Kayne Anderson MLP Investment CO
Form 497
March 06, 2013
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SUBJECT TO COMPLETION MARCH 6, 2013

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. The preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 497(c)

under the Securities Act of 1933,

as amended, File No. 333-183599

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated March 4, 2013)

4,000,000 Shares

Common Stock

$ 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 4,000,000 shares of our common stock in this prospectus supplement. This prospectus supplement, together with the accompanying prospectus dated March 4, 2013, 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 March 5, 2013 was $35.51 per share. The net asset value per share of our common stock at the close of business on March 5, 2013 was $31.17.

Investing in our common stock involves risk. See Risk Factors beginning on page 18 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	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

(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 600,000 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 $, and the total proceeds, before expenses, to us will be $.

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 , 2013.

Joint Book-Running Managers

Citigroup

Morgan Stanley

UBS Investment Bank

Co-Managers

Baird **Barclays** **Deutsche Bank Securities** **RBC Capital Markets**

March , 2013

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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.

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Prospectus Supplement

Prospectus

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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 March 4, 2013 (SAI), as supplemented from time to time, containing additional information about us, has been filed with the 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, should, expect, intend, 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.

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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 February 28, 2013, we had net assets applicable to our common stock of approximately $2.7 billion and total assets of approximately $4.9 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 (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 Financial Services LLC, a division of the McGraw-Hill Companies, Inc., or Fitch Ratings, Inc., 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 permitted investments in debt securities (or up to 5% of our total assets) may be invested in unrated debt securities or debt securities that are rated less than B3/B- of public or private companies.

As of February 28, 2013, we held $4.8 billion in equity investments and no fixed income investments. Our top 10 largest holdings by issuer as of that date were:

	Company	Units (in thousands)	Amount ($ millions)	Percent of Long-Term Investments
1.	Enterprise Products Partners L.P.	7,674	$ 434.9	9.0%
2.	Plains All American Pipeline, L.P.	6,852	375.1	7.7
3.	Kinder Morgan Management, LLC	4,307	356.7	7.4
4.	MarkWest Energy Partners, L.P.	4,961	283.6	5.8

5.	EI Paso Pipeline Partners, L.P.	4,968	207.6	4.3
6.	Energy Transfer Equity, L.P.	3,891	206.9	4.3
7.	Williams Partners L.P.	4,095	203.5	4.2
8.	Regency Energy Partners LP	7,810	185.8	3.8
9.	ONEOK Partners, L.P.	2,953	161.8	3.3
10.	Enbridge Energy Partners, L.P.	5,670	157.1	3.2

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INVESTMENT ADVISER

KA Fund Advisors, LLC (KAFA) is our investment adviser and is 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 of January 31, 2013, Kayne Anderson and its affiliates managed approximately $19.4 billion, including approximately $12.0 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.

RECENT DEVELOPMENTS

On March 5, 2013, we entered into a new unsecured revolving credit facility increasing the size of the facility from $200.0 million to $250.0 million. The facility has a three-year commitment terminating on March 4, 2016.

The interest rate on the facility may vary between LIBOR plus 1.60% to LIBOR plus 2.25%, depending on our asset coverage ratios. Outstanding loan balances will accrue interest daily at a rate equal to the one-month LIBOR plus 1.60% based on current asset coverage ratios. We will pay a fee of 0.30% on any unused amounts of the credit facility.

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 47% since inception and we have increased our distribution in each of the last nine quarters. Our most recent quarterly distribution of $0.55 per share, paid to common stockholders in January 2013, was 7.8% higher than the corresponding distribution paid in January 2012. Our next regularly scheduled quarterly distribution will be for our fiscal quarter ended February 28, 2013 and, if approved by our Board of Directors, will be paid to common stockholders on or about April 15, 2013. 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 and complying with Maryland law, our state of incorporation. The distributions we have paid since the beginning of fiscal 2011 are as follows:

Payment Date	Distribution per Share ($)
January 11, 2013	$ 0.5500
October 12, 2012	0.5375
July 13, 2012	0.5275
April 13, 2012	0.5175
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

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THE OFFERING

Common stock we are offering	4,000,000 shares
Common stock to be outstanding after this offering	92,621,686 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 $ 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 stockholder transaction expenses can be summarized as follows:

Underwriting discounts and commissions (as a percentage of offering price)	%
Net offering expenses borne by us (as a percentage of offering price)	%
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 600,000 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.

Example

This example replaces the example set forth on page 11 of the accompanying prospectus under the caption Fees and Expenses with respect to this offering.

The following example illustrates the expenses that common stockholders would pay on a $1,000 investment in common stock assuming (1) underwriting discounts and commissions of % and offering expenses of % of the offering price; (2) total annual expenses before tax of 5.0% of net assets attributable to shares of common stock; (3) a 5% annual return on our portfolio securities, and income tax expense associated with the 5% assumed rate of return on such portfolio securities:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Paid by Common Stockholders(1)	$ 67	$ 207	$ 352	$ 744

(1) The underwriting discounts, commissions and offering expenses are borne by all common stockholders, including investors in this offering. Investors in this offering would pay $2 of underwriting discounts, commissions and offering expenses on a $1,000 investment in common stock.

The example should not be considered a representation of future expenses. Actual expenses may be greater or less than those assumed. Moreover, our actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the 4,000,000 shares of common stock that we are offering will be approximately $ million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, or approximately $ 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, 2013, we had outstanding borrowings on the revolving credit facility of $21 million and the interest rate was 2.34%. 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.

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CAPITALIZATION

The following table sets forth our capitalization: (i) as of November 30, 2012 and (ii) as of November 30, 2012, 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, 2012 Actual	As Adjusted
	(Unaudited) ($ in 000s, except per share data)	
Repurchase Agreements, Cash and Cash Equivalents	$ 6,118	$ (1)
Short-Term Debt:		
Revolving Credit Facility	19,000	(1)
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
Senior Notes Series X(2)	14,000	14,000
Senior Notes Series Y(2)	20,000	20,000
Senior Notes Series Z(2)	15,000	15,000
Senior Notes Series AA(2)	15,000	15,000
Senior Notes Series BB(2)	35,000	35,000
Senior Notes Series CC(2)	76,000	76,000
Total Long-Term Debt:	$ 890,000	$ 890,000
Mandatory Redeemable Preferred Stock:		
Series A MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (4,160,000 shares issued and outstanding, 4,160,000 shares authorized)(2)	$ 104,000	$ 104,000
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
Series E MRP Shares, $0.001 par value, liquidation preference $25.00 per share (4,800,000 shares issued and outstanding, 4,800,000 shares authorized)(2)	120,000	120,000
Common Stockholders Equity:		
Common stock, $0.001 par value per share, 185,040,000 shares authorized (88,431,413 shares issued and outstanding; 92,431,413 shares issued and outstanding as adjusted)(2)(3)(4)	$ 88	$ 92
Paid-in capital(5)	1,716,276	
Accumulated net investment loss, net of income taxes, less dividends	(521,715)	(521,715)
Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	290,599	290,599
Net unrealized gains on investments and options, net of income taxes	1,035,573	1,035,573

Net assets applicable to common stockholders	$ 2,520,821	$

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(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 11, 2013, we issued 190,273 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 ($), less $0.001 par value per share of common stock ($), less the underwriting discounts and commissions ($) and less the net estimated offering costs borne by us ($) related to the issuance of shares.

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UNDERWRITING

We are offering the shares of our common stock described in this prospectus supplement through the underwriters named below. Citigroup Global Markets Inc., Morgan Stanley & Co. LLC and UBS 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.	
Morgan Stanley & Co. LLC	
UBS Securities LLC	
Robert W. Baird & Co. Incorporated	
Barclays Capital Inc.	
Deutsche Bank Securities Inc.	
RBC Capital Markets, LLC	
Total	

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 600,000 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 $ 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 $ 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 % of the initial offering price. Investors must pay for their shares of common stock on or before March , 2013.

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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 600,000 shares of common stock.

	No Exercise	Full Exercise
Per share	$	$
Total	$	$

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

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.

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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 (the EEA) 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 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) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

This prospectus supplement is not a prospectus for the purposes of the Prospectus Directive as implemented in the member states of the EEA. This prospectus supplement has been prepared on the basis that all offers of the shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of the shares. Accordingly, any person making or intending to make any offer within the EEA of shares which are the subject of the offering contemplated in this prospectus supplement should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offers. Neither we nor the underwriters have authorized, nor do we or they authorise, the making of any offer of the shares through any financial intermediary, other than offers made by underwriters which constitute the final placement of the shares contemplated in this prospectus supplement.

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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.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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.

The respective addresses of the representatives are Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013; Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036; and UBS Securities LLC, 299 Park Avenue, New York, NY 10171.

KA Associates, Inc., an affiliate of ours and Kayne Anderson, is a member of the selling group for this offering. Officers of Kayne Anderson and the Company expect to purchase shares of common stock in this offering at the public offering price.

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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, 2012. 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.

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FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2012

AND FINANCIAL HIGHLIGHTS FOR THE PERIOD SEPTEMBER 28, 2004

THROUGH NOVEMBER 30, 2004 AND FOR THE FISCAL YEARS ENDED

NOVEMBER 30, 2005 THROUGH 2012

CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This report of Kayne Anderson MLP Investment Company (the Company) contains forward-looking statements as defined under the U.S. federal securities laws. Generally, the words believe, expect, intend, estimate, anticipate, project, will and similar expressions identify forward-looking statements, which generally are not hist in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to materially differ from the Company s historical experience and its present expectations or projections indicated in any forward-looking statements. These risks include, but are not limited to, changes in economic and political conditions; regulatory and legal changes; master limited partnership industry risk; leverage risk; valuation risk; interest rate risk; tax risk; and other risks discussed in the Company s filings with the Securities and Exchange Commission (SEC). You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update or revise any forward-looking statements made herein. There is no assurance that the Company s investment objectives will be attained.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

PORTFOLIO SUMMARY

(UNAUDITED)

Portfolio Investments by Category

November 30, 2012 **November 30, 2011**

Top 10 Holdings by Issuer

Holding	Sector	Percent of Total Investments* as of November 30, 2012	2011
1. Enterprise Products Partners L.P.	Midstream MLP	8.9%	9.3%
2. Kinder Morgan Management, LLC	Midstream MLP	7.5	7.4
3. Plains All American Pipeline, L.P.	Midstream MLP	7.1	5.3
4. MarkWest Energy Partners, L.P.	Midstream MLP	5.6	5.6
5. Energy Transfer Equity, L.P.	General Partner MLP	4.9	3.8
6. El Paso Pipeline Partners, L.P.	Midstream MLP	4.4	3.5
7. Williams Partners L.P.	Midstream MLP	4.3	4.6
8. Regency Energy Partners LP	Midstream MLP	3.9	4.1
9. Enbridge Energy Partners, L.P.	Midstream MLP	3.7	2.9
10. ONEOK Partners, L.P.	Midstream MLP	3.7	3.3

* *Includes cash and repurchase agreement (if any).*

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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, 2012, we had total assets of $4.5 billion, net assets applicable to our common stock of $2.5 billion (net asset value per share of $28.51), and 88.4 million shares of common stock outstanding.

