Kayne Anderson MLP Investment CO
Form 497
March 15, 2012

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

PROSPECTUS SUPPLEMENT
(To Prospectus dated February 16, 2012)

$120,000,000

4.25% Series E Mandatory Redeemable Preferred Shares
Liquidation Preference $25.00 per share
Mandatorily Redeemable April 1, 2019

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 4,800,000 shares of our Series E Mandatory Redeemable Preferred Shares (Series E MRP Shares) with an aggregate liquidation preference of $120 million in this prospectus supplement. This prospectus supplement, together with the accompanying prospectus dated February 16, 2012 (the prospectus), sets forth the information that you should know before investing.

Investors in the Series E MRP Shares will be entitled to receive cash dividends at an annual rate of 4.25% per annum. Dividends on the Series E MRP Shares will be payable on the first business day of each month, beginning on May 1, 2012 and upon the redemption of the Series E MRP Shares. The initial dividend period for the Series E MRP Shares will commence on March 21, 2012 and end on April 30, 2012. Each subsequent dividend period will be a calendar month (or the portion thereof occurring prior to the redemption of such Series E MRP Shares). Dividends with respect to any monthly dividend period will be declared and paid to holders of record of Series E MRP Shares as their names appear on our books and records at the close of business on the 15th day of such monthly dividend period (or if such day is not a business day, the next preceding business day) or, with respect to the initial dividend period, to holders of record of Series E MRP Shares as their names appear on our books and records at the close of business on April 16, 2012.

We are required to redeem the Series E MRP Shares on April 1, 2019. In addition, the Series E MRP Shares are subject to optional and mandatory redemption by us in certain circumstances described in this prospectus supplement.

Application has been made to list the Series E MRP Shares on the New York Stock Exchange (the NYSE) under the symbol KYN Pr E so that trading on such exchange will begin within 30 days after the date of this prospectus supplement, subject to notice of issuance. We have been advised by the Underwriters that they intend to make a market in the Series E MRP Shares, but they are not obligated to do so and may discontinue market-making at anytime without notice. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series E MRP Shares may be illiquid.

We intend to use the net proceeds from the sale of Series E MRP Shares to make investments in portfolio companies in accordance with our investment objective and policies, to repay indebtedness, to purchase up to $10 million of our Series A Mandatory Redeemable Preferred Shares (Series A MRP Shares) and for general corporate purposes. See Use of Proceeds in this prospectus supplement.

The Series E MRP Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Investing in Series E MRP Shares involves risk. See Risk Factors beginning on page 18 of the accompanying prospectus and Risks of Investing in Mandatory Redeemable Preferred Shares on page S-7 of this prospectus supplement.

	Per Share	**Total**
Initial price to public	$ 25.00	$ 120,000,000
Underwriting discount	$ 0.50	$ 2,400,000
Proceeds before expenses to the Company	$ 24.50	$ 117,600,000

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Series E MRP Shares will be ready for delivery on or about March 21, 2012.

Joint Book-Running Managers

BofA Merrill Lynch Citigroup Wells Fargo Securities

March 14, 2012.

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Prospectus Supplement

Prospectus

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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, and the Underwriters 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, and the Underwriters 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 Series E MRP Shares. Our business, financial condition, results of operations and prospects may have changed since that date.

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

Capitalized terms used but not defined in this prospectus supplement shall have the meanings given to such terms in the Articles Supplementary setting forth the rights and preferences of the Series E MRP Shares (the Articles Supplementary). The Articles Supplementary are available from us upon request.

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 supplement, the accompanying prospectus or the SAI 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, plan, predict, anticipate, estimate, ap 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, the accompanying prospectus or the SAI, including the risks outlined under Risks of Investing in Mandatory Redeemable Preferred Shares in this prospectus supplement and under Risk Factors in the accompanying prospectus, will be important in determining future results. In addition, several factors that could materially

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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 that you should consider before investing in our mandatory redeemable preferred stock. You should read carefully the entire prospectus supplement, the accompanying prospectus, including the sections entitled Risk Factors beginning on page 18 of the accompanying prospectus and Risks of Investing in Mandatory Redeemable Preferred Shares on page S-7 of this prospectus supplement.

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 currently outstanding shares of common stock are listed on the NYSE under the symbol KYN.

We began investment activities in September 2004. As of February 29, 2012, we had net assets applicable to our common stock of approximately $2.5 billion and total assets of approximately $4.4 billion.

As of February 29, 2012, we had $1.1 billion of total leverage outstanding. This leverage is comprised of debt (senior notes and borrowings under our revolving credit facility) and mandatory redeemable preferred stock. Under normal market conditions, our policy is to use leverage that represents approximately 30% of total assets. As of February 29, 2012, we had $775 million in senior unsecured notes outstanding through 13 series of notes with maturity dates ranging from June 2012 to November 2022 (the Senior Notes).

On March 5, 2012, we issued 7,500,000 shares of our common stock at a price per share equal to $31.51 pursuant to an underwritten public offering. We received net proceeds from such offering of approximately $227 million. In connection with the March 5, 2012 common stock offering, we granted the underwriters for such offering an option exercisable through April 14, 2012 to purchase up to 1,125,000 additional shares of common stock to cover overallotments, if any. As of March 14, 2012, the underwriters have not exercised this option.

We have paid distributions to 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 MLPs or other Midstream Energy Companies, 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). On January 13, 2012, we paid a quarterly distribution of $0.51 per share to 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.

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) . Each of KAFA and KACALP is an SEC-registered investment adviser.

As of January 31, 2012, Kayne Anderson and its affiliates managed approximately $14.5 billion, including approximately $9.1 billion in MLPs and other Midstream Energy

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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.

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., or 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 include unrated debt securities of private companies.

As of February 29, 2012, we held $4.1 billion in equity securities and $70 million in debt securities. Our top 10 largest holdings by issuer as of that date were:

	Company	Sector	Units (in thousands)	Amount ($ millions)	Percent of Long-Term Investments
1.	Enterprise Products Partners L.P.	Midstream MLP	7,396	$383.7	9.2%
2.	Kinder Morgan Management, LLC	MLP Affiliate	3,900	312.7	7.5
3.	Plains All American Pipeline, L.P.	Midstream MLP	3,161	261.4	6.3
4.	MarkWest Energy Partners, L.P.	Midstream MLP	3,920	234.5	5.6
5.	Energy Transfer Equity, L.P.	General Partner MLP	4,425	192.4	4.6
6.	Magellan Midstream Partners, L.P.	Midstream MLP	2,316	169.5	4.1
7.	Regency Energy Partners L.P.	Midstream MLP	6,393	169.4	4.1
8.	El Paso Pipeline Partners, L.P.	Midstream MLP	4,345	159.3	3.8
9.	Williams Partners L.P	Midstream MLP	2,509	156.1	3.7
10.	ONEOK, Partners, L.P.	Midstream MLP	2,397	139.5	3.3

The Offering

Issuer	Kayne Anderson MLP Investment Company
Series E MRP Shares Offered	4,800,000 Series E MRP Shares, $25.00 liquidation preference per share ($120 million aggregate liquidation preference). The Series E MRP Shares are being offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Wells Fargo Securities, LLC (the Underwriters).
Dividend Rate	The Series E MRP Shares will pay monthly cash dividends at a rate of 4.25% per annum. The dividend rate is subject to adjustment (but will not in any event be lower than 4.25%) in certain circumstances. See Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Dividends and Dividend Periods Fixed Dividend Rate, Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Dividends and Dividend Periods Adjustment to Fixed Dividend Rate Ratings and Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Dividends and Dividend Periods Default Rate Default Period in this prospectus supplement.
Dividend Payments	The holders of Series E MRP Shares will be entitled to receive cash dividends when, as and if, authorized by the Board of Directors and declared by us, out of funds legally available therefor. Dividends on the Series E MRP Shares will be payable on the first business day of each month, beginning on May 1, 2012, and upon redemption of the Series E MRP Shares (each payment date a Dividend Payment Date). The initial dividend period for the Series E MRP Shares will commence on March 21, 2012 and end on April 30, 2012. Each subsequent dividend period will be a one month period (or the portion thereof occurring prior to the redemption of such Series E MRP Shares) (each dividend period a Dividend Period). Dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of the Series E MRP Shares as their names appear on our books and records at the close of business on the 15th day of such Dividend Period (or if such day is not a business day, the next preceding business day) or, with respect to the initial Dividend Period, to holders of record of Series E MRP Shares as their names appear on our books and records at the close of business on April 16, 2012. See Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Dividends and Dividend Periods in this prospectus supplement.

