determined by Kayne Anderson to be of comparable quality. In addition, up to one-quarter of our

Table of Contents

permitted investments in debt securities (or up to 5% of our total assets) may include unrated debt securities of private companies.

Under normal market conditions, our policy is to utilize our Borrowings and our preferred stock (each a Leverage Instrument and collectively Leverage Instrument) in an amount that represents approximately 30% of our total assets, including proceeds from such Leverage Instruments. However, we reserve the right at any time, if we believe that market conditions are appropriate, to use Leverage Instruments to the extent permitted by the 1940 Act.

We may, but are not required to, use derivative investments and engage in short sales to hedge against interest rate, market and issuer risks.

Unless otherwise stated, all investment restrictions apply at the time of purchase and we will not be required to reduce a position due solely to market value fluctuations. However, although we may not be required to sell securities due to subsequent changes in value, if such changes cause us to have invested less than 80% of our total assets in securities of MLPs, we will be required to make future purchases of securities in a manner so as to bring us into compliance with this investment policy.

Our Board of Directors may change these investment policies without the approval of the holders of a majority of our voting securities, provided that our securities holders receive at least 60 days prior written notice of any change.

Our Portfolio Investments

As of January 31, 2012, we held \$3.8 billion in equity securities and \$34.9 million in debt securities. Our top 10 largest holdings by issuer as of that date were:

	Company	Sector	Units (In thousands)	Amount (\$ millions)	Percent of Long-Term Investments
1.	Enterprise Products Partners L.P.	Midstream MLP	7,286	\$351.9	9.1%
2.	Kinder Morgan Management, LLC	MLP Affiliate	3,796	292.1	7.5
3.	Plains All American Pipeline, L.P.	Midstream MLP	3,113	242.8	6.3
4.	MarketWest Energy Partners, L.P. Energy Transfer Equity, L.P.	Midstream MLP General Partner	3,744	217.0	5.6
5.		MLP	4,425	189.1	4.9
6.	Regency Energy Partners L.P.	Midstream MLP	6,299	163.0	4.2
7.	Williams Partners L.P.	Midstream MLP	2,492	155.5	4.0
8.	Magellan Midstream Partners, L.P.	Midstream MLP	2,309	154.9	4.0
9.	EI Paso Pipeline Partners, L.P.	Midstream MLP	4,042	142.0	3.7
10.	Buckeye Partners, L.P.	Midstream MLP	2,134	128.0	3.3

Our Investment Adviser

KA Fund Advisors, LLC (KAFA or the Adviser) is our investment adviser, responsible for implementing and administering our investment strategy. KAFA is a subsidiary of Kayne Anderson Capital Advisors, L.P. (KACALP and together with KAFA, Kayne Anderson). Both KAFA and KACALP are SEC-registered investment advisers. As

Edgar Filing: Kayne Anderson MLP Investment CO - Form 497

of December 31, 2011, Kayne Anderson and its affiliates managed approximately \$14.2 billion, including approximately \$8.7 billion in MLPs and other Midstream Energy Companies.

KAFA manages three other publicly traded investment companies: Kayne Anderson Energy Total Return Fund, Inc. (NYSE: KYE); Kayne Anderson Energy Development Company (NYSE: KED); and Kayne Anderson Midstream/Energy Fund, Inc. (NYSE: KMF). Kayne Anderson has invested in MLPs and other Midstream Energy Companies since 1998. We believe that Kayne Anderson has developed an understanding of the MLP market that enables it to identify and take advantage of public MLP investment opportunities. In addition, Kayne Anderson's senior professionals have developed a strong reputation in the energy sector and have many long-term relationships with industry managers, which we believe gives Kayne Anderson an important advantage in sourcing and structuring private investments.

We pay dividends on the Series A MRP Shares, Series B MRP Shares, Series C MRP Shares and Series D MRP Shares (collectively, the MRP Shares) in accordance with the terms thereof. The holders of the Series A MRP Shares, Series B MRP Shares and Series C MRP Shares shall be entitled to receive quarterly cumulative cash dividends, and the holders of the Series D MRP Shares shall be entitled to receive monthly cumulative

Tax Risks

In addition to other risk considerations, an investment in our securities will involve certain tax risks, including, the risk the master limited partnerships in which we invest will be classified as corporations rather than as partnerships for federal income tax purposes (which may reduce our return and negatively affect the net asset value of our common stock) and the risk of changes in tax laws or regulations, or interpretations thereof, which could adversely affect us or the portfolio companies in which we invest. Tax matters are very

portfolio. Declining marine transportation values could affect the ability of shipping companies to raise cash by limiting their ability to refinance their vessels, thereby adversely impacting such company's liquidity. Shipping company vessels are at risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss and bad weather.

We are a non-diversified, closed-end investment company under the 1940 Act and will not be treated as a regulated investment company under the Internal Revenue Code of 1986, as amended, or the Code. Accordingly, there are no regulatory requirements under the 1940 Act or the Code on the minimum number or size of securities we hold. As of January 31, 2012, we held investments in approximately 67 issuers.

hedging instruments to our leverage risk, and there can be no assurance that our Adviser's judgment in this respect will be accurate. To the extent there is a decline in interest rates, the value of interest rate swaps could decline, and result in a decline in the net asset value of our common stock. In addition, if the counterparty to an interest rate swap or cap defaults, we would not be able to use the anticipated net receipts under the interest rate swap to offset our cost of financial leverage.

co-invest its other clients' assets in the private transactions in which we invest. Kayne Anderson will allocate private investment opportunities among its clients, including us, based on allocation policies that take into account several suitability factors, including the size of the investment opportunity, the amount each client has available for investment and the client's investment objectives. These

determination were made, we will be required to abide by the restrictions on control or affiliate transactions as proscribed in the 1940 Act. We or any portfolio company that we control, and our affiliates, may from time to time engage in certain of such joint transactions, purchases, sales and loans in

this premium will continue after the date of this prospectus or that our common stock will not again trade at a discount. Shares of closed-end investment companies frequently trade at a discount to their net asset value. This characteristic is a risk separate and distinct from the risk that our net asset value could decrease as a result of our investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. Although the value of our net assets is generally considered by market participants in determining whether to purchase or sell shares, whether investors will realize gains or losses upon the sale of our common stock depends upon

An investment in our preferred stock is subject to the following additional risks:

Ratings and Asset Coverage Risk. Rating agencies have in the past, and may in the future, downgrade the ratings assigned to our senior securities, which may make your securities less liquid in the secondary market. In December 2010, Moody's downgraded its ratings on our outstanding Series I, K, M and N Senior

pay the resulting tax. See Tax Matters.

If you hold your common stock with a brokerage firm that does not participate in the Plan, you will not be able to participate in the Plan and any distribution reinvestment may be effected on different terms than those described above. Consult your financial advisor for more information.

The rights of our lenders to receive interest on and repayment of principal of any Borrowings will be senior to those of our common stockholders, and the terms of any such Borrowings may contain provisions which limit certain of our activities, including the payment of distributions to our common stockholders in certain circumstances. Under the 1940 Act, we may not declare any dividend or other distribution on any class of our capital stock, or purchase any such capital stock, unless our aggregate indebtedness has, at the time of

As of January 31, 2012, we had thirteen series of Senior Notes outstanding with a total principal amount of \$775 million. Ten of the series of the Senior Notes have fixed interest rates and three series have floating

Richard A. Kayne is Chairman of Kayne Anderson and its affiliated broker-dealer, KA Associates, Inc. Mr. Kayne began his career in 1966 as an analyst with Loeb, Rhodes & Co. in New York. Prior to forming Kayne Anderson's predecessor in 1984, Mr. Kayne was a principal of Cantor Fitzgerald & Co., Inc., where he managed private accounts, a hedge fund and a portion of the firm's capital. Mr. Kayne is a trustee of and the former Chairman of the Investment Committee of the University of California at Los Angeles Foundation, and

Jody C. Meraz is a Senior Vice President for Kayne Anderson. He also serves as our Vice President and as Vice President of Kayne Anderson Energy Total Return Fund, Kayne Anderson Energy Development Company and Kayne Anderson Midstream/Energy Fund. He is responsible for providing analytical support for

restructuring group at Alvarez & Marsal, specializing in energy turnarounds. From 2006 to 2008, Mr. Terry was in the investment banking group at Bear Stearns. Mr. Terry

Valuation Committee. The Valuation Committee meets to consider the valuations submitted by our Adviser (1) at the end of each month for new investments, if any, and (2) at the end of each quarter for existing investments. Between meetings of the Valuation Committee, a senior officer of our Adviser is authorized to make valuation determinations. All valuation determinations of the Valuation Committee are subject to ratification by our Board of Directors at its next regular meeting.

Valuation Firm. No less than quarterly, a third-party valuation firm engaged by our Board of Directors reviews the valuation methodologies and calculations employed for these securities.

the timing of our investments in portfolio securities;

the securities comprising our portfolio;

changes in interest rates (including changes in the relationship between short-term rates and long-term rates);

the amount and timing of the use of borrowings and other leverage by us;

no longer listed on the NYSE (or any other national securities exchange the rules of which require annual meetings of stockholders), we may amend our Bylaws so that we are not otherwise required to hold annual meetings of stockholders.