Our investments are principally in equity securities issued by MLPs, but we also invest in debt securities of MLPs and debt/equity securities of Midstream Energy Companies. As of November 30, 2012, we held $4.5 billion in equity investments and no debt investments.

Results of Operations For the Three Months Ended November 30, 2012

Investment Income. Investment income totaled $9.8 million for the quarter and consisted primarily of net dividends and distributions and interest income on our investments. We received $65.0 million of cash dividends and distributions, of which $54.8 million was treated as return of capital and $1.1 million were distributions in excess of cost basis. Interest and other income was $0.7 million. We received $7.4 million of paid-in-kind dividends during the quarter, which are not included in investment income, but are reflected as an unrealized gain.

Operating Expenses. Operating expenses totaled $30.7 million, including $15.2 million of investment management fees, $9.9 million of interest expense (including non-cash amortization of debt issuance costs of $0.5 million), and $0.8 million of other operating expenses. Preferred stock distributions for the quarter were $4.8 million (including non-cash amortization of $0.2 million).

Net Investment Loss. Our net investment loss totaled $14.7 million and included a current and deferred income tax benefit of $6.2 million.

Net Realized Gains. We had net realized gains from our investments of $26.5 million, net of $15.6 million of current and deferred tax expense.

Net Change in Unrealized Gains. We had a net change in unrealized gains of $21.6 million. The net change consisted of $34.2 million of unrealized gains from investments and a deferred tax expense of $12.6 million.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of $33.4 million. This increase was comprised of a net investment loss of $14.7 million; net realized gains of $26.5 million; and net change in unrealized gains of $21.6 million, as noted above.

Results of Operations For the Fiscal Year Ended November 30, 2012

Investment Income. Investment income totaled $32.7 million for the fiscal year and consisted primarily of net dividends and distributions and interest income on our investments. We received $233.3 million of cash dividends and distributions, of which $203.5 million was treated as return of capital and $1.1 million were distributions in excess of cost basis. Return of capital was increased by $3.3 million during the fiscal year due to 2011 tax reporting information that we received in fiscal 2012. Interest and other income was $4.0 million. We received $29.9 million of paid-in-kind dividends during the fiscal year, which are not included in investment income, but are reflected as an unrealized gain.

Operating Expenses. Operating expenses totaled $117.2 million, including $57.2 million of investment management fees, $38.3 million of interest expense (including non-cash amortization of debt issuance costs of

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KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

$1.9 million), and $3.4 million of other operating expenses. Preferred stock distributions for the fiscal year were $18.3 million (including non-cash amortization of $0.9 million).

Net Investment Loss. Our net investment loss totaled $58.6 million and included a current and deferred income tax benefit of $25.9 million.

Net Realized Gains. We had net realized gains from our investments of $94.9 million, net of $56.2 million of current and deferred tax expense.

Net Change in Unrealized Gains. We had a net change in unrealized gains of $235.1 million. The net change consisted of $374.3 million of unrealized gains from investments and a deferred tax expense of $139.2 million.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of $271.4 million. This increase was comprised of a net investment loss of $58.6 million; net realized gains of $94.9 million; and net change in unrealized gains of $235.1 million, as noted above.

Distributions to Common Stockholders

We pay quarterly distributions to our common stockholders, funded generally 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 due to fees paid to other service providers), (c) interest expense and preferred stock distributions and (d) current and deferred income tax expense/benefit on net investment income/loss.

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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, 2012	Fiscal Year Ended November 30, 2012
Distributions and Other Income from Investments		
Dividends and Distributions	$ 65.0	$ 233.3
Paid-In-Kind Dividends	7.4	29.9
Interest and Other Income	0.6	4.1
Net Premiums Received from Call Options Written	0.5	2.8
Total Distributions and Other Income from Investments	73.5	270.1
Expenses		
Investment Management Fee	(15.2)	(57.2)
Other Expenses	(0.8)	(3.4)
Interest Expense	(9.4)	(36.7)
Preferred Stock Distributions	(4.6)	(16.9)
Income Tax Benefit	6.2	25.8
Net Distributable Income (NDI)	**$ 49.7**	**$ 181.7**
Weighted Shares Outstanding	88.3	82.8
NDI per Weighted Share Outstanding	**$ 0.56**	**$ 2.19**
Adjusted NDI per Weighted Share Outstanding(1)	**$ 0.57**	**$ 2.19**
Distributions paid per Common Share(2)	**$ 0.55**	**2.1325**

(1) In each of the last three years, The Williams Companies paid two dividends during our fiscal third quarter and no dividends during our fiscal fourth quarter. For the purposes of determining our dividend, we calculate Adjusted NDI , which treats the dividend received late in our fiscal third quarter as if it was received during our fiscal fourth quarter.

(2) The distribution of $0.55 per share for the fourth quarter of fiscal 2012 was paid to common stockholders on January 11, 2013. Distributions for fiscal 2012 include the distributions paid in April 2012, July 2012, October 2012 and January 2013.

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.

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.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

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. Interest or dividend premiums paid associated with the redemption of senior unsecured notes or preferred stock are included in interest expense and distributions on mandatory redeemable preferred stock for GAAP purposes, but 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, 2012 of $1,283.0 million was comprised of $890.0 million of senior unsecured notes (Senior Notes), $19.0 million outstanding under our senior unsecured revolving credit facility (the Credit Facility) and $374.0 million of mandatory redeemable preferred stock. Total leverage represented 29% of total assets at November 30, 2012. As of January 24, 2013, we had $74.0 million borrowed under our Credit Facility, and we had $1.1 million of cash.

The Credit Facility has a $200.0 million commitment amount and 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 coverage ratios. We pay a commitment fee of 0.40% per annum on any unused amounts of the Credit Facility. We expect to renew our Credit Facility prior to its maturity date. A full copy of our Credit Facility is available on our website, www.kaynefunds.com.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

At November 30, 2012, our asset coverage ratios under the Investment Company Act of 1940, as amended (the 1940 Act), were 418% 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 $890.0 million of Senior Notes outstanding at November 30, 2012. During 2013, we have $125.0 million of Senior Notes that mature, which we expect to refinance with new notes. The remaining Senior Notes mature between 2014 and 2022. As of November 30, 2012, we had $374.0 million of mandatory redeemable preferred stock outstanding, which is subject to mandatory redemption at various dates from 2017 through 2020.

As of November 30, 2012, our total leverage consisted of both fixed rate (86%) and floating rate (14%) obligations. At such date, the weighted average interest rate on our total leverage was 4.3%.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

NOVEMBER 30, 2012

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

Description	No. of Shares/Units	Value
Long-Term Investments 177.5%		
Equity Investments[(1)] 177.5%		
Midstream MLP[(2)] 137.6%		
Access Midstream Partners, L.P.	1,961	$ 68,627
Boardwalk Pipeline Partners, LP	1,215	31,328
Buckeye Partners, L.P.[(3)]	1,770	88,972
Buckeye Partners, L.P. Class B Units[(3)(4)(5)]	926	44,048
Copano Energy, L.L.C.	1,446	45,590
Crestwood Midstream Partners LP	2,473	57,730
Crestwood Midstream Partners LP Class C Units[(4)(5)]	1,200	27,284
Crosstex Energy, L.P.	5,499	82,920
DCP Midstream Partners, LP	2,660	111,408
El Paso Pipeline Partners, L.P.	5,284	197,240
Enbridge Energy Management, L.L.C.[(5)]	399	11,768
Enbridge Energy Partners, L.P.	5,670	164,537
Energy Transfer Partners, L.P.	805	35,324
Enterprise Products Partners L.P.	7,674	397,721
Global Partners LP	2,054	51,137
Inergy, L.P.	4,321	81,538
Inergy Midstream, L.P.	1,127	26,502
Kinder Morgan Management, LLC[(5)]	4,443	337,208
Lehigh Gas Partners LP[(6)]	123	2,389
Magellan Midstream Partners, L.P.[(7)]	3,084	137,186
MarkWest Energy Partners, L.P.[(3)]	4,833	249,745
MPLX LP[(6)]	372	10,748
Niska Gas Storage Partners LLC	1,904	21,330
NuStar Energy L.P.	990	45,369
ONEOK Partners, L.P.[(7)]	2,808	163,547
Plains All American Pipeline, L.P.[(3)]	6,852	319,156
PVR Partners, L.P.[(3)]	4,750	114,422
Regency Energy Partners LP	7,773	173,880
Southcross Energy Partners, L.P.[(6)]	75	1,761
Summit Midstream Partners, LP[(6)]	722	14,265
Targa Resources Partners L.P.	1,661	62,566
Tesoro Logistics LP	616	28,416
Western Gas Partners, LP	1,472	72,081
Williams Partners L.P.	3,768	191,815
		3,469,558
General Partner MLP 12.1%		
Alliance Holdings GP L.P.	1,885	86,506
Energy Transfer Equity, L.P.[(7)]	4,808	218,612

		305,118
Midstream 9.4%		
Kinder Morgan, Inc.[(7)]	1,164	39,348
ONEOK, Inc.	1,510	67,731

