Kayne Anderson MLP Investment CO
Form 497
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under the Securities Act of 1933,
as amended, File No. 333-183599

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 4, 2013)

$50,000,000

4.60% Series G Mandatory Redeemable Preferred Shares

Liquidation Preference $25.00 per share

Mandatorily Redeemable October 1, 2021

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 2,000,000 shares of our Series G Mandatory Redeemable Preferred Shares (Series G MRP Shares) with an aggregate liquidation preference of $50 million in this prospectus supplement. This prospectus supplement, together with the accompanying prospectus dated March 4, 2013 (the prospectus), sets forth the information that you should know before investing.

Investors in the Series G MRP Shares will be entitled to receive cash dividends at an annual rate of 4.60% per annum. Dividends on the Series G MRP Shares will be payable on the first business day of each month, beginning on November 1, 2013 and upon the redemption of the Series G MRP Shares. The initial dividend period for the Series G MRP Shares will commence on September 16, 2013 and end on October 31, 2013. Each subsequent dividend period will be a calendar month (or the portion thereof occurring prior to the redemption of such Series G MRP Shares). Dividends with respect to any monthly dividend period will be declared and paid to holders of record of Series G 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 G MRP Shares as their names appear on our books and records at the close of business on October 15, 2013.

We are required to redeem the Series G MRP Shares on October 1, 2021. In addition, the Series G 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 G MRP Shares on the New York Stock Exchange (the NYSE) under the symbol KYN Pr G . If the application is approved, 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 G 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 G MRP Shares may be illiquid.

We intend to use the net proceeds from the sale of Series G MRP Shares to make investments in portfolio companies in accordance with our investment objective and policies, to repay indebtedness and for general corporate purposes. See Use of Proceeds in this prospectus supplement.

The Series G 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 G MRP Shares involves risk. See Risks of Investing in Mandatory Redeemable Preferred Shares on page S-6 of this prospectus supplement and Risk Factors beginning on page 18 of the accompanying prospectus.

	Per Share	Total
Initial price to public	$ 25.00000	$ 50,000,000
Underwriting discount	$ 0.53125	$ 1,062,500
Proceeds before expenses to the Company	$ 24.46875	$ 48,937,500

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 G MRP Shares will be ready for delivery on or about September 16, 2013.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley**

September 9, 2013.

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Prospectus Supplement

Prospectus

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 this 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 G 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 March 4, 2013 (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 G 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, p project, will, should, expect, intend, plan, predict, anticipate, estimate, approximate or continue and other words and terms 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 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.

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 this entire prospectus supplement, the accompanying prospectus, including the sections entitled Risks of Investing in Mandatory Redeemable Preferred Shares on page S-6 of this prospectus supplement and Risk Factors beginning on page 18 of the accompanying prospectus.

The Company

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

We began investment activities in September 2004 following our initial public offering. As of August 31, 2013, we had net assets applicable to our common stock of approximately $3.3 billion and total assets of approximately $5.9 billion.

As of August 31, 2013, we had $1.6 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 August 31, 2013, we had $1,175 million in senior unsecured notes outstanding with maturity dates ranging from November 2014 to April 2025 (the Senior Notes).

Recent Events

Senior Notes Issuance. On April 16, 2013, we executed a definitive agreement for the private placement of $235 million of Senior Notes. In conjunction with execution of this agreement, on April 16, 2013, the Company received funding of $110 million (the April Funding) of the $235 million total offering amount. The remaining $125 million was funded on June 13, 2013 (the June Funding). Proceeds from the April Funding were used to make new portfolio investments and to repay indebtedness, and proceeds from the June Funding were used to refinance the Series K Senior Notes ($125 million principal amount), which matured on June 19, 2013.

Common Stock Issuance. On July 15, 2013, we completed a public offering of 6,200,000 shares of common stock at a price of $36.00 per share. The net proceeds of $214 million were used to make new portfolio investments that are consistent with our investment objective and for general corporate purposes.

Senior Notes Issuance. On August 22, 2013, we completed an offering pursuant to Rule 144A of the Securities Act of $175 million aggregate principal amount of Senior Notes. The net proceeds of $174 million were used to make new portfolio investments, to repay outstanding indebtedness and for general corporate purposes.

ATM Program. On July 1, 2013, we announced an at-the-market program for common stock having an aggregate sales price of up to $200 million. This program was never initiated and no offers were made under the program. On August 30, 2013, we announced that we reduced the size of our at-the-market program to $50 million.

Distributions

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 our equity investments in 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 June 18, 2013, we declared a quarterly distribution of $0.58 per share to common stockholders paid on July 12, 2013. 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 July 31, 2013, Kayne Anderson and its affiliates managed approximately $24 billion, including approximately $16 billion in MLPs and other Midstream Energy Companies. Kayne Anderson has invested in MLPs and other Midstream Energy Companies since 1998. We believe that Kayne Anderson has developed an understanding of the MLP market that enables it to identify and take advantage of public MLP investment opportunities. In addition, Kayne Anderson s senior professionals have developed a strong reputation in the energy sector and have many long-term relationships with industry managers, which we believe gives Kayne Anderson an important advantage in sourcing and structuring private investments.

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 Ratings Services, a Standard & Poor s Financial Services LLC business, or Fitch, Inc., comparably rated by another rating agency or, if unrated, determined by Kayne Anderson to be of comparable quality. In addition, up to one-quarter of our permitted investments in debt securities (or up to 5% of our total assets) may be invested in unrated debt securities or debt securities that are rated less than B3/B- of public or private companies.

As of August 31, 2013, we held $5.9 billion in equity investments and no fixed income investments. Our top 10 largest holdings by issuer as of that date were:

	Company	Units (in thousands)	Amount ($ millions)	Percent of Long-Term Investments
1.	Enterprise Products Partners L.P.	8,868	$ 526.9	9.0%
2.	MarkWest Energy Partners, L.P.	5,387	359.8	6.1
3.	Plains All American Pipeline, L.P.	6,902	349.0	5.9
4.	Williams Partners L.P.	6,790	334.9	5.7
5.	Kinder Morgan Management, LLC	3,952	315.5	5.4
6.	Energy Transfer Partners, L.P.	5,382	275.9	4.7
7.	Regency Energy Partners LP	8,797	237.8	4.0
8.	DCP Midstream Partners, LP	4,845	232.2	4.0
9.	Kinder Morgan Energy Partners, L.P.	2,486	202.7	3.5
10.	ONEOK Partners, L.P.	3,907	193.7	3.3

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The Offering

Issuer	Kayne Anderson MLP Investment Company
Series G MRP Shares Offered	2,000,000 Series G MRP Shares, $25.00 liquidation preference per share ($50 million aggregate liquidation preference). The Series G MRP Shares are being offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co, LLC (the Underwriters).
Dividend Rate	The Series G MRP Shares will pay monthly cash dividends at a rate of 4.60% per annum. The dividend rate is subject to adjustment (but will not in any event be lower than 4.60%) in certain circumstances. See Description of Mandatory Redeemable Preferred Shares Series G MRP Shares Dividends and Dividend Periods Fixed Dividend Rate, Description of Mandatory Redeemable Preferred Shares Series G MRP Shares Dividends and Dividend Periods Adjustment to Fixed Dividend Rate Ratings and Description of Mandatory Redeemable Preferred Shares Series G MRP Shares Dividends and Dividend Periods Default Rate Default Period in this prospectus supplement.
Dividend Payments	The holders of Series G 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 G MRP Shares will be payable on the first business day of each month, beginning on November 1, 2013, and upon redemption of the Series G MRP Shares (each payment date a Dividend Payment Date). The initial dividend period for the Series G MRP Shares will commence on September 16, 2013 and end on October 31, 2013. Each subsequent dividend period will be a one month period (or the portion thereof occurring prior to the redemption of such Series G 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 G 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 G MRP Shares as their names appear on our books and records at the close of business on October 15, 2013. See Description of Mandatory Redeemable Preferred Shares Series G MRP Shares Dividends and Dividend Periods in this prospectus supplement.
Term Redemption	We are required to redeem all outstanding Series G MRP Shares on October 1, 2021 (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 G MRP Shares Redemption Term Redemption in this prospectus supplement.

Mandatory Redemption for Asset Coverage and Series G MRP Shares Basic Maintenance Amount	*Asset Coverage.* If we fail to maintain asset coverage of at least 225% (the Series G 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 G MRP Shares will be subject to mandatory redemption at the Redemption Price. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series G MRP Shares Redemption Mandatory Redemption in this prospectus supplement.
	Series G MRP Shares Basic Maintenance Amount. If we fail to maintain assets in our portfolio that have a value equal to the Series G MRP Shares Basic Maintenance Amount (as defined below) as of the close of business on the last business 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 G MRP Shares will be subject to mandatory redemption at the Redemption Price. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series G 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 to 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 G MRP Shares will be subject to mandatory redemption at the Redemption Price. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series G MRP Shares Redemption Mandatory Redemption in this prospectus supplement.
Optional Redemption	We may redeem the Series G MRP Shares at any time following September 30, 2014 at the Optional Redemption Price (as defined below) per share. On a limited basis, if at any time on or prior to September 30, 2014, the Series G 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 G MRP Shares at 102% of the liquidation preference per share, plus an amount equal to the then accumulated but unpaid dividends thereon to (but excluding) the date fixed for redemption. See Description of Mandatory Redeemable Preferred Shares Series G 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 $48.7 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 and for general corporate purposes. See Use of Proceeds in this prospectus supplement.

NYSE Listing	Application has been made to list the Series G MRP Shares on the NYSE under the symbol KYN Pr G . If the application is approved, 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 G 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 G MRP Shares may be illiquid.
Ratings	There can be no assurance that any rating obtained in connection with the offering of Series G MRP Shares will be maintained at the level originally assigned through the term of the Series G MRP Shares. The dividend rate payable on the Series G MRP Shares will be subject to an increase in the event that the rating of the Series G MRP Shares by Fitch (together with any nationally recognized statistical ratings agency then rating the Series G 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 G MRP Shares. See Description of Mandatory Redeemable Preferred Shares Series G 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 G 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 G 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 G MRP Shares will constitute equity, and thus distributions with respect to the Series G 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 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 risk factors you should carefully consider before deciding to invest in Series G 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 G MRP Shares 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 G 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 G MRP Shares may increase, which would likely result in a decline in the secondary market price of Series G 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 G MRP Shares, including the effective costs of trading Series G MRP Shares. Moreover, the Series G 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 G MRP Shares will be illiquid. Even after the application is approved and the Series G MRP Shares are listed on the NYSE as anticipated, there is a risk that the market for Series G 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 G MRP Shares or may be forced to redeem Series G MRP Shares to meet regulatory requirements or asset coverage requirements. Such redemptions may be at a time that is unfavorable to holders of Series G MRP Shares. See Asset Coverage Requirements and Description of Mandatory Redeemable Preferred Shares Series G MRP Shares Redemption in this prospectus supplement.

Reinvestment Risk

Given the multi-year term and potential for early redemption of Series G MRP Shares, holders of Series G 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 G MRP Shares may be lower than the return previously obtained from an investment in Series G 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 G 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 G MRP Shares and may make valuation of the Series G MRP Shares uncertain. As a result, the spread between bid and asked prices is likely to increase significantly such that a Series G MRP Shares investor may have greater difficulty selling his or her Series G MRP Shares. Less liquid and more volatile trading environments could result in sudden and significant increases or declines in the market price for Series G MRP Shares.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Series G MRP Shares that we are offering will be approximately $48.7 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 and for general corporate purposes. We anticipate that we will be able to invest the net proceeds within one to two months from the date of this prospectus supplement.

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 August 31, 2013, we had outstanding borrowings on the revolving credit facility of $13 million and the interest rate was 1.79%. 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 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 May 31, 2013, (ii) as adjusted to give effect to the issuance of 6,200,000 shares of common stock on July 15, 2013, the completion of the $125 million offering of Senior Notes on June 13, 2013, redemption of $125 million of Series K Senior Notes which matured on June 19, 2013 and the completion of the $175 million offering of Senior Notes on August 22, 2013, and (iii) pro forma as adjusted to reflect the issuance of the Series G MRP Shares offered hereby. Common stockholders will bear the costs associated with this offering.

	As of May 31, 2013 (Unaudited)		
	Actual	**As Adjusted**	**Pro forma As Adjusted**
	($ in 000s, except per share data)		
Repurchase Agreements, Cash and Cash Equivalents	$ 5,835	$ 341,518	$ 390,256(1)
Short-Term Debt:			
Credit Facility	53,000		(1)
Long-Term Debt:			
Senior Notes Series K (2)(3)	125,000		
Senior Notes Series DD (2)(3)	35,000	75,000	75,000
Senior Notes Series EE (2)(3)	24,000	50,000	50,000
Senior Notes Series FF (2)(3)	30,000	65,000	65,000
Senior Notes Series GG (2)(3)	21,000	45,000	45,000
Senior Notes Series HH (3)(4)		175,000	175,000
Other Senior Notes (Series M-CC) (3)	765,000	765,000	765,000
Total Long-Term Debt:	$ 1,000,000	$ 1,175,000	$ 1,175,000
Mandatory Redeemable Preferred Stock:			
Series A MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (4,160,000 shares issued and outstanding, 4,160,000 shares authorized) (3)	$ 104,000	$ 104,000	$ 104,000
Series B MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (320,000 shares issued and outstanding, 320,000 shares authorized) (3)	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) (3)	42,000	42,000	42,000
Series E MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (4,800,000 shares issued and outstanding, 4,800,000 shares authorized) (3)	120,000	120,000	120,000
Series F MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (5,000,000 shares issued and outstanding, 5,000,000 shares authorized) (3)	125,000	125,000	125,000
Series G MRP Shares, $0.001 par value per share, liquidation preference $25.00 per share (no shares authorized and outstanding, actual and as adjusted; 2,000,000 shares issued and outstanding, 2,000,000 shares authorized, pro forma as adjusted) (3)(5)			50,000
Common Stockholders Equity:			
Common stock, $0.001 par value per share, 184,040,000 shares authorized 93,338,082 shares issued and outstanding, actual; 184,040,000 shares authorized, 99,538,082 shares issued and outstanding, as adjusted; 182,040,000 shares authorized, 99,538,082 shares issued and outstanding proforma as adjusted (3)(5)(6)(7)	93	100	100
Paid-in capital (6)(7)	1,873,090	2,087,403	2,087,403
Accumulated net investment loss, net of income taxes, less dividends	(657,485)	(657,485)	(657,485)
Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	392,617	392,617	392,617
Net unrealized gains on investments and options, net of income taxes	1,463,663	1,463,663	1,463,663
Net assets applicable to common stockholders	$ 3,071,978	$ 3,286,298	$ 3,286,298

(1) 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 or for general corporate purposes. Pending such uses, we anticipate either investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations, money market instruments or cash.

(2) On April 16, 2013, we executed a definitive agreement for the private placement of $235,000 of Senior Notes. In conjunction with execution of this agreement, on April 16, 2013, we received funding of $110,000 of the $235,000 total offering amount. The remaining $125,000 was funded on June 13, 2013 and the proceeds were used to redeem the $125,000 of Series K Senior Notes which matured on June 19, 2013.

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

(4) On August 22, 2013, we completed an offering of $175,000 of Senior Notes (net proceeds of $174,363 after fees and estimated offering costs).

(5) The Articles Supplementary provide that 2,000,000 shares of authorized but unissued common stock shall be classified and designated as 2,000,000 shares of Series G MRP Shares, $0.001 par value per share. Pro forma as adjusted, there will be 182,040,000 shares of common stock authorized.

(6) On July 12, 2013, we issued 179,329 shares of common stock pursuant to our dividend reinvestment plan which are not reflected in the as adjusted or pro forma as adjusted shares issued and outstanding.

(7) On July 15, 2013, we completed a public offering of 6,200,000 shares of common stock. As adjusted, paid-in capital reflects the proceeds from that issuance of ($223,200), less $0.001 par value per share of common stock ($6), less the sales commission ($8,680) and less the estimated offering costs borne by us ($200).

ASSET COVERAGE REQUIREMENTS

The 1940 Act and the Rating Agency rating the Series G 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 G 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 G MRP Shares, plus specified liabilities, payment obligations and other amounts as set forth by the Rating Agency (the Series G MRP Shares Basic Maintenance Amount); and (2) we must satisfy the 1940 Act asset coverage requirements. 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 G MRP Shares are outstanding, to maintain the Series G MRP Shares Asset Coverage (or asset coverage of at least 225%). We estimate that based on our capitalization as of May 31, 2013, adjusted to give effect to the issuance of 6,200,000 shares of common stock on July 15, 2013, the completion of the $125 million offering of Senior Notes on June 13, 2013, redemption of $125 million of Series K Senior Notes which matured on June 19, 2013 and the completion of the $175 million offering of Senior Notes on August 22, 2013, 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	$4,910		
		=	302%
Senior securities representing indebtedness (including borrowings on our credit facility), plus the aggregate liquidation preference of all outstanding Preferred Shares	$1,624		

A copy of the current Rating Agency Guidelines will be provided to any holder of Series G 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 G 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 August 31, 2013, our authorized capital consisted of 184,040,000 shares of common stock, $0.001 par value per share; 4,160,000 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); 4,800,000 of Series E Mandatory Redeemable Preferred Stock, $0.001 par value per share (the Series E MRP Shares); and 5,000,000 shares of Series F Mandatory Redeemable Preferred Stock, $0.001 par value per share (the Series F MRP Shares). In addition, the Articles Supplementary provide that 2,000,000 shares of common stock shall be classified and designated as an aggregate of 2,000,000 Series G 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 August 31, 2013, there were no outstanding options or warrants to purchase our stock. 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 E MRP Shares, the Series F MRP Shares, and the Series G 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 of stock or the number of shares of stock of any class or series that we have authority to issue.

Series G MRP Shares

The Series G 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 G 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 G MRP Shares will be subject to optional and mandatory redemption as described below under Redemption.

Holders of Series G 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 G MRP Shares.

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

Dividends and Dividend Periods

General. Holders of Series G 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 G MRP Shares, see Federal Income Tax Matters in this prospectus supplement.

Fixed Dividend Rate. The Applicable Rate is an annual rate of 4.60% for Series G MRP Shares and may be adjusted upon a change in the credit rating of the Series G MRP Shares.

Payment of Dividends and Dividend Periods. Dividends on the Series G MRP Shares will be payable on the first business day of each month, beginning November 1, 2013 and upon redemption of the Series G MRP Shares. The initial Dividend Period for the Series G MRP Shares will commence on September 16, 2013 and end on October 31, 2013 and each subsequent Dividend Period will be a one month period (or the portion thereof occurring prior to the redemption of such Series G MRP Shares). Dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Series G 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 G MRP Shares as their names shall appear on our books and records at the close of business on October 15, 2013 (each, a Record Date). Dividends payable on any Series G 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 G 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 G 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 (or the equivalent rating from any other rating agency) to the Applicable Rate.

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 G MRP Shares. If no Rating Agency is rating the outstanding Series G MRP Shares, the Dividend Rate (so long as no such rating exists) applicable to the Series G 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 G 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 G 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 G MRP Shares will commence on any Dividend Payment Date or any date on which the Company would be required to redeem any Series G 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 G 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, 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 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 G MRP Shares. Dividends will be paid by the paying agent to the holders of Series G MRP Shares as their names appear on our books and records on the Record Date. Such payments are made to holders of Series G 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 G MRP Shares as their names appear on our books and records at the close of business on October 15, 2013. 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 to the holders of Series G MRP Shares as their names appear on our books and records on the close of business on a date, not exceeding 15 days preceding the payment date, as may be fixed by the Board of Directors. 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 G 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 G MRP Shares will acquire certain additional voting rights. See Voting Rights below. Such rights shall be the exclusive remedy of the holders of Series G MRP Shares upon any failure to pay dividends on Series G MRP Shares.