Issuance of Additional Shares. The provisions of the 1940 Act generally require that the public offering price of common stock of a closed-end investment company (less underwriting commissions and discounts) must equal or exceed the NAV of such company's common stock (calculated within 48 hours of pricing),

General. Holders of the MRP Shares will be entitled to receive cash dividends, when, as and if authorized by the Board of Directors and declared by us, out of funds legally available therefor, on the initial dividend payment date with respect to the initial dividend period and, thereafter, on each dividend payment date with respect to a subsequent dividend period at the rate per annum (the Dividend Rate) equal to the applicable rate (or the default rate) for each dividend period. The applicable rate is computed on the basis of a 360 day year. Dividends so declared and payable shall be paid to the extent permitted under Maryland law and

Default Rate Default Period. The Dividend Rate will be the default rate in the following circumstances. Subject to the cure provisions below, a *Default Period* with respect to MRP Shares will commence on a date we fail to pay directly or deposit irrevocably in trust in same-day funds, with the paying agent by 1:00 p.m. (or 3:00 p.m. for the Series D MRP Shares), New York City time, (i) the full amount of any dividends on the MRP Shares payable on the dividend payment date (a *Dividend Default*) or (ii) the full amount of any redemption price payable on a mandatory redemption date (a *Redemption Default*) and, together with a *Dividend Default*, hereinafter referred to as a *Default*).

in the case of Series B MRP Shares or Series C MRP Shares nor more than 40 days notice, in any case, may redeem such series of MRP Shares at the Liquidation Preference

Table of Contents

Amount plus accumulated but unpaid dividends and distributions thereon (whether or not earned or declared) to, but excluding, the date fixed for redemption, plus a redemption amount equal to 2% of the liquidation preference amount. The amount of the Series A MRP Shares, Series B MRP Shares and Series C MRP Shares that may be so redeemed shall not exceed an amount of such series of MRP Shares which results in a asset coverage of more than 250% pro forma for such redemption.

We shall not give notice of or effect any optional redemption unless (in the case of any partial redemption of a series of MRP Shares) on the date of such notice and on the date fixed for the redemption, we would satisfy the basic maintenance amount set forth in current applicable rating agency guidelines and the asset coverage with respect to outstanding debt securities and preferred stock is greater than or equal to 225% immediately subsequent to such redemption, if such redemption were to occur on such date.

Series D MRP Shares Optional Redemption. To the extent permitted under the 1940 Act and Maryland law, we may, at our option, redeem Series D MRP Shares, in whole or in part, out of funds legally available therefor, at any time and from time to time, upon not more than 40 calendar days prior notice. This optional redemption is limited during the first year the Series D MRP Shares are outstanding to situations in which the asset coverage with respect to outstanding debt securities and preferred stock is greater than 225%, but less than 235% for any five business days within a 10 business day period. The amount of Series D MRP Shares that may be redeemed during the first year may not exceed an amount that results in an asset coverage of more than 250% pro forma for such redemption. At any time on or prior to May 10, 2012, subject to the foregoing conditions, we may redeem Series D MRP Shares at a price per share equal to 102% of the liquidation preference per share, plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for redemption. After May 10, 2012, subject to the foregoing conditions, we may redeem the Series D MRP Shares at the Optional Redemption Price per share. The Optional Redemption Price shall equal the product of the percentage provided below, as applicable, and the liquidation preference per share, plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for redemption:

Time Period	Percentage
After May 10, 2012 and on or before May 10, 2013	101.0%
After May 10, 2013 and on or before May 10, 2014	100.5%
After May 10, 2014 and on or before the Series D MRP Shares Term Redemption Date	100.0%

If fewer than all of the outstanding Series D MRP Shares are to be redeemed in an optional redemption, we shall allocate the number of shares required to be redeemed pro rata among the holders of Series D MRP Shares in proportion to the number of shares they hold, by lot or by such other method as we shall deem fair and equitable.

We shall not effect any optional redemption unless (i) on the date of such notice and on the date fixed for redemption we have available either (A) cash or cash equivalents or (B) any other Deposit Securities (as defined in the articles supplementary for the applicable series of MRP Shares) with a maturity or tender date not later than one day preceding the applicable redemption date, or any combination thereof, having an aggregate value not less than the amount, including any applicable premium, due to holders of the Series D MRP Shares by reason of the redemption of the Series D MRP Shares on such date fixed for the redemption and (ii) we would satisfy the basic maintenance amount for the Series D MRP Shares.

We also reserve the right, but have no obligation, to repurchase Series D MRP Shares in market or other transactions from time to time in accordance with applicable law and our charter and at a price that may be more or less than the

liquidation preference of the Series D MRP Shares.

Mandatory Redemption. If, while any Series A MRP Shares are outstanding, we fail to satisfy the asset coverage as of the last day of any month or the basic maintenance amount as of any valuation date (any such day, an Series A Asset Coverage Cure Date), the Series A MRP Shares will be subject to mandatory redemption out of funds legally available therefor at the Liquidation Preference Amount plus accumulated but

Table of Contents

unpaid dividends and distributions thereon (whether or not earned or declared by us, but excluding interest thereon) to, but excluding, the date fixed for redemption, plus a redemption amount equal to 1% of the Liquidation Preference Amount.

If, while any Series B MRP Shares, Series C MRP Shares or Series D MRP Shares are outstanding, we fail to satisfy the asset coverage as of the last day of any month or the basic maintenance amount as of any valuation date, and such failure is not cured as of the close of business on the date this 30 days from such business day (any such day, an Series B, C & D Asset Coverage Cure Date) or to the extent that a redemption of the Series A MRP Shares is required under the provisions set forth in the immediately preceding paragraph, the Series B MRP Shares, the Series C MRP Shares and the Series D MRP Shares will be subject to mandatory redemption out of funds legally available therefor at the Liquidation Preference Amount plus accumulated but unpaid dividends and distributions thereon (whether or not earned or declared by us, but excluding interest thereon) to, but excluding, the date fixed for redemption, plus, in the case of Series B MRP Shares or Series C MRP Shares, a redemption amount equal to 1% of the Liquidation Preference Amount.

The number of MRP Shares to be redeemed under these circumstances will be equal to the product of (1) the quotient of the number of outstanding MRP Shares of each series divided by the aggregate number of outstanding shares of preferred stock (including the MRP Shares) which have an asset coverage test greater than or equal to 225% times (2) the minimum number of outstanding shares of preferred stock (including the MRP Shares) the redemption of which, would result in us satisfying the asset coverage and basic maintenance amount as of the Series A Asset Coverage Cure Date or Series B, C & D Asset Coverage Cure Date, as applicable (provided that, if there is no such number of MRP Shares of such series the redemption of which would have such result, we shall, subject to certain limitation set forth in the next paragraph, redeem all MRP Shares of such series then outstanding).

We are required to effect such mandatory redemptions not later than 40 days after the Series A Asset Coverage Cure Date and Series B, C & D Asset Coverage Cure Date, respectively (each a Mandatory Redemption Date), except (1) if we do not have funds legally available for the redemption of, or (2) such redemption is not permitted under our credit facility, any agreement or instrument consented to or agreed to by the applicable preferred stock holders pursuant to the applicable articles supplementary or the note purchase agreements relating to the Senior Notes to redeem or (3) if we are not otherwise legally permitted to redeem the number of MRP Shares which we would be required to redeem under the articles supplementary of such series of MRP Shares if sufficient funds were available, together with shares of other preferred stock which are subject to mandatory redemption under provisions similar to those contained in the articles supplementary for such series of MRP Shares, we shall redeem those MRP Shares, and any other preferred stock which we were unable to redeem, on the earliest practical date on which we will have such funds available, and we are otherwise not prohibited from redeeming pursuant to the credit facility or the note purchase agreements relating to the Senior Notes or other applicable laws. In addition, our ability to make a mandatory redemption may be limited by the provisions of the 1940 Act or Maryland law.

If fewer than all of the outstanding MRP Shares of any series are to be redeemed in an optional or mandatory redemption, we shall allocate the number of shares required to be redeemed pro rata among the holders of such series of MRP Shares in proportion to the number of shares they hold.

Redemption Procedure. In the event of a redemption, we will file a notice of our intention to redeem any MRP Shares with the SEC under Rule 23c-2 under the 1940 Act or any successor provision to the extent applicable. We also shall deliver a notice of redemption to the paying agent and the holders of MRP Shares to be redeemed as specified above for an optional or mandatory redemption (Notice of Redemption).

If Notice of Redemption has been given, then upon the deposit with the paying agent sufficient to effect such redemption, dividends on such shares will cease to accumulate and such shares will be no longer deemed to be

outstanding for any purpose and all rights of the holders of the shares so called for redemption will cease and terminate, except the right of the holders of such shares to receive the redemption price, but without any interest or additional amount.

Table of Contents

Notwithstanding the provisions for redemption described above, but subject to provisions on liquidation rights described below no MRP Shares may be redeemed unless all dividends in arrears on the outstanding MRP Shares and any of our outstanding shares ranking on a parity with the MRP Shares with respect to the payment of dividends or upon liquidation, have been or are being contemporaneously paid or set aside for payment. However, at any time, we may purchase or acquire all the outstanding MRP Shares pursuant to the successful completion of an otherwise lawful purchase or exchange offer made on the same terms to, and accepted by, holders of all outstanding MRP Shares.