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

NOVEMBER 30, 2012

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

Description	No. of Shares/Units	Value
Midstream (continued)		
Plains All American GP LLC Unregistered[3][4]	24	$ 55,989
Targa Resources Corp.	214	10,720
The Williams Companies, Inc.	1,920	63,049
		236,837
Shipping MLP 7.8%		
Capital Product Partners L.P.	2,841	19,233
Golar LNG Partners LP	216	6,473
Navios Maritime Partners L.P.	1,876	25,120
Teekay LNG Partners L.P.	1,552	58,746
Teekay Offshore Partners L.P.	3,263	86,903
		196,475
Upstream MLP & Income Trust 4.9%		
BreitBurn Energy Partners L.P.	2,520	46,577
Legacy Reserves L.P.	323	7,951
Memorial Production Partners LP	339	6,316
Mid-Con Energy Partners, LP	848	17,537
Pacific Coast Oil Trust	578	10,179
SandRidge Mississippian Trust II	808	13,535
SandRidge Permian Trust	893	15,480
VOC Energy Trust	347	4,819
		122,394
Other 5.7%		
Alliance Resource Partners, L.P.	163	9,290
Alon USA Partners, LP[6]	281	5,307
Clearwater Trust[3][4][8]	N/A	1,990
Exterran Partners, L.P.	2,903	63,198
Hi-Crush Partners LP	1,337	20,677
Northern Tier Energy LP	212	4,938
PetroLogistics LP	1,597	18,721
Seadrill Partners LLC[6]	68	1,773
Suburban Propane Partners, L.P.	449	17,668
		143,562
Total Equity Investments (Cost $2,823,894)		4,473,944

	No. of Contracts	
Liabilities		
Call Option Contracts Written[9]		
Midstream MLP		
Magellan Midstream Partners, L.P., call option expiring 12/21/12 @ $42.50	1,000	(180)
ONEOK Partners, L.P., call option expiring 12/21/12 @ $60.00	700	(18)
		(198)

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

NOVEMBER 30, 2012

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

Description	No. of Contracts	Value
General Partner MLP		
Energy Transfer Equity, L.P., call option expiring 12/21/12 @ $45.00	1,400	$ (154)
Midstream		
Kinder Morgan, Inc., call option expiring 12/21/12 @ $35.00	1,000	(27)
Total Call Option Contracts Written (Premiums Received $406)		(379)
Credit Facility		(19,000)
Senior Unsecured Notes		(890,000)
Mandatory Redeemable Preferred Stock at Liquidation Value		(374,000)
Deferred Tax Liability		(654,501)
Other Liabilities		(39,095)
Total Liabilities		(1,976,975)
Other Assets		23,852
Total Liabilities in Excess of Other Assets		(1,953,123)
Net Assets Applicable to Common Stockholders		$ 2,520,821

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

(2) Includes limited liability companies.

(3) The Company believes that it is an affiliate of Buckeye Partners, L.P., the Clearwater Trust, MarkWest Energy Partners, L.P., PVR Partners, L.P., Plains All American Pipeline, L.P. and Plains All American GP LLC. See Note 5 Agreements and Affiliations.

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

(5) Distributions are paid-in-kind.

(6) Security is not currently paying cash distributions but is expected to pay cash distributions within the next 12 months.

(7) Security or a portion thereof is segregated as collateral on option contracts written.

(8) The Company owns an interest in the Creditors Trust of Miller Bros. Coal, LLC (Clearwater Trust) consisting of a coal royalty interest. See Notes 5 and 7 in Notes to Financial Statements.

(9) Security is non-income producing.

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF ASSETS AND LIABILITIES

NOVEMBER 30, 2012

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

ASSETS	
Investments at fair value:	
Non-affiliated (Cost $2,345,982)	$ 3,599,622
Affiliated (Cost $477,912)	874,322
Total investments (Cost $2,823,894)	4,473,944
Cash	6,118
Deposits with brokers	216
Receivable for securities sold	6,679
Interest, dividends and distributions receivable	88
Deferred debt issuance and preferred stock offering costs and other assets	10,751
Total Assets	4,497,796
LIABILITIES	
Payable for securities purchased	4,551
Investment management fee payable	15,187
Accrued directors fees and expenses	94
Call option contracts written (Premiums received $406)	379
Accrued expenses and other liabilities	19,263
Current tax liability	539
Deferred tax liability	653,962
Credit facility	19,000
Senior unsecured notes	890,000
Mandatory redeemable preferred stock, $25.00 liquidation value per share (14,960,000 shares issued and outstanding)	374,000
Total Liabilities	1,976,975
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 2,520,821
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS CONSIST OF	
Common stock, $0.001 par value (88,431,413 shares issued and outstanding, 185,040,000 shares authorized)	$ 88
Paid-in capital	1,716,276
Accumulated net investment loss, net of income taxes, less dividends	(521,715)
Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	290,599
Net unrealized gains on investments and options, net of income taxes	1,035,573
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 2,520,821
NET ASSET VALUE PER COMMON SHARE	$ 28.51

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

(amounts in 000 s)

INVESTMENT INCOME	
Income	
Dividends and distributions:	
Non-affiliated investments	$ 187,897
Affiliated investments	45,390
Total dividends and distributions	233,287
Return of capital	(203,488)
Distributions in excess of cost basis	(1,055)
Net dividends and distributions	28,744
Interest and other income	3,999
Total Investment Income	32,743
Expenses	
Investment management fees	57,187
Administration fees	834
Professional fees	586
Custodian fees	445
Reports to stockholders	413
Directors fees and expenses	362
Insurance	214
Other expenses	552
Total expenses before interest expense, preferred distributions and taxes	60,593
Interest expense and amortization of debt issuance costs	38,282
Distributions on mandatory redeemable preferred stock and amortization of offering costs	18,328
Total expenses before taxes	117,203
Net Investment Loss Before Taxes	(84,460)
Current tax benefit	1,473
Deferred tax benefit	24,376
Net Investment Loss	(58,611)
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net Realized Gains (Losses)	
Investments non-affiliated	151,486
Investments affiliated	1,095
Options	1,198
Payments on interest rate swap contracts	(2,606)
Current tax expense	(3,204)
Deferred tax expense	(53,025)

Net Realized Gains	94,944
Net Change in Unrealized Gains (Losses)	
Investments non-affiliated	266,343
Investments affiliated	107,988
Options	(66)
Deferred tax expense	(139,207)
Net Change in Unrealized Gains	235,058
Net Realized and Unrealized Gains	330,002
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM OPERATIONS	$ 271,391

See accompanying notes to financial statements.

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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,	
	2012	**2011**
OPERATIONS		
Net investment loss, net of tax[1]	$ (58,611)	$ (49,953)
Net realized gains, net of tax	94,944	110,193
Net change in unrealized gains, net of tax	235,058	91,626
Net Increase in Net Assets Resulting from Operations	271,391	151,866
DIVIDENDS AND DISTRIBUTIONS TO COMMON STOCKHOLDERS[1][2]		
Dividends	(127,330)	(89,963)
Distributions return of capital	(45,115)	(51,663)
Dividends and Distributions to Common Stockholders	(172,445)	(141,626)
CAPITAL STOCK TRANSACTIONS		
Issuance of common stock offerings of 12,500,000 and 5,700,000 shares of common stock, respectively	385,075	174,306
Underwriting discounts and offering expenses associated with the issuance of common stock	(16,085)	(7,322)
Issuance of 801,204 and 958,808 newly issued shares of common stock from reinvestment of dividends and distributions, respectively	23,282	26,488
Net Increase in Net Assets Applicable to Common Stockholders from Capital Stock Transactions	392,272	193,472
Total Increase in Net Assets Applicable to Common Stockholders	491,218	203,712
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS		
Beginning of year	2,029,603	1,825,891
End of year	$ 2,520,821	$ 2,029,603

(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 $17,409 and $11,451 paid to mandatory redeemable preferred stockholders for the fiscal years ended November 30, 2012 and 2011, 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 common stockholders for the fiscal years ended November 30, 2012 and 2011 as either dividends (eligible to be treated as 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.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

(amounts in 000 s)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	$ 271,391
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Net deferred tax expense	167,856
Return of capital distributions	203,488
Distributions in excess of cost basis	1,055
Net realized gains	(151,173)
Net unrealized gains	(374,265)
Accretion of bond discounts, net	(143)
Purchase of long-term investments	(1,479,644)
Proceeds from sale of long-term investments	850,335
Decrease in deposits with brokers	58
Increase in receivable for securities sold	(5,427)
Decrease in interest, dividends and distributions receivable	796
Amortization of deferred debt issuance costs	1,870
Amortization of mandatory redeemable preferred stock issuance costs	919
Decrease in other assets, net	120
Decrease in payable for securities purchased	(4,131)
Increase in investment management fee payable	3,273
Increase in accrued directors fees and expenses	15
Increase in call option contracts written, net	285
Increase in accrued expenses and other liabilities	1,354
Increase in current tax liability	539
Net Cash Used in Operating Activities	(511,429)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from credit facility	19,000
Issuance of shares of common stock, net of offering costs	368,990
Proceeds from offering of senior unsecured notes	175,000
Proceeds from issuance on mandatory redeemable preferred stock	120,000
Redemption of senior unsecured notes	(60,000)
Redemption of mandatory redeemable preferred stock	(6,000)
Costs associated with issuance of credit facility	(99)
Costs associated with issuance of senior unsecured notes	(1,411)
Costs associated with issuance of mandatory redeemable preferred stock	(2,600)
Cash distributions paid to common stockholders, net	(149,163)
Net Cash Provided by Financing Activities	463,717
NET DECREASE IN CASH	(47,712)
CASH BEGINNING OF YEAR	53,830
CASH END OF YEAR	$ 6,118

Supplemental disclosure of cash flow information:

Non-cash financing activities not included herein consist of reinvestment of distributions of $23,282 pursuant to the Company s dividend reinvestment plan.

During the fiscal year ended November 30, 2012, interest paid was $35,186 and income tax paid was $1,192.

The Company received $29,856 paid-in-kind dividends during the fiscal year ended November 30, 2012. See Note 2 Significant Accounting Policies.

See accompanying notes to financial statements.