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Term Redemption	We are required to redeem all outstanding Series E MRP Shares on April 1, 2019 (the Term Redemption Date) at a redemption price equal to $25.00 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the Term Redemption Date (the Redemption Price). See Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Redemption Term Redemption in this prospectus supplement.
Mandatory Redemption for Asset Coverage and Series E MRP Shares Basic Maintenance Amount	*Asset Coverage.* If we fail to maintain asset coverage of at least 225% (the Series E MRP Shares Asset Coverage) as of the close of business on the last day of any month and such failure is not cured as of the close of business on the date that is 30 days following such day, the Series E MRP Shares will be subject to mandatory redemption at the Redemption Price. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Redemption Mandatory Redemption in this prospectus supplement. *Series E MRP Shares Basic Maintenance Amount.* If we fail to maintain assets in our portfolio that have a value equal to the Series E MRP Shares Basic Maintenance Amount (as defined below) as of the close of business on the last day of any week, and such failure is not cured as of the close of business on the date that is 30 days following such day, the Series E MRP Shares will be subject to mandatory redemption at the Redemption Price. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Redemption Mandatory Redemption in this prospectus supplement. *Mandatory Redemption of Series A MRP Shares*. To the extent that a redemption of the Series A MRP Shares is required as a result of our failure to maintain either (i) asset coverage of at least 225% or (ii) assets in our portfolio that have a value equal the basic maintenance amount required by the rating agency rating the Series A MRP Shares under its specific rating agency guideline at any time, the Series E MRP Shares will be subject to mandatory redemption at the Redemption Price. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Redemption Mandatory Redemption in this prospectus supplement.
Optional Redemption	We may redeem the Series E MRP Shares at any time following March 20, 2013 at the Optional Redemption Price (as defined below) per share. On a limited basis, if at any time on or prior to March 20, 2013, the Series E MRP Shares Asset Coverage is greater than 225% but less than or equal to 235% for any 5 business days within a 10 business day period, we may redeem the Series E MRP Shares at 102% of the liquidation preference per share, plus an amount equal to the then accumulated but unpaid dividends thereon. See Description of Mandatory Redeemable

	Preferred Shares Series E MRP Shares Redemption Optional Redemption in this prospectus supplement.
Use of Proceeds	We estimate that our net proceeds from this offering after deducting the underwriting discount and estimated offering expenses payable by us will be approximately $117.4 million. We intend to use all of the net proceeds of this offering to make investments in portfolio companies in accordance with our investment objective and policies, to repay indebtedness, to purchase up to $10 million of our Series A MRP Shares and for general corporate purposes. See Use of Proceeds in this prospectus supplement.
NYSE Listing	Application has been made to list the Series E MRP Shares on the NYSE under the symbol KYN Pr E so that trading on such exchange will begin within 30 days after the date of this prospectus supplement, subject to notice of issuance. We have been advised by the Underwriters that they intend to make a market in the Series E MRP Shares, but they are not obligated to do so and may discontinue market-making at any time without notice. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series E MRP Shares may be illiquid.
Ratings	There can be no assurance that any rating obtained in connection with the offering of Series E MRP Shares will be maintained at the level originally assigned through the term of the Series E MRP Shares. The dividend rate payable on the Series E MRP Shares will be subject to an increase in the event that the rating of the Series E MRP Shares by Fitch (together with any nationally recognized statistical ratings agency then rating the Series E MRP Shares, a Rating Agency) is downgraded below A (or the equivalent of such rating by another Rating Agency), or if no Rating Agency is then rating the Series E MRP Shares. See Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Dividends and Dividend Periods Adjustment to Fixed Dividend Rate Ratings in this prospectus supplement. The Board of Directors has the right to terminate the designation of Fitch or any other Rating Agency as a Rating Agency for purposes of the Series E MRP Shares. In such event, any rating of such terminated Rating Agency, to the extent it would have been taken into account in any of the provisions of the Series E MRP Shares which are described in this prospectus supplement or included in the Articles Supplementary, will be disregarded, and only the ratings of the then-designated Rating Agency will be taken into account.
Federal Income Tax Matters	Under present law, we believe that the Series E MRP Shares will constitute equity, and thus distributions with respect to the Series E MRP Shares will generally constitute dividends to the extent of our allocable current or accumulated earnings and profits, as calculated for federal income tax purposes. Such dividends generally will be taxable as ordinary income to holders but are expected to be treated as qualified dividend income that is generally subject to

	reduced rates of federal income taxation for noncorporate investors (for taxable years beginning on or before December 31, 2012) and are also expected to be eligible for the dividends received deduction available to corporate stockholders, in each case provided that certain holding period requirements are met. See Federal Income Tax Matters in this prospectus supplement.
Redemption and Paying Agent	American Stock Transfer & Trust Company
Risk Factors	See Risk Factors and other information included in the accompanying prospectus, as well as Risks of Investing in Mandatory Redeemable Preferred Shares in this prospectus supplement, for a discussion of factors you should carefully consider before deciding to invest in Series E MRP Shares.

RISKS OF INVESTING IN MANDATORY REDEEMABLE PREFERRED SHARES

Investing in any of our securities involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment. Therefore, before investing in the Series E MRP Share you should consider carefully the following risks, as well as the risk factors set forth under Risk Factors beginning on page 18 of the accompanying prospectus.

Interest Rate Risk

Our Series E MRP Shares pay dividends at a fixed dividend rate. Prices of fixed income investments vary inversely with changes in market yields. The market yields on intermediate term securities comparable to Series E MRP Shares may increase, which would likely result in a decline in the secondary market price of Series E MRP Shares prior to their term redemption.

Secondary Market and Delayed Listing Risk

Because we have limited prior trading history for exchange-listed preferred shares, it is difficult to predict the trading patterns of Series E MRP Shares, including the effective costs of trading Series E MRP Shares. Moreover, the Series E MRP Shares will not be immediately tradable on a stock exchange after the date of the offering and during this time period, an investment in Series E MRP Shares will be illiquid. Even after the Series E MRP Shares are listed on the NYSE as anticipated, there is a risk that the market for Series E MRP Shares may be thinly traded and relatively illiquid compared to the market for other types of securities, with the spread between the bid and asked prices considerably greater than the spreads of other securities with comparable terms and credit ratings.

Early Redemption Risk

We may voluntarily redeem Series E MRP Shares or may be forced to redeem Series E MRP Shares to meet regulatory requirements or asset coverage requirements. Such redemptions may be at a time that is unfavorable to holders of Series E MRP Shares. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series E MRP Shares Redemption in this prospectus supplement.

Reinvestment Risk

Given the multi-year term and potential for early redemption of Series E MRP Shares, holders of Series E MRP Shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of Series E MRP Shares may be lower than the return previously obtained from an investment in Series E MRP Shares.

Credit Crisis and Liquidity Risk

General market uncertainty and extraordinary conditions in the credit markets may impact the liquidity of our investment portfolio, which in turn, during extraordinary circumstances, could impact our distributions and/or the liquidity of the Term Redemption Liquidity Account. Furthermore, there may be market imbalances of sellers and buyers of Series E MRP Shares during periods of extreme illiquidity and volatility. Such market conditions may lead to periods of thin trading in any secondary market for the Series E MRP Shares and may make valuation of the Series E MRP Shares uncertain. As a result, the spread between bid and asked prices is likely to increase significantly such that a Series E MRP Shares investor may have greater difficulty selling his or her Series E MRP Shares. Less liquid and more volatile trading environments could result in sudden and significant valuation increases or declines in market price for Series E MRP Shares.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Series E MRP Shares that we are offering will be approximately $117.4 million, after payment of the underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds of this offering to make investments in portfolio companies in accordance with our investment objective and policies, to repay indebtedness, to purchase up to $10 million of our Series A MRP Shares and for general corporate purposes. We anticipate that we will be able to invest the net proceeds within one to two 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 distributions to common stockholders and reduce the amount of cash available to make dividend payments on preferred stock and debt securities, respectively.

At February 29, 2012, we had outstanding borrowings on the revolving credit facility of $76 million and the interest rate was 3.19%. Any borrowings under our revolving credit facility will be used to fund investments in portfolio companies and for general corporate purposes. Amounts repaid under our revolving credit facility will remain available for future borrowings. Affiliates of some of the Underwriters are lenders under our revolving credit facility and will receive a pro rata portion of the net proceeds from this offering, if any, used to reduce amounts outstanding under our credit facility. See Underwriting Affiliations Conflicts of Interests in this prospectus supplement.

CAPITALIZATION

The following table sets forth our capitalization: (i) as of November 30, 2011, (ii) as adjusted to give effect to the issuance of 7,500,000 shares of common stock on March 5, 2012 and (ii) as adjusted for this offering to give effect to the issuance of the Series E MRP Shares offered hereby and the issuance of 7,500,000 shares of common stock on March 5, 2012. As indicated below, common stockholders will bear the offering costs associated with this offering.

	As of November 30, 2011 (Unaudited)		
	Actual	As Adjusted	As Adjusted for this Offering
	($ in 000s, except per share data)		
Repurchase Agreements, Cash and Cash Equivalents	$53,830	$280,505	$397,905(1)
Short-Term Debt:			
Revolving Credit Facility			(1)
Senior Notes Series I (2)	60,000	60,000	60,000
Long-Term Debt:			
Senior Notes Series K (2)	125,000	125,000	125,000
Senior Notes Series M (2)	60,000	60,000	60,000
Senior Notes Series N (2)	50,000	50,000	50,000
Senior Notes Series O (2)	65,000	65,000	65,000
Senior Notes Series P (2)	45,000	45,000	45,000
Senior Notes Series Q (2)	15,000	15,000	15,000
Senior Notes Series R (2)	25,000	25,000	25,000
Senior Notes Series S (2)	60,000	60,000	60,000
Senior Notes Series T (2)	40,000	40,000	40,000
Senior Notes Series U (2)	60,000	60,000	60,000
Senior Notes Series V (2)	70,000	70,000	70,000
Senior Notes Series W (2)	100,000	100,000	100,000
Total Debt:	$775,000	$775,000	$775,000
Mandatory Redeemable Preferred Stock:			
Series A MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (4,400,000 shares issued and outstanding, 4,400,000 shares authorized) (2)	$110,000	$110,000	$110,000(1)
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	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	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	100,000

Series E MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (4,800,000 shares issued and outstanding as adjusted for this offering, 4,800,000 shares authorized) (2) (3)			120,000
Common Stockholders Equity:			
Common stock, $0.001 par value per share, 189,600,000 shares authorized (75,130,209 shares issued and outstanding; 82,630,209 shares issued and outstanding as adjusted) (2) (3) (4) (5)	$75	$83	$83
Paid-in capital (6)	1,369,132	1,595,799	1,595,799
Accumulated net investment loss, net of income taxes, less dividends	(335,774)	(335,774)	(335,774)
Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	195,655	195,655	195,655
Net unrealized gains on investments and options, net of income taxes	800,515	800,515	800,515
Net assets applicable to common Stockholders	$2,029,603	$2,256,278	$2,256,278

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(1) As described under Use of Proceeds in this prospectus supplement, 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, to purchase up to $10 million of our Series A MRP Shares and for general corporate purposes. 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.