Except for the provisions described above, nothing contained in the articles supplementary for each series of MRP Shares limits our legal right to purchase or otherwise acquire any MRP Shares at any price, whether higher or lower than the price that would be paid in connection with an optional or mandatory redemption, so long as, at the time of any such purchase, (1) there is no arrearage in the payment of dividends on, or the mandatory or optional redemption price with respect to, any MRP Shares for which a Notice of Redemption has been given, (2) we are in compliance with the asset coverage with respect to our outstanding debt securities and preferred stock of 225% and the basic maintenance amount set forth in the current applicable rating agency guidelines after giving effect to such purchase or acquisition on the date thereof and (3), only with respect to a purchase of Series A MRP Shares, Series B MRP Shares or Series C MRP Shares, we make an offer to purchase or otherwise acquire any Series A MRP Shares, Series B MRP Shares or Series C MRP Shares pro rata to the holders of all such MRP Shares at the time outstanding upon the same terms and conditions.

Any shares purchased, redeemed or otherwise acquired by us shall be returned to the status of authorized but unissued shares of common stock.

Series D MRP Shares Term Redemption Liquidity Account. On or prior to February 1, 2018 (the Liquidity Account Initial Date), we will cause our custodian to segregate, by means of appropriate identification on its books and records or otherwise in accordance with the custodian's normal procedures, from our other assets (the Term Redemption Liquidity Account) Deposit Securities (each a Liquidity Account Investment and collectively, the Liquidity Account Investments) with an aggregate market value equal to at least 110% of the Term Redemption Amount (as defined below) with respect to such Series D MRP Shares.

The Term Redemption Amount for Series D MRP Shares is equal to the Redemption Price to be paid on the Series D MRP Shares Term Redemption Date, based on the number of Series D MRP Shares then outstanding, assuming for this purpose that the Dividend Rate for the Series D MRP Shares in effect at the Liquidity Account Initial Date will be the Dividend Rate in effect until the Term Redemption Date. If, on any date after the Liquidity Account Initial Date, the aggregate market value of the Liquidity Account Investments included in the Term Redemption Liquidity Account for Series D MRP Shares as of the close of business on any business day is less than 110% of the Term Redemption Amount, then we will cause the custodian to take all such necessary actions, including segregating our assets as Liquidity Account Investments, so that the aggregate market value of the Liquidity Account Investments included in the Term Redemption Liquidity Account is at least equal to 110% of the Term Redemption Amount not later than the close of business on the next succeeding business day.

We may instruct the custodian on any date to release any Liquidity Account Investments from segregation with respect to the Series D MRP Shares and to substitute therefor other Liquidity Account Investments not so segregated, so long as the assets segregated as Liquidity Account Investments at the close of business on such date have a market value equal to 110% of the Term Redemption Amount. We will cause the custodian not to permit any lien, security interest or encumbrance to be created or permitted to exist on or in respect of any Liquidity Account Investments included in the Term Redemption Liquidity Account, other than liens, security interests or encumbrances arising by operation of law and any lien of the custodian with respect to the payment of its fees or repayment for its advances.

The Liquidity Account Investments included in the Term Redemption Liquidity Account may be applied by us, in our sole discretion, towards payment of the redemption price for the Series D MRP Shares. The Series D MRP Shares shall not have any preference or priority claim with respect to the Term

Table of Contents

Redemption Liquidity Account or any Liquidity Account Investments deposited therein. Upon the deposit by us with the Series D MRP Shares paying agent of Liquidity Account Investments having an initial combined Market Value sufficient to effect the redemption of the Series D MRP Shares on the Term Redemption Date, the requirement to maintain the Term Redemption Liquidity Account as described above will lapse and be of no further force and effect.

Limitations on Distributions. So long as we have senior securities representing indebtedness (including Senior Notes) outstanding, holders of preferred stock will not be entitled to receive any distributions from us unless (1) asset coverage (as defined in the 1940 Act) with respect to outstanding debt securities and preferred stock would be at least 225%, (2) the assets in our portfolio that have a value, discounted in accordance with guidelines set forth by each applicable rating agency, at least equal to the basic maintenance amount required by such rating agency under its specific rating agency guidelines, in each case, after giving effect to such distributions, (3) full cumulative dividends on the MRP Shares due on or prior to the date of such distribution have been declared and paid, (4) we have redeemed the full number of MRP Shares required to be redeemed by any provision for mandatory redemption applicable to the MRP Shares and (5) there is no event of default under the terms of the Senior Notes, in each case, after giving effect to such distribution.

Liquidation Rights. In the event of any liquidation, dissolution or winding up, the holders of preferred stock would be entitled to receive a preferential liquidating distribution, which is expected to equal the liquidation preference per share plus accumulated and unpaid dividends, whether or not earned or declared, before any distribution of assets is made to holders of common stock. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of preferred stock will not be entitled to any further participation in any distribution of our assets. If, upon any such liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, our assets available for distribution among the holders of all outstanding preferred stock shall be insufficient to permit the payment in full to such holders of the amounts to which they are entitled, then available assets shall be distributed among the holders of all outstanding preferred stock ratably in that distribution of assets according to the respective amounts which would be payable on all such shares if all amounts thereon were paid in full. Preferred stock ranks junior to our debt securities upon our liquidation, dissolution or winding up of our affairs.

Voting Rights. Except as otherwise indicated in our Charter or Bylaws, or as otherwise required by applicable law, holders of preferred stock have one vote per share and vote together with holders of common stock as a single class.

The 1940 Act requires that the holders of any preferred stock, voting separately as a single class, have the right to elect at least two directors at all times. The remaining directors will be elected by holders of common stock and preferred stock, voting together as a single class. In addition, the holders of any shares of preferred stock have the right to elect a majority of the directors at any time two years accumulated dividends on any preferred stock are unpaid. The 1940 Act also requires that, in addition to any approval by stockholders that might otherwise be required, the approval of the holders of a majority of shares of any outstanding preferred stock, voting separately as a class, would be required to (i) adopt any plan of reorganization that would adversely affect the preferred stock, and (ii) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in our subclassification as a closed-end investment company or changes in our fundamental investment restrictions. See Certain Provisions in Our Charter and Bylaws. As a result of these voting rights, our ability to take any such actions may be impeded to the extent that any shares of our preferred stock are outstanding.

The affirmative vote of the holders of a majority of the outstanding preferred stock determined with reference to a 1940 Act Majority, voting as a separate class, will be required to (1) approve any plan of reorganization (as such term is used in the 1940 Act) adversely affecting such shares or any action requiring a vote of our security holders under Section 13(a) of the 1940 Act and (2) amend, alter or repeal any of the preferences, rights or powers of holders of preferred stock so as to affect materially and adversely such preferences, rights or powers. The class vote of holders of preferred stock described above will in each case be in addition to any other vote required to authorize the action in

question.

Table of Contents

Repurchase Rights. We will have the right (to the extent permitted by applicable law) to purchase or otherwise acquire any preferred stock, other than the MRP Shares, so long as (1) asset coverage (as defined in the 1940 Act) with respect to outstanding debt securities and preferred stock would be at least 225%, (2) the assets in our portfolio have a value, discounted in accordance with guidelines set forth by each applicable rating agency, at least equal to the basic maintenance amount required by such rating agency under its specific rating agency guidelines, in each case after giving effect to such transactions, (3) full cumulative dividends on the MRP Shares due on or prior to the date of such purchase or acquisition have been declared and paid and (4) we have redeemed the full number of MRP Shares required to be redeemed by any provision for mandatory redemption applicable to the MRP Shares.

Market. Our Series A MRP Shares, Series B MRP Shares and Series C MRP Shares are not listed on an exchange or an automated quotation system. Our Series D MRP Shares are listed on the NYSE under the symbol KYN Pr D .

The details on how to buy and sell newly-issued preferred stock, along with other terms of such preferred stock, will be described in a related prospectus supplement. We cannot assure you that any secondary market will exist or that if a secondary market does exist, whether it will provide holders with liquidity.

Book-Entry, Delivery and Form. Unless otherwise indicated in the related prospectus supplement, newly-issued preferred stock will be issued in book-entry form and will be represented by one or more share certificates in registered global form. The global certificates will be held by The Depository Trust Company (DTC) and registered in the name of Cede & Co., as nominee of DTC. DTC will maintain the certificates in specified denominations per share through its book-entry facilities.

We may treat the persons in whose names any global certificates are registered as the owners thereof for the purpose of receiving payments and for any and all other purposes whatsoever. Therefore, so long as DTC or its nominee is the registered owner of the global certificates, DTC or such nominee will be considered the sole holder of outstanding preferred stock.

A global certificate may not be transferred except as a whole by DTC, its successors or their respective nominees, subject to the provisions restricting transfers of shares contained in the related articles supplementary.

Transfer Agent, Registrar, Dividend Paying Agent and Redemption Agent. The Bank of New York Mellon Trust Company, N.A., 601 Travis Street, 16th Floor, Houston, Texas 77002, serves as the transfer agent, registrar, dividend paying agent and redemption agent with respect to our Series A MRP Shares, Series B MRP Shares and Series C MRP Shares. American Stock Transfer & Trust Company serves as the transfer agent, registrar, dividend paying agent and redemption agent with respect to our Series D MRP Shares.