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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 the Period September 28, 2004[1] through November 30, 2004
	2012	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	
Per Share of Common Stock[2]									
Net asset value, beginning of period	$ 27.01	$ 26.67	$ 20.13	$ 14.74	$ 30.08	$ 28.99	$ 25.07	$ 23.91	$ 23.70[3]
Net investment income (loss)[4]	(0.71)	(0.69)	(0.44)	(0.33)	(0.73)	(0.73)	(0.62)	(0.17)	0.02
Net realized and unrealized gain (loss)	4.27	2.91	8.72	7.50	(12.56)	3.58	6.39	2.80	0.19
Total income (loss) from operations	3.56	2.22	8.28	7.17	(13.29)	2.85	5.77	2.63	0.21
Dividends and distributions auction rate preferred[4][5]				(0.01)	(0.10)	(0.10)	(0.10)	(0.05)	
Common dividends[5]	(1.54)	(1.26)	(0.84)			(0.09)		(0.13)	
Common distributions return of capital[5]	(0.55)	(0.72)	(1.08)	(1.94)	(1.99)	(1.84)	(1.75)	(1.37)	
Total dividends and distributions common	(2.09)	(1.98)	(1.92)	(1.94)	(1.99)	(1.93)	(1.75)	(1.50)	
Underwriting discounts and offering costs on the issuance of auction rate preferred stock								(0.03)	
Effect of issuance of common stock	0.02	0.09	0.16	0.12		0.26		0.11	
Effect of shares issued in reinvestment of distributions	0.01	0.01	0.02	0.05	0.04	0.01			
Total capital stock transactions	0.03	0.10	0.18	0.17	0.04	0.27		0.08	
Net asset value, end of period	$ 28.51	$ 27.01	$ 26.67	$ 20.13	$ 14.74	$ 30.08	$ 28.99	$ 25.07	$ 23.91
Market value per share of common stock, end of period	$ 31.13	$ 28.03	$ 28.49	$ 24.43	$ 13.37	$ 28.27	$ 31.39	$ 24.33	$ 24.90

Total investment return based on common stock market value[6]	19.3%	5.6%	26.0%	103.0%	(48.8)%	(4.4)%	37.9%	3.7%	(0.4)%[7]

See accompanying notes to financial statements.

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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 the Period September 28, 2004[1] through November 30,
	2012	2011	2010	2009	2008	2007	2006	2005	2004
plemental Data and ios[8]									
assets applicable to mon stockholders, end eriod	$ 2,520,821	$ 2,029,603	$ 1,825,891	$ 1,038,277	$ 651,156	$ 1,300,030	$ 1,103,392	$ 932,090	$ 792,836
o of expenses to rage net assets									
nagement fees	2.4%	2.4%	2.1%	2.1%	2.2%	2.3%	3.2%	1.2%	0.8%
er expenses	0.2	0.2	0.2	0.4	0.3	0.2	0.2	0.3	0.4
total	2.6	2.6	2.3	2.5	2.5	2.5	3.4	1.5	1.2
rest expense and ributions on mandatory eemable preferred k[4]	2.4	2.3	1.9	2.5	3.4	2.3	1.7	0.8	0.0
ome tax expense	7.2	4.8	20.5	25.4	[9]	3.5	13.8	6.4	3.5
al expenses	12.2%	9.7%	24.7%	30.4%	5.9%	8.3%	18.9%	8.7%	4.7%
o of net investment ome/(loss) to average net ets[4]	(2.5)%	(2.5)%	(1.8)%	(2.0)%	(2.8)%	(2.3)%	(2.4)%	(0.7)%	0.5%
increase/(decrease) in assets to common kholders resulting from rations to average net ets	11.6%	7.7%	34.6%	43.2%	(51.2)%	7.3%	21.7%	10.0%	0.9%
tfolio turnover rate	20.4%	22.3%	18.7%	28.9%	6.7%	10.6%	10.0%	25.6%	11.8%
erage net assets	$ 2,346,249	$ 1,971,469	$ 1,432,266	$ 774,999	$ 1,143,192	$ 1,302,425	$ 986,908	$ 870,672	$ 729,280
ior unsecured notes standing, end of period	890,000	775,000	620,000	370,000	304,000	505,000	320,000	260,000	
dit facility outstanding, of period	19,000					97,000	17,000		
tion rate preferred k, end of period				75,000	75,000	75,000	75,000	75,000	
ndatory redeemable ferred stock, end of od	374,000	260,000	160,000						
erage shares of common k outstanding	82,809,687	72,661,162	60,762,952	46,894,632	43,671,666	41,134,949	37,638,314	34,077,731	33,165,900
et coverage of total [10]	418.5%	395.4%	420.3%	400.9%	338.9%	328.4%	449.7%	487.3%	
et coverage of total erage (debt and preferred	296.5%	296.1%	334.1%	333.3%	271.8%	292.0%	367.8%	378.2%	

k)[11]								
erage amount of rowings per share of mon stock during the od[2]	$ 10.80	$ 10.09	$ 7.70	$ 6.79	$ 11.52	$ 12.14	$ 8.53	$ 5.57

See accompanying notes to financial statements.

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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 income (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 (eligible to be treated as qualified dividend) 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. Because it could not have been predicted whether the Company would incur a benefit in the future, a deferred income tax expense of 0% was assumed.

(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 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 Credit Facility is considered a senior security representing indebtedness.

See accompanying notes to financial statements.

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. *Reclassifications* Certain prior year amounts in the accompanying financial statements have been reclassified to conform to the current year s presentation.

C. *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.

D. *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 and current and deferred income tax assets), 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.

E. *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.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

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.

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 accurately 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 (KAFA or the Adviser) who are responsible for the portfolio investments. The investments will be valued monthly with new investments 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 KAFA. 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.

Valuation Committee. The Valuation Committee meets to consider the valuations submitted by KAFA (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 KAFA 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 KAFA 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.

At November 30, 2012, the Company held 5.1% of its net assets applicable to common stockholders (2.9% of total assets) in securities valued at fair value pursuant to procedures adopted by the Board of Directors, with fair value of $129,311. See Note 3 Fair Value and Note 7 Restricted Securities.

F. *Repurchase Agreements* From time to time, the Company has agreed 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 KAFA 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, 2012, the Company did not have any repurchase agreements.

G. *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

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KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

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, 2012, the Company did not engage in any short sales.

H. *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.

I. *Return of Capital Estimates* Distributions received from the Company s investments in MLPs and other securities 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 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). If the cash distributions received by the Company exceed its cost basis (*i.e*. its cost basis is zero), the distributions are treated as realized gains.

The Company includes all cash distributions received on its Statement of Operations and reduces its investment income by (a) the estimated return of capital and (b) the distributions in excess of cost basis. For the fiscal year ended November 30, 2012, the Company had $203,488 of return of capital and $1,055 of cash distributions that were in excess of cost basis which were treated as realized gains.

In accordance with GAAP, the return of capital cost basis reductions for the Company s MLP investments are limited to the total amount of the cash distributions received from such investments. For income tax purposes, the cost basis reductions for the Company s MLP investments typically exceed cash distributions received from such investments due to allocated losses from these investments. See Note 6 Income Taxes. The following table sets forth the Company s estimated total return of capital portion of the distributions received from its investments.

	Fiscal Year Ended November 30, 2012
Return of capital portion of dividends and distributions received	87%
Return of capital attributable to net realized gains (losses)	$ 27,462
Return of capital attributable to net change in unrealized gains (losses)	176,026
Total return of capital	$ 203,488

For the fiscal year ended November 30, 2012, the Company estimated the return of capital portion of distributions received to be $200,166 (86%). This amount was increased by $3,322 attributable to 2011 tax reporting information received by the Company in fiscal 2012. As a result, the return of capital percentage for the fiscal year ended November 30, 2012 was 88%.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

J. *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 established. During the fiscal year ended November 30, 2012, 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 PVR Partners, L.P. (PVR) in a private investment in public equity (PIPE investment) transaction, the Company was entitled to the distribution paid to unitholders of record on May 8, 2012, even though such investment had not closed at such date. Pursuant to the purchase agreement, the purchase price for the PVR 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, 2012, the Company received the following paid-in-kind dividends.

	Fiscal Year Ended November 30, 2012
Buckeye Partners, L.P. (Class B Units)	$ 3,631
Crestwood Midstream Partners LP (Class C Units)	2,291
Enbridge Energy Management, L.L.C.	3,542
Kinder Morgan Management, LLC	19,663
PVR Partners, L.P.	729
Total paid-in-kind dividends	$ 29,856

K. *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.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

L. *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.

M. *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. For the fiscal year ended November 30, 2012, the Company did not have any interest or penalties associated with the underpayment of any income taxes. The tax years from 2009 through 2012 remain open and subject to examination by tax jurisdictions.

N. *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 cash flows from the stated terms of the interest rate swap agreement by using interest rates currently available in the market. At November 30, 2012, the Company had no interest rate swap contracts outstanding. See Note 8 Derivative Financial Instruments.

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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 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.

O. *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

The Fair Value Measurement Topic of the FASB Accounting Standards Codification (ASC 820) defines fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants under current market conditions at the measurement date. As required by ASC 820, the Company has performed an analysis of all assets and liabilities (other than deferred taxes) measured at fair value to determine the significance and character of all inputs to their fair value determination. Inputs are the assumptions, along with considerations of risk, that a market participant would use to value an asset or a liability. In general, observable inputs are based on market data that is readily available, regularly distributed and verifiable that the Company obtains from independent, third-party sources. Unobservable inputs are developed by the Company based on its own assumptions of how market participants would value an asset or a liability.

In May 2011, the 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 which amends ASC 820. The amended guidance clarifies the wording used to describe many requirements in accounting literature for fair value measurement and disclosure to establish consistency between U.S. GAAP and International Financial Reporting Standards (IFRSs). The Company adopted ASU No. 2011-04 in the fiscal second quarter of 2012.

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The adoption of ASU No. 2011-04 did not have an impact on the measurement of fair value for the Company s assets, but it does require the inclusion of additional disclosures on assumptions used by the Company to determine fair value. Specifically, for assets measured at fair value using significant unobservable inputs (Level 3), ASU No. 2011-04 requires that the Company (i) describe the valuation process, (ii) disclose quantitative information about unobservable inputs and (iii) provide a qualitative discussion about the sensitivity of the fair value measurement to changes in the unobservable inputs and inter-relationships between the inputs.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories.

Level 1 Valuations based on 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.

Level 2 Valuations based on 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 and liabilities measured at fair value on a recurring basis at November 30, 2012 and the Company presents these assets by security type and description on its Schedule of Investments or on its Statement of Assets and Liabilities. Note that the valuation levels below are not necessarily an indication of the risk or liquidity associated with the underlying investment.

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets at Fair Value				
Equity investments	$ 4,473,944	$ 4,344,633	$	$ 129,311
Liabilities at Fair Value				
Call option contracts written	$ 379	$	$ 379	$

For the fiscal year ended November 30, 2012, there were no transfers between Level 1 and Level 2.