(2) We do not hold any of these outstanding securities for our account.

(3) The Articles Supplementary provide that 4,800,000 shares of authorized but unissued common stock shall be classified and designated as 4,800,000 shares of Series E MRP Shares, $0.001 par value per share. As adjusted for this offering, there will be 184,800,000 shares of common stock authorized.

(4) In connection with the March 5, 2012 common stock offering, we granted the underwriters for such offering an option exercisable through April 14, 2012 to purchase up to an additional 1,125,000 shares of common stock to cover overallotments, if any. As of March 14, 2012, the underwriters for the March 5, 2012 common stock offering have not exercised this option. This row does not reflect the issuance of any shares that may be issued in connection with such underwriters overallotment option.

(5) On January 13, 2012, we issued 238,654 shares of common stock pursuant to our dividend reinvestment plan which are not reflected in the as adjusted shares issued and outstanding.

(6) As adjusted, additional paid-in capital reflects the issuance of shares of common stock offered in the March 5, 2012 common stock offering ($236,325), less $0.001 par value per share of common stock ($8), less the underwriting discounts and commissions ($9,450) and less the net estimated offering costs borne by us ($200) related to the issuance of shares of common stock.

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ASSET COVERAGE REQUIREMENTS

The 1940 Act and the Rating Agency rating the Series E MRP Shares impose asset coverage requirements that may limit our ability to engage in certain types of transactions and may limit our ability to take certain actions without confirming with the Rating Agency that such action will not impair the ratings.

We are required to satisfy two separate asset maintenance requirements with respect to outstanding Series E MRP Shares: (1) we must maintain assets in our portfolio that have a value, discounted in accordance with guidelines set forth by the Rating Agency, at least equal to the aggregate liquidation preference of the Series E MRP Shares, plus specified liabilities, payment obligations and other amounts as set forth by the Rating Agency (the Series E MRP Shares Basic Maintenance Amount); and (2) we must satisfy the 1940 Act asset coverage requirements. Further details about the components of the Series E MRP Shares Basic Maintenance Amount can be found in the Articles Supplementary. The Rating Agency may amend its guidelines from time to time.

In order to meet the 1940 Act asset coverage requirements, we must maintain, with respect to our outstanding preferred stock, asset coverage of at least 200%. Notwithstanding the foregoing, we have agreed, while the Series E MRP Shares are outstanding, to maintain the Series E MRP Shares Asset Coverage (or asset coverage of at least 225%). We estimate that based on the composition of our portfolio as of February 29, 2012, our asset coverage, after giving effect to this offering, would be:

	($ in millions)		
Value of Company assets less all liabilities and indebtedness not represented by senior securities	$3,724		
	– –	=	303%
Senior securities representing indebtedness, plus the aggregate liquidation preference of all outstanding Preferred Shares	$1,231		

A copy of the current Rating Agency Guidelines will be provided to any holder of Series E MRP Shares promptly upon written request by such holder to the Company at 717 Texas Avenue, Suite 3100, Houston, Texas 77002. See Rating Agency Guidelines in the accompanying prospectus for a more detailed description of our asset maintenance requirements.

DESCRIPTION OF MANDATORY REDEEMABLE PREFERRED SHARES

The following is a brief description of the terms of the Series E MRP Shares. This description does not purport to be complete and is subject to and qualified in its entirety by reference to the more detailed description of the Mandatory Redeemable Preferred Shares in the Articles Supplementary, a copy of which is filed as an exhibit to our registration statement.

General

As of February 29, 2012, our authorized capital consisted of 189,600,000 shares of common stock, $0.001 par value per share; 4,400,000 shares of Series A Mandatory Redeemable Preferred Stock, $0.001 par value per share (the Series A MRP Shares); 320,000 shares of Series B Mandatory Redeemable Preferred Stock, $0.001 par value per share (the Series B MRP Shares); 1,680,000 shares of Series C Mandatory Redeemable Preferred Stock, $0.001 par value per share (the Series C MRP Shares); and 4,000,000 shares of Series D Mandatory Redeemable Preferred Stock, $0.001 par value per share (the Series D MRP Shares). In addition, the Articles Supplementary provide that 4,800,000 shares of common stock shall be classified and designated as an aggregate of 4,800,000 Series E MRP Shares with the rights, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption as set forth in the Articles Supplementary.

As of February 29, 2012, there were no outstanding options or warrants to purchase our stock. In connection with the March 5, 2012 common stock offering, we granted the underwriters for such offering an option exercisable through April 14, 2012 to purchase up to an additional 1,125,000 shares of common stock to cover overallotments, if any. As of March 14, 2012, the underwriters have not exercised this option. No stock has been authorized for issuance under any equity compensation plans.

Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

Under our Charter, our Board of Directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock and authorize the issuance of shares of stock on a parity with the Series A MRP Shares, Series B MRP Shares, Series C MRP Shares, the Series D MRP Shares and the Series E MRP Shares with preferences, rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption as determined by the Board of Directors without obtaining stockholder approval. As permitted by the Maryland General Corporation Law, our Charter provides that the Board of Directors, without any action by our stockholders, may amend the Charter from time to time to increase or decrease the aggregate number of shares or stock or the number of shares of stock of any class or series that we have authority to issue.

Series E MRP Shares

The Series E MRP Shares have a liquidation preference of $25.00 per share, plus all accumulated but unpaid dividends (whether or not earned or declared) to the date of final distribution. The Series E MRP Shares when issued and sold through this offering (1) will be fully paid and non-assessable, (2) will not be convertible into shares of our common stock or any other security and (3) will have no preemptive rights. The Series E MRP Shares will be subject to optional and mandatory redemption as described below under Redemption.

Holders of Series E MRP Shares will not receive certificates representing their ownership interest in such shares. The Depository Trust Company will initially act as Securities Depository with respect to the Series E MRP Shares.

American Stock Transfer & Trust Company will act as the transfer agent, registrar and paying agent (paying agent) for the Series E MRP Shares. Furthermore, the paying agent will send notices to holders of

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Series E MRP Shares of any meeting at which holders of Series E MRP Shares have the right to vote. See Voting Rights below. However, the paying agent generally will serve merely as our agent, acting in accordance with our instructions.

We will have the right (to the extent permitted by applicable law and our Charter) to purchase or otherwise acquire any Series E MRP Shares, so long as we are current in the payment of dividends on the Series E MRP Shares and on any of our other preferred shares.

Dividends and Dividend Periods

General. Holders of Series E MRP Shares will be entitled to receive monthly cumulative cash dividends, when, as and if authorized by the Board of Directors and declared by us, out of funds legally available therefor, on the initial Dividend Payment Date with respect to the initial Dividend Period and, thereafter, on each Dividend Payment Date with respect to a subsequent Dividend Period at the rate per annum (the Dividend Rate) equal to the Applicable Rate (or the Default Rate) for each Dividend Period. The Applicable Rate is computed on the basis of a 360 day year consisting of twelve 30 day months. Dividends so authorized and declared and payable shall be paid to the extent permitted under Maryland law and to the extent available and in preference to and priority over any distribution declared and payable on our common stock. For a description of the tax treatment of distributions paid on the Series E MRP Shares, see Federal Income Tax Matters in this prospectus supplement.

Fixed Dividend Rate. The Applicable Rate is an annual rate of 4.25% for Series E MRP Shares and may be adjusted upon a change in the credit rating of the Series E MRP Shares.

Payment of Dividends and Dividend Periods. Dividends on the Series E MRP Shares will be payable on the first business day of each month, beginning May 1, 2012 and upon redemption of the Series E MRP Shares. The initial Dividend Period for the Series E MRP Shares will commence on March 21, 2012 and end on April 30, 2012 and each subsequent Dividend Period will be a one month period (or the portion thereof occurring prior to the redemption of such Series E MRP Shares). Dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Series E MRP Shares as their names shall appear on our books and records, at the close of business on the 15th day of such Dividend Period (or if such day is not a business day, the next preceding business day) or, with respect to the initial Dividend Period, to holders of record of Series E MRP Shares as their names shall appear on our books and records at the close of business on April 16, 2012 (each, a Record Date). Dividends payable on any Series E MRP Shares for any period of less than a full monthly Dividend Period (or a period of more than a full monthly Dividend Period in the case of the initial Dividend Period) or upon any redemption of such shares on any redemption date other than on a Dividend Payment Date, will be computed on the basis of the actual number of days elapsed for any period divided by 360.