Debt Securities

Under Maryland law and our Charter, we may borrow money, without prior approval of holders of common and preferred stock to the extent permitted by our investment restrictions and the 1940 Act. We may issue debt securities, including additional Senior Notes, or other evidence of indebtedness (including bank borrowings or commercial paper) and may secure any such notes or borrowings by mortgaging, pledging or otherwise subjecting as security our assets to the extent permitted by the 1940 Act or rating agency guidelines. Any borrowings, including without limitation the Senior Notes, will rank senior to the preferred stock and the common stock.

General

As of January 31, 2012, the Company had \$775 million, aggregate principal amount, of senior unsecured fixed and floating rate notes (the Senior Notes) outstanding. The Senior Notes are subordinated in right of payment to any of our

secured indebtedness or other secured obligations to the extent of the value of the assets that secure the indebtedness or obligation. The Senior Notes may be prepaid prior to their maturity at our option, in whole or in part, under certain circumstances and are subject to mandatory prepayment upon an event of default.

Table of Contents

The table below set forth the key terms of each series of the Senior Notes.

Series	Principal Outstanding January 31, 2012 (\$ in millions)	Fixed/Floating Interest Rate	Maturity
I	60	5.847%	June 2012
K	125	5.991%	June 2013
M	60	4.560%	November 2014
N	50	3-month LIBOR + 185 bps	November 2014
O	65	4.210%	May 2015
P	45	3-month LIBOR + 160 bps	May 2015
Q	15	3.230%	November 2015
R	25	3.730%	November 2017
S	60	4.400%	November 2020
T	40	4.500%	November 2022
U	60	3-month LIBOR + 145 bps	November 2016
V	70	3.710%	May 2016
W	100	4.380%	May 2018
	\$775		

Interest. The fixed rate Senior Notes will bear interest from the date of issuance at the fixed or floating rate shown above. Holders of our floating rate Senior Notes are entitled to receive quarterly cash interest payments at an annual rate that may vary for each rate period. Holders of our fixed rate Senior Notes are entitled to receive semi-annual cash interest payments at an annual rate per the terms of such notes. If we do not pay interest when due, it will trigger an event of default and we will be restricted from declaring dividends and making other distributions with respect to our common stock and preferred stock. As of January 31, 2012, each series of Senior Notes were rated AAA by Fitch and Series I, K, M and N Notes were rated Aa1 by Moody's. In the event the credit rating on any series of Senior Notes falls below A- (Fitch) or A3 (Moody's) or the equivalent rating from a nationally recognized statistical ratings organization, the interest rate (including any applicable default rate) on such series will increase by 1% during the period of time such series is rated below A- or A3 or the equivalent rating from a nationally recognized statistical ratings organization.

Limitations. Under the requirements of the 1940 Act, immediately after issuing any senior securities representing indebtedness, we must have an asset coverage of at least 300%. Asset coverage means the ratio which the value of our total assets, less all liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness. Under the 1940 Act, we may only issue one class of senior securities representing indebtedness. So long as any Senior Notes are outstanding, additional debt securities must rank on a parity with Senior Notes with respect to the payment of interest and upon the distribution of our assets. We are subject to certain restrictions imposed by guidelines of two rating agencies that issued ratings for the Senior Notes (Moody's and Fitch for the Series I, K, M and N Notes and Fitch for the Series O, P, Q, R, S, T, U, V and W Notes), including restrictions related to asset coverage and portfolio composition. Borrowings also may result in our being subject to covenants in credit agreements that may be more stringent than the restrictions imposed by the 1940 Act. For a description of limitations with respect to our preferred stock, see Capital Stock Preferred Stock Limitations on Distributions.

Prepayment. To the extent permitted under the 1940 Act and Maryland law, we may, at our option, prepay the Senior Notes, in whole or in part in the amounts set forth in the purchase agreements relating to such Senior Notes, at any time from time to time, upon advance prior notice. The amount payable in connection with prepayment of the fixed rate notes, which are the Series I, K, M, O, Q, R, S, T, V and W Notes, is equal to 100% of the amount being repurchased, together with interest accrued thereon to the date of such prepayment and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The amount payable in connection with prepayment of the floating rate notes, which are the

Table of Contents

Series N, P and U Notes, is equal to 100% of the amount being repurchased, together with interest accrued thereon to the date of such prepayment and a prepayment premium, if any, and any LIBOR breakage amount, in each case, determined for the prepayment date with respect to such principal amount. In the case of each partial prepayment, the principal amount of a series of Senior Notes to be prepaid shall be allocated among all of such series of Senior Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. If our asset coverage is greater than 300%, but less than 325%, for any five business days within a ten business day period, in certain circumstances, we may prepay all or any part of the Series Q, R, S, T, V or W Senior Notes at par plus 2%.

Events of Default and Acceleration of Senior Notes; Remedies. Any one of the following events will constitute an event of default under the terms of the Senior Notes:

default in the payment of any interest upon a series of debt securities when it becomes due and payable and the continuance of such default for 5 business days;

default in the payment of the principal of, or premium on, a series of debt securities whether at its stated maturity or at a date fixed for prepayment or by declaration or otherwise;

default in the performance, or breach, of certain financial covenants, including financial tests incorporated from other agreements evidencing indebtedness pursuant to the terms of the Senior Notes, and covenants concerning the rating of the Senior Notes, timely notification of the holders of the Senior Notes of events of default, the incurrence of secured debt and the payment of dividends and other distributions and the making of redemptions on our capital stock, and continuance of any such default or breach for a period of 30 days; provided, however, in the case of our failure to maintain asset coverage or satisfy the basic maintenance test, such 30-day period will be extended by 10 days if we give the holders of the Senior Notes notice of a prepayment of Senior Notes in an amount necessary to cure such failure;

default in the performance, or breach, of any covenant (other than those covenants described above) of ours under the terms of the Senior Notes, and continuance of such default or breach for a period of 30 days after the earlier of (1) a responsible officer obtaining actual knowledge of such default and (2) our receipt of written notice of such default from any holder of such Senior Notes;

certain voluntary or involuntary proceedings involving us and relating to bankruptcy, insolvency or other similar laws;

KAFA or one of its affiliates is no longer our investment adviser;

if, on the last business day of each of twenty-four consecutive calendar months, the debt securities have a 1940 Act asset coverage of less than 100%;

other defaults with respect to Borrowings in an aggregate principal amount of at least \$5 million, including payment defaults and any other default that would cause (or permit the holders of such Borrowings to declare) such Borrowings to be due prior to stated maturity;

if our representations and warranties or any representations and warranties of our officers made in connection with transaction relating to the issuance of the Senior Notes prove to have been materially false or incorrect when made; or

other certain events of default provided with respect to the Senior Notes that are typical for Borrowings of this type.

Upon the occurrence and continuance of an event of default, the holders of a majority in principal amount of a series of outstanding Senior Notes may declare the principal amount of that series of Senior Notes immediately due and payable upon written notice to us. Upon an event of default relating to bankruptcy, insolvency or other similar laws, acceleration of maturity occurs automatically with respect to all series of Senior Notes. At any time after a declaration of acceleration with respect to a series of Senior Notes has been made, and before a judgment or decree for payment of the money due has been obtained, the holders of a majority in principal amount of the outstanding Senior Notes of that series, by written notice to us, may

Table of Contents

rescind and annul the declaration of acceleration and its consequences if all events of default with respect to that series of Senior Notes, other than the non-payment of the principal of, and interest and certain other premiums relating to, that series of Senior Notes which has become due solely by such declaration of acceleration, have been cured or waived and other conditions have been met.

Liquidation Rights. In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to us or to our creditors, as such, or to our assets, or (b) any liquidation, dissolution or other winding up of us, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of ours, then (after any payments with respect to any secured creditor of ours outstanding at such time) and in any such event the holders of our Senior Notes shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all debt securities (including any interest accruing thereon after the commencement of any such case or proceeding), or provision shall be made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of our Senior Notes, before the holders of any of our common or preferred stock are entitled to receive any payment on account of any redemption proceeds, liquidation preference or dividends from such shares. The holders of our Senior Notes shall be entitled to receive, for application to the payment thereof, any payment or distribution of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of ours being subordinated to the payment of our Senior Notes, which may be payable or deliverable in respect of our Senior Notes in any such case, proceeding, dissolution, liquidation or other winding up event.

Unsecured creditors of ours may include, without limitation, service providers including our Adviser, custodian, administrator, broker-dealers and the trustee, pursuant to the terms of various contracts with us. Secured creditors of ours may include without limitation parties entering into any interest rate swap, floor or cap transactions, or other similar transactions with us that create liens, pledges, charges, security interests, security agreements or other encumbrances on our assets.

A consolidation, reorganization or merger of us with or into any other company, or a sale, lease or exchange of all or substantially all of our assets in consideration for the issuance of equity securities of another company shall not be deemed to be a liquidation, dissolution or winding up of us.

Voting Rights. Our Senior Notes have no voting rights, except to the extent required by law or as otherwise provided in the terms of the Senior Notes relating to the acceleration of maturity upon the occurrence and continuance of an event of default. In connection with any other borrowings (if any), the 1940 Act does in certain circumstances grant to the lenders certain voting rights in the event of default in the payment of interest on or repayment of principal.