As of November 30, 2012, the Company had senior unsecured notes (Senior Notes) outstanding with aggregate principal amount of $890,000 and 14,960,000 shares of mandatory redeemable preferred stock outstanding with a total liquidation value of $374,000. See Note 11 Senior Unsecured Notes and Note 12 Preferred Stock.

Of the $374,000 of mandatory redeemable preferred stock, Series D ($100,000 liquidation value) and Series E ($120,000 liquidation value) are publicly traded on the NYSE. As a result, the Company categorizes these series of mandatory redeemable preferred stock as Level 1. The remaining three series of preferred stock the Series A, B and C mandatory redeemable preferred stock ($154,000 aggregate liquidation value) and all of the senior unsecured notes were issued in private placements to institutional investors and are not listed on any exchange or automated quotation system.

As such, the Company categorizes all of the Senior Notes ($890,000 aggregate principal amount) and Series A, B and C of the mandatory redeemable preferred stock ($154,000 liquidation value) as Level 3 and determines the fair value of these instruments based on estimated market yields and credit spreads for comparable instruments with similar maturity, terms and structure.

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The Company records these instruments on its Statement of Assets and Liabilities at principal amount or liquidation value, and as of November 30, 2012, the estimated fair values of these leverage instruments are as follows.

Instrument	Principal Amount/ Liquidation Value	Fair Value
Senior Notes	$ 890,000	$ 935,000
Mandatory redeemable preferred stock	$ 374,000	$ 388,056

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, 2012.

	Equity Investments
Balance November 30, 2011	$ 164,129
Purchases	102,500
Issuances	6,651
Transfers out	(143,940)
Realized gains (losses)	
Unrealized losses, net	(29)
Balance November 30, 2012	$ 129,311

The $29 of unrealized losses presented in the table above for the fiscal year ended November 30, 2012 relate to investments that are still held at November 30, 2012, and the Company includes these unrealized losses on the Statement of Operations Net Change in Unrealized Gains (Losses).

The purchases of $102,500 for the fiscal year ended November 30, 2012 relate to the Company s investment in Crosstex Energy, L.P., DCP Midstream Partners, LP and PVR Partners, L.P. The issuances of $6,651 for the fiscal year ended November 30, 2012 relate to additional units received from Buckeye Partners, L.P. (Class B Units), Crestwood Midstream Partners LP (Class C Units) and PVR Partners, L.P. The Company s investments in the common units of Crosstex Energy, L.P., DCP Midstream Partners, LP, PVR Partners, L.P. and Teekay Offshore 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, 2012.

Valuation Techniques and Unobservable Inputs

Unless otherwise determined by the Board of Directors, the Company values its private investments in public equity (PIPE) investments that are convertible into or otherwise will become publicly tradeable (*e.g.,* through subsequent registration or expiration of a restriction on trading) based on the market value of the publicly-traded security less a discount. The discount is initially equal to the discount negotiated at the time the Company agrees to a purchase price. 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.

The Company s investments in private companies are typically valued using one of or a combination of the following valuation techniques: (i) analysis of valuations for publicly traded companies in a similar line of business (public company analysis), (ii) analysis of valuations for comparable M&A transactions (M&A analysis) and (iii) discounted cash flow analysis. The table entitled Quantitative Table for Valuation Techniques outlines the valuation technique(s) used for each asset category.

The public company analysis utilizes valuation ratios (commonly referred to as trading multiples) for publicly traded companies in a similar line of business as the portfolio company to estimate the fair value of such portfolio company. Typically, the Company s analysis focuses on the ratio of enterprise value (EV) to earnings

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before interest expense, income tax expense, depreciation and amortization (EBITDA) which is referred to as an EV/EBITDA multiple and the ratio of equity market value (EMV) to distributable cash flow (DCF) which is referred to as a EMV/DCF multiple. For these analyses, the Company utilizes projections provided by external sources (*i.e.*, third party equity research estimates) as well as internally developed estimates, and focuses on EBITDA and DCF projections for the current calendar year and next calendar year. Based on this data, the Company selects a range of multiples for each metric given the trading multiples of similar publicly traded companies and applies such multiples to the portfolio company s EBITDA and DCF to estimate the portfolio company s enterprise value and equity value. When calculating these values, the Company applies a discount to the portfolio company s estimated equity value for the lack of marketability in the portfolio company s securities.

The M&A analysis utilizes valuation multiples for historical M&A transactions for companies or assets in a similar line of business as the portfolio company to estimate the fair value of such portfolio company. Typically, the Company s analysis focuses on EV/EBITDA multiples. The Company selects a range of multiples based on EV/EBITDA multiples for similar M&A transactions and applies such ranges to the portfolio company s EBITDA to estimate the portfolio company s enterprise value. The Company utilizes projections provided by external sources as well as internally developed estimates to calculate the valuation multiples of the comparable M&A transactions.

The discounted cash flow analysis is used to estimate the equity value for the portfolio company based on estimated cash flows of such portfolio company. Such cash flows include a terminal value for the portfolio company, which is typically based on an EV/EBITDA multiple. A present value of these cash flows is determined by using estimated discount rates (based on the Company s estimate for required equity rate of return for such portfolio company).

Under all of these valuation techniques, the Company estimates operating results of its portfolio companies (including EBITDA and DCF). These estimates utilize unobservable inputs such as historical operating results, which may be unaudited, and projected operating results, which will be based on operating assumptions for such portfolio company. These estimates will be sensitive to changes in assumptions specific to such portfolio company as well as general assumptions for the industry. Other unobservable inputs utilized in the valuation techniques outlined above include: discounts for lack of marketability, selection of publicly-traded companies, selection of similar M&A transactions, selected ranges for valuation multiples and expected required rates of return discount rates.

Changes in EBITDA multiples, DCF multiples, or discount rates, each in isolation, may change the fair value of the Company s portfolio investments. Generally, a decrease in EBITDA multiples or DCF multiples, or an increase in discount rates will result in a decrease in the fair value of the Company s portfolio investments.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company s investments may fluctuate from period to period. Additionally, the fair value of the Company s investments may differ from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize.

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The following table summarizes the significant unobservable inputs that the Company uses to value its portfolio investments categorized as Level 3 as of November 30, 2012:

Quantitative Table for Valuation Techniques

Assets at Fair Value	Fair Value	Valuation Technique	Unobservable Inputs	Range Low	Range High	Weighted Average[(1)]
Equity securities of public companies (PIPE)	$ 71,332	- Discount to publicly traded securities	- Current discount	2.6%	5.4%	4.3%
			- Remaining restricted period	122 days	414 days	302 days
Equity securities of private companies common units / common equity	57,979	- Public company analysis	- Selected valuation multiples: EV / 2013E EBITDA	17.0x	19.0x	18.0x
			- Discount for marketability	15.0%	15.0%	15.0%
		- M&A analysis	- Selected EV / EBITDA multiples	16.0x	18.0x	17.0x
		- Discounted cash flow	- Equity rate of return	18.0%	25.0%	20.2%
Total	$ 129,311					

(1) Weighted average based on the fair value of investments in each category.

4. Concentration of Risk

The Company s investment objective is to obtain a high after-tax total return by investing at least 85% of 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, including 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 and other midstream energy companies. The amount of cash that an MLP or other midstream energy company has available for distributions and the tax character of such distributions are dependent upon the amount of cash generated by the portfolio company 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 of MLP s and other midstream energy companies, which may include below investment grade debt 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 KAFA, 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, KAFA receives a management fee from the Company. On September 20, 2012, the Company renewed its agreement

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with KAFA for a period of one year. The agreement will expire on December 11, 2013 and may be renewed annually thereafter upon approval of the Company s Board of Directors (including a majority of the Company s directors who are not interested persons of the Company, as such term is defined in the 1940 Act). In conjunction with this renewal, the Company entered into a one year agreement with KAFA to waive a portion of its management fee. Effective October 1, 2012, KAFA agreed to waive 0.125% of its management fee on average total assets in excess of $4,500,000 (thereby reducing the management fee to 1.25% on average total assets in excess of $4,500,000). For the fiscal year ended November 30, 2012, the Company paid management fees at an annual rate of 1.375% of the Company s average quarterly total assets.

For purposes of calculating the management fee the average total assets for each quarterly period are determined by averaging the total assets at the last day of that quarter with the total assets at the last day of the prior quarter. 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 and distributions on any outstanding common stock and accrued and unpaid dividends and 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 of its portfolio companies, as each of these terms is defined in the 1940 Act. In general, under the 1940 Act, the Company would be presumed to control a portfolio company if the Company and its affiliates owned 25% or more of its outstanding voting securities and would be an affiliate of a portfolio company if the Company and its affiliates 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 are several factors that determine whether or not a security should be considered a voting security in complex structures such as limited partnerships of the kind in which the Company invests. The Company also notes that the Securities and Exchange Commission (the SEC) staff has issued guidance on the circumstances under which it would consider a limited partnership interest to constitute a voting security. Under most partnership agreements, the management of the partnership is vested in the general partner, and the limited partners, individually or collectively, have no rights to manage or influence management of the partnership through such activities as participating in the selection of the managers or the board of the limited partnership or the general partner. As a result, the Company believes that many of the limited partnership interests in which it invests should not be considered voting securities. However, it is possible that the SEC staff may consider the limited partner interests the Company holds in certain limited partnerships to be voting securities. If such a determination were 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 making such a determination as to whether to treat any class of limited partnership interests the Company holds as a voting security, the Company considers, among other factors, whether or not the holders of such limited partnership interests have the right to elect the board of directors of the limited partnership or the general partner. If the holders of such limited partnership interests do not have the right to elect the board of directors, the Company generally has not treated such security as a voting security. In other circumstances, based on the facts and circumstances of those partnership agreements, including the right to elect the directors of the general partner, the Company has treated those securities as voting securities and, therefore, as affiliates. If the Company does not consider the security to be a voting security, it will not consider such partnership to be an affiliate unless the Company and its affiliates own more than 25% of the outstanding securities of such partnership.