Redemption

Term Redemption. We are required to redeem all of the Series G 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 G 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 G MRP Shares are outstanding to situations in which the Series G MRP Shares Asset Coverage is greater than 225%, but less than or equal to 235% for any five business days within a 10 business day period. The amount of Series G MRP Shares that may be redeemed during the first year may not exceed an amount that results in a Series G MRP Share Asset Coverage of more than 250% pro forma for such redemption. At any time on or prior to September 30, 2014, subject to the foregoing conditions, we may redeem Series G 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 September 30, 2014, subject to the foregoing conditions and to the extent permitted under the 1940 Act and Maryland law, we may redeem the Series G 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 September 30, 2014 and on or before September 30, 2015	101.0%
After September 30, 2015 and on or before September 30, 2016	100.5%
After September 30, 2016 and on or before the Term Redemption Date	100.0%

If fewer than all of the outstanding Series G 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 G 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 G MRP Shares by reason of the redemption of the Series G MRP Shares on such date fixed for the redemption and (ii) we would satisfy the Series G MRP Shares Basic Maintenance Amount.

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

Mandatory Redemption. If, while any Series G MRP Shares are outstanding, we fail to maintain the Series G MRP Shares Asset Coverage as of the last day of any month or the Series G 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 G 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 G 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 G MRP Shares are outstanding, to maintain asset coverage of at least 225% instead of 200%.

The number of Series G MRP Shares to be redeemed under these circumstances will be equal to the product of (1) the quotient of the number of outstanding Series G MRP Shares divided by the aggregate number of our outstanding Preferred Shares, including the Series G MRP Shares, and (2) the minimum number of Preferred Shares, including the Series G MRP Shares, the redemption of which would result in our satisfying the Series G MRP Shares Asset Coverage or Series G 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 G MRP Shares then outstanding will be redeemed).

We shall allocate the number of shares required to be redeemed to satisfy the Series G MRP Shares Asset Coverage or Series G MRP Shares Basic Maintenance Amount, as the case may be, pro rata among the holders of Series G 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 and not 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 G 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 G 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 are 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 G 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 G 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 G 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 G 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 G 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 G MRP Shares called for redemption on such date and (2) such other amounts, if any, to which holders of Series G 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 G 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 G 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 G MRP Shares for which a Notice of Redemption has been given, dividends may be declared and paid on Series G MRP Shares and shall include those Series G 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 G 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 G MRP Shares may be redeemed unless all dividends in arrears on the outstanding Series G MRP Shares, and any of our shares ranking on a parity with the Series G 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 G MRP Shares and all shares ranking in parity with the Series G MRP Shares must receive proportionate amounts. At any time we may purchase or acquire all the outstanding Series G 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 G 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 G 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 G MRP Shares for which Notice of Redemption has been given and we are in compliance with the Series G MRP Shares Asset Coverage and the Series G 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 G 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 June 1, 2021 (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 G MRP Shares.

The Term Redemption Amount for Series G MRP Shares is equal to the Redemption Price to be paid on the Term Redemption Date, based on the number of Series G 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 Liquidity Account Investments included in the Term Redemption Liquidity Account for Series G 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 G 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 G 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 G 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 G 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 G 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 G MRP Shares), voting together as a single class. In addition, the holders of any shares of our preferred stock (including our Series G 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 G 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 G MRP Shares), voting separately as a class, would be required to (i) adopt any plan of reorganization that would adversely affect our Series G 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 G 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) approve our liquidation or dissolution, (3) 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 (4) 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, provided, however, that in certain instances the entering into one or more repurchase agreements will not constitute indebtedness.

The affirmative vote of the holders of two-thirds of our outstanding Series G MRP Shares or, if the NYSE amends its voting rights policy to allow investment companies regulated under the 1940 Act to use the 1940 Act Majority (as defined in our Charter) voting standard, the affirmative vote of the holders of a 1940 Act Majority (as defined in our Charter) of the outstanding Series G MRP Shares, 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 G MRP Shares in a manner different from that of our other separate series of classes of stock.

The affirmative vote of the holders of two-thirds of our outstanding preferred stock (including our Series G MRP Shares), or if the NYSE amends its voting rights policy to allow investment companies regulated under the 1940 Act to use the 1940 Act Majority (as defined in our Charter) voting standard, the affirmative vote of the holders of the 1940 Act Majority (as defined in our Charter) of the outstanding preferred stock (including our Series G MRP Shares), voting as a separate class will be required (1) to amend, alter or repeal any of the preferences, rights or powers of holders of our preferred stock (including our Series G MRP Shares) so as to affect materially and adversely such preferences, rights or powers, and (2) to 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 G MRP Shares) with respect to the payment of dividends or the distribution of assets.

The foregoing voting provisions will not apply with respect to the Series G 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.

FEDERAL INCOME TAX MATTERS

The following is a general summary of certain federal income tax considerations regarding the ownership and disposition of Series G 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 G 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 G MRP Shares. Unless otherwise noted, this discussion assumes that investors are U.S. persons for federal income tax purposes and hold Series G 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 G 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 G 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 G MRP Shares

Under present law, we believe that the Series G MRP Shares will constitute equity, and thus distributions with respect to the Series G MRP Shares (other than distributions in redemption of Series G 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 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 20%. 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 G 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 G MRP Shares. In addition, beginning in 2013, a 3.8% Medicare contribution tax generally applies to dividend income and net capital gains for taxpayers whose adjusted gross incomes exceed $200,000 for single filers and $250,000 for married joint filers.

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 G 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 G MRP Shares. Corporate holders are urged to consult their own tax advisors regarding the application of these limitations to their particular situation.

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 G 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 G 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 G MRP Shares. The sale or exchange of Series G 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 G MRP Shares will generally be capital gain or loss if you hold your Series G 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 G 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 G MRP Shares were held for more than one year and will be short-term capital gain or loss if the disposed Series G 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 20%) than net short-term capital gain or ordinary income (currently a maximum rate of 39.6%). 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 of dividends made on or after January 1, 2014 and payments of gross proceeds from sales of Series G MRP Shares made on or after July 1, 2017. 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, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of Series G MRP Shares indicated below:

Name of Underwriters	Number of Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,000,000
Morgan Stanley & Co. LLC	1,000,000
Total	2,000,000

The Underwriters are offering the Series G MRP Shares subject to their acceptance of the Series G 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 G 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 G MRP Shares offered by this prospectus supplement if any such Series G MRP Shares are taken.

The Underwriters initially propose to offer part of the Series G 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 G MRP Share under the public offering price. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of $0.25 per Series G MRP Share to other Underwriters or to certain dealers. After the initial offering of the Series G MRP Shares, the offering price and other selling terms may from time to time be varied by the Underwriters. The underwriting discount of $0.53125 per Series G MRP Share is equal to 2.125% of the public offering price. Investors must pay for any Series G MRP Shares purchased on or before September 16, 2013.

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

Per share	$ 0.53125
Total	$ 1,062,500

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 G MRP Shares, subject to official notice of issuance, on the NYSE under the symbol KYN Pr G . Prior to this offering, there has been no public market for Series G MRP Shares. If the application is approved, 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 G 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 G MRP Shares may be illiquid and holders of Series G 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 G 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 G MRP Shares, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series G MRP Shares. Specifically, the Underwriters may overallot in connection with the offering, creating a short position in the Series G MRP Shares for their own account. In addition, to cover overallotments or to stabilize the price of the Series G MRP Shares, the Underwriters may bid for, and purchase, Series G 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 G MRP Shares in the offering, if the syndicate repurchases previously distributed Series G 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 G 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 and commercial 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.

It is expected that delivery of the Series G 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 G 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 G 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 G 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 G MRP Shares who wish to trade the Series G 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.

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

Affiliates of 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. 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, including potentially the Series G MRP Shares offered hereby. Any such short positions could adversely affect future trading prices of the Series G MRP Shares offered hereby.

The respective addresses of the Underwriters are Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036; and Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036.

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 May 31, 2013. 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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KAYNE ANDERSON MLP INVESTMENT COMPANY

PORTFOLIO SUMMARY

(UNAUDITED)

Portfolio Investments by Category

May 31, 2013 **November 30, 2012**

Top 10 Holdings by Issuer

		Percent of Total Investments* as of	
Holding	**Sector**	**May 31, 2013**	**November 30, 2012**
1. Enterprise Products Partners L.P.	Midstream MLP	9.1%	8.9%
2. Plains All American Pipeline, L.P.	Midstream MLP	7.0	7.1
3. Kinder Morgan Management, LLC	Midstream MLP	6.5	7.5
4. MarkWest Energy Partners, L.P.	Midstream MLP	6.1	5.6
5. Williams Partners L.P.	Midstream MLP	4.5	4.3
6. Regency Energy Partners LP	Midstream MLP	4.0	3.9
7. ONEOK Partners, L.P.	Midstream MLP	3.9	3.7
8. DCP Midstream Partners, LP	Midstream MLP	3.4	2.5
9. Enbridge Energy Partners, L.P.	Midstream MLP	3.2	3.7
10. Buckeye Partners, L.P.	Midstream MLP	3.2	3.0

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

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 May 31, 2013, we had total assets of $5.6 billion, net assets applicable to our common stock of $3.1 billion (net asset value of $32.91 per share), and 93.3 million shares of common stock outstanding.

Our investments are principally in equity securities issued by MLPs, but we also may invest in debt securities of MLPs and debt/equity securities of Midstream Energy Companies. As of May 31, 2013, we held $5.5 billion in equity investments and no debt investments.

Recent Events

On June 13, 2013, we completed a senior unsecured notes (Senior Notes) offering and received $125 million (the June Funding) of the $235 million total offering amount. The proceeds from the June Funding were used to refinance $125 million principal amount of the Series K Senior Notes, which would have matured on June 19, 2013. The initial funding (April Funding) of $110 million was received on April 16, 2013 and was used to make new portfolio investments and to repay amounts borrowed on our Credit Facility.

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

Series	April Funding ($ in millions)	June Funding ($ in millions)	Total Amount ($ in millions)	Interest Rate	Maturity Date
DD	$ 35	$ 40	$ 75	2.74%	4/16/19
EE	24	26	50	3.20%	4/16/21
FF	30	35	65	3.57%	4/16/23
GG	21	24	45	3.67%	4/16/25
	$ 110	$ 125	$ 235		

On July 15, 2013, we completed a public offering of 6,200,000 shares of common stock at a price of $36.00 per share. The net proceeds of $214.3 million will be used to make additional portfolio investments, to repay amounts borrowed on our unsecured revolving credit facility (the Credit Facility) and for general corporate purposes.

Results of Operations For the Three Months Ended May 31, 2013

Investment Income. Investment income totaled $10.0 million for the quarter and consisted primarily of net dividends and distributions on our investments. We received $75.2 million of dividends and distributions, of which $64.4 million was treated as return of capital and $0.8 million were distributions in excess of cost basis. We received $6.9 million of paid-in-kind dividends during the quarter, which are not included in investment income, but are reflected as an unrealized gain.

Operating Expenses. Operating expenses totaled $36.8 million, including $17.7 million of net investment management fees after fee waiver, $10.6 million of interest expense (including non-cash amortization of debt issuance costs of $0.7 million), and $1.0 million of other operating expenses. Preferred stock distributions for the quarter were $7.5 million (including non-cash amortization of issuance costs of $2.0 million, premium paid associated with the redemption of Series D mandatory redeemable preferred stock of $0.5 million and $0.6 million of accrued dividends as a result of the redemption).

KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

Net Investment Loss. Our net investment loss totaled $19.2 million and included a current and deferred income tax benefit of $7.5 million.

Net Realized Gains. We had net realized gains from our investments of $74.3 million, net of $43.7 million of current and deferred tax expense.

Net Change in Unrealized Gains. We had a net change in unrealized gains of $178.2 million. The net change consisted of $282.2 million of unrealized gains from investments, $0.6 million of unrealized gains from option activity and a deferred tax expense of $104.6 million.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of $233.3 million. This increase was comprised of a net investment loss of $19.2 million, net realized gains of $74.3 million and net change in unrealized gains of $178.2 million, as noted above.

Distributions to Common Stockholders

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

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

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

Net Distributable Income (NDI)

(amounts in millions, except for per share amounts)

	Three Months Ended May 31, 2013
Distributions and Other Income from Investments	
Dividends and Distributions	$ 75.2
Paid-In-Kind Dividends	6.9
Net Premiums Received from Call Options Written	0.9
Total Distributions and Other Income from Investments	83.0
Expenses	
Investment Management Fee, net of Fee Waiver	(17.7)
Other Expenses	(1.0)
Interest Expense	(11.0)
Preferred Stock Distributions	(4.4)

Income Tax Benefit		7.5
Net Distributable Income (NDI)	**$**	**56.4**
Weighted Shares Outstanding		92.9
NDI per Weighted Share Outstanding	**$**	**0.61**
Adjusted NDI per Weighted Share Outstanding[1]	**$**	**0.62**
Distributions paid per Common Share[2]	**$**	**0.58**

KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

(1) Adjusted to exclude $0.5 million of premium paid and $0.6 million of accrued dividends as a result of the redemption of Series D mandatory redeemable preferred stock.

(2) The distribution of $0.58 per share for the second quarter of fiscal 2013 was paid to common stockholders on July 12, 2013.

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

- NDI and Adjusted NDI generated in the current quarter;
- Expected NDI over the next twelve months; and
- Realized and unrealized gains generated by the portfolio.

On June 18, 2013, we declared a quarterly distribution of $0.58 per common share for the second quarter of fiscal 2013 (a total distribution of $54.1 million). The distribution represents an increase of 2.7% from the prior quarter s distribution and an increase of 10.0% from the distribution for the quarter ended May 31, 2012. The distribution was paid on July 12, 2013 to common stockholders of record on July 5, 2013.

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.
- GAAP recognizes distributions, received from MLPs, that exceed the cost basis of our securities to be realized gains and are therefore excluded from investment income, whereas the NDI calculation includes these distributions.
- NDI includes the value of paid-in-kind dividends, 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.

Certain 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 premium we receive from selling call options, less (i) the premium that we pay to repurchase such call option contracts and (ii) the amount by which the market price of an underlying security is above the strike price at the time a new call option is written, is included in NDI. For GAAP purposes, premiums received from call option contracts sold are

KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

not included in investment income. See Note 2 Significant Accounting Policies for a full discussion of the GAAP treatment of option contracts.

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

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

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

Liquidity and Capital Resources

Total leverage outstanding at May 31, 2013 of $1,452 million was comprised of $1 billion of Senior Notes, $53 million outstanding under our Credit Facility and $399 million of mandatory redeemable preferred stock. Total leverage represented 26% of total assets at May 31, 2013. As of July 24, 2013, we had $97 million borrowed under our Credit Facility, and we had $15 million of cash.

On March 5, 2013, we entered into a new Credit Facility with a syndicate of lenders. The new Credit Facility has a three-year commitment maturing on March 4, 2016 and a total commitment amount of $250 million, an increase of $50 million from the prior Credit Facility. The interest rate varies between LIBOR plus 1.60% and LIBOR plus 2.25%, depending on our asset coverage ratios. Outstanding loan balances accrue interest daily at a rate equal to one-month LIBOR plus 1.60% based on current asset coverage ratios. We pay a fee of 0.30% 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.

We had $1 billion of Senior Notes outstanding at May 31, 2013. On April 16, 2013, we executed a definitive agreement for the private placement of $235 million of Senior Notes. In conjuction with the execution of this agreement, on April 16, 2013, we received funding of $110 million of the $235 million total offering amount. The remaining $125 million was funded on June 13, 2013 and was used to refinance $125 million principal amount of our Series K Senior Notes, which would have matured on June 19, 2013. The remaining Senior Notes mature between 2014 and 2025.

As of May 31, 2013, we had $399 million of mandatory redeemable preferred stock outstanding. On April 3, 2013, we completed a public offering of $125 million of Series F mandatory redeemable preferred stock. A portion of the proceeds were used to redeem all of the Series D mandatory redeemable preferred stock with a $100 million liquidation preference. The remaining mandatory redeemable preferred stock outstanding is subject to mandatory redemption at various dates from 2017 through 2020.

At May 31, 2013, our asset coverage ratios under the Investment Company Act of 1940, as amended (the 1940 Act), were 430% and 312% for debt and total leverage (debt plus preferred stock), respectively. Our long-term target asset coverage ratio with respect to our debt is 375%, but at times may be above or below our target depending on market conditions.

As of May 31, 2013, our total leverage consisted of both fixed rate (86%) and floating rate (14%) obligations. At such date, the weighted average interest/dividend rate on our total leverage was 4.0%.

KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

MAY 31, 2013

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

(UNAUDITED)

Description	No. of Shares/Units	Value
Long-Term Investments 179.2%		
Equity Investments[1] 179.2%		
Midstream MLP[2] 145.5%		
Access Midstream Partners, L.P.	2,309	$ 99,334
Atlas Pipeline Partners, L.P.	1,085	40,377
Boardwalk Pipeline Partners, LP	712	21,073
Buckeye Partners, L.P.	1,692	111,898
Buckeye Partners, L.P. Class B Units[3][4]	967	62,191
Crestwood Midstream Partners LP	4,134	102,327
Crosstex Energy, L.P.	5,558	107,038
DCP Midstream Partners, LP	3,966	189,595
El Paso Pipeline Partners, L.P.	4,175	171,542
Enbridge Energy Management, L.L.C.[4]	190	5,655
Enbridge Energy Partners, L.P.	5,925	174,852
Energy Transfer Partners, L.P.	3,313	161,053
Enterprise Products Partners L.P.	8,489	504,153
Global Partners LP	2,019	66,455
Inergy, L.P.	4,543	105,860
Inergy Midstream, L.P.	3,351	75,353
Kinder Morgan Energy Partners, LP	1,031	85,972
Kinder Morgan Management, LLC[4]	4,436	360,278
Magellan Midstream Partners, L.P.	2,469	128,374
MarkWest Energy Partners, L.P.[5]	5,090	335,157
Niska Gas Storage Partners LLC	2,054	30,847
NuStar Energy L.P.	913	42,538
ONEOK Partners, L.P.	4,110	212,708
Plains All American Pipeline, L.P.[5]	6,852	384,934
PVR Partners, L.P.[5]	5,299	136,494
Regency Energy Partners LP	8,640	221,537
Summit Midstream Partners, LP	1,134	35,340
Sunoco Logistics Partners L.P.	164	9,947
Targa Resources Partners L.P.	2,204	102,527
Tesoro Logistics LP[6]	556	34,476
Western Gas Partners, LP	1,708	100,454
Williams Partners L.P.	5,007	249,806
		4,470,145
Shipping MLP 9.3%		
Capital Product Partners L.P.	2,841	26,079
Capital Products Partners L.P., Class B Units[3][7]	3,030	29,743
Golar LNG Partners LP	729	24,288
KNOT Offshore Partners LP[8]	189	4,404
Navios Maritime Partners L.P.	1,876	25,965
Teekay LNG Partners L.P.	1,725	73,994

Teekay Offshore Partners L.P.	3,083	99,996
		284,469
Midstream 8.8%		
Kinder Morgan, Inc.	1,220	46,343
ONEOK, Inc.	1,510	68,139

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

MAY 31, 2013

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

(UNAUDITED)

Description	No. of Shares/Units	Value
Midstream (continued)		
Plains All American GP LLC Unregistered[3][5]	24	$ 79,229
Targa Resources Corp.	183	11,764
The Williams Companies, Inc.	1,873	65,899
		271,374
General Partner MLP 6.7%		
Alliance Holdings GP L.P.	1,885	120,136
Energy Transfer Equity, L.P.[6]	1,310	74,875
Western Gas Equity Partners, LP	250	9,363
		204,374
Upstream MLP & Income Trust 4.2%		
BreitBurn Energy Partners L.P.	2,294	42,506
Legacy Reserves L.P.	398	10,540
LRR Energy, L.P.	89	1,201
Mid-Con Energy Partners, LP	1,827	42,604
Pacific Coast Oil Trust	578	10,583
SandRidge Mississippian Trust II	702	8,881
SandRidge Permian Trust	678	9,629
VOC Energy Trust	347	4,554
		130,498
Other 4.7%		
Alliance Resource Partners, L.P.[6]	153	11,070
Clearwater Trust[3][5][9]	N/A	2,350
Emerge Energy Services LP[5][8]	274	5,059
Exterran Partners, L.P.	2,840	78,693
PetroLogistics LP	893	12,055
SunCoke Energy Partners, L.P.	866	18,447
USA Compression Partners, LP	747	16,569
		144,243
Total Equity Investments (Cost $3,175,476)		5,505,103

	Strike Price	Expiration Date	No. of Contracts
Liabilities			
Call Option Contracts Written[10]			

Midstream MLP				
Tesoro Logistics LP	$ 60.00	6/21/13	1,000	(295)
General Partner MLP				
Energy Transfer Equity, L.P.	60.00	6/21/13	2,000	(98)
Other				
Alliance Resource Partners, L.P.	75.00	6/21/13	200	(12)
Total Call Option Contracts Written (Premiums Received $367)				(405)

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

MAY 31, 2013

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

(UNAUDITED)

Description	Value
Credit Facility	$ (53,000)
Senior Unsecured Notes	(1,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value	(399,000)
Deferred Tax Liability	(950,975)
Other Liabilities	(86,070)
Total Liabilities	(2,489,450)
Current Tax Asset	107
Other Assets	56,218
Total Liabilities in Excess of Other Assets	(2,433,125)
Net Assets Applicable to Common Stockholders	$ 3,071,978

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

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

(7) Security is convertible on a one-for-one basis into common units of Capital Product Partners L.P. (CPLP) and is senior to the common units in terms of liquidation preference and priority of distributions. The Class B units pay quarterly cash distributions of $0.21375 per unit and are convertible at any time at the option of the holder. If CPLP increases the quarterly cash distribution per common unit, the distribution per Class B unit will increase by an equal amount. If CPLP does not redeem the Class B units by May 2022, then the distribution increases by 25% per quarter to a maximum of $0.33345 per unit. CPLP may require that the Class B units convert into common units after May 2015 if the common unit price exceeds $11.70 per unit, and the Class B units are callable after May 2017 at a price of $9.27 per unit and after May 2019 at $9.00 per unit.