Market. Our Senior Notes are not listed on an exchange or automated quotation system.

Paying Agent. The Bank of New York Mellon Trust Company, N.A., 601 Travis Street, 16th Floor, Houston, Texas 77002, shall serve as the paying agent with respect to all of our Senior Notes.

Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws

The Maryland General Corporation Law and our Charter and Bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other

things, the negotiation of such proposals may improve their terms. We have not elected to become subject to the Maryland Control Share Acquisition Act.

Classified Board of Directors. Our Board of Directors is divided into three classes of directors serving staggered three-year terms. The current terms for the first, second and third classes will expire in 2012, 2013 and 2014. Upon expiration of their current terms, directors of each class will be elected to serve for three-year

Table of Contents

terms and until their successors are duly elected and qualify and each year one class of directors will be elected by the stockholders. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified Board of Directors will help to ensure the continuity and stability of our management and policies.

Election of Directors. Our Charter and Bylaws provide that the affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote in the election of directors will be required to elect a director. As noted above, pursuant to our Charter, our Board of Directors may amend the Bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal. Our Charter provides that the number of directors will be set only by the Board of Directors in accordance with our Bylaws. Our Bylaws provide that a majority of our entire Board of Directors may at any time increase or decrease the number of directors. However, unless our Bylaws are amended, the number of directors may never be less than the minimum number required by the Maryland General Corporation Law or more than fifteen. Our Charter provides that, at such time as we have at least three independent directors and our common stock is registered under the Exchange Act, we elect to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the Board of Directors. Accordingly, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

Our Charter provides that, subject to the rights of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed only for cause, as defined in the Charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders. Under the Maryland General Corporation Law, stockholder action can be taken only at an annual or special meeting of stockholders or, unless the charter provides for stockholder action by less than unanimous written consent (which is not the case for our Charter), by unanimous written consent in lieu of a meeting. These provisions, combined with the requirements of our Bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals. Our Bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the Bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board of Directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) provided that the Board of Directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the Bylaws.

Calling of Special Meetings of Stockholders. Our Bylaws provide that special meetings of stockholders may be called by our Board of Directors and certain of our officers. Additionally, our Bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the corporation upon the written request of stockholders entitled to cast

not less than a majority of all the votes entitled to be cast at such meeting.

Table of Contents

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws. Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our Charter generally provides for approval of Charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our Charter also provides that certain Charter amendments, including but not limited to any charter amendment that would make our stock a redeemable security (within the meaning of the 1940 Act) or would cause us, whether by merger or otherwise, to convert from a closed-end company to an open-end company, and any proposal for our liquidation or dissolution, requires the approval of the stockholders entitled to cast at least 80% of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least 80% of our continuing directors (in addition to approval by our Board of Directors), such amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The continuing directors are defined in our Charter as our current directors as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the Board of Directors. Our Charter and Bylaws provide that the Board of Directors will have the exclusive power to adopt, alter or repeal any provision of our Bylaws and to make new Bylaws.

Table of Contents

RATING AGENCY GUIDELINES

Rating agencies that assign ratings to our senior securities and preferred stock (each a Rating Agency and, collectively, the Rating Agencies), impose asset coverage requirements, which may limit our ability to engage in certain types of transactions and may limit our ability to take certain actions without confirming that such action will not impair the ratings.

We may, but are not required to, adopt any modifications to the guidelines that may hereafter be established by any Rating Agency. Failure to adopt any modifications, however, may result in a change in the ratings described above or a withdrawal of ratings altogether. In addition, any Rating Agency may, at any time, change or withdraw any rating. Our Board of Directors may, without stockholder approval, modify, alter or repeal certain of the definitions and related provisions which have been adopted pursuant to each rating agency's guidelines (as they may be amended from time to time, Rating Agency Guidelines) only in the event we receive written confirmation from a Rating Agency that any amendment, alteration or repeal would not impair the ratings then assigned to the senior securities.

We are required to satisfy two separate asset maintenance requirements with respect to outstanding debt securities and with respect to outstanding preferred stock: (1) we must maintain assets in our portfolio that have a value, discounted in accordance with guidelines set forth by each Rating Agency, at least equal to amounts specified in Rating Agency Guidelines with respect to our senior securities (the Basic Maintenance Amounts); and (2) we must satisfy the 1940 Act asset coverage requirements.

Basic Maintenance Amounts. We must maintain, as of each valuation date on which senior securities are outstanding, eligible assets having an aggregate discounted value at least equal to the applicable Basic Maintenance Amount, which is calculated separately for debt securities and preferred stock for each Rating Agency that is then rating the senior securities and so requires. If we fail to maintain eligible assets having an aggregated discounted value at least equal to the applicable Basic Maintenance Amount as of any valuation date and such failure is not cured, we will be required in certain circumstances to redeem certain of the senior securities.

The applicable Basic Maintenance Amount is defined in the Rating Agency's Guidelines. Each Rating Agency may amend the definition of the applicable Basic Maintenance Amount from time to time. The market value of our portfolio securities (used in calculating the discounted value of eligible assets) is calculated using readily available market quotations when appropriate, and in any event, consistent with our valuation procedures. For the purpose of calculating the applicable Basic Maintenance Amount, portfolio securities are valued in the same manner as we calculate our net asset value. See Net Asset Value.

Each Rating Agency's discount factors, the criteria used to determine whether the assets held in our portfolio are eligible assets, and the guidelines for determining the discounted value of our portfolio holdings for purposes of determining compliance with the applicable Basic Maintenance Amount are based on Rating Agency Guidelines established in connection with rating the senior securities. The discount factor relating to any asset, the applicable Basic Maintenance Amount requirement, the assets eligible for inclusion in the calculation of the discounted value of our portfolio and certain definitions and methods of calculation relating thereto may be changed from time to time by the applicable Rating Agency, without our approval, or the approval of our Board of Directors or stockholders.

A Rating Agency's Rating Agency Guidelines will apply to the senior securities or preferred stock only so long as that Rating Agency is rating such senior securities or preferred stock, respectively. We will pay certain fees to Moody's, Fitch and any other rating agency that may provide a rating for the senior securities or preferred stock.

The ratings assigned to the senior securities or preferred stock are not recommendations to buy, sell or hold the senior securities or preferred stock. Such ratings may be revised or withdrawn by the assigning Rating Agency at any time.

1940 Act Asset Coverage. Under the purchase agreements governing our Senior Notes, we are required to maintain, with respect to senior securities, as of the last business day on any month in which any senior

Table of Contents

securities are outstanding, asset coverage of at least 300% for debt securities and 200% for debt securities and preferred stock. If we fail to maintain the applicable 1940 Act asset coverage as of the last business day of any month and either (i) such failure is not cured or (ii) we have not given notice of an optimal redemption of the Senior Notes in an amount sufficient to cure such default as of the last business day of the following month, we will be required to redeem certain senior securities.

If we do not have asset coverage of at least 225% for debt securities and preferred stock as of the last day of any month on which any MRP Shares are outstanding, we must redeem certain of the MRP Shares.

Notices. Under the current Rating Agency Guidelines, in certain circumstances, we are required to deliver to any Rating Agency then rating the senior securities (1) a certificate with respect to the calculation of the applicable Basic Maintenance Amount; and (2) a certificate with respect to the calculation of the applicable 1940 Act asset coverage and the value of our portfolio holdings.

Notwithstanding anything herein to the contrary, the Rating Agency Guidelines, as they may be amended from time to time by each Rating Agency will be reflected in a written document and may be amended by each Rating Agency without our vote, consent or approval, and without the approval of our Board of Directors or any of our stockholders.

A copy of the current Rating Agency Guidelines will be provided to any holder of senior securities promptly upon request made by such holder by writing to us at 717 Texas Avenue, Suite 3100, Houston, Texas 77002.

Table of Contents

**OUR STRUCTURE; COMMON STOCK REPURCHASES
AND CHANGE IN OUR STRUCTURE**

Closed-End Structure

Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds). Closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the stockholder. In contrast, mutual funds issue securities redeemable at net asset value at the option of the stockholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset in-flows and out-flows that can complicate portfolio management, whereas closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund's investment objective and policies. Accordingly, closed-end funds have greater flexibility than open-end funds to make certain types of investments, including investments in illiquid securities.

Shares of closed-end investment companies listed for trading on a securities exchange frequently trade at a discount to their net asset value, but in some cases trade at a premium. See **Market and Net Asset Value Information** for a summary of our trading history. The market price may be affected by net asset value, dividend or distribution levels (which are dependent, in part, on expenses), supply of and demand for the shares, stability of distributions, trading volume of the shares, general market and economic conditions and other factors beyond the control of the closed-end fund. The foregoing factors may result in the market price of our common stock being greater than, less than or equal to net asset value. The Board of Directors has reviewed our structure in light of our investment objective and policies and has determined that the closed-end structure is in the best interests of our stockholders. However, the Board of Directors may review periodically the trading range and activity of our shares with respect to our net asset value and may take certain actions to seek to reduce or eliminate any such discount (if such discount exists). Such actions may include open market repurchases or tender offers for our common stock at net asset value or our possible conversion to an open-end mutual fund. There can be no assurance that the Board will decide to undertake any of these actions or that, if undertaken, such actions would result in our common stock trading at a price equal to or close to net asset value per share of our common stock. Based on the determination of the Board of Directors in connection with our initial public offering of our common stock that the closed-end structure is desirable in light of our investment objective and policies and the trading history of our common stock relative to our net asset value since our IPO, it is highly unlikely that the Board would vote to convert us to an open-end investment company.