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There is no assurance that the SEC staff will not consider that other limited partnership securities that the Company owns and does not treat as voting securities are, in fact, voting securities for the purposes of Section 17 of the 1940 Act. If such determination were made, the Company will be required to abide by the restrictions on control or affiliate transactions as proscribed in the 1940 Act. The Company or any portfolio company that it controls, and its affiliates, may from time to time engage in certain of such joint transactions, purchases, sales and loans in reliance upon and in compliance with the conditions of certain exemptive rules promulgated by the SEC. The Company cannot make assurances, however, that it would be able to satisfy the conditions of these rules with respect to any particular eligible transaction, or even if the Company were allowed to engage in such a transaction, that the terms would be more or as favorable to the Company or any company that it controls as those that could be obtained in arm s length transaction. As a result of these prohibitions, restrictions may be imposed on the size of positions that may be taken for the Company or on the type of investments that it could make.

As of November 30, 2012, the Company believes that Buckeye Partners, L.P., MarkWest Energy Partners, L.P. and PVR Partners, L.P. meet the criteria described above and are therefore considered affiliates of the Company.

Clearwater Trust At November 30, 2012, 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.

6. Income Taxes

The Company s taxes include current and deferred income taxes. Current income taxes reflect the estimated income tax liability of the Company as of a measurement date. 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.

In August 2012, upon filing its income tax returns for the fiscal year ended November 30, 2011, the Company paid federal alternative minimum tax (AMT) of $1,028. At November 30, 2012, the Company had a current income tax payable of $539. The payable is the result of estimated taxable income under AMT for fiscal 2012. Components of the Company s deferred tax assets and liabilities as of November 30, 2012 are as follows:

Current tax liability	$ (539)
Deferred tax assets:	
Net operating loss carryforwards Federal	51,669
Net operating loss carryforwards State	4,373
AMT credit carryforwards	1,687
Deferred tax liabilities:	
Net unrealized gains on investment securities, interest rate swap contracts and option contracts	(711,691)

Total deferred tax liability, net	$ (653,962)

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At November 30, 2012, the Company had federal net operating loss carryforwards of $152,310 (deferred tax asset of $51,669). 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, $12,535, $52,182, $26,118, $33,413, $19,217 and $8,845 of the net operating loss carryforward will expire in 2026, 2027, 2028, 2029, 2030 and 2032, respectively. In addition, the Company has state net operating loss carryforwards of $142,129 (deferred tax asset of $4,373). These state net operating loss carryforwards begin to expire in 2012 through 2032.

At November 30, 2012, the Company had AMT credit carryforwards of $1,687. AMT credits can be used to reduce regular tax to the extent that regular tax exceeds the AMT in a future year. AMT credits do not expire.

The Company primarily invests in equity securities issued by MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner of MLPs, the Company includes its allocable share of such MLPs income or loss in computing its own taxable income or loss. Additionally, for income tax purposes, the Company reduces the cost basis of its MLP investments by the cash distributions received, and increases or decreases the cost basis of its MLP investments by its allocable share of the MLP s income or loss. During the fiscal year ended November 30, 2011, the Company received $174,040 in aggregate cash distributions from its MLP investments and reduced its cost basis, for income tax purposes, by the same amount. During the same period, the Company had additional cost basis reductions of $113,567 due to net allocated losses from its MLP investments.

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.

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, 2012 , as follows:

	Fiscal Year Ended November 30, 2012
Computed federal income tax at 35%	$ 154,342
State income tax, net of federal tax	9,267
Non-deductible distributions on mandatory redeemable preferred stock and other	5,978
Total income tax expense (benefit)	$ 169,587

At November 30, 2012, the cost basis of investments for federal income tax purposes was $2,576,528. The cost basis for federal income tax purposes is $247,366 lower than the cost basis for GAAP reporting purposes primarily due to the additional basis adjustments attributable to the Company s share of the allocated losses from

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its MLP investments. At November 30, 2012, gross unrealized appreciation and depreciation of investments and options for federal income tax purposes were as follows:

Gross unrealized appreciation of investments (including options)	$ 1,920,869
Gross unrealized depreciation of investments (including options)	(23,426)
Net unrealized appreciation of investments	$ 1,897,443

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, 2012, the Company held the following restricted investments:

Investment	Acquisition Date	Type of Restriction	Number of Units, Principal ($) (in 000 s)	Cost Basis	Fair Value	Fair Value Per Unit	Percent of Net Assets	Percent of Total Assets
Level 3 Investments (1)								
Buckeye Partners, L.P.								
Class B Units	(2)	(3)	926	$ 45,006	$ 44,048	$ 47.56	1.7%	1.0%
Clearwater Trust								
Trust Interest	(4)	(5)	N/A	3,266	1,990	n/a	0.1	
Crestwood Midstream Partners LP								
Class C Units	(2)	(3)	1,200	26,007	27,284	22.74	1.1	0.6
Plains All American GP LLC(6)								
Common Units	(2)	(5)	24	30,820	55,989	2,304	2.2	1.3
Total				$ 105,099	$ 129,311		5.1%	2.9%

(1) Securities are valued using inputs reflecting the Company s own assumptions as more fully described in Note 2 Significant Accounting Policies and Note 3 Fair Value.

(2) Securities acquired at various dates during the fiscal year ended November 30, 2012 and/or in prior fiscal years.

(3) Unregistered or restricted security of a publicly traded company.

(4) On September 28, 2010, the Bankruptcy Court finalized the plan of reorganization of Clearwater Natural Resources, LP (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 GP, the Company s valuation is based on publicly available information. Robert V. Sinnott, the CEO of KACALP, sits on Plains 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 Plains GP based on non-public information, and, as a result, such valuation may be different than the Company s valuation.

8. Derivative Financial Instruments

As required by the Derivatives and Hedging Topic of the FASB Accounting Standards Codification, the following are the derivative instruments and hedging activities of the Company. The total number of outstanding options at November 30, 2012 is indicative of the volume of this type of option activity during the period. See Note 2 Significant Accounting Policies.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

Option Contracts Transactions in option contracts for the fiscal year ended November 30, 2012 were as follows:

	Number of Contracts	Premium
Call Options Written		
Options outstanding at November 30, 2011	1,119	$ 121
Options written	35,793	3,456
Options subsequently repurchased(1)	(16,104)	(1,623)
Options exercised	(15,008)	(1,432)
Options expired	(1,700)	(116)
Options outstanding at November 30, 2012(2)	4,100	$ 406

(1) The price at which the Company subsequently repurchased the options was $541, which resulted in a realized gain of $1,082.

(2) The percentage of total investments subject to call options written was 0.4% at November 30, 2012.

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, 2012, the Company did not have any interest rate swap contracts outstanding.

During the fiscal second quarter of 2012, the Company entered into interest rate swap contracts ($150,000 notional amount) in anticipation of the private placements of senior unsecured notes. On April 17, 2012, these interest rate swap contracts were terminated in conjunction with the pricing of the private placements, and resulted in a $2,606 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 Hedging Instruments	Statement of Assets and Liabilities Location	Fair Value as of November 30, 2012
Call options	Call option contracts written	$ (379)

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

Derivatives Not Accounted for as Hedging Instruments	Location of Gains/(Losses) on Derivatives Recognized in Income	For the Fiscal Year Ended November 30, 2012 Net Realized Gains/(Losses) on Derivatives Recognized in Income	Change in Unrealized Gains/(Losses) on Derivatives Recognized in Income
Call options	Options	$ 1,198	$ (66)
Interest rate swap contracts	Interest rate swap contracts	(2,606)	
		$ (1,408)	$ (66)

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KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

9. Investment Transactions

For the fiscal year ended November 30, 2012, the Company purchased and sold securities in the amounts of $1,479,644 and $850,335 (excluding short-term investments and options), respectively.

10. Credit Facility

At November 30, 2012, the Company had a $200,000 unsecured revolving credit facility (the Credit Facility) with a syndicate of lenders. During the fiscal second quarter of 2012, the Company increased the size of its Credit Facility from $175,000 to $200,000 by adding a new lender to the syndicate. 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 accrue interest daily at a rate equal to one-month LIBOR plus 1.75% based on current asset coverage ratios. The Company pays 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, 2012, the average amount outstanding under the Credit Facility was $52,475 with a weighted average interest rate of 2.22%. As of November 30, 2012, the Company had $19,000 outstanding under the Credit Facility at an interest rate of 2.28%.

11. Senior Unsecured Notes

At November 30, 2012, the Company had $890,000 aggregate principal amount of Senior Notes outstanding. On May 3, 2012, the Company completed a private placement of $175,000 of Senior Notes. Net proceeds from such offering were used to repay borrowings under the Company s Credit Facility, to refinance the Series I Senior Notes, to make new portfolio investments and for general corporate purposes.

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

Series	Principal Outstanding, November 30, 2011	Principal Redeemed[1]	Principal Issued	Principal Outstanding, November 30, 2012	Estimated Fair Value, November 30, 2012	Fixed/Floating Interest Rate	Maturity
I	$ 60,000	$ 60,000	$	$	$	5.847%	6/19/12
K	125,000			125,000	130,900	5.991%	6/19/13
M	60,000			60,000	63,800	4.560%	11/4/14
N	50,000			50,000	50,100	3-month LIBOR + 185 bps	11/4/14
O	65,000			65,000	69,100	4.210%	5/7/15
P	45,000			45,000	44,700	3-month LIBOR + 160 bps	5/7/15
Q	15,000			15,000	15,600	3.230%	11/9/15
R	25,000			25,000	26,600	3.730%	11/9/17
S	60,000			60,000	65,700	4.400%	11/9/20
T	40,000			40,000	43,500	4.500%	11/9/22
U	60,000			60,000	59,100	3-month LIBOR + 145 bps	5/26/16
V	70,000			70,000	74,100	3.710%	5/26/16
W	100,000			100,000	109,900	4.380%	5/26/18

X			14,000	14,000	14,200	2.460%	5/3/15
Y			20,000	20,000	20,500	2.910%	5/3/17
Z			15,000	15,000	15,600	3.390%	5/3/19
AA			15,000	15,000	15,600	3.560%	5/3/20
BB			35,000	35,000	36,500	3.770%	5/3/21
CC			76,000	76,000	79,500	3.950%	5/3/22
	$ 775,000	$ 60,000	$ 175,000	$ 890,000	$ 935,000		

(1) The Company redeemed $60,000 of Series I Senior Notes on May 18, 2012.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

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

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, 2012, the weighted average interest rate on the outstanding Senior Notes was 4.05%.