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

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

(10) Security is non-income producing.

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF ASSETS AND LIABILITIES

MAY 31, 2013

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

(UNAUDITED)

ASSETS	
Investments at fair value:	
Non-affiliated (Cost $2,823,804)	$ 4,561,880
Affiliated (Cost $351,672)	943,223
Total investments (Cost $3,175,476)	5,505,103
Cash	5,835
Deposits with brokers	251
Receivable for securities sold	36,557
Interest, dividends and distributions receivable	522
Current tax asset	107
Deferred debt issuance and preferred stock offering costs and other assets	13,053
Total Assets	5,561,428
LIABILITIES	
Payable for securities purchased	48,732
Investment management fee payable	17,664
Accrued directors fees and expenses	92
Call option contracts written (Premiums received $367)	405
Accrued expenses and other liabilities	19,582
Deferred tax liability	950,975
Credit facility	53,000
Senior unsecured notes	1,000,000
Mandatory redeemable preferred stock, $25.00 liquidation value per share (15,960,000 shares issued and outstanding)	399,000
Total Liabilities	2,489,450
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 3,071,978
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS CONSIST OF	
Common stock, $0.001 par value (93,338,082 shares issued and outstanding, 184,040,000 shares authorized)	$ 93
Paid-in capital	1,873,090
Accumulated net investment loss, net of income taxes, less dividends	(657,485)
Accumulated realized gains on investments, options, and interest rate swap contracts, net of income taxes	392,617
Net unrealized gains on investments and options, net of income taxes	1,463,663
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 3,071,978
NET ASSET VALUE PER COMMON SHARE	$ 32.91

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF OPERATIONS

(amounts in 000 s)

(UNAUDITED)

	For the Three Months Ended May 31, 2013	For the Six Months Ended May 31, 2013
INVESTMENT INCOME		
Income		
Dividends and distributions:		
Non-affiliated investments	$ 63,119	$ 118,330
Affiliated investments	12,121	23,481
Total dividends and distributions	75,240	141,811
Return of capital	(64,424)	(121,261)
Distributions in excess of cost basis	(771)	(1,506)
Total Investment Income	10,045	19,044
Expenses		
Investment management fees, before investment management fee waiver	17,871	33,629
Administration fees	240	455
Professional fees	140	289
Custodian fees	124	241
Reports to stockholders	111	199
Directors fees and expenses	98	186
Insurance	58	116
Other expenses	233	433
Total expenses before interest expense, preferred distributions and taxes	18,875	35,548
Investment management fee waiver	(207)	(252)
Interest expense and amortization of debt issuance costs	10,598	20,171
Distributions on mandatory redeemable preferred stock and amortization of offering costs	7,550	12,395
Total expenses before taxes	36,816	67,862
Net Investment Loss Before taxes	(26,771)	(48,818)
Current tax expense	(427)	
Deferred tax benefit	7,975	14,324
Net Investment Loss	(19,223)	(34,494)
REALIZED AND UNREALIZED GAINS (LOSSES)		
Net Realized Gains		
Investments non-affiliated	117,853	161,603
Investments affiliated	(498)	(498)
Options	611	797
Interest rate swap contracts	32	32
Current tax benefit	1,024	
Deferred tax expense	(44,684)	(59,916)
Net Realized Gains	74,338	102,018

Net Change in Unrealized Gains (Losses)		
Investments non-affiliated	190,460	488,995
Investments affiliated	91,773	190,582
Options	545	(65)
Interest rate swap contracts	16	
Deferred tax expense	(104,636)	(251,422)
Net Change in Unrealized Gains	178,158	428,090
Net Realized and Unrealized Gains	252,496	530,108
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM OPERATIONS	$ 233,273	$ 495,614

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 Six Months Ended May 31, 2013 (Unaudited)	For the Fiscal Year Ended November 30, 2012
OPERATIONS		
Net investment loss, net of tax[1]	$ (34,494)	$ (58,611)
Net realized gains, net of tax	102,018	94,944
Net change in unrealized gains, net of tax	428,090	235,058
Net Increase in Net Assets Resulting from Operations	495,614	271,391
DIVIDENDS AND DISTRIBUTIONS TO COMMON STOCKHOLDERS[1]		
Dividends	(101,276)[2]	(127,330)[3]
Distributions return of capital	[2]	(45,115)[3]
Dividends and Distributions to Common Stockholders	(101,276)	(172,445)
CAPITAL STOCK TRANSACTIONS		
Issuance of common stock offering of 4,543,995 and 12,500,000 shares of common stock, respectively	151,588	385,075
Underwriting discounts and offering expenses associated with the issuance of common stock	(6,281)	(16,085)
Issuance of 362,674 and 801,204 newly issued shares of common stock from reinvestment of dividends and distributions, respectively	11,512	23,282
Net Increase in Net Assets Applicable to Common Stockholders from Capital Stock Transactions	156,819	392,272
Total Increase in Net Assets Applicable to Common Stockholders	551,157	491,218
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS		
Beginning of period	2,520,821	2,029,603
End of period	$ 3,071,978	$ 2,520,821

(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. The Company estimates that the distribution in the amount of $10,152 paid to mandatory redeemable preferred stockholders during the six months ended May 31, 2013 will be characterized as a dividend (eligible to be treated as qualified dividend income). This estimate is based solely on the Company s operating results during the period and does not reflect the expected results during the fiscal year. The actual characterization of the mandatory redeemable preferred stock distributions made during the period will not be determinable until after the end of the fiscal year when the Company can determine earnings and profits. Therefore, the characterization may differ from the preliminary estimates. Distributions in the amount of $17,409 paid to mandatory redeemable preferred stockholders for the fiscal year ended November 30, 2012 were characterized as qualified dividend income. This characterization is based on the Company s earnings and profits.

(2)

This is an estimate of the characterization of the distributions paid to common stockholders for the six months ended May 31, 2013 as either a dividend (eligible to be treated as qualified dividend income) or distributions (return of capital). This estimate is based solely on the Company s operating results during the period and does not reflect the expected results during the fiscal year. The actual characterization of the 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. Therefore, the characterization may differ from the preliminary estimates.

(3) Distributions paid to common stockholders for the fiscal year ended November 30, 2012 are characterized as either dividends (eligible to be treated as qualified dividend income) or distributions (return of capital). This characterization is based on the Company s earnings and profits.

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED MAY 31, 2013

(amounts in 000 s)

(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	$ 495,614
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Return of capital distributions	121,261
Net realized gains	(161,934)
Net unrealized gains	(679,577)
Purchase of long-term investments	(856,122)
Proceeds from sale of long-term investments	545,213
Increase in deposits with brokers	(35)
Increase in receivable for securities sold	(29,878)
Increase in interest, dividends and distributions receivable	(434)
Increase in current tax asset	(107)
Amortization of deferred debt issuance costs	1,078
Amortization of mandatory redeemable preferred stock issuance costs	2,243
Decrease in other assets, net	24
Increase in payable for securities purchased	44,181
Increase in investment management fee payable	2,477
Decrease in accrued directors fees and expenses	(2)
Increase in call option contracts written, net	26
Increase in accrued expenses and other liabilities	319
Decrease in current tax liability	(539)
Increase in deferred tax liability	297,014
Net Cash Used in Operating Activities	(219,178)
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in borrowings under credit facility	34,000
Issuance of shares of common stock, net of offering costs	145,307
Proceeds from offering of senior unsecured notes	110,000
Proceeds from issuance on mandatory redeemable preferred stock	125,000
Redemption of mandatory redeemable preferred stock	(100,000)
Costs associated with renewal of credit facility	(1,962)
Costs associated with issuance of senior unsecured notes	(910)
Costs associated with issuance of mandatory redeemable preferred stock	(2,776)
Cash distributions paid to common stockholders, net	(89,764)
Net Cash Provided by Financing Activities	218,895
NET DECREASE IN CASH	(283)
CASH BEGINNING OF PERIOD	6,118
CASH END OF PERIOD	$ 5,835

Supplemental disclosure of cash flow information:

Non-cash financing activities not included herein consisted of reinvestment of distributions of $11,512 pursuant to the Company s dividend reinvestment plan.

During the six months ended May 31, 2013, interest paid was $18,642 and income tax paid was $646.

The Company received $14,025 paid-in-kind dividends during the six months ended May 31, 2013. See Note 2 Significant Accounting Policies.

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

FINANCIAL HIGHLIGHTS

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

	For the Six Months Ended May 31, 2013 (Unaudited)	For the Fiscal Year Ended November 30, 2012	2011	2010	2009	2008	2007	2006	2005	For the Period September 28, 2004[1] through November 30, 2004
Per Share of Common Stock[2]										
Net asset value, beginning of period	$ 28.51	$ 27.01	$ 26.67	$ 20.13	$ 14.74	$ 30.08	$ 28.99	$ 25.07	$ 23.91	$ 23.70[3]
Net investment income (loss)[4]	(0.37)	(0.71)	(0.69)	(0.44)	(0.33)	(0.73)	(0.73)	(0.62)	(0.17)	0.02
Net realized and unrealized gain (loss)	5.84	4.27	2.91	8.72	7.50	(12.56)	3.58	6.39	2.80	0.19
Total income (loss) from operations	5.47	3.56	2.22	8.28	7.17	(13.29)	2.85	5.77	2.63	0.21
Dividends and distributions auction rate preferred[4][5]					(0.01)	(0.10)	(0.10)	(0.10)	(0.05)	
Common dividends[5]	(1.12)	(1.54)	(1.26)	(0.84)			(0.09)		(0.13)	
Common distributions return of capital[5]		(0.55)	(0.72)	(1.08)	(1.94)	(1.99)	(1.84)	(1.75)	(1.37)	
Total dividends and distributions common	(1.12)	(2.09)	(1.98)	(1.92)	(1.94)	(1.99)	(1.93)	(1.75)	(1.50)	
Underwriting discounts and offering costs on the issuance of auction rate preferred stock									(0.03)	
Effect of issuance of common stock	0.05	0.02	0.09	0.16	0.12		0.26		0.11	
Effect of shares issued in reinvestment of distributions		0.01	0.01	0.02	0.05	0.04	0.01			
Total capital stock transactions	0.05	0.03	0.10	0.18	0.17	0.04	0.27		0.08	
Net asset value, end of period	$ 32.91	$ 28.51	$ 27.01	$ 26.67	$ 20.13	$ 14.74	$ 30.08	$ 28.99	$ 25.07	$ 23.91
Market value per share of common stock, end of period	$ 37.21	$ 31.13	$ 28.03	$ 28.49	$ 24.43	$ 13.37	$ 28.27	$ 31.39	$ 24.33	$ 24.90
Total investment return based on	23.8%[7]	19.3%	5.6%	26.0%	103.0%	(48.8)%	(4.4)%	37.9%	3.7%	(0.4)%[7]

common stock market
value(6)

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

FINANCIAL HIGHLIGHTS

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

	For the Six Months Ended May 31, 2013 (Unaudited)	For the Fiscal Year Ended November 30, 2012	2011	2010	2009	2008	2007	2006	2005	Fo Pe Septe 20 thr Nover 2
l Data and										
plicable to kholders, end	$ 3,071,978	$ 2,520,821	$ 2,029,603	$ 1,825,891	$ 1,038,277	$ 651,156	$ 1,300,030	$ 1,103,392	$ 932,090	$
nses to ssets										
fees	2.4%	2.4%	2.4%	2.1%	2.1%	2.2%	2.3%	3.2%	1.2%	
es	0.1	0.2	0.2	0.2	0.4	0.3	0.2	0.2	0.3	
	2.5	2.6	2.6	2.3	2.5	2.5	2.5	3.4	1.5	
se and on mandatory referred	2.4	2.4	2.3	1.9	2.5	3.4	2.3	1.7	0.8	
pense	21.6	7.2	4.8	20.5	25.4	[9]	3.5	13.8	6.4	
s	26.5%	12.2%	9.7%	24.7%	30.4%	5.9%	8.3%	18.9%	8.7%	
nvestment to average net	(2.5)%	(2.5)%	(2.5)%	(1.8)%	(2.0)%	(2.8)%	(2.3)%	(2.4)%	(0.7)%	
decrease) in ommon esulting from average net	17.9%[7]	11.6%	7.7%	34.6%	43.2%	(51.2)%	7.3%	21.7%	10.0%	
over rate	10.9%[7]	20.4%	22.3%	18.7%	28.9%	6.7%	10.6%	10.0%	25.6%	
ssets	$ 2,761,654	$ 2,346,249	$ 1,971,469	$ 1,432,266	$ 774,999	$ 1,143,192	$ 1,302,425	$ 986,908	$ 870,672	$
red notes nd of period	1,000,000	890,000	775,000	620,000	370,000	304,000	505,000	320,000	260,000	
outstanding,	53,000	19,000					97,000	17,000		
preferred period					75,000	75,000	75,000	75,000	75,000	
deemable k, end of	399,000	374,000	260,000	160,000						
es of common ding	90,771,113	82,809,687	72,661,162	60,762,952	46,894,632	43,671,666	41,134,949	37,638,314	34,077,731	33,
e of total	429.6%	418.5%	395.4%	420.3%	400.9%	338.9%	328.4%	449.7%	487.3%	
e of total and preferred	311.6%	296.5%	296.1%	334.1%	333.3%	271.8%	292.0%	367.8%	378.2%	
	$ 10.96	$ 10.80	$ 10.09	$ 7.70	$ 6.79	$ 11.52	$ 12.14	$ 8.53	$ 5.57	

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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 income (loss). See Note 2 Significant Accounting Policies.

(5) The information presented for the six months ended May 31, 2013 is an estimate of the characterization of the distribution paid and is based on the Company s operating results during the period. The information presented for each of the other periods is a characterization of the total distributions paid to preferred stockholders and common stockholders as either a dividend (eligible to be treated as qualified dividend) or a distribution (return of capital) and is based on the Company s earnings and profits.

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

(7) Not annualized.

(8) Unless otherwise noted, ratios are annualized.

(9) For the fiscal year ended November 30, 2008, the Company accrued deferred income tax benefits of $339,991 (29.7% of average net assets) primarily related to unrealized losses on investments. Realization of a deferred tax benefit was dependent on whether there would be sufficient taxable income of the appropriate character within the carryforward periods to realize a portion or all of the deferred tax benefit. Because it could not have been predicted whether the Company would incur a benefit in the future, a deferred income tax expense of 0% was assumed.

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

(11) Calculated pursuant to section 18(a)(2)(A) of the 1940 Act. Represents the value of total assets less all liabilities not represented by Senior Notes, any other senior securities representing indebtedness and preferred stock divided by the aggregate amount of Senior Notes, any other senior securities representing indebtedness and preferred stock. Under the 1940 Act, the Company may not declare or make any distribution on its common stock nor can it issue additional preferred stock if at the time of such declaration or issuance, its asset coverage with respect to all senior securities would be less than 200%. In addition to the limitations under the 1940 Act, the Company, under the terms of its mandatory redeemable preferred stock, would not be able to declare or pay any distributions on its common stock if such declaration would cause its asset coverage with respect to all senior securities to be less than 225%. For purposes of these tests, the Credit Facility is considered a senior security representing indebtedness.

See accompanying notes to financial statements.

KAYNE ANDERSON MLP INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

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

(UNAUDITED)

1. Organization

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

2. Significant Accounting Policies

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

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

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

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

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

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

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

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

Investment Team Valuation. The applicable investments are valued by senior professionals of KA Fund Advisors, LLC (KAFA or the Adviser) who are responsible for the portfolio investments. The investments will be valued monthly with new investments valued at the time such investment was made.

Investment Team Valuation Documentation. Preliminary valuation conclusions will be determined by senior management of KAFA. Such valuations and supporting documentation is submitted to the Valuation Committee (a committee of the Company s Board of Directors) or the Board of Directors on a quarterly basis, or if the investment is new, at the end of the month in which the investment was made.

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

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

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

At May 31, 2013, the Company held 5.6% of its net assets applicable to common stockholders (3.1% of total assets) in securities valued at fair value pursuant to procedures adopted by the Board of Directors, with fair value of $173,513. See Note 3 Fair Value and Note 7 Restricted Securities.

F. *Repurchase Agreements* From time to time, the Company has agreed to purchase securities from financial institutions subject to the seller s agreement to repurchase them at an agreed-upon time and price (repurchase agreements). The financial institutions with whom the Company enters into repurchase agreements are banks and broker/dealers which KAFA considers creditworthy. The seller under a repurchase agreement is required to maintain the value of the securities as collateral, subject to the agreement, at not less than the repurchase price plus accrued interest. KAFA monitors daily the mark-to-market of the value of the collateral, and, if necessary, requires the seller to maintain additional securities so that the value of the collateral is not less than the repurchase price. Default by or bankruptcy of the seller would, however, expose the Company to possible loss because of adverse market action or delays in connection with the disposition of the underlying securities. As of May 31, 2013, the Company did not have any repurchase agreements.

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

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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 six months ended May 31, 2013, the Company did not engage in any short sales.

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

I. *Return of Capital Estimates* Distributions received from the Company s investments in MLPs and other securities generally are comprised of income and return of capital. The Company records investment income and return of capital based on estimates made at the time such distributions are received. The Company estimates that 90% of the MLP distributions received will be treated as a return of capital. Such estimates for MLPs and other investments are based on historical information available from each investment and other industry sources. These estimates may subsequently be revised based on information received from MLPs after their tax reporting periods are concluded.

The return of capital portion of the distributions is a reduction to investment income, results in an equivalent reduction in the cost basis of the associated investments and increases net realized gains (losses) and net change in unrealized gains (losses). If the cash distributions received by the Company exceed its cost basis (*i.e*. its cost basis is zero), the distributions are treated as realized gains.