Adjustment to Fixed Dividend Rate Ratings. So long as the Series E MRP Shares are rated on any date no less than A by Fitch (or no less than the equivalent of such rating by another Rating Agency), then the Dividend Rate for such series of shares will be equal to the Applicable Rate. If the highest credit rating assigned by Fitch (or any other rating agency) on any date to the outstanding Series E MRP Shares is equal to one of the ratings set forth in the table below, the Dividend Rate applicable to such outstanding shares for such date will be adjusted by adding the respective enhanced dividend amount (which shall not be cumulative) set forth opposite such rating to the Applicable Rate.

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Dividend Rate Adjustment Schedule

Fitch Rating	Enhanced Dividend Amount
A-	0.75%
BBB+	1.00%
BBB	1.25%
BBB-	1.50%
BB+ or lower	4.00%

We shall use our reasonable best efforts to cause at least one Rating Agency to maintain a current rating on the outstanding Series E MRP Shares. If no Rating Agency is rating the outstanding Series E MRP Shares, the Dividend Rate (so long as no such rating exists) applicable to the Series E MRP Shares for such date shall be a rate equal to the Applicable Rate plus 4.00%, unless the Dividend Rate is the Default Rate, in which case the Dividend Rate shall remain the Default Rate.

The Board of Directors has the right to terminate the designation of Fitch or any other Rating Agency as a Rating Agency for purposes of the Series E MRP Shares. In such event, any rating of such terminated Rating Agency, to the extent it would have been taken into account in any of the provisions of the Series E MRP Shares which are described in this prospectus supplement or included in the Articles Supplementary, will be disregarded, and only the rating of the then-designated Rating Agency will be taken into account. If a Rating Agency replaces any credit rating used in the determination of the Dividend Rate with a replacement credit rating, references to the replaced credit rating shall thereafter refer to the replacement credit rating. No adjustment to the Dividend Rate shall result in the Dividend Rate being less than the Applicable Rate.

Default Rate Default Period. The Dividend Rate will be the Default Rate in the following circumstances. Subject to the cure provisions below, a Default Period with respect to Series E MRP Shares will commence on any Dividend Payment Date or any date on which the Company would be required to redeem any Series E MRP Shares assuming none of the conditions of the Special Proviso (as defined below) were applicable if we fail to deposit irrevocably in trust in same-day funds, with the paying agent by 3:00 p.m., New York City time, (i) the full amount of any dividends on the Series E MRP Shares payable on the Dividend Payment date (a Dividend Default) or (ii) the full amount of any redemption price payable with respect to any redemption required assuming none of the conditions of the Special Proviso exist (the Redemption Date) (a Redemption Default and, together with a Dividend Default, hereinafter referred to as a Default). Subject to the cure provisions in the next paragraph below, a Default Period with respect to a Default or a Redemption Default shall end on the business day on which, by 12:00 noon, New York City time, an amount equal to all unpaid dividends and any unpaid redemption price shall have been deposited irrevocably in trust in same-day funds with the paying agent. In the case of a Dividend Default, the Dividend Rate for each day during the Default Period will be equal to the Default Rate. The Default Rate for any calendar day shall be equal to the Applicable Rate in effect on such day plus five percent (5.00%) per annum.

No Default Period with respect to a Dividend Default or Redemption Default will be deemed to commence if the amount of any dividend or any redemption price due (if such default is not solely due to our willful failure) is deposited irrevocably in trust, in same-day funds with the paying agent by 12:00 noon, New York City time, within three business days after the applicable Dividend Payment Date or Redemption Date, together with an amount equal to the Default Rate applied to the amount and period of such non-payment based on the number of days comprising such period divided by 360.

Mechanics of Payment of Dividends. Not later than 3:00 p.m., New York City time, on the business day next preceding each Dividend Payment Date, we are required to deposit with the paying agent sufficient funds for the payment of dividends. We do not intend to establish any reserves for the payment of dividends. All

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amounts paid to the paying agent for the payment of dividends will be held irrevocably in trust for the payment of such dividends to the holders of Series E MRP Shares. Dividends will be paid by the paying agent to the holders of Series E MRP Shares as their names appear on our books and records on the Record Date. Dividends that are in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Such payments are made to holders of Series E MRP Shares as their names appear on our books and records at the close of business on the 15th day of such Dividend Period (or if such day is not a business day, the next preceding business day) or, with respect to the initial Dividend Period, to holders of record of Series E MRP Shares as their names appear on our books and records at the close of business on April 16, 2012. Any payment of dividends in arrears will first be credited against the earliest accumulated but unpaid dividends. No interest will be payable in respect of any dividend payment or payments on any Series E MRP Shares which may be in arrears. See Default Rate Default Period above.

Upon failure to pay dividends for two years or more, the holders of Series E MRP Shares will acquire certain additional voting rights. See Voting Rights below. Such rights shall be the exclusive remedy of the holders of Series E MRP Shares upon any failure to pay dividends on Series E MRP Shares.

Redemption

Term Redemption. We are required to redeem all of the Series E MRP Shares on the Term Redemption Date, at the Redemption Price.

Optional Redemption. To the extent permitted under the 1940 Act and Maryland law, we may, at our option, redeem Series E MRP Shares, in whole or in part, out of funds legally available therefor, at any time and from time to time, upon not less than 30 calendar days nor more than 40 calendar days prior notice. This optional redemption is limited during the first year the Series E MRP Shares are outstanding to situations in which the Series E MRP Shares Asset Coverage is greater than 225%, but less than 235% for any five business days within a 10 business day period. The amount of Series E MRP Shares that may be redeemed during the first year may not exceed an amount that results in a Series E MRP Share Asset Coverage of more than 250% pro forma for such redemption. At any time on or prior to March 20, 2013, subject to the foregoing conditions, we may redeem Series E MRP Shares at a price per share equal to 102% of the liquidation preference per share, plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for redemption. After March 20, 2013, subject to the foregoing conditions and to the extent permitted under the 1940 Act, we may redeem the Series E MRP Shares at the Optional Redemption Price per share. The Optional Redemption Price shall equal the product of the percentage provided below, as applicable, and the liquidation preference per share, plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for redemption:

Time Periods	**Percentage**
After March 20, 2013 and on or before March 20, 2014	101.0%
After March 20, 2014 and on or before March 20, 2015	100.5%
After March 20, 2015 and on or before the Term Redemption Date	100.0%

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

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

We also reserve the right to repurchase Series E MRP Shares in market or other transactions from time to time in accordance with applicable law and our Charter and at a price that may be more or less than the liquidation preference of the Series E MRP Shares, but we are under no obligation to do so.

Mandatory Redemption. If, while any Series E MRP Shares are outstanding, we fail to maintain the Series E MRP Shares Asset Coverage as of the last day of any month or the Series E MRP Shares Basic Maintenance Amount as of any valuation date (any such day, an Asset Coverage Cure Date), and such failure is not cured as of the date that is 30 days from such Asset Coverage Cure Date (any such day, a Cure Date), the Series E MRP Shares will be subject to mandatory redemption out of funds legally available therefor at the Redemption Price; provided, however, that if a redemption of the Series A MRP Shares is required as a result of our failure to maintain either (i) asset coverage of at least 225% or (ii) the basic maintenance amount required by the rating agency rating the Series A MRP Shares under its specific rating agency guideline in effect at such time, a pro rata redemption of the Series E MRP Shares shall also be required. See Rating Agency Guidelines 1940 Act Asset Coverage in the accompanying prospectus, but note that we have agreed, while the Series E MRP Shares are outstanding, to maintain asset coverage of at least 225% instead of 200%.

The number of Series E MRP Shares to be redeemed under these circumstances will be equal to the product of (1) the quotient of the number of outstanding Series E MRP Shares divided by the aggregate number of our outstanding Preferred Shares, including the Series E MRP Shares, and (2) the minimum number of Preferred Shares the redemption of which would result in our satisfying the Series E MRP Shares Asset Coverage or Series E MRP Shares Basic Maintenance Amount, as the case may be, in each case as of the relevant Cure Date (provided that, if there is no such minimum number of shares the redemption of which would have such result, all Series E MRP Shares then outstanding will be redeemed).

We shall allocate the number of shares required to be redeemed to satisfy the Series E MRP Shares Asset Coverage or Series E MRP Shares Basic Maintenance Amount, as the case may be, pro rata among the holders of Series E MRP Shares in proportion to the number of shares they hold, by lot or by such other method as we shall deem fair and equitable, subject to any mandatory redemption provisions.

We are required to effect such a mandatory redemption not sooner than 30 days or later than 40 days after the Cure Date, (the Mandatory Redemption Date), except that if we (1) do not have funds legally available for the redemption of, (2) are not permitted under any agreement or instrument relating to or evidencing indebtedness of the Company to redeem, or (3) are not otherwise legally permitted to redeem, all of the required number of Series E MRP Shares and shares of any other class or series of Preferred Stock that are subject to mandatory redemption (we refer to clauses (1), (2) and (3) of this sentence as the Special Proviso), or we otherwise are unable to effect such redemption on or prior to such Mandatory Redemption Date; then we shall redeem those Series E MRP Shares and shares of any other class or series of Preferred Stock on the earliest practical date on which we will have such funds available and is not otherwise prohibited from redeeming pursuant to any agreements or instruments or applicable law, upon notice to record holders of the Preferred Shares that are subject to mandatory redemption and the paying agent. Our ability to make a mandatory redemption may be limited by the provisions of the 1940 Act or Maryland law.