Repurchase of Common Stock and Tender Offers

In recognition of the possibility that our common stock might trade at a discount to net asset value and that any such discount may not be in the interest of our common stockholders, the Board of Directors, in consultation with our Adviser, from time to time may, but is not required to, review possible actions to reduce any such discount. The Board of Directors also may, but is not required to, consider from time to time open market repurchases of and/or tender offers for our common stock, as well as other potential actions, to seek to reduce any market discount from net asset value that may develop. After any consideration of potential actions to seek to reduce any significant market discount, the Board may, subject to its applicable duties and compliance with applicable state and federal laws, authorize the commencement of a share-repurchase program or tender offer. The size and timing of any such share repurchase program or tender offer will be determined by the Board of Directors in light of the market discount of our common stock, trading volume of our common stock, information presented to the Board of Directors regarding the potential impact of any such share repurchase program or tender offer, general market and economic conditions and applicable law. There can be no assurance that we will in fact effect repurchases of or tender offers for any of our common stock. We may, subject to our investment limitation with respect to Borrowings, incur debt to finance such repurchases or a

tender offer or for other valid purposes. Interest on any such Borrowings would increase our expenses and reduce our net income.

There can be no assurance that repurchases of our common stock or tender offers, if any, will cause our common stock to trade at a price equal to or in excess of its net asset value. Nevertheless, the possibility that a portion of our outstanding common stock may be the subject of repurchases or tender offers may reduce the

Table of Contents

spread between market price and net asset value that might otherwise exist. Sellers may be less inclined to accept a significant discount in the sale of their common stock if they have a reasonable expectation of being able to receive a price of net asset value for a portion of their common stock in conjunction with an announced repurchase program or tender offer for our common stock.

Although the Board of Directors believes that repurchases or tender offers generally would have a favorable effect on the market price of our common stock, the acquisition of common stock by us will decrease our total assets and therefore will have the effect of increasing our expense ratio and decreasing the asset coverage with respect to any Leverage Instruments outstanding. Because of the nature of our investment objective, policies and portfolio, particularly our investment in illiquid or otherwise restricted securities, it is possible that repurchases of common stock or tender offers could interfere with our ability to manage our investments in order to seek our investment objective. Further, it is possible that we could experience difficulty in borrowing money or be required to dispose of portfolio securities to consummate repurchases of or tender offers for common stock.

Possible Conversion to Open-End Fund Status

Our Charter provides that any proposal for our conversion from a closed-end company to an open-end company requires the approval of our Board of Directors and the stockholders entitled to cast at least 80 percent of the votes entitled to be cast on such matter. However, if such proposal is also approved by at least 80 percent of our continuing directors (in addition to the approval by our Board of Directors), such proposal may be approved by a majority of the votes entitled to be cast on the matter. See [Description of Capital Stock](#) for a discussion of voting requirements applicable to our conversion to an open-end investment company. If we converted to an open-end investment company, we would be required to redeem all preferred stock then outstanding (requiring in turn that we liquidate a portion of our investment portfolio) and our common stock would no longer be listed on the NYSE. Conversion to open-end status could also require us to modify certain investment restrictions and policies. Stockholders of an open-end investment company may require the investment company to redeem their shares at any time (except in certain circumstances as authorized by or permitted under the 1940 Act) at their net asset value, less such redemption charge, if any, as might be in effect at the time of redemption. In order to avoid maintaining large cash positions or liquidating favorable investments to meet redemptions, open-end investment companies typically engage in a continuous offering of their shares. Open-end investment companies are thus subject to periodic asset in-flows and out-flows that can complicate portfolio management. Our Board of Directors may at any time propose our conversion to open-end status, depending upon its judgment regarding the advisability of such action in light of circumstances then prevailing.

Table of Contents

TAX MATTERS

The following discussion of federal income tax matters is based on the advice of our counsel, Paul Hastings LLP.

This section and the discussion in our SAI summarize certain U.S. federal income tax consequences of owning our securities for U.S. taxpayers. This section is current as of the date of this prospectus. Tax laws and interpretations change frequently, and this summary does not describe all of the tax consequences to all taxpayers. Except as otherwise provided, this summary generally does not describe your situation if you are a non-U.S. person, a broker-dealer, or other investor with special circumstances. In addition, this section does not describe any state, local or foreign tax consequences. Investors should consult their own tax advisors regarding the tax consequences of investing in us.

Federal Income Taxation of Kayne Anderson MLP Investment Company

We are treated as a corporation for federal income tax purposes. Thus, we are obligated to pay federal income tax on our net taxable income. We are also obligated to pay state income tax on our net taxable income, either because the states follow the federal treatment or because the states separately impose a tax on us. We invest our assets principally in MLPs, which generally are treated as partnerships for federal income tax purposes. As a partner in the MLPs, we report our allocable share of the MLP's taxable income, loss, deduction, and credits in computing our taxable income. Based upon our review of the historic results of the type of MLPs in which we invest, we expect that the cash flow received by us with respect to our MLP investments generally will exceed the taxable income allocated to us. There is no assurance that our expectation regarding the tax character of MLP distributions will be realized. If this expectation is not realized, there will be greater tax expense borne by us and less cash available to distribute to stockholders. In addition, we will take into account in our taxable income amounts of gain or loss recognized on the sale of MLP units. Currently, the maximum regular federal income tax rate for a corporation is 35%, but we may be subject to a 20% alternative minimum tax on our alternative minimum taxable income to the extent that the alternative minimum tax exceeds our regular income tax.

Deferred income taxes reflect (1) taxes on unrealized gains/(losses) which are attributable to the difference between the fair market value and tax basis of our investments and (2) the tax benefit of accumulated capital or net operating losses. We will accrue a net deferred tax liability if our future tax liability on our unrealized gains exceeds the tax benefit of our accumulated capital or net operating losses, if any. We will accrue a net deferred tax asset if our future tax liability on our unrealized gains is less than the tax benefit of our accumulated capital or net operating losses or if we have net unrealized losses on our investments.

To the extent we have a net deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically based on the criteria established by the Statement of Financial Standards, *Accounting for Income Taxes* (ASC 740) that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In our assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future MLP cash distributions), the duration of statutory carryforward periods and the associated risk that capital or net operating loss carryforwards may expire unused.

If a valuation allowance is required to reduce the deferred tax asset in the future, it could have a material impact on our net asset value and results of operations in the period it is recorded.

Our earnings and profits are calculated using accounting methods that may differ from tax accounting methods used by an entity in which we invest. For instance, to calculate our earnings and profits we will use the straight-line depreciation method rather than the accelerated depreciation method. This treatment may, for example, affect our earnings and profits if an MLP in which we invest calculates its income using the accelerated depreciation method. Our earnings and profits would not be increased solely by the income passed through from the MLP, but we would also have to include in our earnings and profits the amount by which the accelerated depreciation exceeded straight-line depreciation.

Table of Contents

Because of the differences in the manner in which earnings and profits and taxable income are calculated, we may make distributions out of earnings and profits, treated as tax dividends, in years in which we have no taxable income.

In addition, in calculating our alternative minimum taxable income, certain percentage depletion deductions and intangible drilling costs may be treated as items of tax preference. Items of tax preference increase alternative minimum taxable income and increase the likelihood that we may be subject to alternative minimum tax.

We have not elected and have no current intention to elect to be treated as a regulated investment company under the Code. The Code generally provides that a regulated investment company does not pay an entity level income tax, provided that it distributes all or substantially all of its income and satisfies certain source of income and asset diversification requirements. The regulated investment company taxation rules have no current application to us or to our stockholders.

Federal Income Taxation of Holders of Our Common Stock

Unlike a holder of a direct interest in MLPs, a stockholder will not include its allocable share of our gross income, gains, losses, deductions, or credits in computing its own taxable income. Our distributions are treated as a tax dividend to the stockholder to the extent of our current or accumulated earnings and profits. If the distribution exceeds our earnings and profits, the distribution will be treated as a return of capital to our common stockholder to the extent of the stockholder's basis in our common stock, and then as capital gain. Common stockholders will receive a Form 1099 from us (rather than a Schedule K-1 from each MLP if the stockholder had invested directly in the MLPs) and will recognize dividend income only to the extent of our current and accumulated earnings and profits.

Generally, a corporation's earnings and profits are computed based upon taxable income, with certain specified adjustments. As explained above, based upon the historic performance of the MLPs, we anticipate that the distributed cash from an MLP will exceed our share of such MLP's income. Thus, we anticipate that only a portion of distributions of cash and other income from investments will be treated as dividend income to our common stockholders. As a corporation for tax purposes, our earnings and profits will be calculated using (i) straight-line depreciation rather than accelerated depreciation, and cost rather than a percentage depletion method, and (ii) intangible drilling costs and exploration and development costs amortized over a five-year and ten-year period, respectively. Because of the differences in the manner in which earnings and profits and taxable income are calculated, we may make distributions out of earnings and profits, treated as dividends, in years in which we have no taxable income.