The Company includes all cash distributions received on its Statement of Operations and reduces its investment income by (i) the estimated return of capital and (ii) the distributions in excess of cost basis. For the six months ended May 31, 2013, the Company had $121,261 of return of capital and $1,506 of cash distributions that were in excess of cost basis, which were treated as realized gains.

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

	Three Months Ended May 31, 2013	Six Months Ended May 31, 2013
Return of capital portion of dividends and distributions received	87%	86%
Return of capital attributable to net realized gains (losses)	$ 16,156	$ 21,442
Return of capital attributable to net change in unrealized gains (losses)	48,268	99,819
Total return of capital	$ 64,424	$ 121,261

J. *Investment Income* The Company records dividends and distributions on the ex-dividend date. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. When

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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.

Debt securities that the Company may hold will typically be 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 a premium are based on the effective interest method. The amount of these non-cash adjustments, if any, 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. During the three and six months ended May 31, 2013, the Company received the following paid-in-kind dividends.

	Three Months Ended May 31, 2013	Six Months Ended May 31, 2013
Buckeye Partners, L.P. (Class B Units)	$ 995	$ 1,956
Crestwood Midstream Partners LP (Class C Units)(1)		612
Enbridge Energy Management, L.L.C.	101	190
Kinder Morgan Management, LLC	5,794	11,267
Total paid-in-kind dividends	$ 6,890	$ 14,025

(1) Converted to common units on April 1, 2013.

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

The estimated characterization of the distributions paid to preferred and common stockholders will be either a dividend (eligible to be treated as qualified dividend 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.

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

M. *Federal and State Income Taxation* The Company, as a corporation, is obligated to pay federal and state income tax on its taxable income. The Company invests its assets primarily in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, the Company includes its allocable

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

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

The Company s policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. For the three and six months ended May 31, 2013, the Company did not have any interest or penalties associated with the underpayment of any income taxes. The tax years from 2009 through 2012 remain open and subject to examination by tax jurisdictions.

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

Interest rate swap contracts. The Company may use hedging techniques such as interest rate swaps to mitigate potential interest rate risk on a portion of the Company s leverage. Such interest rate swaps would principally be used to protect the Company against higher costs on its leverage resulting from increases in 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 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

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Company would realize either no gain or a loss on the purchased call option. The Company may also purchase put option contracts. If a purchased put option is exercised, the premium paid increases the cost basis of the securities sold by the Company.

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

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

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

3. Fair Value

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

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

ASU No. 2011-04 requires the inclusion of additional disclosures on assumptions used by the Company to determine fair value. Specifically, for assets measured at fair value using significant unobservable inputs (Level 3), ASU No. 2011-04 requires that the Company (i) describe the valuation process, (ii) disclose quantitative information about unobservable inputs and (iii) provide a qualitative discussion about the sensitivity of the fair value measurement to changes in the unobservable inputs and inter-relationships between the inputs.

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

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

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

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

The following table presents the Company s assets and liabilities measured at fair value on a recurring basis at May 31, 2013, and the Company presents these assets by security type and description on its Schedule of Investments or on its Statement of Assets and Liabilities. Note that the valuation levels below are not necessarily an indication of the risk or liquidity associated with the underlying investment.

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets at Fair Value				
Equity investments	$ 5,505,103	$ 5,331,590	$	$ 173,513
Liabilities at Fair Value				
Call option contracts written	$ 405	$	$ 405	$

For the six months ended May 31, 2013, there were no transfers between Level 1 and Level 2.

As of May 31, 2013, the Company had senior unsecured notes (Senior Notes) outstanding with aggregate principal amount of $1,000,000 and 15,960,000 shares of mandatory redeemable preferred stock outstanding with a total liquidation value of $399,000. See Note 11 Senior Unsecured Notes and Note 12 Preferred Stock.

Of the $399,000 of mandatory redeemable preferred stock, Series E ($120,000 liquidation value) and Series F ($125,000 liquidation value) are publicly traded on the NYSE. As a result, the Company categorizes these series of mandatory redeemable preferred stock as Level 1. The remaining three series of preferred stock the Series A, B and C mandatory redeemable preferred stock ($154,000 aggregate liquidation value) and all of the senior unsecured notes were issued in private placements to institutional investors and are not listed on any exchange or automated quotation system. As such, the Company categorizes all of the Senior Notes ($1,000,000 aggregate principal amount) and Series A, B and C of the mandatory redeemable preferred stock ($154,000 liquidation value) as Level 3 and determines the fair value of these instruments based on estimated market yields and credit spreads for comparable instruments with similar maturity, terms and structure.

The Company records these instruments on its Statement of Assets and Liabilities at principal amount or liquidation value. As of May 31, 2013, the estimated fair values of these leverage instruments are as follows.

Instrument	Principal Amount/ Liquidation Value	Fair Value
Senior Notes	$ 1,000,000	$ 1,044,600
Mandatory redeemable preferred stock	$ 399,000	$ 414,428

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The following tables present the Company s assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended May 31, 2013.

Three Months Ended May 31, 2013	**Equity Investments**
Balance February 28, 2013	$ 193,278
Purchases	25,024
Issuances	995
Transfers out	(67,896)
Realized gains(losses)	
Unrealized gains, net	22,112
Balance May 31, 2013	$ 173,513

Six Months Ended May 31, 2013	**Equity Investments**
Balance November 30, 2012	$ 129,311
Purchases	65,024
Issuances	2,568
Transfers out	(67,896)
Realized gains (losses)	
Unrealized gains, net	44,506
Balance May 31, 2013	$ 173,513

The $22,112 and $44,506 of unrealized gains presented in the tables above for the three and six months ended May 31, 2013 relate to investments that are still held at May 31, 2013, and the Company includes these unrealized gains on the Statement of Operations Net Change in Unrealized Gains (Losses).

The purchases of $25,024 and $65,024 for the three and six months ended May 31, 2013 relate to the Company s investment in Capital Products Partners L.P. (Class B Units) and Inergy Midstream, L.P. (Common Units). The issuances of $995 and $2,568 for the three and six months ended May 31, 2013 relate to additional units received from Buckeye Partners, L.P. (Class B Units) and Crestwood Midstream Partners LP (Class C Units). The Company s investments in the Class C Units of Crestwood Midstream Partners LP and common units of Inergy Midstream, L.P. became readily marketable during the fiscal second quarter of 2013 and are noted as transfers out of Level 3 in the tables above.

Valuation Techniques and Unobservable Inputs

Unless otherwise determined by the Board of Directors, the Company values its private investments in public equity (PIPE) investments that are convertible into or otherwise will become publicly tradeable (*e.g.,* through subsequent registration or expiration of a restriction on trading) based on the market value of the publicly-traded security less a discount. The discount is initially equal to the discount negotiated at the time the Company agrees to a purchase price. To the extent that such securities are convertible or otherwise become publicly traded within a time frame that may be reasonably determined, this discount will be amortized on a straight line basis over such estimated time frame.

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

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

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

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

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

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

One of the Company s private investments is Class B units of Capital Product Partners L.P. (CPLP). The Class B units are convertible preferred units (convertible on a one-for-one basis into common units) and are senior to CPLP s common units in terms of liquidation preference and priority of distributions. The Company s Board of Directors has determined that it is appropriate to value the Class B units using a convertible pricing model, which takes into account the unit s preference relative to the common units as well as its conversion features. This model takes into account the attributes of the Class B units (preferred dividend, conversion ratio and call features) to determine the estimated value of such units. In using this model, the Company estimates (i) the credit spread for CPLP s preferred units, which is based on credit spreads for companies in a similar line of business as CPLP and (ii) the expected volatility for CPLP s common units, which is based on CPLP s historical volatility as well as historical volatility for publicly-traded companies in a similar line of business as CPLP. The Company applies a discount to the value derived from the convertible pricing model to account for an expected discount in market prices for convertible securities relative to the values calculated using pricing models.

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

The following table summarizes the significant unobservable inputs that the Company uses to value its portfolio investments categorized as Level 3 as of May 31, 2013:

Quantitative Table for Valuation Techniques

Assets at Fair Value	Fair Value	Valuation Technique	Unobservable Inputs	Range Low	Range High	Weighted Average[1]
Equity securities of public companies (PIPE)	$ 62,191	- Discount to publicly-traded securities	- Current discount	2.7%	2.7%	2.7%
			- Remaining restricted period	122 days	122 days	122 days
Equity securities of public companies not valued based on a discount to market value	29,743	- Convertible pricing model	- Credit spread	6.8%	7.8%	7.3%
			- Volatility	27.5%	32.5%	30.0%
			- Discount for marketability	4.0%	4.0%	4.0%
Equity securities of private companies common units / common equity	79,229	- Public company analysis	- Selected valuation multiples:			
			EV / 2013E EBITDA	22.0x	24.0x	23.0x
			EV / 2014E EBITDA	19.0x	21.5x	20.3x
			- Discount for marketability	12.5%	12.5%	12.5%
		- M&A analysis	- Selected EV / EBITDA multiples	20.0x	22.0x	21.0x
		- Discounted cash flow	- Equity rate of return	17.0%	19.0%	18.0%
Equity securities of private trust	2,350	- Discounted cash flow	- Equity rate of return	25%	25%	25%
Total	$ 173,513					

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

4. Concentration of Risk

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

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5. Agreements and Affiliations

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

B. *Investment Management Agreement* The Company has entered into an investment management agreement with KAFA under which KAFA, subject to the overall supervision of the Company s Board of Directors, manages the day-to-day operations of, and provides investment advisory services to, the Company. For providing these services, KAFA receives a management fee from the Company. On September 20, 2012, the Company renewed its agreement with KAFA for a period of one year. The agreement will expire on December 11, 2013 and may be renewed annually thereafter upon approval of the Company s Board of Directors (including a majority of the Company s directors who are not interested persons of the Company, as such term is defined in the 1940 Act). In conjunction with this renewal, the Company entered into a one year agreement with KAFA to waive a portion of its management fee, which agreement may be renewed annually. Effective October 1, 2012, KAFA agreed to waive 0.125% of its 1.375% management fee on average total assets in excess of $4,500,000 (thereby reducing the management fee to 1.25% on average total assets in excess of $4,500,000). For the six months ended May 31, 2013, the Company paid management fees at an annual rate of 1.359% of the Company s average quarterly total assets.

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

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

The Company believes that there are several factors that determine whether or not a security should be considered a voting security in complex structures such as limited partnerships of the kind in which the Company invests. The Company also notes that the Securities and Exchange Commission (the SEC) staff has issued guidance on the circumstances under which it would consider a limited partnership interest to constitute a voting security. Under most partnership agreements, the management of the partnership is vested in the general partner, and the limited partners, individually or collectively, have no rights to manage or influence management of the partnership through such activities as participating in the selection of the managers or the board of the limited partnership or the general partner. As a result, the Company believes that many of the limited partnership interests in which it invests should not be considered voting securities. However, it is possible that the SEC staff may consider the limited partner interests the Company holds in certain limited partnerships to be voting

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securities. If such a determination were made, the Company may be regarded as a person affiliated with and controlling the issuer(s) of those securities for purposes of Section 17 of the 1940 Act.

In making such a determination as to whether to treat any class of limited partnership interests the Company holds as a voting security, the Company considers, among other factors, whether or not the holders of such limited partnership interests have the right to elect the board of directors of the limited partnership or the general partner. If the holders of such limited partnership interests do not have the right to elect the board of directors, the Company generally has not treated such security as a voting security. In other circumstances, based on the facts and circumstances of those partnership agreements, including the right to elect the directors of the general partner, the Company has treated those securities as voting securities and, therefore, as affiliates. If the Company does not consider the security to be a voting security, it will not consider such partnership to be an affiliate unless the Company and its affiliates own more than 25% of the outstanding securities of such partnership.

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

As of May 31, 2013, the Company believes that MarkWest Energy Partners, L.P. and PVR Partners, L.P. meet the criteria described above and are therefore considered affiliates of the Company.

Clearwater Trust At May 31, 2013, the Company held approximately 63% of the Clearwater Trust. The Company believes that it is an affiliate of the trust under the 1940 Act by virtue of its majority interest in the trust.

Emerge Energy Services LP Kevin S. McCarthy is Chairman of the Board of Directors and President and Chief Executive Officer of the Company. Mr. McCarthy also serves as a director on the board of Emerge Energy Services LP (Emerge). Various affiliated funds managed by KAFA, including the Company, own units of Emerge. The Company believes that it is an affiliate of Emerge under the 1940 Act by virtue of Mr. McCarthy s participation on the board of Emerge.

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

6. Income Taxes

The Company s taxes include current and deferred income taxes. Current income taxes reflect the estimated income tax liability of the Company as of a measurement date. Deferred income taxes reflect (i) taxes on net unrealized gains, which are attributable to the difference between fair market value and tax basis, (ii) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting

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purposes and the amounts used for income tax purposes and (iii) the net tax benefit of accumulated net operating losses.

At May 31, 2013, the Company had a current income tax asset of $107. The receivable is a result of the Company s estimated income tax payments being greater than its tax liability at May 31, 2013. Components of the Company s tax assets and liabilities as of May 31, 2013 are as follows:

Current tax asset	$	107
Deferred tax assets:		
Net operating loss carryforwards Federal		54,839
Net operating loss carryforwards State		4,661
AMT credit carryforwards		1,687
Deferred tax liabilities:		
Net unrealized gains on investment securities, interest rate swap contracts and option contracts		(1,012,162)
Total deferred tax liability, net	$	(950,975)

At May 31, 2013, the Company had federal net operating loss carryforwards of $161,650 (deferred tax asset of $54,839). Realization of the deferred tax assets and net operating loss carryforwards are dependent, in part, on generating sufficient taxable income prior to expiration of the loss carryforwards. The federal net operating loss carryforwards have expiration dates ranging from 2026 to 2032. In addition, the Company has state net operating loss carryforwards of $151,466 (deferred tax asset of $4,661). These state net operating loss carryforwards have expiration dates ranging from the current year to 2033.

At May 31, 2013, the Company had alternative minimum tax (ATM) credit carryforwards of $1,687. AMT credits can be used to reduce regular tax to the extent that regular tax exceeds the AMT in a future year. AMT credits do not expire.

The Company primarily invests in equity securities issued by MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner of MLPs, the Company includes its allocable share of such MLPs income or loss in computing its own taxable income or loss. Additionally, for income tax purposes, the Company reduces the cost basis of its MLP investments by the cash distributions received, and increases or decreases the cost basis of its MLP investments by its allocable share of the MLP s income or loss. During the fiscal year ended November 30, 2012, the Company received $212,803 in aggregate cash distributions from its MLP investments and reduced its cost basis, for income tax purposes, by the same amount. During the same period, the Company had additional cost basis reductions of $140,863 due to net allocated losses from its MLP investments.

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

Based on the Company s assessment, it has determined that it is more likely than not that its deferred tax assets will be realized through future taxable income of the appropriate character. Accordingly, no valuation allowance has been established for the Company s deferred tax assets. The Company will continue to assess the need for a valuation allowance in the future. Significant declines in the fair value of its portfolio of investments may change the Company s assessment regarding the recoverability of its deferred tax assets and may result in a valuation allowance. If a valuation allowance is required to reduce any deferred tax asset in the future, it could have a material impact on the Company s net asset value and results of operations in the period it is recorded.

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Total income taxes were different from the amount computed by applying the federal statutory income tax rate of 35% to the net investment loss and realized and unrealized gains (losses) on investments before taxes for the three and six months ended May 31, 2013, as follows:

	Three Months Ended May 31, 2013	Six Months Ended May 31, 2013
Computed federal income tax at 35%	$ 130,907	$ 277,420
State income tax, net of federal tax	7,609	16,057
Non-deductible distributions on mandatory redeemable preferred stock and other	2,232	3,537
Total income tax expense (benefit)	$ 140,748	$ 297,014

At May 31, 2013, the cost basis of investments for federal income tax purposes was $2,811,889. The cost basis for federal income tax purposes is $363,587 lower than the cost basis for GAAP reporting purposes primarily due to the additional basis adjustments attributable to the Company s share of the allocated losses from its MLP investments. At May 31, 2013, gross unrealized appreciation and depreciation of investments and options for federal income tax purposes were as follows:

Gross unrealized appreciation of investments (including options)	$ 2,702,903
Gross unrealized depreciation of investments (including options)	(9,727)
Net unrealized appreciation of investments	$ 2,693,176

7. Restricted Securities

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

At May 31, 2013, the Company held the following restricted investments:

Investment	Acquisition Date	Type of Restriction	Number of Units, Principal ($) (in 000 s)	Cost Basis	Fair Value	Fair Value Per Unit	Percent of Net Assets	Percent of Total Assets
<u>Level 3 Investments</u>[(1)]								
Buckeye Partners, L.P.								
Class B Units	(2)	(3)	967	$ 45,006	$ 62,191	$ 64.33	2.0%	1.1%

Clearwater Trust								
Trust Interest	(4)	(5)	N/A	3,266	2,350	N/A	0.1	0.1
Capital Products Partners L.P.								
Class B Units	(2)	(3)	3,030	23,943	29,743	9.82	0.9	0.5
Plains All American GP LLC(6)								
Common Units	(2)	(5)	24	29,412	79,229	3,261	2.6	1.4
Total				$ 101,627	$ 173,513		5.6%	3.1%

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

(2) Securities acquired at various dates during the six months ended May 31, 2013 and/or in prior fiscal years.

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

(4) On September 28, 2010, the Bankruptcy Court finalized the plan of reorganization of Clearwater Natural Resources, LP (Clearwater). As part of the plan of reorganization, the Company received an interest in the Clearwater Trust consisting of cash and a coal royalty interest as consideration for its unsecured loan to Clearwater. See Note 5 Agreements and Affiliations.

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(5) Unregistered security of a private company or trust.

(6) In determining the fair value for Plains GP, the Company s valuation is based on publicly available information. Robert V. Sinnott, the CEO of KACALP, is a member of Plains GP s board of directors (see Note 5 Agreements and Affiliations). Certain private investment funds managed by KACALP may value its investment in Plains GP based on non-public information, and, as a result, such valuation may be different than the Company s valuation.

8. Derivative Financial Instruments

As required by the Derivatives and Hedging Topic of the FASB Accounting Standards Codification, the following are the derivative instruments and hedging activities of the Company. The total number of outstanding options at May 31, 2013 is indicative of the volume of this type of option activity during the period. See Note 2 Significant Accounting Policies.

Option Contracts Transactions in option contracts for the three and six months ended May 31, 2013 were as follows:

Three Months Ended May 31, 2013	**Number of Contracts**	**Premium**
Call Options Written		
Options outstanding at February 28, 2013	11,750	$ 1,217
Options written	11,754	1,122
Options subsequently repurchased[1]	(9,710)	(790)
Options exercised	(10,594)	(1,182)
Options expired		
Options outstanding at May 31, 2013[2]	3,200	$ 367

(1) The price at which the Company subsequently repurchased the options was $179 which resulted in net realized gains of $611.

(2) The percentage of total investments subject to call options written was 0.3% at May 31, 2013.

Six Months Ended May 31, 2013	**Number of Contracts**	**Premium**
Call Options Written		
Options outstanding at November 30, 2012	4,100	$ 406
Options written	30,884	2,971
Options subsequently repurchased[1]	(13,410)	(1,171)
Options exercised	(18,374)	(1,839)

Options expired			
Options outstanding at May 31, 2013	3,200	$	367

(1) The price at which the Company subsequently repurchased the options was $374, which resulted in net realized gains of $797.

Interest Rate Swap Contracts The Company may enter into interest rate swap contracts to partially hedge itself from increasing expense on its leverage resulting from increasing interest rates. At the time the interest rate swap contracts reach their scheduled termination, there is a risk that the Company would not be able to obtain a replacement transaction or that the terms of the replacement transaction would not be as favorable as on the expiring transaction. In addition, if the Company is required to terminate any swap contract early, then the Company could be required to make a termination payment. As of May 31, 2013, the Company did not have any interest rate swap contracts outstanding.