Redemption Procedure. In the event of a redemption, we will file a notice of our intention to redeem any Series E MRP Shares with the SEC under Rule 23c-2 under the 1940 Act or any successor provision, to the extent applicable.

We also shall deliver a notice of redemption to the paying agent and the holders of Series E MRP Shares to be redeemed not less than 30 days nor more than 40 days prior to the applicable redemption date (Notice of Redemption).

The Notice of Redemption will be addressed to the registered owners of the Series E MRP Shares at their addresses appearing on our books or records. Such notice will set forth (1) the redemption date, (2) the number and identity of Series E MRP Shares to be redeemed, (3) the redemption price (specifying the amount of accumulated dividends to be included therein and the amount of the redemption premium, if any), (4) that dividends on the shares to be redeemed will cease to accumulate on such redemption date, and (5) the provision under the Articles Supplementary by which redemption shall be made. No defect in the Notice of Redemption or in the transmittal or mailing thereof will affect the validity of the redemption proceedings, except as required by applicable law.

If less than all of the Series E MRP Shares are to be redeemed on any date, the shares per holder to be redeemed on such date will be selected by us on a pro rata basis in proportion to the number of shares held by such holder, by lot or by such other method as is determined by us to be fair and equitable.

If Notice of Redemption has been given, then upon the deposit with the paying agent of funds sufficient to effect such redemption, dividends on such shares will cease to accumulate and such shares will be no longer deemed to be outstanding for any purpose and all rights of the holders of the shares so called for redemption will cease and terminate, except the right of the holders of such shares to receive the redemption price, but without any interest or additional amount. Upon written request, we shall be entitled to receive from the paying agent, promptly after the date fixed for redemption, any cash deposited with the paying agent in excess of (1) the aggregate redemption price of the Series E MRP Shares called for redemption on such date and (2) such other amounts, if any, to which holders of Series E MRP Shares called for redemption may be entitled. Any funds so deposited that are unclaimed two years after such redemption date will be paid, to the extent permitted by law, by the paying agent to us upon our request. Subsequent to such payment, holders of Series E MRP Shares called for redemption may look only to us for payment.

To the extent that any redemption for which a Notice of Redemption has been given is not made by reason of the Special Proviso, such redemption shall be made as soon as practicable to the extent such funds become legally available or such redemption is no longer otherwise prohibited. Failure to redeem Series E MRP Shares shall be deemed to exist when we shall have failed, for any reason whatsoever, to deposit with the Paying Agent on or prior to the date fixed for redemption the redemption price with respect to any shares for which such Notice of Redemption has been given in accordance with the Articles Supplementary. Notwithstanding the fact that we may not have redeemed Series E MRP Shares for which a Notice of Redemption has been given, dividends may be declared and paid on Series E MRP Shares and shall include those Series E MRP Shares for which Notice of Redemption has been given but for which deposit of funds has not been made.

So long as any Series E MRP Shares are held of record by the nominee of the Securities Depository, the redemption price for such shares will be paid on the redemption date to the nominee of the Securities Depository. The Securities Depository s normal procedures provide for it to distribute the amount of the redemption price to its agent members who, in turn, are expected to distribute such funds to the persons for whom they are acting as agent.

Notwithstanding the provisions for redemption described above, no Series E MRP Shares may be redeemed unless all dividends in arrears on the outstanding Series E MRP Shares, and any of our shares ranking on a parity with the Series E MRP Shares with respect to the payment of dividends or upon liquidation, have been or are being contemporaneously paid or set aside for payment, except in connection with our liquidation, in which case all Series E MRP Shares and all shares ranking in parity with the Series E MRP Shares must receive proportionate amounts. At any time we may purchase or acquire all the outstanding Series E MRP Shares pursuant to the successful completion of an otherwise lawful purchase or exchange offer made on the same terms to, and accepted by, holders of all outstanding Series E MRP Shares.

Except for the provisions described above, nothing contained in the Articles Supplementary limits any legal right of ours to purchase or otherwise acquire any Series E MRP Shares at any price, whether higher or lower than the price that would be paid in connection with an optional or mandatory redemption, so long as, at the time of any such purchase, there is no arrearage in the payment of dividends on, or the mandatory or optional redemption price with respect to, any Series E MRP Shares for which Notice of Redemption has been given and we are in compliance with the Series E MRP Shares Asset Coverage and the Series E MRP Shares Basic Maintenance Amount after giving effect to such purchase or acquisition on the date thereof. Any shares purchased, redeemed or otherwise acquired by us shall be returned to the status of authorized but unissued shares of common stock. If less than all outstanding Series E MRP Shares are redeemed or otherwise acquired by us, we shall give notice of such transaction to the paying agent, in accordance with the procedures agreed upon by the Board of Directors.

Term Redemption Liquidity Account

On or prior to November 30, 2018 (the Liquidity Account Initial Date), we will cause the custodian to segregate, by means of appropriate identification on its books and records or otherwise in accordance with the custodian s normal procedures, from our other assets (the Term Redemption Liquidity Account) Deposit Securities (each a Liquidity Account Investment and collectively, the Liquidity Account Investments) with an aggregate Market Value equal to at least 110% of the Term Redemption Amount (as defined below) with respect to such Series E MRP Shares.

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

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

The Liquidity Account Investments included in the Term Redemption Liquidity Account may be applied by us, in our discretion, towards payment of the Redemption Price. The Series E MRP Shares shall not have any preference or priority claim with respect to the Term Redemption Liquidity Account or any Liquidity Account Investments deposited therein. Upon the deposit by us with the Paying Agent of Liquidity Account Investments having an initial combined Market Value sufficient to effect the redemption of the Series E MRP Shares on the Term Redemption Date, the requirement to maintain the Term Redemption Liquidity Account as described above will lapse and be of no further force and effect.

Voting Rights

Except as otherwise indicated in our Charter or Bylaws, or as otherwise required by applicable law, holders of our preferred stock (including our Series E MRP Shares) have one vote per share and vote together with holders of common stock as a single class on all matters submitted to our stockholders. See Description of Capital Stock Preferred Stock Voting Rights in the accompanying prospectus.

The 1940 Act requires that the holders of any preferred stock (including our Series E MRP Shares), voting separately as a single class, have the right to elect at least two directors at all times. The remaining directors will be elected by holders of common stock and preferred stock (including our Series E MRP Shares), voting together as a single class. In addition, the holders of any shares of our preferred stock (including our Series E MRP Shares) have the right to elect a majority of the directors at any time two years accumulated dividends on our preferred stock (including our Series E MRP Shares) are unpaid or at any other time provided for under the 1940 Act. The 1940 Act also requires that, in addition to any approval by stockholders that might otherwise be required, the approval of the holders of a majority of shares of our outstanding preferred stock (including our Series E MRP Shares), voting separately as a class, would be required to (i) adopt any plan of reorganization that would adversely affect our Series E MRP Shares, and (ii) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in our subclassification as a closed-end investment company or changes in our fundamental investment restrictions. See Description of Capital Stock Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws in the accompanying prospectus.

The affirmative vote of the holders of a majority of our outstanding preferred stock (including our Series E MRP Shares) determined with reference to a 1940 Act Majority (as defined in our Charter), voting as a separate class, will be required to (1) approve any plan of reorganization (as such term is used in the 1940 Act) adversely affecting such shares or any action requiring a vote of our security holders under Section 13(a) of the 1940 Act, (2) amend, alter or repeal any of the preferences, rights or powers of holders of our preferred stock (including our Series E MRP Shares) so as to affect materially and adversely such preferences, rights or powers (3) approve the issuance of shares of any class of stock (or the issuance of a security convertible into, or a right to purchase, shares of a class or series) ranking senior to our preferred stock (including our Series E MRP Shares) with respect to the payment of dividends or the distribution of assets, (4) approve our liquidation or dissolution, (5) approve, in certain circumstances, the creation, incurrence or existence of any material lien, mortgage, pledge, charge, security interest, security agreement, conditional sale or trust receipt or other material encumbrance of any kind upon any of our assets as a whole and (6) create, authorize, issue, incur or suffer to exist any indebtedness for borrowed money or any direct or indirect guarantee of such indebtedness for borrowed money or any direct or indirect guarantee of such indebtedness, except as may be permitted by our investment restrictions or the 1940 Act.

The affirmative vote of the holders of a majority of our outstanding Series E MRP Shares determined with reference to a 1940 Act Majority, voting separately as a series, will be required with respect to any matter that materially and adversely affects the rights, preferences, or powers of the Series E MRP Shares in a manner different from that of our other separate series or classes of stock.

The foregoing voting provisions will not apply with respect to the Series E MRP Shares if, at or prior to the time when a vote is required, such shares have been (i) redeemed or (ii) called for redemption and sufficient funds shall have been deposited in trust to effect such redemption.

The class vote of holders of our preferred stock described above will in each case be in addition to any other vote required to authorize the action in question.