Our distributions that are treated as dividends generally will be taxable as ordinary income to holders, but (i) are expected to be treated as qualified dividend income that is currently subject to reduced rates of federal income taxation for noncorporate stockholders, and (ii) may be eligible for the dividends received deduction available to corporate stockholders, in each case provided that certain holding period requirements are met. Qualified dividend income is currently taxable to noncorporate stockholders at a maximum federal income tax rate of 15% for taxable years beginning on or before December 31, 2012. Thereafter, qualified dividend income will be taxed at ordinary income rates unless further legislative action is taken.

If a distribution exceeds our current and accumulated earnings and profits, such distribution will be treated as a non-taxable adjustment to the basis of the stock to the extent of such basis, and then as capital gain to the extent of the excess distribution. Such gain will be long-term capital gain if the holding period for the stock is more than one year. Individuals are currently subject to a maximum tax rate of 15% on long-term capital gains. This rate is currently scheduled to increase to 20% for tax years beginning after December 31, 2012. Corporations are taxed on capital gains at their ordinary graduated rates.

If a holder of our common stock participates in our automatic dividend reinvestment plan, such stockholder will be taxed upon the amount of distributions as if such amount had been received by the participating stockholder and the participating stockholder reinvested such amount in additional common stock, even though such holder has received no cash distribution from us with which to pay such tax.

Table of Contents

Sale of Our Common Stock

The sale of our stock by holders will generally be a taxable transaction for federal income tax purposes. Holders of our stock who sell such shares will generally recognize gain or loss in an amount equal to the difference between the net proceeds of the sale and their adjusted tax basis in the shares sold. If such shares of stock are held as a capital asset at the time of the sale, the gain or loss will be a capital gain or loss, generally taxable as described above. A holder's ability to deduct capital losses may be limited.

Investment by Tax-Exempt Investors and Regulated Investment Companies

Employee benefit plans and most other organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, are subject to federal income tax on unrelated business taxable income, or UBTI. Because we are a corporation for federal income tax purposes, an owner of our common stock will not report on its federal income tax return any of our items of income, gain, loss and deduction. Therefore, a tax-exempt investor will not have UBTI attributable to its ownership or sale of our common stock unless its ownership of our common stock is debt financed. In general, common stock would be debt financed if the tax-exempt owner of common stock incurs debt to acquire common stock or otherwise incurs or maintains a debt that would not have been incurred or maintained if that common stock had not been acquired.

As stated above, an owner of our common stock will not report on its federal income tax return any of our items of gross income, gain, loss and deduction. Instead, the owner will report income with respect to our distributions or gain with respect to the sale of our common stock. Thus, distributions with respect to our common stock will result in income that is qualifying income for a regulated investment company. Furthermore, any gain from the sale or other disposition of our common stock will constitute gain from the sale of stock or securities and will also result in income that is qualifying income for a regulated investment company. Finally, our common stock will constitute qualifying assets to regulated investment companies, which generally must own at least 50% in qualifying assets and not more than 25% in certain non-qualifying assets at the end of each quarter, provided such regulated investment companies do not violate certain percentage ownership limitations with respect to our stock.

Backup Withholding and Information Reporting

Backup withholding of U.S. federal income tax at the current rate of 28% may apply to the distributions on our common stock to be made by us if you fail to timely provide taxpayer identification numbers or if we are so instructed by the Internal Revenue Service, or IRS. Any amounts withheld from a payment to a U.S. holder under the backup withholding rules are allowable as a refund or credit against the holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS in a timely manner.

Other Taxation

Foreign stockholders, including stockholders who are nonresident alien individuals, may be subject to U.S. withholding tax on certain distributions at a rate of 30% or such lower rates as may be prescribed by any applicable treaty. In addition, recently enacted legislation may impose additional U.S. reporting and withholding requirements on certain foreign financial institutions and other foreign entities with respect to distributions on and proceeds from the sale or disposition of our stock. This legislation will generally be effective for payments made on or after January 1, 2013. Foreign stockholders should consult their tax advisors regarding the possible implications of this legislation as well as the other U.S. federal, state, local and foreign tax consequences of an investment in our stock.

Federal Income Tax Treatment of Holders of Our Preferred Stock

Under present law, we are of the opinion that all our MRP Shares constitute our equity, and thus distributions with respect to MRP Shares (other than distributions in redemption of the MRP Shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of our allocable current or accumulated earnings and profits, as calculated for federal income tax purposes. Such distributions generally will be taxable as described above under Federal Income Taxation of Holders of Our Common Stock .

Table of Contents

Sale of Our Preferred Stock

The sale of our preferred stock by holders will generally be taxable as described above under *Federal Income Taxation of Holders of Our Common Stock Sale of Our Common Stock* . Similarly, a redemption by us (including a redemption resulting from our liquidation), if any, of all our preferred stock actually and constructively held by a stockholder generally will give rise to capital gain or loss under Section 302(b) of the Code if the stockholder does not own (and is not regarded under certain tax law rules of constructive ownership as owning) any of our common stock, and provided that the redemption proceeds do not represent declared but unpaid dividends. Other redemptions may also give rise to capital gain or loss, but certain conditions imposed by Section 302(b) of the Code must be satisfied to achieve such treatment, and Holders should consult their own tax advisors regarding such conditions.

Backup Withholding

Backup withholding may apply to distributions on our preferred stock, as described above under *Federal Income Taxation of Holders of Our Common Stock Backup Withholding and Information Reporting* .

Other Taxation

Foreign stockholders, including stockholders who are nonresident alien individuals, may be subject to U.S. withholding tax on certain distributions at a rate of 30% or such lower rates as may be prescribed by any applicable treaty. In addition, recently enacted legislation may impose additional U.S. reporting and withholding requirements on certain foreign financial institutions and other foreign entities with respect to distributions on and proceeds from the sale or disposition of our stock. This legislation will generally be effective for payments made on or after January 1, 2013. Foreign stockholders should consult their tax advisors regarding the possible implications of this legislation as well as the other U.S. federal, state, local and foreign tax consequences of an investment in our stock.

State and Local Taxes

Payment and distributions with respect to our common stock and preferred stock also may be subject to state and local taxes.

Tax matters are very complicated, and the federal, state local and foreign tax consequences of an investment in and holding of our common stock and preferred stock will depend on the facts of each investor's situation. Investors are encouraged to consult their own tax advisers regarding the specific tax consequences that may affect them.

Tax Risks

Investing in our securities involves certain tax risks, which are more fully described in the section *Risk Factors Tax Risks*.

Table of Contents

PLAN OF DISTRIBUTION

We may sell our common stock and preferred stock from time to time on an immediate, continuous or delayed basis, in one or more offerings under this prospectus and any related prospectus supplement in any one or more of the following ways (1) directly to one or more purchasers, (2) through agents for the period of their appointment, (3) to underwriters as principals for resale to the public, (4) to dealers as principals for resale to the public, (5) through at-the-market transactions or (6) pursuant to our Dividend Reinvestment Plan.

The securities may be sold from time to time in one or more transactions at a fixed price or fixed prices, which may change; at prevailing market prices at the time of sale; prices related to prevailing market prices; at varying prices determined at the time of sale; or at negotiated prices. The securities may be sold for cash and other than for cash, including in exchange transactions for non-control securities, or may be sold for a combination of cash and securities. The prospectus supplement will describe the method of distribution of our securities offered therein.

Each prospectus supplement relating to an offering of our securities will state the terms of the offering, including:

the names of any agents, underwriters or dealers;

any sales loads, underwriting discounts and commissions or agency fees and other items constituting underwriters or agents compensation;

any discounts, commissions, fees or concessions allowed or reallocated or paid to dealers or agents;

the public offering or purchase price of the offered securities and the estimated net proceeds we will receive from the sale; and

any securities exchange on which the offered securities may be listed.

Any public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

Direct Sales

We may sell our common stock and preferred stock directly to, and solicit offers from, purchasers, including institutional investors or others who may be deemed to be underwriters as defined in the Securities Act for any resales of the securities. In this case, no underwriters or agents would be involved. We may use electronic media, including the internet, to sell offered securities directly. We will describe the terms of any of those sales in a prospectus supplement.

Distribution Through Agents

We may offer and sell our common stock and preferred stock on a continuous basis through agents that we designate. We will name any agent involved in the offer and sale and describe any commissions payable by us in the prospectus supplement. Unless otherwise indicated in the prospectus supplement, the agents will be acting on a best efforts basis for the period of their appointment.

Offers to purchase securities may be solicited directly by the issuer or by agents designated by the issuer from time to time. Any such agent, who may be deemed to be an underwriter as the term is defined in the Securities Act, involved in the offer or sale of the offered securities in respect of which this prospectus is delivered will be named, and any commissions payable by the issuer to such agent set forth, in a prospectus supplement.