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During the first and second quarters of fiscal 2013, the Company entered into interest rate swap contracts ($175,000 notional amount) in anticipation of a private placement of Senior Notes. On March 22, 2013, these interest rate swap contracts were terminated in conjunction with the pricing of the private placement, and resulted in a $32 realized gain.

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

Derivatives Not Accounted for as Hedging Instruments	Statement of Assets and Liabilities Location	Fair Value as of May 31, 2013
Call options	Call option contracts written	$ (405)

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

Derivatives Not Accounted for as Hedging Instruments	Location of Gains/(Losses) on Derivatives Recognized in Income	For the Three Months Ended May 31, 2013	
		Net Realized Gains/(Losses) on Derivatives Recognized in Income	Change in Unrealized Gains/(Losses) on Derivatives Recognized in Income
Call options	Options	$ 611	$ 545
Interest rate swap contracts	Interest rate swap contracts	32	16
		$ 643	$ 561

Derivatives Not Accounted for as Hedging Instruments	Location of Gains/(Losses) on Derivatives Recognized in Income	For the Six Months Ended May 31, 2013	
		Net Realized Gains/(Losses) on Derivatives Recognized in Income	Change in Unrealized Gains/(Losses) on Derivatives Recognized in Income
Call options	Options	$ 797	$ (65)
Interest rate swap contracts	Interest rate swap contracts	32	

	$ 829	$ (65)

9. Investment Transactions

For the six months ended May 31, 2013, the Company purchased and sold securities in the amounts of $856,122 and $545,213 (excluding short-term investments and options).

10. Credit Facility

At May 31, 2013, the Company had a $250,000 unsecured revolving credit facility (the Credit Facility). On March 5, 2013, the Company renewed its Credit Facility that was scheduled to mature on June 11, 2013 with a syndicate of lenders. The new Credit Facility has a three-year commitment, maturing on March 4, 2016, and the total commitment amount was increased from $200,000 to $250,000. Under the new Credit Facility, the interest rate varies between LIBOR plus 1.60% and LIBOR plus 2.25%, depending on the Company s asset coverage ratios (prior to renewal, the interest rate varied between LIBOR plus 1.75% and LIBOR plus 3.00%). The Company pays a fee of 0.30% per annum on any unused amounts of the new Credit Facility (the fee was 0.40% per annum prior to the renewal).

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For the six months ended May 31, 2013, the average amount outstanding under the Credit Facility was $77,912 with a weighted average interest rate of 2.07%. As of May 31, 2013, the Company had $53,000 outstanding under the Credit Facility at an interest rate of 1.80%. See Financial Highlights for the Company s asset coverage ratios under the 1940 Act.

11. Senior Unsecured Notes

At May 31, 2013, the Company had $1,000,000 aggregate principal amount of Senior Notes outstanding. On April 16, 2013, the Company executed a definitive agreement for the private placement of $235,000 of Senior Notes. In conjunction with the execution of this agreement, on April 16, 2013, the Company received funding of $100,000 (the April Funding) of the $235,000 total offering amount. Proceeds from the April Funding were used to make new portfolio investments and to repay borrowings on the Credit Facility. The remaining $125,000 was funded on June 13, 2013 and was used to refinance $125,000 principal amount of the Series K Senior Notes which would have matured on June 19, 2013. See Note 14 Subsequent Events.

The table below sets forth the key terms of each series of the Senior Notes at May 31, 2013.

Series	Principal Outstanding, November 30, 2012	Principal Issued	Principal Outstanding, May 31, 2013	Estimated Fair Value May 31, 2013	Fixed/Floating Interest Rate	Maturity Date
K	$ 125,000		$ 125,000	$ 128,700	5.991%	6/19/13
M	60,000		60,000	63,500	4.560%	11/4/14
N	50,000		50,000	50,400	3-month LIBOR + 185 bps	11/4/14
O	65,000		65,000	69,000	4.210%	5/7/15
P	45,000		45,000	45,200	3-month LIBOR + 160 bps	5/7/15
Q	15,000		15,000	15,600	3.230%	11/9/15
R	25,000		25,000	26,600	3.730%	11/9/17
S	60,000		60,000	65,600	4.400%	11/9/20
T	40,000		40,000	45,100	4.500%	11/9/22
U	60,000		60,000	60,000	3-month LIBOR + 145 bps	5/26/16
V	70,000		70,000	74,300	3.710%	5/26/16
W	100,000		100,000	109,800	4.380%	5/26/18
X	14,000		14,000	14,300	2.460%	5/3/15
Y	20,000		20,000	20,600	2.910%	5/3/17
Z	15,000		15,000	15,600	3.390%	5/3/19
AA	15,000		15,000	15,600	3.560%	5/3/20
BB	35,000		35,000	36,500	3.770%	5/3/21
CC	76,000		76,000	79,400	3.950%	5/3/22
DD		35,000	35,000	34,800	2.740%	4/16/19
EE		24,000	24,000	23,800	3.200%	4/16/21
FF		30,000	30,000	29,600	3.570%	4/16/23
GG		21,000	21,000	20,600	3.670%	4/16/25
	$ 890,000	$ 110,000	$ 1,000,000	$ 1,044,600		

Holders of the fixed rate Senior Notes are entitled to receive cash interest payments semi-annually (on June 19 and December 19) at the fixed rate. Holders of the floating rate Senior Notes are entitled to receive cash interest payments quarterly (on March 19, June 19, September 19 and December 19) at the floating rate. During the six months ended May 31, 2013, the weighted average interest rate on the outstanding Senior Notes was 3.88%.

As of May 31, 2013, each series of Senior Notes were rated AAA by FitchRatings. In the event the credit rating on any series of Senior Notes falls below A- , the interest rate on such series will increase by 1% during the

KAYNE ANDERSON MLP INVESTMENT COMPANY

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

(UNAUDITED)

period of time such series is rated below A- . The Company is required to maintain a current rating from one rating agency with respect to each series of Senior Notes.

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

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

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

At May 31, 2013, the Company was in compliance with all covenants under the Senior Notes agreements.

12. Preferred Stock

At May 31, 2013, the Company had 15,960,000 shares of mandatory redeemable preferred stock outstanding, with a total liquidation value of $399,000 ($25.00 per share). On April 3, 2013, the Company completed a public offering of 5,000,000 shares of Series F mandatory redeemable preferred stock at a price of $25.00 per share. Net proceeds from the offering were approximately $122,500 and were used primarily to redeem all 4,000,000 shares of Series D mandatory redeemable preferred stock with a $100,000 liquidation value. The redemption price per share was equal to the liquidation value, plus (i) accumulated unpaid dividends of $578, calculated using the current rate of 4.95% accrued to, but not including, the redemption date and (ii) a redemption premium of $500 (0.5% of the liquidation value).

The table below sets forth the key terms of each series of the mandatory redeemable preferred stock at May 31, 2013.

Series	Liquidation Value November 30, 2012	Liquidation Value Shares Redeemed	Liquidation Value Shares Issued	Liquidation Value May 31, 2013	Estimated Fair Value May 31, 2013	Rate	Maturity Redemption Date
A	$ 104,000	$	$	$ 104,000	$ 113,200	5.57%	5/7/17
B	8,000			8,000	8,400	4.53%	11/9/17
C	42,000			42,000	45,100	5.20%	11/9/20
D	100,000	100,000				4.95%	6/1/18
E(1)	120,000			120,000	121,728	4.25%	4/1/19
F(2)			125,000	125,000	126,000	3.50%	4/15/20
	$ 374,000	$ 100,000	$ 125,000	$ 399,000	$ 414,428		

(1) Series E mandatory redeemable preferred shares are publicly traded on the NYSE under the symbol KYNPRE . The fair value is based on the price of $25.36 on May 31, 2013.
(2) Series F MRP Shares are publicly traded on the NYSE under the symbol KYNPRF . The fair value is based on the price of $25.20 as of May 31, 2013.

KAYNE ANDERSON MLP INVESTMENT COMPANY

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

The table below outlines the terms of each series of mandatory redeemable preferred stock. The dividend rate on the Company s mandatory redeemable preferred stock will increase if the credit rating is downgraded below A by FitchRatings. Further, the annual dividend rate for all series of mandatory redeemable preferred stock will increase by 4.0% if no ratings are maintained, and the annual dividend rate will increase by 5.0% if the Company fails to make dividend or certain other payments. The Company is required to maintain a current rating from one rating agency with respect to each series of mandatory redeemable preferred stock.

	Series A, B and C	Series D and E
Rating as of May 31, 2013 (FitchRatings)	AA	AA
Ratings Threshold	A	A
Method of Determination	Lowest Credit Rating	Highest Credit Rating
Increase in Annual Dividend Rate	0.5% to 4.0%	0.75% to 4.0%

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

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

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

At May 31, 2013, the Company was in compliance with the asset coverage and basic maintenance requirements of its mandatory redeemable preferred stock.

13. Common Stock

At May 31, 2013, the Company had 184,040,000 shares of common stock authorized and 93,338,082 shares outstanding. As of that date, KACALP owned 4,000 shares. On March 12, 2013, the Company completed a public offering of 4,543,995 shares of common stock at a price of $33.36 per share. The net proceeds from the offering were used by the Company to make additional portfolio investments that are consistent with the Company s investment objective and for general corporate purposes. Transactions in common shares for the six months ended May 31, 2013 were as follows:

Shares outstanding at November 30, 2012	88,431,413
Shares issued through reinvestment of distributions	362,674
Shares issued in connection with the offering of common stock	4,543,995

Shares outstanding at May 31, 2013	93,338,082

KAYNE ANDERSON MLP INVESTMENT COMPANY

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

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14. Subsequent Events

On June 13, 2013, the Company completed a Senior Notes offering and received $125,000 (the June Funding) of the $235,000 total offering amount. The proceeds were used to refinance $125,000 principal amount of the Series K Senior Notes, which would have matured on June 19, 2013. The initial funding (April Funding) of $110,000 was received on April 16, 2013 and was used to make new portfolio investments and to repay indebtedness.

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

Series	April Funding	June Funding	Total Amount	Interest Rate	Maturity Date
DD	$ 35,000	$ 40,000	$ 75,000	2.74%	4/16/19
EE	24,000	26,000	50,000	3.20%	4/16/21
FF	30,000	35,000	65,000	3.57%	4/16/23
GG	21,000	24,000	45,000	3.67%	4/16/25
	$ 110,000	$ 125,000	$ 235,000		

On June 18, 2013, the Company declared its quarterly distribution of $0.58 per common share for the second quarter of fiscal 2013 for a total quarterly distribution payment of $54,136. The distribution was paid on July 12, 2013 to common stockholders of record on July 5, 2013. Of this total, pursuant to the Company s dividend reinvestment plan, $6,151 was reinvested into the Company through the issuance of 179,329 shares of common stock.

On July 15, 2013, the Company completed a public offering of 6,200,000 shares of common stock at a price of $36.00 per share. The net proceeds of $214,300 will be used to make additional portfolio investments, to repay amounts borrowed on the Credit Facility and for general corporate purposes.

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

BASE PROSPECTUS

$750,000,000

Common Stock

Preferred Stock

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

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

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

Investing in our securities may be speculative and involve a high degree of risk and should not constitute a complete investment program. Before buying any securities, you should read the discussion of the material risks of investing in our securities in Risk Factors beginning on page 18 of this prospectus. You should consider carefully these risks together with all of the other information contained in this prospectus and any prospectus supplement before making a decision to purchase our securities.

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

The date of this prospectus is March 4, 2013.

(continued on the following page)

(continued from the previous page)

We are managed by KA Fund Advisors, LLC (KAFA), a subsidiary of Kayne Anderson Capital Advisors, L.P. (together, with KAFA, Kayne Anderson), a leading investor in MLPs. As of December 31, 2012, Kayne Anderson and its affiliates managed approximately $18.0 billion, including approximately $10.8 billion in MLPs and other Midstream Energy Companies.

Shares of our common stock are listed on the New York Stock Exchange (NYSE) under the symbol KYN. The net asset value of our common stock at the close of business on December 31, 2012 was $27.21 per share, and the last sale price per share of our common stock on the NYSE as of that date was $29.47. See Market and Net Asset Value Information.

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

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

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

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This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the SEC), using the shelf registration process. Under the shelf registration process, we may offer, from time to time, our common stock or preferred stock, separately or in concurrent offerings, in amounts, at prices and on terms set forth in prospectus supplements to this prospectus. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus, together with any prospectus supplement, sets forth concisely the information about us that a prospective investor ought to know before investing. You should read this prospectus and the related prospectus supplement before deciding whether to invest and retain them for future reference. A Statement of Additional Information, dated March 4, 2013 (the SAI), containing additional information about us, has been filed with the SEC and is incorporated by reference in its entirety into this prospectus.

You may request a free copy of our SAI, the table of contents of which is on page 87 of this prospectus, request a free copy of our annual, semi-annual and quarterly reports, request other information or make stockholder inquiries, by calling toll-free at (877) 657-3863, or by writing to us at 717 Texas Avenue, Suite 3100, Houston, Texas 77002. Our annual, semi-annual and quarterly reports and the SAI also are available on our website at http://www.kaynefunds.com. Information included on such website does not form part of this prospectus.

We file reports (including our annual, semi-annual and quarterly reports, and the SAI), proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the Exchange Act). Copies of such reports, proxy statements and other information, as well as the registration statement and the amendments, exhibits and schedules thereto, can be obtained from the SEC s Public Reference Room in Washington, D.C. Information relating to the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Such materials, as well as the Company s annual, semi-annual and quarterly reports and other information regarding the Company, are also available on the SEC s website (http://www.sec.gov). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC s Public Reference Room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0112.

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

PROSPECTUS SUMMARY

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

The Company

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

We began investment activities in September 2004 following our initial public offering. As of December 31, 2012, we had approximately 88.4 million shares of common stock outstanding, net assets applicable to our common stock of approximately $2.4 billion and total assets of approximately $4.4 billion.

Investment Objective

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

Investment Policies

We have adopted the following non-fundamental investment policies:

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

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

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

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

We may invest up to 20% of our total assets in debt securities of MLPs and other Midstream Energy Companies, including below investment grade debt securities (commonly referred to as junk bonds or high yield bonds) rated, at the time of investment, at least B3 by Moody s Investors Service, Inc., B- by Standard & Poor s or Fitch Ratings, comparably rated by another rating agency or, if unrated, determined by Kayne Anderson to be of comparable quality. In addition, up to one-quarter of our permitted investments in debt securities (or up to 5% of our total assets) may be invested in unrated debt securities or debt securities that are rated less than B3/B- of public or private companies.

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

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

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

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

Our Portfolio Investments

As of December 31, 2012, we held $4.4 billion in equity investments and no debt investments. Our top 10 largest holdings by issuer as of that date were:

	Company	Sector	Units (in thousands)	Amount ($ millions)	Percent of Long-Term Investments
1.	Enterprise Products Partners L.P.	Midstream MLP	7,674	$ 384.3	8.7%
2.	Kinder Morgan Management, LLC	MLP Affiliate	4,377	330.3	7.5
3.	Plains All American Pipeline, L.P.	Midstream MLP	6,852	310.0	7.0
4.	MarkWest Energy Partners, L.P.	Midstream MLP	4,852	247.5	5.6
5.	Energy Transfer Equity, L.P.	General Partner MLP	4,457	202.7	4.6
6.	El Paso Pipeline Partners, L.P.	Midstream MLP	5,284	195.3	4.4
7.	Williams Partners L.P.	Midstream MLP	3,868	188.2	4.3
8.	Regency Energy Partners LP	Midstream MLP	7,768	168.4	3.8
9.	Enbridge Energy Partners, L.P.	Midstream MLP	5,670	158.2	3.6
10.	ONEOK Partners, L.P.	Midstream MLP	2,868	154.9	3.5

Our Investment Adviser

KA Fund Advisors, LLC (KAFA or the Adviser) is our investment adviser, responsible for implementing and administering our investment strategy. KAFA is a subsidiary of Kayne Anderson Capital Advisors, L.P. (KACALP and together with KAFA, Kayne Anderson). Both KAFA and KACALP are SEC-registered investment advisers. As of December 31, 2012, Kayne Anderson and its affiliates managed approximately $18.0 billion, including approximately $10.8 billion in MLPs and other Midstream Energy Companies.

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

The Offering

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

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

Use of Financial Leverage

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

We generally will seek to enhance our total returns through the use of financial leverage. Under normal market conditions, our policy is to utilize our Borrowings and our preferred stock, (each a Leverage Instrument and collectively Leverage Instruments) in an amount that represents approximately 30% of our total assets, including proceeds from such Leverage Instruments (which equates to approximately 55.0% of our net asset value as of December 31, 2012). However, based on market conditions at the time, we may use Leverage Instruments in amounts that represent greater than 30% leverage to the extent permitted by the 1940 Act. As of December 31, 2012, our Leverage Instruments represented approximately 30.1% of our total assets. At December 31, 2012, our asset coverage ratios under the 1940 Act, were 391% and 281% for debt and total leverage (debt plus preferred stock), respectively. We currently target an asset coverage ratio with respect to our debt of 375%, but at times may be above or below our target depending on market conditions. Leverage

Instruments have seniority in liquidation and distribution rights over our common stock. Costs associated with any issuance of preferred stock are borne immediately by common stockholders and result in a reduction of the net asset value of our common stock. See Use of Leverage.

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

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

Derivatives and Other Strategies

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

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

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

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

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

Distributions

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

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

Use of Proceeds

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds of any sales of our securities pursuant to this prospectus to make investments in portfolio companies in accordance with our investment objective and policies, to repay indebtedness or for general corporate purposes. Pending such investments, we anticipate either investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments. The supplement to this prospectus relating to an offering will more fully identify the use of proceeds from such offering. See Use of Proceeds.

Taxation

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

Stockholder Tax Features

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

Risk Considerations

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

Tax Risks

In addition to other risk considerations, an investment in our securities will involve certain tax risks, including, the risk the master limited partnerships in which we invest will be classified as corporations rather than as partnerships for federal income tax purposes (which may reduce our return and negatively affect the net asset value of our common stock) and the risk of changes in tax laws or regulations, or interpretations thereof, which could adversely affect us or the portfolio companies in which we invest. Tax matters are very complicated, and the federal, state, local and foreign tax consequences of an investment in and holding of our securities will depend on the facts of each investor s situation. Investors are encouraged to consult their own tax advisers regarding the specific tax consequences that may affect such investors. See Risk Factors Tax Risks for more information on these risks.

Dividend Reinvestment Plan

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

Trading at a Discount

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

FORWARD-LOOKING STATEMENTS

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

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

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

The factors identified above are believed to be important factors, but not necessarily all of the important factors, that could cause our actual results to differ materially from those expressed in any forward-looking statement. Unpredictable or unknown factors could also have material adverse effects on us. Since our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, we cannot give any assurance that any of the events anticipated by the forward-looking statements will occur, or, if any of them do, what impact they will have on our results of operations and financial condition. All forward-looking statements included in this prospectus are expressly qualified in their entirety by the foregoing cautionary statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. We do not undertake any obligation to update, amend or clarify these forward-looking statements or the risk factors contained in this prospectus, whether as a result of new information, future events or otherwise, except as may be required under the federal securities laws. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including our annual reports. We acknowledge that, notwithstanding the foregoing statement, the safe harbor for forward-looking statements under the Private Securities Litigation Reform Act of 1995 does not apply to investment companies such as us.

KAYNE ANDERSON MLP INVESTMENT COMPANY

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

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

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

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

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

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

FEES AND EXPENSES

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

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

Percentage of Net Assets Attributable to Common Stock (5)

Annual Expenses:	
Management Fees (6)	2.44%
Interest Payments (including issuance costs) on Borrowed Funds	1.63
Dividend Payments (including issuance costs) on Preferred Stock	0.78
Other Expenses (exclusive of current and deferred income tax expense)	0.15
Annual Expenses (exclusive of current and deferred income tax expense)	5.00
Current Income Tax Expense (7)	0.07
Deferred Income Tax Expense (7)	7.15
Total Annual Expenses (including current and deferred income tax expenses)	12.22%

(1) The sales load will apply only if the securities to which this prospectus relates are sold to or through underwriters. In such case, a corresponding prospectus supplement will disclose the applicable sales load.