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FEDERAL INCOME TAX MATTERS

The following is a general summary of certain federal income tax considerations regarding the ownership and disposition of Series E MRP Shares. This discussion is based on the provisions of the U.S. Internal Revenue Code of 1986, as amended (the Code), the applicable Treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practice, all of which are subject to change, possibly on a retroactive basis. There can be no assurance that the Internal Revenue Service (the IRS) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to such consequences. This discussion does not purport to be complete or to deal with all aspects of federal income taxation that may be relevant to holders in light of their particular circumstances or who are subject to special rules, such as banks, thrift institutions and certain other financial institutions, real estate investment trusts, regulated investment companies, insurance companies, brokers and dealers in securities or currencies, certain securities traders, tax-exempt investors, individual retirement accounts, certain tax-deferred accounts, and foreign investors. Tax matters are very complicated, and the tax consequences of an investment in and holding of Series E MRP Shares will depend on the particular facts of each investor s situation. Investors are urged to consult their own tax advisors with respect to the application to their own circumstances of the general federal income taxation rules described below and with respect to other federal, state, local or foreign tax consequences to them before making an investment in Series E MRP Shares. Unless otherwise noted, this discussion assumes that investors are U.S. persons for federal income tax purposes and hold Series E MRP Shares as capital assets. For more detailed information regarding the federal income tax consequences of investing in our securities see Tax Matters in the accompanying prospectus.

If an entity that is classified as a partnership for federal income tax purposes is a beneficial owner of Series E MRP Shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and other entities that are classified as partnerships for federal income tax purposes and persons holding Series E MRP Shares through a partnership or other entity classified as a partnership for federal income tax purposes are urged to consult their own tax advisors.

Federal Income Tax Treatment of Holders of Series E MRP Shares

Under present law, we believe that the Series E MRP Shares will constitute equity, and thus distributions with respect to the Series E MRP Shares (other than distributions in redemption of Series E MRP Shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of our allocable current or accumulated earnings and profits, as calculated for federal income tax purposes. Such dividends generally will be taxable as ordinary income to holders but are expected to be treated as qualified dividend income that is generally subject to reduced rates of federal income taxation for noncorporate investors (for taxable years ending on or before December 31, 2012) and are also expected to be eligible for the dividends received deduction available to corporate stockholders under Section 243 of the Code. Under federal income tax law, qualified dividend income received by individual and other noncorporate stockholders is taxed at long-term capital gain rates, which currently reach a maximum of 15%. Qualified dividend income generally includes dividends from domestic corporations and dividends from non-U.S. corporations that meet certain criteria. To be treated as qualified dividend income, the stockholder must hold the Series E MRP Shares paying otherwise qualifying dividend income more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. A stockholder s holding period may be reduced for purposes of this rule if the stockholder engages in certain risk reduction transactions with respect to the Series E MRP Shares. The provisions of the Code applicable to qualified dividend income are currently generally effective through 2012. Thereafter, higher federal income tax rates will apply unless further legislative action is taken.

Corporate holders should be aware that certain limitations apply to the availability of the dividends received deduction, including limitations on the aggregate amount of the deduction that may be claimed and limitations based on the holding period of the Series E MRP Shares on which the dividend is paid, which holding period may be reduced if the holder engages in risk reduction transactions with respect to its Series E MRP Shares. Corporate holders are urged to consult their own tax advisors regarding the application of these limitations to their particular situation.

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Generally, a corporation s earnings and profits are computed based upon taxable income, with certain specified adjustments. We anticipate that the cash distributions received from MLPs in our portfolio will exceed the earnings and profits associated with owning such MLPs.

Earnings and profits are generally treated, for federal income tax purposes, as first being used to pay distributions on Series E MRP Shares, and then to the extent remaining, if any, to pay distributions on our common stock. Distributions in excess of our earnings and profits, if any, will first reduce a stockholder s adjusted tax basis in his or her Series E MRP Shares and, after the adjusted tax basis is reduced to zero, will constitute capital gains to a stockholder.

Sale, Exchange or Redemption of Series E MRP Shares. The sale or exchange of Series E MRP Shares by holders will generally be a taxable transaction for federal income tax purposes. Holders of shares of stock who sell or exchange such shares will generally recognize gain or loss in an amount equal to the difference between the net proceeds of the sale or exchange and their adjusted tax basis in the shares sold or exchanged. The gain or loss from the sale or exchange of Series E MRP Shares will generally be capital gain or loss if you hold your Series E MRP Shares as a capital asset. Similarly, a redemption by us (including a redemption resulting from our liquidation), if any, of all the shares actually and constructively held by a stockholder generally will give rise to capital gain or loss under Section 302(b) of the Code, except to the extent that the redemption proceeds represent declared but unpaid dividends. Other redemptions may also give rise to capital gain or loss, but certain conditions imposed by Section 302(b) of the Code must be satisfied as to the redeeming stockholder to achieve such treatment. If a redemption by us does not satisfy the conditions imposed by Section 302(b) of the Code for a redeeming stockholder, the redemption will constitute a distribution on the Series E MRP Shares to the stockholder subject to the rules set forth in the paragraphs above.

Capital gain or loss will generally be long-term capital gain or loss if the Series E MRP Shares were held for more than one year and will be short-term capital gain or loss if the disposed Series E MRP Shares were held for one year or less. Net long-term capital gain recognized by a noncorporate holder generally will be subject to federal income tax at a lower rate (currently a maximum rate of 15%) than net short-term capital gain or ordinary income (currently a maximum rate of 35%). Under current law, the maximum federal income tax rate on long-term capital gain for noncorporate holders is scheduled to increase to 20% for taxable years after 2012. For corporate holders, capital gain is generally taxed at the same rate as ordinary income, that is, currently at a maximum rate of 35%. A holder s ability to deduct capital losses may be limited.

Backup Withholding. We may be required to withhold, for federal income tax purposes, a portion of all distributions (including redemption proceeds) payable to stockholders who fail to provide us with their correct taxpayer identification number, who fail to make required certifications or who have been notified by the IRS that they are subject to backup withholding (or if we have been so notified). Certain corporate and other stockholders specified in the Code and the applicable Treasury regulations are exempt from backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against the stockholder s federal income tax liability provided the appropriate information is furnished to the IRS in a timely manner.

Other Taxation

Non-U.S. stockholders, including stockholders who are nonresident alien individuals, may be subject to U.S. withholding tax on certain distributions at a rate of 30% or such lower rates as may be prescribed by any applicable treaty. In addition, recently enacted legislation may impose additional U.S. reporting and withholding requirements on certain foreign financial institutions and other foreign entities with respect to distributions on and proceeds from the sale or disposition of our stock. This legislation will generally be effective for payments made on or after January 1,

2013. However, the IRS and the Treasury Department have issued preliminary guidance, which, if finalized, would extend the effective date for withholding. Foreign stockholders should consult their tax advisors regarding the possible implications of this legislation as well as the other U.S. federal, state, local and foreign tax consequences of an investment in our stock.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus supplement, the Underwriters named below have severally agreed to purchase, and we have agreed to sell to them, severally, the number of Series E MRP Shares indicated below:

Name	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,600,000
Citigroup Global Markets Inc.	1,600,000
Wells Fargo Securities, LLC	1,600,000
Total	4,800,000

The Underwriters are offering the Series E MRP Shares subject to their acceptance of the Series E MRP Shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the Series E MRP Shares offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the Series E MRP Shares offered by this prospectus supplement if any such Series E MRP Shares are taken.

The Underwriters initially propose to offer part of the Series E MRP Shares directly to the public at the public offering price listed on the cover page of this prospectus supplement and to certain dealers at that price less a concession not in excess of $0.30 per Series E MRP Share under the public offering price. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of $0.20 per Series E MRP Share to other Underwriters or to certain dealers. After the initial offering of the Series E MRP Shares, the offering price and other selling terms may from time to time be varied by the Underwriters. The underwriting discount of $0.50 per Series E MRP Share is equal to 2.00% of the public offering price. Investors must pay for any Series E MRP Shares purchased on or before March 21, 2012.

The following table shows the per share and total underwriting discount we will pay to the Underwriters.

	Per Share	Total
Underwriting discount	$0.50	2,400,000

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

Application has been made to list the Series E MRP Shares, subject to official notice of issuance, on the NYSE under the symbol KYN Pr E . Prior to this offering, there has been no public market for Series E MRP Shares. It is anticipated that trading on the NYSE will begin within 30 days from the date of this prospectus supplement. We have been advised by the Underwriters that they intend to make a market in the Series E MRP Shares, but they are not obligated to do so and may discontinue market-making at any time without notice. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series E MRP Shares may be illiquid and holders of Series E MRP Shares may not be able to sell their shares. If a secondary market does develop prior to the commencement of trading on the NYSE holders of Series E MRP Shares may be able to sell such shares only at substantial discounts from liquidation preference.

We and our Adviser have each agreed that, without the prior written consent of the Underwriters, we will not, during the period ending 30 days after the date of this prospectus supplement:

offer, sell, contract to sell, pledge, or otherwise dispose of any of our preferred stock or any securities convertible into, or exercisable or exchangeable for, our preferred stock;

enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by us, our Adviser or any of our or its affiliates, directly or indirectly, including the filing (or participation in the filing) of a registration statement with the SEC in respect of any of our preferred stock or any securities convertible into, or exercisable or exchangeable for, our preferred stock;

establish or increase a put equivalent position or liquidate or decrease a call equivalent position (within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act)) in any of our preferred stock or any securities convertible into, or exercisable or exchangeable for, our preferred stock; or

publicly announce an intention to effect any such transaction described above.