As of November 30, 2012, each series of Senior Notes were rated AAA by FitchRatings. In the event the credit rating on any series of Senior Notes falls below A- , the interest rate on such series will increase by 1% during the period of time such series is rated below A- . The Company is required to maintain a current rating from one rating agency with respect to each series of Senior Notes. Before the third fiscal quarter of 2012, Series K, M and N Senior Notes were rated by Moody s Investor Service, Inc. (Moody s). On July 2, 2012, the Company requested that Moody s withdraw its ratings of the Company s Series K, M and N Senior Notes. On July 12, 2012, Moody s downgraded the Company s Series K, M and N Senior Notes from Aa1 to A1 and on August 3, 2012, Moody s withdrew its ratings.

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 of 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, 2012, the Company was in compliance with all covenants under the Senior Notes agreements.

12. Preferred Stock

At November 30, 2012, the Company had 14,960,000 shares of mandatory redeemable preferred stock outstanding, with a total liquidation value of $374,000 ($25.00 per share). On March 21, 2012, the Company completed a public offering of 4,800,000 shares of Series E mandatory redeemable preferred stock at a price of $25.00 per share. Net proceeds from the offering were approximately $117,400. The net proceeds of the preferred stock offering were used to repay borrowings under the Credit Facility and to redeem $6,000 of Series A mandatory redeemable preferred stock at 108% of par value ($480 of dividend premium paid). The Company recognized $64 of expense for the write-off of issuance costs associated with this redemption.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

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

Series	Liquidation Value November 30, 2011	Liquidation Value Shares Redeemed	Liquidation Value Shares Issued	Liquidation Value November 30, 2012	Estimated Fair Value, November 30, 2012	Rate	Maturity Redemption Date
A	$ 110,000	$ 6,000	$	$ 104,000	$ 112,200	5.57%	5/7/17
B	8,000			8,000	8,300	4.53%	11/9/17
C	42,000			42,000	44,500	5.20%	11/9/20
D(1)	100,000			100,000	101,280	4.95%	6/1/18
E(2)			120,000	120,000	121,776	4.25%	4/1/19
	$ 260,000	$ 6,000	$ 120,000	$ 374,000	$ 388,056		

(1) Series D mandatory redeemable preferred shares are publicly traded on the NYSE under the symbol KYNPRD . The fair value is based on the price of $25.32 as of November 30, 2012.

(2) Series E mandatory redeemable preferred shares are publicly traded on the NYSE under the symbol KYNPRE . The fair value is based on the price of $25.37 on November 30, 2012.

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 and E 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 by FitchRatings. Further, the annual dividend rate for all series of mandatory redeemable preferred 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. The Company is required to maintain a current rating from one rating agency with respect to each series of mandatory redeemable preferred stock.

	Series A, B and C	Series D and E
Rating as of November 30, 2012 (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 is 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, 2012, the Company was in compliance with the asset coverage and basic maintenance requirements of its mandatory redeemable preferred stock.

KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

13. Common Stock

At November 30, 2012, the Company had 185,040,000 shares of common stock authorized and 88,431,413 shares outstanding. As of that date, KACALP owned 4,000 shares. Transactions in common shares for the fiscal year ended November 30, 2012 were as follows:

Shares outstanding at November 30, 2011	75,130,209
Shares issued through reinvestment of distributions	801,204
Shares issued in connection with offerings of common stock(1)(2)	12,500,000
Shares outstanding at November 30, 2012	88,431,413

(1) On February 29, 2012, the Company sold 7,500,000 shares of common stock at a price of $31.51 per share. The public offering was completed on March 5, 2012 and the net proceeds of $226,513 were used by the Company to make additional portfolio investments that are consistent with the Company s investment objective, and for general corporate purposes.

(2) On August 3, 2012, the Company sold 5,000,000 shares of common stock at a price of $29.75 per share. The public offering was completed on August 8, 2012 and the net proceeds of $142,750 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 11, 2012, the Company declared its quarterly distribution of $0.55 per common share for the fiscal fourth quarter for a total quarterly distribution payment of $48,637. The distribution was paid on January 11, 2013 to common stockholders of record on December 28, 2012. Of this total, pursuant to the Company s dividend reinvestment plan, $5,733 was reinvested into the Company through the issuance of 190,273 shares of common stock.

The Company has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no additional items require recognition or disclosure.

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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, 2012, 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, 2012 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Los Angeles, California

January 28, 2013

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BASE PROSPECTUS

$750,000,000

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 separate 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 18 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.

The date of this prospectus is March 4, 2013.

(continued on the following page)

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(continued from the previous page)

We are managed by KA Fund Advisors, LLC (KAFA), a subsidiary of Kayne Anderson Capital Advisors, L.P. (together, with KAFA, Kayne Anderson), a leading investor in MLPs. As of December 31, 2012, Kayne Anderson and its affiliates managed approximately $18.0 billion, including approximately $10.8 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 December 31, 2012 was $27.21 per share, and the last sale price per share of our common stock on the NYSE as of that date was $29.47. 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.

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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 March 4, 2013 (the SAI), containing additional information about us, has been filed with the SEC and is incorporated by reference in its entirety into this prospectus.

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You may request a free copy of our SAI, the table of contents of which is on page 87 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 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.

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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 December 31, 2012, we had approximately 88.4 million shares of common stock outstanding, net assets applicable to our common stock of approximately $2.4 billion and total assets of approximately $4.4 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.

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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 permitted investments in debt securities (or up to 5% of our total assets) may be invested in unrated debt securities or debt securities that are rated less than B3/B- of public or 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 December 31, 2012, we held $4.4 billion in equity investments and no debt investments. 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	7,674	$ 384.3	8.7%
2.	Kinder Morgan Management, LLC	MLP Affiliate	4,377	330.3	7.5
3.	Plains All American Pipeline, L.P.	Midstream MLP	6,852	310.0	7.0
4.	MarkWest Energy Partners, L.P.	Midstream MLP	4,852	247.5	5.6
5.	Energy Transfer Equity, L.P.	General Partner MLP	4,457	202.7	4.6
6.	El Paso Pipeline Partners, L.P.	Midstream MLP	5,284	195.3	4.4
7.	Williams Partners L.P.	Midstream MLP	3,868	188.2	4.3
8.	Regency Energy Partners LP	Midstream MLP	7,768	168.4	3.8
9.	Enbridge Energy Partners, L.P.	Midstream MLP	5,670	158.2	3.6
10.	ONEOK Partners, L.P.	Midstream MLP	2,868	154.9	3.5

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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 of December 31, 2012, Kayne Anderson and its affiliates managed approximately $18.0 billion, including approximately $10.8 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.

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The Offering

We may offer, from time to time, up to $750 million of our common stock or preferred stock at prices and on terms to be set forth in one or more prospectus supplements to this prospectus.

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 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. See Plan of Distribution. We may not sell any of our securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of our securities.

Use of Financial Leverage

We plan to utilize financial leverage with respect to our common stock through the issuance of preferred stock and debt securities, our revolving credit facility and other borrowings (such as prime brokerage or margin loans). The timing and terms of any leverage transactions will be determined by our Board of Directors. The issuance of additional common stock offered by this prospectus will enable us to increase the aggregate amount of our leverage. Throughout this prospectus, our debt securities, our revolving credit facility and other borrowings are collectively referred to as Borrowings.

We generally will seek to enhance our total returns through the use of financial leverage. Under normal market conditions, our policy is to utilize our Borrowings and our preferred stock, (each a Leverage Instrument and collectively Leverage Instruments) in an amount that represents approximately 30% of our total assets, including proceeds from such Leverage Instruments (which equates to approximately 55.0% of our net asset value as of December 31, 2012). However, based on market conditions at the time, we may use Leverage Instruments in amounts that represent greater than 30% leverage to the extent permitted by the 1940 Act. As of December 31, 2012, our Leverage Instruments represented approximately 30.1% of our total assets. At December 31, 2012, our asset coverage ratios under the 1940 Act, were 391% and 281% 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. Leverage Instruments have seniority in liquidation and distribution rights over our common stock. Costs associated with any issuance of preferred stock are borne immediately by common stockholders and result in a reduction of the net asset value of our common stock. See Use of Leverage.

Because our Adviser s management fee is based upon a percentage of our average total assets, our Adviser s fee is higher since we employ leverage. Therefore, our Adviser has a financial incentive to use leverage, which may create a conflict of interest between our Adviser and our common stockholders.

There can be no assurance that our leveraging strategy will be successful during any period in which it is used. The use of leverage involves significant risks and creates a greater risk of loss, as well as potential for more gain, for holders of our common stock than if leverage is not used. See Risk Factors Additional Risks Related to Our Common Stock Leverage Risk to Common Stockholders and Additional Risks Related to Our Preferred Stock Senior Leverage Risk to Preferred Stockholders.

Derivatives and Other Strategies

We currently expect to write call options with the purpose of generating realized gains or reducing our ownership of certain securities. We will only write call options on securities that we hold in our portfolio (*i.e.*, covered calls). A call option on a security is a contract that gives the holder of such call option the right to buy the security underlying the call option from the writer of such call option at a specified price at any time during the term of the option. At the time the call option is sold, the writer of a call option receives a premium (or call premium) from the buyer of such call option. If we write a call option on a security, we have the obligation upon exercise of such call option to deliver the underlying security upon payment of the exercise price. When we write a call option, an amount equal to the premium received by us will be recorded as a liability and will be subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by us as realized gains from investments on the expiration date. If we repurchase 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 realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether we have realized a gain or loss. We, as the writer of the option, bear the market risk of an unfavorable change in the price of the security underlying the written option.

We currently expect to utilize hedging techniques such as interest rate swaps to mitigate potential interest rate risk on a portion of our Leverage Instruments. Such interest rate swaps would principally be used to protect us against higher costs on our Leverage Instruments resulting from increases in short-term interest rates. We anticipate that the majority of our interest rate hedges will be interest rate swap contracts with financial institutions.

We may use short sales, arbitrage and other strategies to try to generate additional return. As part of such strategies, we may (i) engage in paired long-short trades to arbitrage pricing disparities in securities held in our portfolio; (ii) purchase call options or put options, (iii) enter into total return swap contracts; or (iv) sell securities short. Paired trading consists of taking a long position in one security and concurrently taking a short position in another security within the same or an affiliated issuer. With a long position, we purchase a stock outright; whereas with a short position, we would sell a security that we do not own and must borrow to meet our settlement obligations. We will realize a profit or incur a loss from a short position depending on whether the value of the underlying stock decreases or increases, respectively, between the time the stock is sold and when we replace the borrowed security. See Risk Factors Risks Related to Our Investments and Investment Techniques Short Sales Risk. A total return swap is a contract between two parties designed to replicate the economics of directly owning a security. We may enter into total return swaps with financial institutions related to equity investments in certain MLPs.