(2) The related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the offering expenses as a percentage of the offering price.

(3) The expenses of administering our Dividend Reinvestment Plan are included in Other Expenses. Common stockholders will pay brokerage charges if they direct American Stock Transfer & Trust Company, as their agent (the Plan Administrator), to sell their common stock held in a dividend reinvestment account. See Dividend Reinvestment Plan.

(4) The related prospectus supplement will disclose the offering price and the total stockholder transaction expenses as a percentage of the offering price.

(5) The annual expenses in the table are calculated using (i) such expenses as reported on our statement of operations for the fiscal year ended November 30, 2012 and (ii) our average net assets for the fiscal year ended November 30, 2012.

(6) Pursuant to the terms of the investment management agreement between us and our Adviser, the management fee is calculated at an annual rate of 1.375% of our average total assets (excluding net deferred income tax assets, if any). Effective October 1, 2012, for a period of one year, our Adviser agreed to waive 0.125% of its management fee on total assets in excess of $4.5 billion (thereby reducing the management fee to 1.25% on total assets in excess of $4.5 billion). Management fees in the table above are calculated as

a percentage of net assets attributable to common stock, which results in a higher percentage than the percentage attributable to average total assets. See Management Investment Management Agreement.

(7) For the fiscal year ended November 30, 2012, we recorded current tax expense of $1.7 million and net deferred tax expense of $167.9 million attributable to our net investment loss, realized gains and unrealized gains.

The purpose of the table above and the example below is to help you understand all fees and expenses that you would bear directly or indirectly as a holder of our common stock. See Management and Dividend Reinvestment Plan.

Example

The following example illustrates the expenses that common stockholders would pay on a $1,000 investment in our common stock, assuming total annual expenses before tax are 5% of net asset value in year 1. The following example assumes that all distributions are reinvested at net asset value, an annual rate of return of 5% on our portfolio securities, and expenses include income tax expense associated with the 5% assumed rate of return on such portfolio securities.

	1 Year	3 Years	5 Years	10 Years
Expenses	$ 67	$ 207	$ 352	$ 744

THE EXAMPLE AND THE EXPENSES IN THE TABLE ABOVE SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE EXPENSES. The example assumes that the estimated Annual Expenses (exclusive of current and deferred income tax expense) set forth in the Annual Expenses table are accurate and that all distributions are reinvested at net asset value. ACTUAL EXPENSES (INCLUDING THE COST OF LEVERAGE, IF ANY, AND OTHER EXPENSES) MAY BE GREATER OR LESS THAN THOSE SHOWN. Moreover, our actual rate of return may be greater or less than the hypothetical 5% return shown in the example. IN THE EVENT THAT A SALES LOAD APPLIES, AN EXAMPLE SIMILAR TO THIS WILL BE RESTATED IN A CORRESPONDING PROSPECTUS SUPPLEMENT TO SHOW THE EFFECT OF THE SALES LOAD.

FINANCIAL HIGHLIGHTS

The Financial Highlights for the period September 28, 2004 (commencement of operations) through November 30, 2004 and the fiscal years ended November 30, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012, including accompanying notes thereto and the report of PricewaterhouseCoopers LLP thereon, contained in our Annual Report to Stockholders for the fiscal year ended November 30, 2012 contained in our Form N-CSR filed with the SEC on January 29, 2013 are hereby incorporated by reference into, and are made part of, this prospectus. A copy of such Annual Report to Stockholders must accompany the delivery of this prospectus.

SENIOR SECURITIES

Information about our outstanding senior securities (including Series D Auction Rate Preferred Shares (ARP Shares), MRP Shares, Senior Notes and other indebtedness) is shown in the following table as of each fiscal year ended November 30 since we commenced operations. The information for the fiscal years ended 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012, and for the period ended November 30, 2004 has been derived from our financial statements which have been audited by PricewaterhouseCoopers LLP, whose report thereon is included in the financial statements contained in our Annual Report to Stockholders for the fiscal year ended November 30, 2012 contained in our Form N-CSR filed with the SEC on January 29, 2013.

Year	Title of Security	Total Amount Outstanding (1) ($ in 000s)	Asset Coverage Per $1,000 of Principal or Liquidation Preference Amount	Involuntary Liquidating Preference Per Amount (2) ($ in 000s)	Average Market Value Per Unit (3)
2004	N/A	N/A	N/A	N/A	N/A
2005					
	Senior Notes				
	Series A	$85,000	$ 4,873	$85,000	N/A
	Series B	85,000	4,873	85,000	N/A
	Series C	90,000	4,873	90,000	N/A
	ARP Shares	75,000	3,782	75,000	N/A
2006					
	Senior Notes				
	Series A	$85,000	$ 4,497	$85,000	N/A
	Series B	85,000	4,497	85,000	N/A
	Series C	90,000	4,497	90,000	N/A
	Series E	60,000	4,497	60,000	N/A
	Revolving Credit Facility	17,000	4,497	17,000	N/A
	ARP Shares	75,000	3,678	75,000	N/A
2007					
	Senior Notes				
	Series A	$85,000	$ 3,284	$85,000	N/A
	Series B	85,000	3,284	85,000	N/A
	Series C	90,000	3,284	90,000	N/A
	Series E	60,000	3,284	60,000	N/A
	Series F	185,000	3,284	185,000	N/A
	Revolving Credit Facility	97,000	3,284	97,000	N/A
	ARP Shares	75,000	2,920	75,000	N/A
2008					
	Senior Notes				
	Series G	$75,000	$ 3,389	$75,000	N/A
	Series H	20,000	3,389	20,000	N/A
	Series I	60,000	3,389	60,000	N/A
	Series J	24,000	3,389	24,000	N/A
	Series K	125,000	3,389	125,000	N/A
	Revolving Credit Facility				N/A
	ARP Shares	75,000	2,718	75,000	N/A

Year	Title of Security	Total Amount Outstanding (1) ($ in 000s)	Asset Coverage Per $1,000 of Principal or Liquidation Preference Amount	Involuntary Liquidating Preference Per Amount (2) ($ in 000s)	Average Market Value Per Unit (3)
2009					
	Senior Notes				
	Series G	$75,000	$ 4,009	$75,000	N/A
	Series I	60,000	4,009	60,000	N/A
	Series K	125,000	4,009	125,000	N/A
	Series M	60,000	4,009	60,000	N/A
	Series N	50,000	4,009	50,000	N/A
	Revolving Credit Facility				N/A
	ARP Shares	75,000	3,333	75,000	N/A
2010					
	Senior Notes				
	Series G	$75,000	$ 4,203	$75,000	N/A
	Series I	60,000	4,203	60,000	N/A
	Series K	125,000	4,203	125,000	N/A
	Series M	60,000	4,203	60,000	N/A
	Series N	50,000	4,203	50,000	N/A
	Series O	65,000	4,203	65,000	N/A
	Series P	45,000	4,203	45,000	N/A
	Series Q	15,000	4,203	15,000	N/A
	Series R	25,000	4,203	25,000	N/A
	Series S	60,000	4,203	60,000	N/A
	Series T	40,000	4,203	40,000	N/A
	Revolving Credit Facility				N/A
	MRP Shares				
	Series A	110,000	3,341	110,000	N/A
	Series B	8,000	3,341	8,000	N/A
	Series C	42,000	3,341	42,000	N/A
2011					
	Senior Notes				
	Series I	$60,000	$ 3,954	$60,000	N/A
	Series K	125,000	3,954	125,000	N/A
	Series M	60,000	3,954	60,000	N/A
	Series N	50,000	3,954	50,000	N/A
	Series O	65,000	3,954	65,000	N/A
	Series P	45,000	3,954	45,000	N/A
	Series Q	15,000	3,954	15,000	N/A
	Series R	25,000	3,954	25,000	N/A
	Series S	60,000	3,954	60,000	N/A
	Series T	40,000	3,954	40,000	N/A
	Series U	60,000	3,954	60,000	N/A
	Series V	70,000	3,954	70,000	N/A
	Series W	100,000	3,954	100,000	N/A

Year	Title of Security	Total Amount Outstanding (1) ($ in 000s)	Asset Coverage Per $1,000 of Principal or Liquidation Preference Amount	Involuntary Liquidating Preference Per Amount (2) ($ in 000s)	Average Market Value Per Unit (3)
2011					
	Revolving Credit Facility				N/A
	MRP Shares				
	Series A	$110,000	$2,961	$110,000	N/A
	Series B	8,000	2,961	8,000	N/A
	Series C	42,000	2,961	42,000	N/A
	Series D	100,000	2,961	100,000	N/A
2012					
	Senior Notes				
	Series K	$125,000	$4,185	$125,000	N/A
	Series M	60,000	4,185	60,000	N/A
	Series N	50,000	4,185	50,000	N/A
	Series O	65,000	4,185	65,000	N/A
	Series P	45,000	4,185	45,000	N/A
	Series Q	15,000	4,185	15,000	N/A
	Series R	25,000	4,185	25,000	N/A
	Series S	60,000	4,185	60,000	N/A
	Series T	40,000	4,185	40,000	N/A
	Series U	60,000	4,185	60,000	N/A
	Series V	70,000	4,185	70,000	N/A
	Series W	100,000	4,185	100,000	N/A
	Series X	14,000	4,185	14,000	N/A
	Series Y	20,000	4,185	20,000	N/A
	Series Z	15,000	4,185	15,000	N/A
	Series AA	15,000	4,185	15,000	N/A
	Series BB	35,000	4,185	35,000	N/A
	Series CC	76,000	4,185	76,000	N/A
	Revolving Credit Facility	19,000	4,185	19,000	N/A
	MRP Shares				
	Series A	104,000	2,965	104,000	N/A
	Series B	8,000	2,965	8,000	N/A
	Series C	42,000	2,965	42,000	N/A
	Series D	100,000	2,965	100,000	N/A
	Series E	120,000	2,965	120,000	N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.

(3) Not applicable, as senior securities are not registered for public trading.

MARKET AND NET ASSET VALUE INFORMATION

Shares of our common stock are listed on the NYSE under the symbol KYN. Our common stock commenced trading on the NYSE on September 28, 2004.

Our common stock has traded both at a premium and at a discount in relation to its net asset value. Although our common stock has traded at a premium to net asset value, we cannot assure that this will continue after the offering or that the common stock will not trade at a discount in the future. Our issuance of common stock may have an adverse effect on prices in the secondary market for our common stock by increasing the number of shares of common stock available, which may create downward pressure on the market price for our common stock. Shares of closed-end investment companies frequently trade at a discount to net asset value. See Risk Factors Additional Risks Related to Our Common Stock Market Discount From Net Asset Value Risk.

The following table sets forth for each of the fiscal quarters indicated the range of high and low closing sales price of our common stock and the quarter-end sales price, each as reported on the NYSE, the net asset value per share of common stock and the premium or discount to net asset value per share at which our shares were trading. Net asset value is generally determined on the last business day of each calendar month. See Net Asset Value for information as to the determination of our net asset value.

	Quarterly Closing Sales Price			Quarter-End Closing Net Asset Value Per Share of Common Stock (1)	Premium/ (Discount) of Sales Price to Net Asset Value (2)
	High	Low	Sales Price		
Fiscal Year 2012					
Fourth Quarter	$ 31.65	$ 28.68	$ 31.13	$ 28.51	9.2%
Third Quarter	31.52	28.56	30.50	28.66	6.4
Second Quarter	31.47	27.80	28.99	26.38	9.9
First Quarter	32.89	28.34	31.40	30.08	4.4
Fiscal Year 2011					
Fourth Quarter	$ 29.18	$ 25.53	$ 28.03	$ 27.01	3.8%
Third Quarter	30.37	24.35	28.40	26.01	9.2
Second Quarter	32.71	28.44	29.43	27.53	6.9
First Quarter	31.51	27.93	30.91	28.73	7.6
Fiscal Year 2010					
Fourth Quarter	$ 28.49	$ 25.63	$ 28.49	$ 26.67	6.8%
Third Quarter	27.11	24.65	25.54	23.96	6.6
Second Quarter	27.46	24.75	25.25	21.90	15.3
First Quarter	26.31	22.99	24.86	22.23	11.8

Source of market prices: Reuters Group PLC.

(1) NAV per share is determined as of close of business on the last day of the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low closing sales prices, which may or may not fall on the last day of the quarter. NAV per share is calculated as described in Net Asset Value.

(2) Calculated as of the quarter-end closing sales price divided by the quarter-end NAV.

On December 31, 2012, the last reported sales price of our common stock on the NYSE was $29.47, which represented a premium of approximately 8.3% to the NAV per share reported by us on that date.

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

USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement, we will use the net proceeds from any sales of our securities pursuant to this prospectus to make investments in portfolio companies in accordance with our investment objectives and policies, to repay indebtedness, or for general corporate purposes. The supplement to this prospectus relating to an offering will more fully identify the use of proceeds from such offering.

To the extent a portion of the proceeds from such offering are used to make investments in portfolio companies, the relevant prospectus supplement will include an estimate of the length of time it is expected to take to invest such proceeds. We anticipate such length of time will be less than three months. To the extent a portion of the proceeds from such offering are used to repay indebtedness, such transactions will be effected as soon as practicable after completion of the relevant offering.

Pending the use of proceeds, as described above, we anticipate either investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments. A delay in the anticipated use of proceeds could lower returns, reduce our distribution to common stockholders and reduce the amount of cash available to make dividend and interest payments on preferred stock and debt securities, respectively.

As of December 31, 2012, we had $66.0 million borrowed under our credit facility. The credit facility has a three-year commitment terminating on June 11, 2013. Amounts repaid under our credit facility will remain available for future borrowings. Outstanding balances under the credit facility accrue interest daily at a rate equal to the one-month LIBOR plus 1.75% per annum based on current asset coverage ratios. The interest rate may vary between LIBOR plus 1.75% and LIBOR plus 3.00% depending on asset coverage ratios. We will pay a fee equal to a rate of 0.40% per annum on any unused amounts of the credit facility.

RISK FACTORS

Investing in our securities involves risk, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. The following discussion summarizes some of the risks that a potential investor should carefully consider before deciding whether to invest in our securities offered hereby. For additional information about the risks associated with investing in our securities, see Our Investments in our SAI, as well as any risk factors included in the applicable prospectus supplement.

Risks Related to Our Investments and Investment Techniques

Investment and Market Risk

An investment in our securities is subject to investment risk, including the possible loss of the entire amount that you invest. Your investment in our securities represents an indirect investment in MLPs, other Midstream Energy Companies and other securities owned by us, some of which will be traded on a national securities exchange or in the over-the-counter markets. An investment in our securities is not intended to constitute a complete investment program and should not be viewed as such. The value of these publicly traded securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of the securities in which we invest may affect the value of our securities. Your securities at any point in time may be worth less than your original investment, even after taking into account the reinvestment of our distributions. We are primarily a long-term investment vehicle and should not be used for short-term trading.

Risks of Investing in MLP Units

In addition to the risks summarized herein, an investment in MLP units involves certain risks which differ from an investment in the securities of a corporation. Investors in MLPs, unlike investors in the securities of a corporation, have limited control and voting rights on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLP units and conflicts of interest exist between common unitholders and the general partner, including those arising from incentive distribution payments.

Energy Sector Risks

Our concentration in the energy sector may present more risk than if we were broadly diversified over multiple sectors of the economy. A downturn in the energy sector of the economy, adverse political, legislative or regulatory developments or other events could have a larger impact on us than on an investment company that does not concentrate in the energy sector. At times, the performance of companies in the energy sector may lag the performance of other sectors or the broader market as a whole. In addition, there are several specific risks associated with investments in the energy sector, including the following:

Supply and Demand Risk. MLPs and other Midstream Energy Companies operating in the energy sector could be adversely affected by reductions in the supply of or demand for energy commodities. The volume of production of energy commodities and the volume of energy commodities available for transportation, mining, storage, processing or distribution could be affected by a variety of factors, including depletion of resources; depressed commodity prices; catastrophic events; labor relations; increased environmental or other governmental regulation; equipment malfunctions and maintenance difficulties; import volumes; international politics, policies of OPEC; and increased competition from alternative energy sources. Alternatively, a decline in demand for energy commodities could result from factors such as adverse economic conditions; increased taxation; increased environmental or other governmental regulation; increased fuel economy; increased energy conservation or use of alternative energy sources; legislation intended to promote the use of alternative energy sources; or increased commodity prices.

Commodity Pricing Risk. The operations and financial performance of MLPs and other Energy Companies may be directly affected by energy commodity prices, especially those MLPs and other

Energy Companies which own the underlying energy commodity or receive payments for services that are based on commodity prices. Such impact may be a result of changes in the price for such commodity or a result of changes in the price of one energy commodity relative to the price of another energy commodity (*i.e.,* the price of natural gas relative to the price of natural gas liquids). Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices, which may lead to a reduction in production or supply, may also negatively impact the performance of MLPs and other Midstream Energy Companies which are solely involved in the transportation, processing, storing, distribution or marketing of commodities. Volatility of commodity prices may also make it more difficult for MLPs and other Midstream Energy Companies to raise capital to the extent the market perceives that their performance may be directly or indirectly tied to commodity prices. In addition to the volatility of commodity prices, extremely high commodity prices may drive further energy conservation efforts which may adversely affect the performance of MLPs and other Midstream Energy Companies.

Depletion Risk. Most MLPs and other Midstream Energy Companies are engaged in the transporting, storing, distributing and processing of natural gas, natural gas liquids, crude oil, refined petroleum products or coal on behalf of shippers. In addition, some MLPs and Midstream Energy Companies are engaged in the production of such commodities. Energy reserves naturally deplete as they are produced over time, and to maintain or grow their revenues, these companies need to maintain or expand their reserves through exploration of new sources of supply, through the development of existing sources, through acquisitions, or through long-term contracts to acquire reserves. The financial performance of MLPs and other Midstream Energy Companies may be adversely affected if they, or the companies to whom they provide the service, are unable to cost-effectively acquire additional reserves sufficient to replace the natural decline. If an energy company fails to add reserves by acquiring or developing them, its reserves and production will decline over time as they are produced. If an energy company is not able to raise capital on favorable terms, it may not be able to add to or maintain its reserves.

Regulatory Risk. MLPs and other Energy Companies are subject to significant federal, state and local government regulation in virtually every aspect of their operations, including (i) how facilities are constructed, maintained and operated, (ii) how services are provided, (iii) environmental and safety controls, and, in some cases (iv) the prices they may charge for the products and services they provide. Such regulation can change rapidly or over time in both scope and intensity. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of MLPs and other Energy Companies.

In particular, changes to laws and increased regulations or enforcement policies as a result of oil spills, such as the Macondo oil spill in the Gulf of Mexico or onshore oil pipeline spills may adversely affect the financial performance of MLPs and other Energy Companies. Additionally, changes to laws and increased regulation or restrictions to the use of hydraulic fracturing may adversely impact the ability of Energy Companies to economically develop oil and natural gas resources and, in turn, reduce production for such commodities and adversely impact the financial performance of MLPs and Midstream Energy Companies.

The operation of energy assets, including wells, gathering systems, pipelines, refineries and other facilities, is subject to stringent and complex federal, state and local environmental laws and regulations. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes, including RCRA, CERCLA, the federal Oil Pollution Act and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been disposed of or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

The EPA and federal, state and local governmental agencies may enact laws that prohibit or significantly regulate the operation of energy assets. For instance, increased regulatory scrutiny of hydraulic fracturing, which is used by Energy Companies to develop oil and natural gas reserves, could result in additional laws and regulations governing hydraulic fracturing or, potentially, prohibit the action. While we are not able to predict the likelihood of such an event or its impact, it is possible that additional restrictions on hydraulic fracturing could result in a reduction in production of oil, natural gas and natural gas liquids. The use of hydraulic fracturing is critical to the recovery of economic amounts of oil, natural gas and natural gas liquids from unconventional reserves, and MLPs and Midstream Energy Companies have increasingly focused on the construction of midstream assets to facilitate the development of unconventional resources. As a result, restrictions on hydraulic fracturing could have an adverse impact on the financial performance of MLPs and Midstream Energy Companies.