In order to facilitate the offering of the Series E MRP Shares, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series E MRP Shares. Specifically, the Underwriters may overallot in connection with the offering, creating a short position in the Series E MRP Shares for their own account. In addition, to cover overallotments or to stabilize the price of the Series E MRP Shares, the Underwriters may bid for, and purchase, Series E MRP Shares in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an Underwriter or a dealer for distributing the Series E MRP Shares in the offering, if the syndicate repurchases previously distributed Series E MRP Shares in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Series E MRP Shares above independent market levels. The Underwriters are not required to engage in these activities and may end any of these activities at any time.

We anticipate that the Underwriters may from time to time act as brokers and dealers in connection with the execution of its portfolio transactions after they have ceased to be Underwriters and, subject to certain restrictions, may act as such brokers while they are Underwriters. From time to time, certain Underwriters have provided, and may continue to provide, investment banking services to us, the Adviser and its affiliates for which they have received, and may receive, customary fees and expenses. The Underwriters may, from time to time, engage in transactions with or perform services for us, the Adviser and its affiliates in the ordinary course of business.

We and the Adviser have agreed to indemnify the Underwriters against certain liabilities relating to this offering, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments that the Underwriters may be required to make for those liabilities; provided that such indemnification shall not extend to any liability or action resulting directly from the gross negligence, willful misconduct or bad faith of the Underwriters.

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It is expected that delivery of the Series E MRP Shares will be made against payment therefor on or about the date specified on the cover of this prospectus supplement, which is the fifth business day following the date of pricing of the Series E MRP Shares (such settlement cycle being referred to as T+5). Under rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in three business days (such settlement being referred to as T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Series E MRP Shares on the date of this prospectus supplement or the next succeeding business day will be required, by virtue of the fact that the Series E MRP Shares initially will settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Series E MRP Shares who wish to trade the Series E MRP Shares on the date of this prospectus supplement or the next succeeding business day should consult their advisors.

Affiliations Conflicts of Interests

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

Affiliates of some of the Underwriters are lenders under our revolving credit facility and will receive a pro rata portion of the net proceeds from this offering, if any, used to reduce amounts outstanding thereunder. See Use of Proceeds in this prospectus supplement. Affiliates of the Underwriters that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities.

The respective addresses of the Underwriters are Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036; Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013; and Wells Fargo Securities, LLC, 301 S. College Street, Charlotte, North Carolina 28288.

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LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Paul Hastings LLP, Costa Mesa, California. Paul Hastings LLP may rely as to certain matters of Maryland law on the opinion of Venable LLP, Baltimore, Maryland. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Sidley Austin llp, New York, New York.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and the 1940 Act and are required to file reports (including our 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 period ended November 30, 2011. These documents are available on the SEC s EDGAR system and can be inspected and copied for a fee at the SEC s public reference room at 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, 2011 AND FINANCIAL HIGHLIGHTS FOR THE PERIOD SEPTEMBER 28, 2004 THROUGH NOVEMBER 30, 2004 AND FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2005 THROUGH 2011

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KAYNE ANDERSON MLP INVESTMENT COMPANY
PORTFOLIO SUMMARY
(UNAUDITED)

Portfolio Investments by Category

Top 10 Holdings by Issuer

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

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

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

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

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

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

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

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

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

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

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

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KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)

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

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

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

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

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

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

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

Distributions to Common Stockholders

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

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

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

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

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

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

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

NDI generated in the current quarter;

Expected NDI over the next twelve months; and

Realized and unrealized gains generated by the portfolio.

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

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KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)

Reconciliation of NDI to GAAP

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

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

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

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

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

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

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

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

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

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KAYNE ANDERSON MLP INVESTMENT COMPANY
MANAGEMENT DISCUSSION
(UNAUDITED)

Liquidity and Capital Resources

Total leverage outstanding at November 30, 2011 of $1,035.0 million was comprised of $775.0 million of senior unsecured notes (the Senior Notes) and $260.0 million of mandatory redeemable preferred stock. At November 30, 2011, we did not have any borrowings outstanding under our unsecured revolving credit facility (the Credit Facility). Total leverage represented 29% of total assets at November 30, 2011. As of January 19, 2012, we had $61.0 million borrowed under our Credit Facility, and we had $2.7 million of cash.

During fiscal 2011, we increased the size of our Credit Facility from $100.0 million to $175.0 million through two amendments to the facility. The Credit Facility matures on June 11, 2013. The interest rate may vary between LIBOR plus 1.75% and LIBOR plus 3.00%, depending on our asset coverage ratios. Outstanding loan balances accrue interest daily at a rate equal to one-month LIBOR plus 1.75% based on current asset coverage ratios. We pay a commitment fee of 0.40% per annum on any unused amounts of the Credit Facility. A full copy of our Credit Facility is available on our website, www.kaynefunds.com.

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

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

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

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

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

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

See accompanying notes to financial statements.

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

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

Total Equity Investments (Cost $2,213,662)				3,489,600
	Interest Rate	**Maturity Date**	**Principal Amount**	
Debt Investments 1.7%				
Midstream 1.0%				
Crestwood Holdings Partners, LLC	(9)	10/1/16	$ 5,752	5,838
Crestwood Midstream Partners LP	7.750%	4/1/19	15,000	14,775
				20,613
Other 0.3%				
Calumet Specialty Products Partners, L.P.	9.375	5/1/19	4,000	3,860
Calumet Specialty Products Partners, L.P.	9.375	5/1/19	2,000	1,910
				5,770
Upstream 0.2%				
Eagle Rock Energy Partners, L.P.	8.375	6/1/19	975	970
Linn Energy, LLC	8.625	4/15/20	2,000	2,100
Linn Energy, LLC	7.750	2/1/21	1,500	1,508
				4,578

See accompanying notes to financial statements.

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

Description	Interest Rate	Maturity Date	Principal Amount	Value
Coal MLP 0.2%				
Penn Virginia Resource Partners, L.P.	8.250%	4/15/18	$ 3,000	$ 2,970
Total Energy Debt Investments (Cost $34,151)				33,931
Total Long-Term Investments (Cost $2,247,813)				3,523,531

	No. of Contracts	
Liabilities		
Call Option Contracts Written (10)		
Midstream MLP		
Magellan Midstream Partners, L.P., call option expiring 12/16/11 @ $65.00 (Premiums Received $121)	1,119	(28)
Senior Unsecured Notes		(775,000)
Mandatory Redeemable Preferred Stock at Liquidation Value		(260,000)
Deferred Tax Liability		(486,106)
Other Liabilities		(38,584)
Total Liabilities		(1,559,718)
Other Assets		65,790
Total Liabilities in Excess of Other Assets		(1,493,928)
Net Assets Applicable to Common Stockholders		$ 2,029,603

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

(2) Includes limited liability companies.

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

(4) Distributions are paid-in-kind.

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

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

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

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

(9) Floating rate first lien senior secured term loan. Security pays interest at a rate of LIBOR + 850 basis points, with a 2% LIBOR floor (10.50% as of November 30, 2011).

(10) Security is non-income producing.

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY
STATEMENT OF ASSETS AND LIABILITIES
NOVEMBER 30, 2011
(amounts in 000 s, except share and per share amounts)

ASSETS	
Investments at fair value:	
Non-affiliated (Cost $2,144,220)	$ 3,290,396
Affiliated (Cost $103,593)	233,135
Total investments (Cost $2,247,813)	3,523,531
Cash	53,830
Deposits with brokers	274
Receivable for securities sold	1,252
Interest, dividends and distributions receivable	884
Deferred debt issuance and preferred stock offering costs and other assets	9,550
Total Assets	3,589,321
LIABILITIES	
Payable for securities purchased	8,682
Investment management fee payable	11,914
Accrued directors fees and expenses	79
Call option contracts written (Premiums received $121)	28
Accrued expenses and other liabilities	17,909
Deferred tax liability	486,106
Senior unsecured notes	775,000
Mandatory redeemable preferred stock, $25.00 liquidation value per share (10,400,000 shares issued and outstanding)	260,000
Total Liabilities	1,559,718
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 2,029,603
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS CONSIST OF	
Common stock, $0.001 par value (75,130,209 shares issued and outstanding, 189,600,000 shares authorized)	$ 75
Paid-in capital	1,369,132
Accumulated net investment loss, net of income taxes, less dividends	(335,774)
Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	195,655
Net unrealized gains on investments and options, net of income taxes	800,515
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 2,029,603
NET ASSET VALUE PER COMMON SHARE	$ 27.01

See accompanying notes to financial statements.