To a lesser extent, we may use various hedging and other risk management strategies to seek to manage market risks. Such hedging strategies would be utilized to seek to protect against possible adverse changes in the market value of securities held in our portfolio, or to otherwise protect the value of our portfolio. We may execute our hedging and risk management strategy by engaging in a variety of transactions, including buying or selling options or futures contracts on indexes. See Risk Factors Risks Related to Our Investments and Investment Techniques Derivatives Risk.

For purposes of determining compliance with the requirement that we invest 80% of our total assets in MLPs, we value derivative instruments based on their respective current fair market values. See Investment Objective and Policies.

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, funded in part by the net distributable income generated from our portfolio investments. The net distributable income generated from our portfolio investments is the amount received by us as cash or paid-in-kind distributions from equity securities owned by us, interest payments received on debt securities owned by us, other payments on securities owned by us, net premiums received from the sale of covered call options and income tax benefits, if any, less current or anticipated operating expenses, income tax expense, if any, and our leverage costs (including dividends on preferred stock issued by us and excluding non-cash amortization of costs to issue leverage). On January 11, 2013 we paid a quarterly distribution of $0.55 per share to our common stockholders. Payment of future distributions is subject to approval by our Board of Directors, as well as meeting the covenants of our senior debt, the terms of our preferred stock and the asset coverage requirements of the 1940 Act.

We pay dividends on the Series A MRP Shares, Series B MRP Shares, Series C MRP Shares, Series D MRP Shares and Series E 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 and Series E MRP Shares shall be entitled to receive monthly cumulative cash dividends, when, as and if authorized by the Board of Directors. The Series A MRP Shares pay dividends at a rate of 5.57% per annum, the Series B MRP Shares pay dividends at a rate of 4.53% per annum, the Series C MRP Shares pay dividends at a rate of 5.20% per annum, the Series D MRP Shares pay dividends at a rate of 4.95% per annum and the Series E MRP Shares pay dividends at the rate of 4.25% per annum.

Use of Proceeds

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds of any sales of our securities pursuant to this prospectus to make investments in portfolio companies in accordance with our investment objective and policies, to repay indebtedness or 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 or money market instruments. The supplement to this prospectus relating to an offering will more fully identify the use of proceeds from such offering. See Use of Proceeds.

Taxation

We are treated as a corporation for federal income tax purposes and, as a result, we are subject to corporate income tax to the extent we recognize net taxable income. As a partner in MLPs, we report our allocable share of each MLP s taxable income or loss in computing our taxable income or loss, whether or not we actually receive any cash from such MLP. See Tax Matters.

Stockholder Tax Features

Excluding the impact of any realized gains or realized losses, we expect that a portion of our distributions to our common stockholders may constitute a non-taxable return of capital distribution. If we make distributions from current and accumulated earnings and profits (which includes realized gains or realized losses, if any) as computed for federal income tax purposes, such distributions will generally be taxable to stockholders in the current period as ordinary income for federal income tax purposes and would be eligible for the lower tax rates applicable to qualified dividend income of non-corporate taxpayers under current law. If such distributions exceed our current and accumulated earnings and profits as computed for federal income tax purposes, such excess distributions will constitute a non-taxable return of capital to the extent of a common stockholder s basis in our common stock and will result in a reduction of such basis. To the extent such excess exceeds a common stockholder s basis in our common stock, such excess will be taxed as capital gain. A return of capital represents a return of a stockholder s original investment in our shares, and should not be confused with a dividend from earnings and profits. Upon the sale of common stock, a holder of our common stock generally will recognize capital gain or loss measured by the difference between the sale proceeds received by the common stockholder and the common stockholder s federal income tax basis in our common stock sold, as adjusted to reflect return of capital. See Tax Matters.

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Risk Considerations

Investing in our common stock or preferred stock involves risk, including the risk that you may receive little or no return on your investment, or even that you may lose part of all of your investment. Therefore, before investing in our common stock or preferred stock you should consider carefully the risks set forth in Risk Factors beginning on page 18. We are designed primarily as a long-term investment vehicle, and neither our common stock nor our preferred stock is an appropriate investment for a short-term trading strategy. An investment in our common stock or preferred stock should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in all investments, there can be no assurance that we will achieve our investment objective.

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 complicated, and the federal, state, local and foreign tax consequences of an investment in and holding of our securities 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 such investors. See Risk Factors Tax Risks for more information on these risks.

Dividend Reinvestment Plan

We have adopted a dividend reinvestment plan for our common stockholders. Our plan is an opt out dividend reinvestment plan. As a result, if we declare a cash distribution to our common stockholders, then such distributions will be automatically reinvested in additional shares of our common stock, unless the stockholder specifically elects to receive cash. Common stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as common stockholders who elect to receive their distribution in cash. See Dividend Reinvestment Plan.

Trading at a Discount

The shares of common stock of closed-end investment companies frequently trade at prices lower than their net asset value. We cannot assure you that our common stock will trade at a price higher than or equal to our net asset value. The possibility that our common stock may trade at a discount to our net asset value is separate and distinct from the risk that our common stock s net asset value may decline. In addition to net asset value, the market price of our common stock may be affected by such factors as the distributions we make, which are in turn affected by expenses, the stability of our distributions, liquidity and market supply and demand. If the proceeds per share from offering our common stock, after underwriting discounts and offering costs, are less than our net asset value, our net asset value will be reduced immediately following this offering. See Risk Factors, Description of Capital Stock and Our Structure; Common Stock Repurchases and Change In Our Structure. Our common stock is designed primarily for long-term investors and you should not purchase our common stock if you intend to sell it shortly after purchase.

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FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, those listed under Risk Factors in this prospectus and our SAI. In this prospectus, we use words such as anticipates, believes, expects, intends and similar expressions to identify forward-looking statements.

The forward-looking statements contained in this prospectus include statements as to:

- our operating results;
- our business prospects;
- our expected investments and the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- our ability to source favorable private investments;
- the ability of the MLPs and other Midstream Energy Companies in which we invest to achieve their objectives;
- our use of financial leverage and expected financings;
- our tax status;
- the tax status of the MLPs in which we intend to invest;
- the adequacy of our cash resources and working capital; and
- the timing and amount of distributions, dividends and interest income from the MLPs and other Midstream Energy Companies in which we intend to invest.

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 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 this prospectus. We do not undertake any obligation to update, amend or clarify these forward-looking statements or the risk factors contained in this prospectus, whether as a result of new information, future events or otherwise, except as may be required under the federal securities laws. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including our annual reports. We acknowledge that, notwithstanding the foregoing statement, the safe harbor for forward-looking statements under the Private Securities Litigation Reform Act of 1995 does not apply to investment companies such as us.

KAYNE ANDERSON MLP INVESTMENT COMPANY

We are a non-diversified, closed-end management investment company registered under the 1940 Act. We were formed as a Maryland corporation in June 2004 and began investment activities in September 2004 after our initial public offering. Our common stock is listed on the NYSE under the symbol KYN.

As of December 31, 2012, we had (a) approximately 88.4 million shares of common stock outstanding, (b) $890 million in Senior Notes outstanding and (c) $374 million of MRP Shares outstanding. As of December 31, 2012, we had net assets applicable to our common stock of approximately $2.4 billion and total assets of approximately $4.4 billion.

The following table sets forth information about our outstanding securities as of December 31, 2012 (the information in the table is unaudited; and amounts are in 000s):

Title of Class	Amount of Shares/ Aggregate Liquidation Preference/ Aggregate Principal Amount Authorized	Amount Held by Us or for Our Account	Actual Amount Outstanding
Common Stock	185,040	0	88,431
Series A Mandatory Redeemable Preferred Shares(1)	$ 104,000	$ 0	$ 104,000
Series B Mandatory Redeemable Preferred Shares(1)	8,000	0	8,000
Series C Mandatory Redeemable Preferred Shares(1)	42,000	0	42,000
Series D Mandatory Redeemable Preferred Shares(1)	100,000	0	100,000
Series E Mandatory Redeemable Preferred Shares(1)	120,000	0	120,000
Senior Notes, Series K	125,000	0	125,000
Senior Notes, Series M	60,000	0	60,000
Senior Notes, Series N	50,000	0	50,000
Senior Notes, Series O	65,000	0	65,000
Senior Notes, Series P	45,000	0	45,000
Senior Notes, Series Q	15,000	0	15,000
Senior Notes, Series R	25,000	0	25,000
Senior Notes, Series S	60,000	0	60,000
Senior Notes, Series T	40,000	0	40,000
Senior Notes, Series U	60,000	0	60,000
Senior Notes, Series V	70,000	0	70,000
Senior Notes, Series W	100,000	0	100,000
Senior Notes, Series X	14,000	0	14,000
Senior Notes, Series Y	20,000	0	20,000
Senior Notes, Series Z	15,000	0	15,000
Senior Notes, Series AA	15,000	0	15,000
Senior Notes, Series BB	35,000	0	35,000
Senior Notes, Series CC	76,000	0	76,000

(1) Each share has a liquidation preference of $25.00.

Our principal office is located at 717 Texas Avenue, Suite 3100, Houston, Texas 77002, and our telephone number is (713) 493-2020.

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FEES AND EXPENSES

The following table contains information about the costs and expenses that common stockholders will bear directly or indirectly. The table below assumes the use of Leverage Instruments in an amount equal to 28.4% of our total assets, which represents our average leverage levels for the fiscal year ended November 30, 2012, and shows our expenses as a percentage of net assets attributable to our common stock. **We caution you that the percentages in the table below indicating annual expenses are estimates and may vary from actual results.**

Stockholder Transaction Expenses:	
Sales Load Paid (as a percentage of offering price) (1)	%
Offering Expenses Borne (as a percentage of offering price) (2)	
Dividend Reinvestment Plan Fees (3)	None
Total Stockholder Transaction Expenses (as a percentage of offering price)(4)	%

Percentage of Net Assets Attributable to Common Stock (5)

Annual Expenses:	
Management Fees (6)	2.44%
Interest Payments (including issuance costs) on Borrowed Funds	1.63
Dividend Payments (including issuance costs) on Preferred Stock	