There is an inherent risk that MLPs may incur material environmental costs and liabilities due to the nature of their businesses and the substances they handle. For example, an accidental release from a pipeline could subject the owner of such pipeline to substantial liabilities for environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for related violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase the compliance costs of MLPs. Similarly, the implementation of more stringent environmental requirements could significantly increase the cost of any remediation that may become necessary. MLPs may not be able to recover these costs from insurance or recover these costs in the rates it charges customers.

Acquisition Risk. The abilities of MLPs and other Midstream Energy Companies to grow and to increase cash distributions to unitholders can be highly dependent on their ability to make acquisitions that result in an increase in cash flows. In the event that MLPs and other Midstream Energy Companies are unable to make such accretive acquisitions because they are unable to identify attractive acquisition candidates and negotiate acceptable purchase contracts, because they are unable to raise financing for such acquisitions on economically acceptable terms, or because they are outbid by competitors, their future growth and ability to raise distributions will be limited. Furthermore, even if MLPs and other Midstream Energy Companies do consummate acquisitions that they believe will be accretive, the acquisitions may instead result in a decrease in cash flow. Any acquisition involves risks, including, among other things: mistaken assumptions about revenues and costs, including synergies; the assumption of unknown liabilities; limitations on rights to indemnity from the seller; the diversion of management s attention from other business concerns; unforeseen difficulties operating in new product or geographic areas; and customer or key employee losses at the acquired businesses.

Interest Rate Risk. Rising interest rates could adversely impact the financial performance of MLPs and other Midstream Energy Companies by increasing their costs of capital. This may reduce their ability to execute acquisitions or expansion projects in a cost-effective manner. MLP and other Midstream Energy Company valuations are based on numerous factors, including sector and business fundamentals, management expertise, and expectations of future operating results. However, MLP yields are also susceptible in the short-term to fluctuations in interest rates and the prices of MLP securities may decline when interest rates rise. Because we will principally invest in MLP equity securities, our investment in such securities means that the net asset value and market price of our securities may decline if interest rates rise.

Weather Risks. Weather conditions and the seasonality of weather patterns play a role in the cash flows of certain MLPs. MLPs in the propane industry, for example, rely on the winter heating season to generate almost all of their cash flow. In an unusually warm winter season, propane MLPs experience decreased demand for their product. Although most MLPs can reasonably predict seasonal weather demand based on normal weather patterns, extreme weather conditions, such as the hurricanes that severely damaged cities along the U.S. Gulf Coast in recent years, demonstrate that no amount of preparation can protect an MLP from the unpredictability of the weather. The damage done by extreme weather also may serve to increase insurance premiums for energy assets owned by MLPs and other Midstream Energy Companies, could significantly increase the volatility in the supply of energy-related commodities and could adversely affect such companies financial condition and ability to pay distributions to shareholders.

Catastrophic Event Risk. MLPs and other Energy Companies operating in the energy sector are subject to many dangers inherent in the production, exploration, management, transportation, processing and distribution of natural gas, natural gas liquids, crude oil, refined petroleum products and other hydrocarbons. These dangers include leaks, fires, explosions, damage to facilities and equipment resulting from natural disasters, inadvertent damage to facilities and equipment (such as those suffered by BP s Deepwater Horizon drilling platform in 2010) and terrorist acts. Since the September 11th terrorist attacks, the U.S. government has issued warnings that energy assets, specifically U.S. pipeline infrastructure, may be targeted in future terrorist attacks. These dangers give rise to risks of substantial losses as a result of loss or destruction of reserves; damage to or destruction of property, facilities and equipment; pollution and environmental damage; and personal injury or loss of life. Any occurrence of such catastrophic events could bring about a limitation, suspension or discontinuation of the operations of certain assets owned by such MLP or other Energy Company. MLPs and other Energy Companies operating in the energy sector may not be fully insured against all risks inherent in their business operations and, therefore, accidents and catastrophic events could adversely affect such companies financial condition and ability to pay distributions to shareholders. We expect that increased governmental regulation to mitigate such catastrophic risk such as the recent oil spills referred to above, could increase insurance premiums and other operating costs for MLPs and other Energy Companies.

Reserve Risks. Energy Companies engaged in the production of natural gas, natural gas liquids, crude oil and other energy commodities are subject to overstatement of the quantities of their reserves based upon any reserve estimates that prove to be inaccurate, that no commercially productive amounts of such commodities will be discovered as a result of drilling or other exploration activities, the curtailment, delay or cancellation of exploration activities are as a result of a unexpected conditions or miscalculations, title problems, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with environmental and other governmental requirements and cost of, or shortages or delays in the availability of, drilling rigs and other exploration equipment, and operational risks and hazards associated with the development of the underlying properties, including natural disasters, blowouts, explosions, fires, leakage of such energy commodities, mechanical failures, cratering, and pollution.

Industry Specific Risks

MLPs and other Energy Companies operating in the energy sector are also subject to risks that are specific to the industry they serve.

Midstream. MLPs and other Midstream Energy Companies that operate midstream assets are subject to supply and demand fluctuations in the markets they serve which may be impacted by a wide range of factors including fluctuating commodity prices, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, accidents or catastrophic events, and economic conditions, among others. Further, MLPs and other Midstream Energy Companies that operate gathering and processing assets are subject to natural declines in the production of the oil and gas fields they serve. In addition, some gathering and processing contracts subject the owner of such assets to direct commodity price risk.

Shipping. MLPs and other Midstream Energy Companies with marine transportation assets are exposed to many of the same risks as other MLPs and Midstream Energy Companies. In addition, the highly cyclical nature of the marine transportation industry may lead to volatile changes in charter rates and vessel values, which may adversely affect the revenues, profitability and cash flows of such companies our portfolio. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for certain energy commodities. Changes in demand for transportation of commodities over longer distances and supply of vessels to carry those commodities may materially affect revenues, profitability and cash flows. The value of marine transportation vessels may fluctuate and could adversely affect the value of shipping company securities in our portfolio. Declining marine transportation values could affect the ability of shipping companies to raise cash by limiting their ability to refinance their vessels, thereby adversely impacting such company s liquidity. Shipping company vessels are at risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss and bad weather. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes, boycotts and government requisitioning of vessels. These sorts of events could interfere with shipping lanes and result in market disruptions and a significant reduction in cash flow for the shipping companies in our portfolio.

Coal. MLPs with coal assets are subject to supply and demand fluctuations in the markets they serve, which will be impacted by a wide range of domestic and foreign factors including fluctuating commodity prices, the level of their customers coal stockpiles, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, declines in production, mining accidents or catastrophic events, health claims and economic conditions, among others. In light of increased state and federal regulation, it has been increasingly difficult to obtain and maintain the permits necessary to mine coal. Further, such permits, if obtained, have increasingly contained more stringent, and more difficult and costly to comply with, provisions relating to environmental protection.

Propane. MLPs with propane assets are subject to earnings variability based upon weather conditions in the markets they serve, fluctuating commodity prices, customer conservation and increased use of alternative fuels, increased governmental or environmental regulation, and accidents or catastrophic events, among others.

Exploration and production. MLPs and other Energy Companies that own oil and gas reserves are particularly vulnerable to declines in the demand for and prices of crude oil and natural gas. The accuracy of any reserve estimate is a function of the quality of available data, the accuracy of assumptions regarding future commodity prices and future exploration and development costs and engineering and geological interpretations and judgments. Any significant variance from the assumptions used could result in the actual quantity of reserves and future net cash flow being materially different from those estimated in reserve reports. Substantial downward adjustments in reserve estimates could have a material adverse effect on the value of such reserves and the financial condition of such company. In addition, due to natural declines in reserves and production, energy companies must economically find or acquire and develop additional reserves in order to maintain and grow their production levels and cash flow. Further, certain companies that own oil and gas reserves and U.S. royalty trusts have a finite amount of assets and cannot develop additional resources. Consequently, production and cash flow for these companies will decline over time.

Refining. MLPs and other Energy Companies that operate refining assets are subject to many of the same risks as other MLPs and other Energy Companies that operate midstream assets. In addition, the fluctuations in commodity prices and the price relationship between certain commodities (for instance, the price of crude oil and the price of gasoline) will impact the financial results of MLPs and other Energy Companies that operate refining assets.

Other. MLPs and other Energy Companies that operate other energy related assets (such as retail gasoline distribution, propane dehydrogenation (processing propane into propylene), production of sand used as a proppant in the production of crude oil and natural gas and the production of coke used as a raw material in the steelmaking process) are subject to many of the same risks as other MLPs and Energy Companies that operate midstream assets, coal assets and refining assets.

Tax Risks of Investing in Equity Securities of MLPs

Tax Risk of MLPs. Our ability to meet our investment objective will depend, in part, on the level of taxable income and distributions and dividends we receive from the MLP securities in which we invest, a factor over which we have no control. The benefit we derive from our investment in MLPs is largely dependent on the MLPs being treated as partnerships and not as corporations for federal income tax purposes. As a partnership, an MLP has no tax liability at the entity level. If, as a result of a change in current law or a change in an MLP s business, an MLP were treated as a corporation for federal income tax purposes, such MLP would be obligated to pay federal income tax on its income at the corporate tax rate. If an MLP were classified as a corporation for federal income tax purposes, the amount of cash available for distribution by the MLP would likely be reduced and distributions received by us would be taxed under federal income tax laws applicable to corporate distributions (as dividend income, return of capital, or capital gain). As a result, treatment of an MLP as a corporation for federal income tax purposes would likely result in a reduction in the after-tax return to us, likely causing a reduction in the value of our common stock.

Recent legislative efforts to change tax laws to simplify the tax code and increase corporate tax receipts could result in proposals to eliminate pass through entities for tax purposes. We cannot predict the likelihood of any such changes. Such legislation, if approved by Congress, could result in MLPs no longer being treated as partnerships for tax purposes and instead being taxed as corporations.

Non-Diversification Risk

We are a non-diversified, closed-end investment company under the 1940 Act and will not be treated as a regulated investment company under the Internal Revenue Code of 1986, as amended, or the Code. Accordingly, there are no regulatory requirements under the 1940 Act or the Code on the minimum number or size of securities we hold. As of December 31, 2012, we held investments in approximately 61 issuers.

As of December 31, 2012, substantially all of our total assets were invested in publicly traded securities of MLPs and other Midstream Energy Companies. As of December 31, 2012, there were 90 publicly traded MLPs (partnerships) which manage and operate energy assets. We primarily select our investments in publicly traded securities from securities issued by MLPs in this small pool, together with securities issued by newly public MLPs, if any. We also invest in publicly traded securities issued by other Midstream Energy Companies.

As a result of selecting our investments from this small pool of publicly traded securities, a change in the value of the securities of any one of these publicly traded MLPs could have a significant impact on our portfolio. In addition, as there can be a correlation in the valuation of the securities of publicly traded MLPs, a change in value of the securities of one such MLP could negatively influence the valuations of the securities of other publicly traded MLPs that we may hold in our portfolio.

As we may invest up to 15% of our total assets in any single issuer, a decline in value of the securities of such an issuer could significantly impact the value of our portfolio.

Affiliated Party Risk

Certain MLPs are dependent on their parents or sponsors for a majority of their revenues. Any failure by an MLP s parents or sponsors to satisfy their payments or obligations would impact the MLP s revenues and cash flows and ability to make interest payments and distributions.

Dependence on Limited Number of MLP Customers and Suppliers

Certain MLPs and other Midstream Energy Companies in which we may invest depend upon a limited number of customers for a majority of their revenue. Similarly, certain MLPs and other Midstream Energy Companies in which we may invest depend upon a limited number of suppliers of goods or services to continue their operations. The loss of any such customers or suppliers could materially adversely affect such MLPs and other Midstream Companies results of operation and cash flow, and their ability to make distributions to stockholders could therefore be materially adversely affected.

Delay in Use of Proceeds

Although we intend to invest the proceeds of this offering in accordance with our investment objective as soon as practicable, such investments may be delayed if suitable investments are unavailable at the time. The trading market and volumes for securities of MLPs and other Midstream Energy Companies may, at times, be less liquid than the market for other securities. Pending such investment, the proceeds of the offering may temporarily be invested in cash, cash equivalents, 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. Income we received from these securities would likely be less than returns and yields sought pursuant to our investment objective and policies. See Use of Proceeds.

Inflation/Deflation Risk

Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of our securities and distributions that we pay declines. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with our use of leverage would likely increase, which would tend to further reduce returns to our common stockholders. Deflation risk is the risk that prices throughout the economy decline over time the opposite of inflation. Deflation may have an adverse affect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the our portfolio.

Cash Flow Risk

A substantial portion of the cash flow received by us is derived from our investment in equity securities of MLPs and other Midstream Energy Companies. The amount of cash that an MLP or other Midstream Energy Company has available to pay its debt and equity holders depends upon the amount of cash flow generated from the company s operations. Cash flow from operations will vary from quarter to quarter and is largely dependent on factors affecting the company s operations and factors affecting the energy industry in general. In addition to the risk factors described herein, other factors which may reduce the amount of cash an MLP or other Midstream Energy Company has available to pay its debt and equity holders include increased operating costs, maintenance capital expenditures, acquisition costs, expansion or construction costs and borrowing costs. Further, covenants in debt instruments issued by MLPs and other Midstream Energy Company in which we intend to invest may restrict distributions to equity holders or, in certain circumstances, may not allow distributions to be made to equity holders.

Capital Markets Risk

Global financial markets and economic conditions have been, and continue to be, volatile due to a variety of factors. As a result, the cost of raising capital in the debt and equity capital markets has increased. The cost of raising capital from the credit markets generally has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards, refused to refinance debt on existing terms or at all and reduced, or in some cases ceased to provide, funding to borrowers. In addition, lending counterparties under existing revolving credit facilities and other debt instruments may be unwilling or unable to meet their funding obligations. Further, some shipping companies in which we invest may be more exposed to European banks abilities to fulfill their lending obligations and, as a result, could be disproportionately impacted by the European sovereign debt crisis. Due to these factors, MLPs and other Midstream Energy Companies may be unable to obtain new debt or equity financing on acceptable terms or at all. If funding is not available when needed, or is available only on unfavorable terms, MLPs and other Midstream Energy Companies may not be able to meet their obligations as they come due. Moreover, without adequate funding, MLPs and other Midstream Energy Companies may be unable to execute their growth strategies, complete future acquisitions, take advantage of other business opportunities or respond to competitive pressures, any of which could have a material adverse effect on their revenues and results of operations.

Equity Securities Risk

A substantial percentage of our assets will be invested in equity securities of MLPs and other Midstream Energy Companies. Such securities may be subject to general movements in the stock market and a significant drop in the stock market may depress the price of securities to which we have exposure. Equity securities prices fluctuate for several reasons, including changes in the financial condition of a particular issuer, investors perceptions of MLPs and other Midstream Energy Companies, the general condition of the relevant stock market, or when political or economic events affecting the issuers occur. In addition, the prices of MLP units and other Midstream Energy Company equity securities may be sensitive to rising interest rates given their yield-based nature. In addition, MLP and other Midstream Energy Company equity securities held by the Company may decline in price if the issuer fails to make anticipated distributions or dividend payments because, among other reasons, the issuer experiences a decline in its financial condition.

Small Capitalization Risk

Certain of the MLPs and other Midstream Energy Companies in which we invest may have comparatively smaller capitalizations than other companies whose securities are included in major benchmarked indexes. Investing in the securities of smaller MLPs and other Midstream Energy Companies presents some unique investment risks. These MLPs and other Midstream Energy Companies may have limited product lines and markets, as well as shorter operating histories, less experienced management and more limited financial resources than larger MLPs and other Midstream Energy Companies and may be more vulnerable to adverse general market or economic developments. Stocks of smaller MLPs and other Midstream Energy Companies may be less liquid than those of larger MLPs and other Midstream Energy Companies and may experience greater price fluctuations than larger MLPs and other Midstream Energy Companies. In addition, small-cap securities may not be widely followed by the investment community, which may result in reduced demand. This means that we could have greater difficulty selling such securities at the time and price that we would like.

Debt Securities Risks

Debt securities in which we invest are subject to many of the risks described elsewhere in this section. In addition, they are subject to credit risk and other risks, depending on the quality and other terms of the debt security.

Credit Risk. An issuer of a debt security may be unable to make interest payments and repay principal. We could lose money if the issuer of a debt obligation is, or is perceived to be, unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of a security by rating agencies may further decrease its value. Additionally, a portfolio company may issue to us a debt security that has payment-in-kind interest, which represents contractual interest added to the principal balance and due at the maturity date of the debt security in which we invest. It is possible that by effectively increasing the principal balance payable to us or deferring cash payment of such interest until maturity, the use of payment-in-kind features will increase the risk that such amounts will become uncollectible when due and payable.

Below Investment Grade and Unrated Debt Securities Risk. Below investment grade debt securities (commonly referred to as junk bonds or high yield bonds) in which we may invest are rated from B3 to Ba1 by Moody s, from B-to BB+ by Fitch or Standard & Poor s, or comparably rated by another rating agency. Below investment grade and unrated debt securities generally pay a premium above the yields of U.S. government securities or debt securities of investment grade issuers because they are subject to greater risks than these securities. These risks, which reflect their speculative character, include the following: greater yield and price volatility; greater credit risk and risk of default; potentially greater sensitivity to general economic or industry conditions; potential lack of attractive resale opportunities (illiquidity); and additional expenses to seek recovery from issuers who default.

In addition, the prices of these below investment grade and other unrated debt securities in which we may invest are more sensitive to negative developments, such as a decline in the issuer s revenues or profitability or a general economic downturn, than are the prices of higher grade securities. Below investment grade and unrated debt securities tend to be less liquid than investment grade securities and the market for below investment grade and unrated debt securities could contract further under adverse market or economic conditions. In such a scenario, it may be more difficult for us to sell these securities in a timely manner or for as high a price as could be realized if such securities were more widely traded. The market value of below investment grade and unrated debt securities may be more volatile than the market value of investment grade securities and generally tends to reflect the market s perception of the creditworthiness of the issuer and short-term market developments to a greater extent than investment grade securities, which primarily reflect fluctuations in general levels of interest rates. In the event of a default by a below investment grade or unrated debt security held in our portfolio in the payment of principal or interest, we may incur additional expense to the extent we are required to seek recovery of such principal or interest. For a further description of below investment grade and unrated debt securities and the risks associated therewith, see Investment Objective and Policies

Prepayment Risk. Certain debt instruments, particularly below investment grade securities, may contain call or redemption provisions which would allow the issuer thereof to prepay principal prior to the debt instrument s stated maturity. This is known as prepayment risk. Prepayment risk is greater during a falling interest rate environment as issuers can reduce their cost of capital by refinancing higher yielding debt instruments with lower yielding debt instruments. An issuer may also elect to refinance their debt instruments with lower yielding debt instruments if the credit standing of the issuer improves. To the extent debt securities in our portfolio are called or redeemed, we may be forced to reinvest in lower yielding securities.

Risks Associated with an Investment in Initial Public Offerings (IPOs)

Securities purchased in IPOs are often subject to the general risks associated with investments in companies with small market capitalizations, and, at times magnified. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in an IPO may be highly volatile. At any particular time, or from time to time, we may not be able to invest in IPOs, or to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be available to us. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Our investment performance during periods when we are unable to invest significantly or at all in IPOs may be lower than during periods when we are able to do so. IPO securities may be volatile, and we cannot predict whether investments in IPOs will be successful. As we grow in size, the positive effect of IPO investments on the Company may decrease.