Distribution Through Underwriters

We may offer and sell securities from time to time to one or more underwriters who would purchase the securities as principal for resale to the public either on a firm commitment or best efforts basis. If we sell securities to underwriters, we will execute an underwriting agreement with them at the time of the sale and will name them in the prospectus supplement. In connection with these sales, the underwriters may be deemed

Table of Contents

to have received compensation from us in the form of underwriting discounts and commissions. The underwriters also may receive commissions from purchasers of securities for whom they may act as agent. Unless otherwise stated in the prospectus supplement, the underwriters will not be obligated to purchase the securities unless the conditions set forth in the underwriting agreement are satisfied, and if the underwriters purchase any of the securities, they will be required to purchase all of the offered securities. In the event of default by any underwriter, in certain circumstances, the purchase commitments may be increased among the non-defaulting underwriters or the Underwriting Agreement may be terminated. The underwriters may sell the offered securities to or through dealers, and those dealers may receive discounts, concessions or commissions from the underwriters as well as from the purchasers for whom they may act as agent. Sales of the offered securities by underwriters may be in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The prospectus supplement will describe the method of reoffering by the underwriters. The prospectus supplement will also describe the discounts and commissions to be allowed or paid to the underwriters, if any, all other items constituting underwriting compensation, and the discounts and commissions to be allowed or paid to dealers, if any. If a prospectus supplement so indicates, we may grant the underwriters an option to purchase additional shares of common stock at the public offering price, less the underwriting discounts and commissions, within a specified number of days from the date of the prospectus supplement, to cover any over-allotments.

Distribution Through Dealers

We may offer and sell securities from time to time to one or more dealers who would purchase the securities as principal. The dealers then may resell the offered securities to the public at fixed or varying prices to be determined by those dealers at the time of resale. We will set forth the names of the dealers and the terms of the transaction in the prospectus supplement.

Distribution Through Remarketing Firms

One or more dealers, referred to as remarketing firms, may also offer or sell the securities, if the prospectus supplement so indicates, in connection with a remarketing arrangement contemplated by the terms of the securities. Remarketing firms will act as principals for their own account or as agents. These remarketing firms will offer or sell the securities in accordance with the terms of the securities. The prospectus supplement will identify any remarketing firm and the terms of its agreement, if any, with us and will describe the remarketing firm's compensation. Remarketing firms may be deemed to be underwriters in connection with the securities they remarket.

Distribution Through At-the-Market Offerings

We may engage in at-the-market offerings to or through a market maker or into an existing trading market, on an exchange or otherwise, in accordance with Rule 415(a)(4). An at-the-market offering may be through an underwriter or underwriters acting as principal or agent for us.

General Information

Agents, underwriters, or dealers participating in an offering of securities and remarketing firms participating in a remarketing of securities may be deemed to be underwriters, and any discounts and commission received by them and any profit realized by them on resale of the offered securities for whom they may act as agent, may be deemed to be underwriting discounts and commissions under the Securities Act.

We may offer to sell securities either at a fixed price or at prices that may vary, at market prices prevailing at the time of sale, at prices related to prevailing market prices, or at negotiated prices.

If indicated in the applicable prospectus supplement, we may authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which these contracts may be made include: commercial and savings banks, insurance companies, pension funds, educational and charitable institutions and others, but in all cases these institutions must be approved by us. The obligations of any purchaser under any contract will be subject only to those conditions described in the applicable prospectus supplement. The underwriters and the other agents will not have any responsibility for the validity or

Table of Contents

performance of the contracts. The applicable prospectus supplement will describe the commission payable for solicitation of those contracts.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third parties may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and will be identified in the applicable prospectus supplement (or a post-effective amendment).

We may loan or pledge securities to a financial institution or other third party that in turn may sell the securities using this prospectus. Such financial institution or third party may transfer its short position to investors in our securities or in connection with a simultaneous offering of other securities offered by this prospectus.

In connection with any offering of the securities in an underwritten transaction, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the market price of the securities. Those transactions may include over-allotment, entering stabilizing bids, effecting syndicate covering transactions, and reclaiming selling concessions allowed to an underwriter or a dealer.

An over-allotment in connection with an offering creates a short position in the offered securities for the underwriters' own account.

An underwriter may place a stabilizing bid to purchase an offered security for the purpose of pegging, fixing, or maintaining the price of that security.

Underwriters may engage in syndicate covering transactions to cover over-allotments or to stabilize the price of the offered securities by bidding for, and purchasing, the offered securities or any other securities in the open market in order to reduce a short position created in connection with the offering.

The managing underwriter may impose a penalty bid on a syndicate member to reclaim a selling concession in connection with an offering when offered securities originally sold by the syndicate member are purchased in syndicate covering transactions or otherwise.

Any of these activities may stabilize or maintain the market price of the securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Any underwriters that are qualified market makers on the NYSE may engage in passive market making transactions in our common stock on the NYSE in accordance with Regulation M under the Exchange Act, during the business day prior to the pricing of the offering, before the commencement of offers or sales of the common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded. Passive market making may stabilize the market price of the securities at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

We will not require underwriters or dealers to make a market in the securities. Any underwriters to whom the offered securities are sold for offering and sale may make a market in the offered securities, but the underwriters will not be obligated to do so and may discontinue any market-making at any time without notice.

Under agreements entered into with us, underwriters and agents may be entitled to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution for payments the underwriters or agents may be required to make. The underwriters, agents, and their affiliates may engage

Table of Contents

in financial or other business transactions with us and our subsidiaries, if any, in the ordinary course of business.

In compliance with the guidelines of FINRA, the maximum commission or discount to be received by any member of FINRA or independent broker-dealer will not be greater than 8% of the initial gross proceeds from the sale of any security being sold.

The aggregate offering price specified on the cover of this prospectus relates to the offering of the securities not yet issued as of the date of this prospectus. The place and time of delivery for the offered securities in respect of which this prospectus is delivered are set forth in the accompanying prospectus supplement.

To the extent permitted under the 1940 Act and the rules and regulations promulgated thereunder, the underwriters may from time to time act as a broker or dealer and receive fees in connection with the execution of our portfolio transactions after the underwriters have ceased to be underwriters and, subject to certain restrictions, each may act as a broker while it is an underwriter.

A prospectus and accompanying prospectus supplement in electronic form may be made available on the websites maintained by the underwriters. The underwriters may agree to allocate our securities for sale to their online brokerage account holders. Such allocations of our securities for internet distributions will be made on the same basis as other allocations. In addition, our securities may be sold by the underwriters to securities dealers who resell securities to online brokerage account holders.

Automatic Dividend Reinvestment Plan

We may issue and sell shares of common stock pursuant to our Automatic Dividend Reinvestment Plan.

TRANSFER AGENT AND DIVIDEND-PAYING AGENT

AST acts as our transfer agent and dividend-paying agent. Please send all correspondence to American Stock Transfer & Trust Company at 6201 15th Avenue, Brooklyn, New York 11219. For its services, AST receives a fixed fee per account. We will reimburse AST for certain out-of-pocket expenses, which may include payments by AST to entities, including affiliated entities, that provide sub-stockholder services, recordkeeping and/or transfer agency services to our beneficial owners. The amount of reimbursements for these services per benefit plan participant fund account per year will not exceed the per account fee payable by us to AST in connection with maintaining common stockholder accounts.

ADMINISTRATOR, CUSTODIAN AND FUND ACCOUNTANT

Ultimus Fund Solutions, LLC (Ultimus), the Administrator, provides certain administrative services for us, including but not limited to preparing and maintaining books, records, and tax and financial reports, and monitoring compliance with regulatory requirements. The Administrator is located at 225 Pictoria Drive, Suite 450, Cincinnati, Ohio 45246.

JPMorgan Chase Bank, N.A. is the custodian of our common stock and other assets. JPMorgan Chase Bank, N.A. is located at 14201 North Dallas Parkway, Second Floor, Dallas, Texas 75254.

Ultimus is also our fund accountant. Ultimus assists in the calculation of our net asset value and maintains and keeps current the accounts, books, records and other documents relating to our financial and portfolio transactions.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Paul Hastings LLP, Costa Mesa, California. Paul Hastings LLP may rely as to certain matters of Maryland law on the opinion of Venable LLP, Baltimore, Maryland. If certain legal matters in connection with an offering of securities are passed upon by counsel for the underwriters of such offering, that counsel will be named in the prospectus supplement related to that offering.

Table of Contents

TABLE OF CONTENTS OF OUR STATEMENT OF ADDITIONAL INFORMATION

	Page
INVESTMENT OBJECTIVE	SAI-2
INVESTMENT POLICIES	SAI-2
OUR INVESTMENTS	SAI-4
MANAGEMENT	SAI-10
CONTROL PERSONS	SAI-17
INVESTMENT ADVISER	SAI-18
CODE OF ETHICS	SAI-19
PROXY VOTING PROCEDURES	SAI-20
PORTFOLIO MANAGER INFORMATION	SAI-21
PORTFOLIO TRANSACTIONS AND BROKERAGE	SAI-22
LIMITATION ON LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS	SAI-23
TAX MATTERS	SAI-24
PERFORMANCE RELATED AND COMPARATIVE INFORMATION	SAI-25
EXPERTS	SAI-26
OTHER SERVICE PROVIDERS	SAI-26
REGISTRATION STATEMENT	SAI-26
FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-1

Table of Contents

7,500,000 Shares

Kayne Anderson MLP Investment Company

Common Stock

PROSPECTUS SUPPLEMENT

February 29, 2012

**Citigroup
BofA Merrill Lynch
Morgan Stanley
UBS Investment Bank
Wells Fargo Securities
Baird
RBC Capital Markets
Stifel Nicolaus Weisel**