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

INVESTMENT INCOME	
Income	
Dividends and distributions:	
Non-affiliated investments	$ 173,272
Affiliated investments	13,938
Total dividends and distributions	187,210
Return of capital	(167,542)
Net dividends and distributions	19,668
Interest and other income	3,857
Total Investment Income	23,525
Expenses	
Investment management fees	46,522
Administration fees	1,249
Professional fees	571
Custodian fees	391
Reports to stockholders	359
Directors fees and expenses	279
Insurance	201
Other expenses	1,332
Total Expenses Before Interest Expense, Preferred Distributions and Taxes	50,904
Interest expense and amortization of debt issuance costs	33,560
Distributions on mandatory redeemable preferred stock and amortization of offering costs	11,936
Total Expenses Before Taxes	96,400
Net Investment Loss Before Taxes	(72,875)
Deferred tax benefit	22,922
Net Investment Loss	(49,953)
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net Realized Gains (Losses)	
Investments non-affiliated	170,319
Investments affiliated	1,597
Options	3,222
Payments on interest rate swap contracts	(345)
Deferred tax expense	(64,600)

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

See accompanying notes to financial statements.

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

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

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

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

See accompanying notes to financial statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	$ 151,866
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Net deferred tax expense	95,395
Return of capital distributions	167,542
Net realized gains	(174,793)
Net unrealized gains	(145,343)
Amortization of bond premiums, net	4
Purchase of long-term investments	(1,121,642)
Proceeds from sale of long-term investments	748,958
Proceeds from sale of short-term investments, net	16,320
Decrease in deposits with brokers	807
Increase in receivable for securities sold	(352)
Decrease in interest, dividends and distributions receivable	901
Amortization of deferred debt issuance costs	1,577
Amortization of mandatory redeemable preferred stock issuance costs	485
Increase in other assets, net	(190)
Increase in payable for securities purchased	3,038
Increase in investment management fee payable	2,549
Increase in accrued directors fees and expenses	25
Decrease in call option contracts written, net	(1,126)
Increase in accrued expenses and other liabilities	4,760
Net Cash Used in Operating Activities	(249,219)
CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of shares of common stock, net of offering costs	166,984
Proceeds from offering of senior unsecured notes	230,000
Proceeds from issuance on mandatory redeemable preferred stock	100,000
Redemption of senior unsecured notes	(75,000)
Costs associated with issuance of revolving credit facility	(379)
Costs associated with issuance of senior unsecured notes	(1,641)
Costs associated with issuance of mandatory redeemable preferred stock	(2,322)
Cash distributions paid to common stockholders	(115,138)
Net Cash Provided by Financing Activities	302,504
NET INCREASE IN CASH	53,285
CASH BEGINNING OF YEAR	545
CASH END OF YEAR	$ 53,830

Supplemental disclosure of cash flow information:

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

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

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

See accompanying notes to financial statements.

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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 Per Septem 2004 thro Novem 20
	2011	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	
ck (2)								
e, period	$ 26.67	$ 20.13	$ 14.74	$ 30.08	$ 28.99	$ 25.07	$ 23.91	$
nt (4)	(0.69)	(0.44)	(0.33)	(0.73)	(0.73)	(0.62)	(0.17)	
nd in/(loss)	2.91	8.72	7.50	(12.56)	3.58	6.39	2.80	
/(loss) ns	2.22	8.28	7.17	(13.29)	2.85	5.77	2.63	
idends					(0.10)		(0.05)	
return of			(0.01)	(0.10)		(0.10)		
ds and Auction d			(0.01)	(0.10)	(0.10)	(0.10)	(0.05)	
idends	(1.26)	(0.84)			(0.09)		(0.13)	
return of	(0.72)	(1.08)	(1.94)	(1.99)	(1.84)	(1.75)	(1.37)	
ds and Common	(1.98)	(1.92)	(1.94)	(1.99)	(1.93)	(1.75)	(1.50)	
offering							(0.03)	

ssuance e k ance of k	0.09	0.16	0.12		0.26		0.11	
es issued nt of	0.01	0.02	0.05	0.04	0.01			
stock	0.10	0.18	0.17	0.04	0.27		0.08	
e, end	$ 27.01	$ 26.67	$ 20.13	$ 14.74	$ 30.08	$ 28.99	$ 25.07	$
per mon period	$ 28.03	$ 28.49	$ 24.43	$ 13.37	$ 28.27	$ 31.39	$ 24.33	$
ent on k market	5.6%	26.0%	103.0%	(48.8)%	(4.4)%	37.9%	3.7%	

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

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

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY
FINANCIAL HIGHLIGHTS
(amounts in 000 s, except share and per share amounts)

(1) Commencement of operations.

(2) Based on average shares of common stock outstanding.

(3) Initial public offering price of $25.00 per share less underwriting discounts of $1.25 per share and offering costs of $0.05 per share.

(4) Distributions on the Company s mandatory redeemable preferred stock are treated as an operating expense under GAAP and are included in the calculation of net investment loss. See Note 2 Significant Accounting Policies.

(5) The information presented for each period is a characterization of the total distributions paid to preferred stockholders and common stockholders as either a dividend (ordinary income) or a distribution (return of capital) and is based on the Company s earnings and profits.

(6) Total investment return is calculated assuming a purchase of common stock at the market price on the first day and a sale at the current market price on the last day of the period reported. The calculation also assumes reinvestment of distributions at actual prices pursuant to the Company s dividend reinvestment plan.

(7) Not annualized.

(8) Unless otherwise noted, ratios are annualized.

(9) For the fiscal year ended November 30, 2008, the Company accrued deferred income tax benefits of $339,991 (29.7% of average net assets) primarily related to unrealized losses on investments. Realization of a deferred tax benefit is dependent on whether there will be sufficient taxable income of the appropriate character within the carryforward periods to realize a portion or all of the deferred tax benefit. No deferred income tax benefit has been included for the purpose of calculating total expense.

(10) Calculated pursuant to section 18(a)(1)(A) of the 1940 Act. Represents the value of total assets less all liabilities not represented by Senior Notes or any other senior securities representing indebtedness and mandatory redeemable preferred stock divided by the aggregate amount of Senior Notes and any other senior securities representing indebtedness. Under the 1940 Act, the Company may not declare or make any distribution on its common stock nor can it incur additional indebtedness if, at the time of such declaration or incurrence, its asset coverage with respect to senior securities representing indebtedness would be less than 300%. For purposes of this test, the revolving credit facility is considered a senior security representing indebtedness.

(11) Calculated pursuant to section 18(a)(2)(A) of the 1940 Act. Represents the value of total assets less all liabilities not represented by Senior Notes, any other senior securities representing indebtedness and preferred stock divided by the aggregate amount of Senior Notes, any other senior securities representing indebtedness and preferred stock. Under the 1940 Act, the Company may not declare or make any distribution on its common stock nor can it issue additional preferred stock if at the time of such declaration or issuance, its asset coverage with respect to all senior securities would be less than 200%. In addition to the limitations under the 1940 Act, the Company, under the terms of its mandatory redeemable preferred stock, would not be able to declare or pay

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

See accompanying notes to financial statements.

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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)

1. Organization

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

2. Significant Accounting Policies

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

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

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

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

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

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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 fairly reflects fair value of the security on the valuation date. Unless otherwise determined by the Board of Directors, the following valuation process is used for such securities:

> *Investment Team Valuation.* The applicable investments are valued by senior professionals of KA Fund Advisors, LLC (KAFA or the Adviser) who are responsible for the portfolio investments. The investments will be valued quarterly, unless a new investment is made during the quarter, in which case such investment is valued at the end of the month in which the investment was made.
>
> *Investment Team Valuation Documentation.* Preliminary valuation conclusions will be determined by senior management of 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, and stand for intervening periods of time.
>
> *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.

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

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

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E. *Repurchase Agreements* The Company has agreed, from time to time, to purchase securities from financial institutions, subject to the seller s agreement to repurchase them at an agreed-upon time and price (repurchase agreements). The financial institutions with whom the Company enters into repurchase agreements are banks and broker/dealers which 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, 2011, the Company did not have any repurchase agreements.

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

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

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

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

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

The following table sets forth the Company s estimated total return of capital portion of the distributions received from its investments. The return of capital portion of the distributions is a reduction to

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investment income, results in an equivalent reduction in the cost basis of the associated investments and increases net realized gains (losses) and net change in unrealized gains (losses).

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

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

I. *Investment Income* The Company records dividends and distributions on the ex-dividend date. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. When investing in securities with payment in-kind interest, the Company will accrue interest income during the life of the security even though it will not be receiving cash as the interest is accrued. To the extent that interest income to be received is not expected to be realized, a reserve against income is established. During the fiscal year ended November 30, 2011, the Company did not have a reserve against interest income, since all interest income accrued is expected to be received.

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

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

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

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

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

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

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

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

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

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

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

Interest rate swap contracts are recorded at fair value with changes in value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses in the Statement of Operations. Monthly cash settlements under the terms of the interest rate swap agreements or termination payments are recorded as realized gains or losses in the Statement of Operations. The Company generally values its interest rate swap contracts based on dealer quotations, if available, or by discounting the future cash flows from the stated terms of the interest rate swap agreement by using interest rates currently available in the market. See Note 8 Derivative Financial Instruments.

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

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

The Company may also write (sell) call options with the purpose of generating realized gains or reducing its ownership of certain securities. If the Company writes a call option on a security, the Company has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise

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price. The Company will only write call options on securities that the Company holds in its portfolio (i.e., covered calls).

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

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

3. Fair Value

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

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

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

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

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

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

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

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

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

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

	Equity Investments
Balance November 30, 2010	$ 63,514
Purchases	251,646
Issuances	4,225
Transfers out	(167,948)

Realized gains (losses)		
Unrealized gains, net		12,692
Balance November 30, 2011	$	164,129