Risks Associated with a Private Investment in a Public Entity (PIPE) Transaction

PIPE investors purchase securities directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company s common stock. Because the sale of the securities is not registered under the Securities Act of 1933, as amended (the Securities Act), the securities are restricted and cannot be immediately resold by the investors into the public markets. Until we can sell such securities into the public markets, our holdings will be less liquid and any sales will need to be made pursuant to an exemption under the Securities Act.

Privately Held Company Risk

Investing in privately held companies involves risk. For example, privately held companies are not subject to SEC reporting requirements, are not required to maintain their accounting records in accordance with generally accepted accounting principles, and are not required to maintain effective internal controls over financial reporting. As a result, our Adviser may not have timely or accurate information about the business, financial condition and results of operations of the privately held companies in which we invest. In addition, the securities of privately held companies are generally illiquid, and entail the risks described under Liquidity Risk below.

Liquidity Risk

Securities with limited trading volumes may display volatile or erratic price movements. Kayne Anderson is one of the largest investors in MLPs and Midstream Energy Companies. Thus, it may be more difficult for us to buy and sell significant amounts of such securities without an unfavorable impact on prevailing market prices. Larger purchases or sales of these securities by us in a short period of time may cause abnormal movements in the market price of these securities. As a result, these securities may be difficult to dispose of at a fair price at the times when we believe it is desirable to do so. These securities are also more difficult to value, and Kayne Anderson s judgment as to value will often be given greater weight than market quotations, if any exist. Investment of our capital in securities that are less actively traded or over time experience decreased trading volume may restrict our ability to take advantage of other market opportunities.

We also invest in unregistered or otherwise restricted securities. The term restricted securities refers to securities that are unregistered or are held by control persons of the issuer and securities that are subject to contractual restrictions on their resale. Unregistered securities are securities that cannot be sold publicly in the United States without registration under the Securities Act unless an exemption from such registration is available. Restricted securities may be more difficult to value and we may have difficulty disposing of such assets either in a timely manner or for a reasonable price. In order to dispose of an unregistered security, we, where we have contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that we could sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. We would, in either case, bear the risks of any downward price fluctuation during that period. The difficulties and delays associated with selling restricted securities could result in our inability to realize a favorable price upon disposition of such securities, and at times might make disposition of such securities impossible.

Our investments in restricted securities may include investments in private companies. Such securities are not registered under the Securities Act until the company becomes a public company. Accordingly, in addition to the risks described above, our ability to dispose of such securities on favorable terms would be limited until the portfolio company becomes a public company.

Portfolio Turnover Risk

We anticipate that our annual portfolio turnover rate will range between 15% and 25%, but the rate may vary greatly from year to year. Portfolio turnover rate is not considered a limiting factor in our Adviser s execution of investment decisions. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by us. See Investment Objective and Policies Investment Practices Portfolio Turnover and Tax Matters.

Derivatives Risk

We may purchase and sell derivative investments such as exchange-listed and over-the-counter put and call options on securities, equity, fixed income, interest rate and currency indices, and other financial instruments, enter into total return swaps and various interest rate transactions such as swaps. We also may purchase derivative investments that combine features of these instruments. The use of derivatives has risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or illiquidity of the derivative investments. Furthermore, the ability to successfully use these techniques depends on our ability to predict pertinent market movements, which cannot be assured. Thus, the use of derivatives may result in losses greater than if they had not been used, may require us to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation we can realize on an investment or may cause us to hold a security that we might otherwise sell. Additionally, amounts paid by us as premiums and cash or other assets held in margin accounts with respect to derivative transactions are not otherwise available to us for investment purposes.

During the fiscal year ended November 30, 2012, we purchased put options and wrote covered call options. The fair value of these derivative instruments, measured on a weekly basis, was less than 1% of our total assets during fiscal 2012. In prior years, we have sold covered call options and entered into interest rate swaps. We expect to continue to utilize derivative instruments in a manner similar to our activity during fiscal 2012. We will not allow the fair value of our derivative instruments to exceed 25% of total assets.

We currently expect to write covered call options. As the writer of a covered call option, during the option s life we give up the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but we retain the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price. There can be no assurance that a liquid market will exist when we seek to close out an option position. If trading were suspended in an option purchased by us, we would not be able to close out the option. If we were unable to close out a covered call option that we had written on a security, we would not be able to sell the underlying security unless the option expired without exercise.

Depending on whether we would be entitled to receive net payments from the counterparty on a swap, which in turn would depend on the general state of short-term interest rates at that point in time, a default by a counterparty could negatively impact the performance of our common stock. In addition, at the time an interest rate transaction reaches its scheduled termination date, there is a risk that we would not be able to obtain a replacement transaction or that the terms of the replacement would not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the performance of our common stock. If we fail to maintain any required asset coverage ratios in connection with any use by us of Leverage Instruments, we may be required to redeem or prepay some or all of the Leverage Instruments. Such redemption or prepayment would likely result in our seeking to terminate early all or a portion of any swap or cap transactions. Early termination of a swap could result in a termination payment by or to us.

We segregate liquid assets against or otherwise cover our future obligations under such swap transactions, in order to provide that our future commitments for which we have not segregated liquid assets against or otherwise covered, together with any outstanding Borrowings, do not exceed $33\,^{1}/_{3}\%$ of our total assets less liabilities (other than the amount of our Borrowings). In addition, such transactions and other use of Leverage Instruments by us are subject to the asset coverage requirements of the 1940 Act, which generally restrict us from engaging in such transactions unless the value of our total assets less liabilities (other than the amount of our Borrowings) is at least 300% of the principal amount of our Borrowings and the value of our total assets less liabilities (other than the amount of our Leverage Instruments) are at least 200% of the principal amount of our Leverage Instruments.

The use of interest rate and commodity swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. Depending on market conditions in general, our use of swaps could enhance or harm the overall performance of our common stock. For example, we may use interest rate swaps in connection with any use by us of Leverage Instruments. To the extent interest rates decline, the value of the interest rate swap or cap could decline, and could result in a decline in the net asset value of our common stock. In addition, if short-term interest rates are lower than our fixed rate of payment on the interest rate swap, the swap will reduce common stock net earnings. As of December 31, 2012, we had no interest rate swaps outstanding.

Interest rate swaps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that we are contractually obligated to make. If the counterparty defaults, we would not be able to use the anticipated net receipts under the swap to offset any declines in the value of our portfolio assets being hedged or the increase in our cost of Leverage Instruments. Depending on whether we would be entitled to receive net payments from the counterparty on the swap, which in turn would depend on the general state of the market rates at that point in time, such a default could negatively impact the performance of our common stock.

Short Sales Risk

Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the short seller to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Our obligation to replace a borrowed security is secured by collateral deposited with the broker-dealer, usually cash, U.S. government securities or other liquid securities similar to those borrowed. We also are required to segregate similar collateral to the extent, if any, necessary so that the value of both collateral amounts in the aggregate is at all times equal to at least 100% of the current market value of the security sold short. Depending on arrangements made with the broker-dealer from which we borrowed the security regarding payment over of any payments received by us on such security, we may not receive any payments (including interest) on the collateral deposited with such broker-dealer.

Risks Related to Our Business and Structure

Use of Leverage

We currently utilize Leverage Instruments and intend to continue to do so. Under normal market conditions, our policy is to utilize Leverage Instruments in an amount that represents approximately 30% of our total assets, including proceeds from such Leverage Instruments (which equates to approximately 55% of our net asset value as of December 31, 2012). However, based on market conditions at the time, we may use Leverage Instruments in amounts that represent greater than 30% leverage to the extent permitted by the 1940 Act. As of December 31, 2012, our Leverage Instruments represented approximately 30.1% of our total assets. Leverage Instruments have seniority in liquidation and distribution rights over our common stock.

As of December 31, 2012, we had $890 million of Senior Notes outstanding, and had $66 million borrowed under our revolving credit facility. As of December 31, 2012, we had outstanding 4,160,000 shares of Series A MRP Shares ($104 million aggregate liquidation preference), 320,000 shares of Series B MRP Shares ($8 million aggregate liquidation preference), 1,680,000 shares of Series C MRP Shares ($42 million aggregate liquidation preference), 4,000,000 shares of Series D MRP Shares ($100 million aggregate liquidation preference) and 4,800,000 shares of Series E MRP Shares ($120 million aggregate liquidation preference). Our revolving credit facility has a term of three years and matures on June 11, 2013. Our Senior Notes and MRP Shares have maturity dates and mandatory redemption dates ranging from 2013 to 2022. If we are unable to renew or refinance our credit facility prior to maturity or if we are unable to refinance our Senior Notes or MRP Shares as they mature, we may be forced to sell securities in our portfolio to repay debt as it matures. If we are required to sell portfolio securities to repay outstanding debt, such sales may be at prices lower than what we would otherwise realize if were not required to sell such securities at such time. Additionally, we may be unable to refinance our debt or sell a sufficient amount of portfolio securities to repay debt as it matures, which could cause an event of default on our debt securities.

Leverage Instruments constitute a substantial lien and burden by reason of their prior claim against our income and against our net assets in liquidation. The rights of lenders to receive payments of interest on and repayments of principal of any Borrowings are senior to the rights of holders of common stock and preferred stock, with respect to the payment of distributions or upon liquidation. We may not be permitted to declare dividends and distributions with respect to common stock or preferred stock or purchase common stock or preferred stock unless at such time, we meet certain asset coverage requirements and no event of default exists under any Borrowing. In addition, we may not be permitted to pay distributions on common stock unless all dividends on the preferred stock and/or accrued interest on Borrowings have been paid, or set aside for payment.

In an event of default under any Borrowing, the lenders have the right to cause a liquidation of collateral (*i.e.*, sell MLP units and other of our assets) and, if any such default is not cured, the lenders may be able to control the liquidation as well. If an event of default occurs or in an effort to avoid an event of default, we may be forced to sell securities at inopportune times and, as a result, receive lower prices for such security sales.

Certain types of leverage, including the Senior Notes, subject us to certain affirmative covenants relating to asset coverage and our portfolio composition and may impose special restrictions on our use of various investment techniques or strategies or in our ability to pay distributions on common stock and preferred stock in certain instances. In addition, we are subject to certain negative covenants relating to transactions with affiliates, mergers and consolidation, among others. We are also subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which issue ratings for Leverage Instruments issued by us. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act. Kayne Anderson does not believe that these covenants or guidelines will impede it from managing our portfolio in accordance with our investment objective and policies.

Our Series N, P and U Notes pay interest expense based on short-term interest rates and our interest expense on borrowings under our credit facility is based on short-term interest rates. If short-term interest rates rise, interest rates on our debt securities, collectively referred to as senior securities, may rise so that the amount of interest payable to holders of our senior securities would exceed the amount of income from our portfolio securities. This might require us to sell portfolio securities at a time when we otherwise would not do so, which may affect adversely our future earnings ability. While we may manage this risk through interest rate transactions, there is no guarantee that we will implement these strategies or that we will be successful in reducing or eliminating interest rate risk. In addition, rising market interest rates could impact negatively the value of our investment portfolio, reducing the amount of assets serving as asset coverage for our senior securities.

Interest Rate Hedging Risk

We hedge against interest rate risk resulting from our leveraged capital structure. We do not intend to hedge interest rate risk of portfolio holdings. Interest rate transactions that we may use for hedging purposes will expose us to certain risks that differ from the risks associated with our portfolio holdings. There are economic costs of hedging reflected in the price of interest rate swaps and similar techniques, the cost of which can be significant. In addition, our success in using hedging instruments is subject to our Adviser s ability to predict correctly changes in the relationships of such hedging instruments to our leverage risk, and there can be no assurance that our Adviser s judgment in this respect will be accurate. To the extent there is a decline in interest rates, the value of interest rate swaps could decline, and result in a decline in the net asset value of our common stock. In addition, if the counterparty to an interest rate swap or cap defaults, we would not be able to use the anticipated net receipts under the interest rate swap to offset our cost of financial leverage.

Tax Risks

In addition to other risk considerations, an investment in our securities will involve certain tax risks, including, but not limited to, the risks summarized below and discussed in more detail in this prospectus. The federal, state, local and foreign tax consequences of an investment in and holding of our securities will depend on the facts of each investor s situation. Investors are encouraged to consult their own tax advisers regarding the specific tax consequences that may affect them.

We cannot assure you what percentage of the distributions paid on our common stock, if any, will be treated as qualified dividend income or return of capital or what the tax rates on various types of income or gain will be in future years. New legislation could negatively impact the amount and tax characterization of distributions received by our common stockholders. Under current law, qualified dividend income received by individual stockholders is taxed at a maximum federal tax rate of 20% for individuals, provided a holding period requirement and certain other requirements are met. In addition, certain recent proposals have called for the elimination of tax incentives widely used by oil, gas and coal companies and the imposition of new fees on certain energy producers. The elimination of such tax incentives and imposition of such fees could adversely affect MLPs in which we invest and the energy sector generally.

Deferred Tax Risks. As a limited partner in the MLPs in which we invest, we will be allocated our distributive share of income, gains, losses, deductions, and credits from those MLPs. Historically, a significant portion of income from such MLPs has been offset by tax deductions. We will incur a current tax liability on our distributive share of an MLP s income and gains that is not offset by tax deductions, losses, and credits, or our capital or net operating loss carryforwards or other applicable deductions, if any. The percentage of an MLP s income and gains which is offset by tax deductions, losses, and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by MLPs held in our portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased current tax liability to us.

We 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 capital or deferred taxes. Such estimates are made in good faith. From time to time, as new information becomes available, we modify our estimates or assumptions regarding our deferred taxes. See Tax Matters.

Deferred Tax Risks of Investing in our Securities. A reduction in the return of capital portion of the distributions that we receive from our portfolio investments or an increase in our earnings and profits and portfolio turnover may reduce that portion of our distribution treated as a tax-deferred return of capital and increase that portion treated as a dividend, resulting in lower after-tax distributions to our common and preferred stockholders. See Tax Matters.

Mandatory Redeemable Preferred Shares Accounting Designation Risk

We believe that because our mandatory redeemable preferred shares have a fixed term, under generally accepted accounting principles, we are required to classify those outstanding preferred shares as debt securities on our financial statements.

Management Risk; Dependence on Key Personnel of Kayne Anderson

Our portfolio is subject to management risk because it is actively managed. Our Adviser applies investment techniques and risk analyses in making investment decisions for us, but there can be no guarantee that they will produce the desired results.

We depend upon Kayne Anderson s key personnel for our future success and upon their access to certain individuals and investments in the MLP and Midstream Energy industries. In particular, we depend on the diligence, skill and network of business contacts of our portfolio managers, who evaluate, negotiate, structure, close and monitor our investments. These individuals do not have long-term employment contracts with Kayne Anderson, although they do have equity interests and other financial incentives to remain with Kayne Anderson. For a description of Kayne Anderson, see Management Investment Adviser. We also depend on the senior management of Kayne Anderson. The departure of any of our portfolio managers or the senior management of Kayne Anderson could have a material adverse effect on our ability to achieve our investment objective. In addition, we can offer no assurance that KAFA will remain our investment adviser or that we will continue to have access to Kayne Anderson s industry contacts and deal flow.

Conflicts of Interest of Kayne Anderson

Conflicts of interest may arise because Kayne Anderson and its affiliates generally carry on substantial investment activities for other clients in which we will have no interest. Kayne Anderson or its affiliates may have financial incentives to favor certain of such accounts over us. Any of their proprietary accounts and other customer accounts may compete with us for specific trades. Kayne Anderson or its affiliates may buy or sell securities for us which differ from securities bought or sold for other accounts and customers, even though their investment objectives and policies may be similar to ours. Situations may occur when we could be disadvantaged because of the investment activities conducted by Kayne Anderson or its affiliates for their other accounts. Such situations may be based on, among other things, legal or internal restrictions on the combined size of positions that may be taken for us and the other accounts, thereby limiting the size of our position, or the difficulty of liquidating an investment for us and the other accounts where the market cannot absorb the sale of the combined position.

Our investment opportunities may be limited by affiliations of Kayne Anderson or its affiliates with MLPs or other Midstream Energy Companies. In addition, to the extent that Kayne Anderson sources and structures private investments in MLPs, certain employees of Kayne Anderson may become aware of actions planned by MLPs, such as acquisitions, that may not be announced to the public. It is possible that we could be precluded from investing in an MLP about which Kayne Anderson has material non-public information; however, it is Kayne Anderson s intention to ensure that any material non-public information available to certain Kayne Anderson employees not be shared with those employees responsible for the purchase and sale of publicly traded MLP securities.

KAFA also manages Kayne Anderson Energy Total Return Fund, Inc., a closed-end investment company listed on the NYSE under the ticker KYE, Kayne Anderson Energy Development Company, a closed-end investment company listed on the NYSE under the ticker KED and Kayne Anderson Midstream/Energy Fund, Inc., a closed-end investment company listed on the NYSE under the ticker KMF. In addition to closed-end investment companies, KAFA also manages two private investment funds, KA First Reserve, LLC and KA First Reserve XII, LLC, and an account owned by an insurance company which together had approximately $1.1 billion in combined total assets as of December 31, 2012, and KACALP manages several private investment funds (collectively, Affiliated Funds). Some of the Affiliated Funds have investment objectives that are similar to or overlap with ours. In particular, certain Affiliated Funds invest in MLPs and other Midstream Energy Companies. Further, Kayne Anderson may at some time in the future, manage other investment funds with the same investment objective as ours.

Investment decisions for us are made independently from those of Kayne Anderson s other clients; however, from time to time, the same investment decision may be made for more than one fund or account. When two or more clients advised by Kayne Anderson or its affiliates seek to purchase or sell the same publicly traded securities, the securities actually purchased or sold are allocated among the clients on a good faith equitable basis by Kayne Anderson in its discretion in accordance with the clients various investment objectives and procedures adopted by Kayne Anderson and approved by our Board of Directors. In some cases, this system may adversely affect the price or size of the position we may obtain. In other cases, however, our ability to participate in volume transactions may produce better execution for us.

We and our affiliates, including Affiliated Funds, may be precluded from co-investing in private placements of securities, including in any portfolio companies that we control. Except as permitted by law, Kayne Anderson will not co-invest its other clients assets in the private transactions in which we invest. Kayne Anderson will allocate private investment opportunities among its clients, including us, based on allocation policies that take into account several suitability factors, including the size of the investment opportunity, the amount each client has available for investment and the client s investment objectives. These allocation policies may result in the allocation of investment opportunities to an Affiliated Fund rather than to us. The policies contemplate that Kayne Anderson will exercise discretion, based on several factors relevant to the determination, in allocating the entirety, or a portion, of such investment opportunities to an Affiliated Fund, in priority to other prospectively interested advisory clients, including us. In this regard, when applied to specified investment opportunities that would normally be suitable for us, the allocation policies may result in certain Affiliated Funds having greater priority than us to participate in such opportunities depending on the totality of the considerations, including, among other things, our available capital for investment, our existing holdings, applicable tax and diversification standards to which we may then be subject and the ability to efficiently liquidate a portion of our existing portfolio in a timely and prudent fashion in the time period required to fund the transaction.

The investment management fee paid to our Adviser is based on the value of our assets, as periodically determined. A significant percentage of our assets may be illiquid securities acquired in private transactions for which market quotations will not be readily available. Although we will adopt valuation procedures designed to determine valuations of illiquid securities in a manner that reflects their fair value, there typically is a range of prices that may be established for each individual security. Senior management of our Adviser, our Board of Directors and its Valuation Committee, and a third-party valuation firm participate in the valuation of our securities. See Net Asset Value.

Risk of Owning Securities of Affiliates

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

We believe that there are several factors that determine whether or not a security should be considered a voting security in complex structures such as limited partnerships of the kind in which we invest. We also note that the SEC staff has issued guidance on the circumstances under which it would consider a limited partnership interest to constitute a voting security. Under most partnership agreements, the management of the partnership is vested in the general partner, and the limited partners, individually or collectively, have no rights to manage or influence management of the partnership through such activities as participating in the selection of the managers or the board of the limited partnership or the general partner. As a result, we believe that many of the limited partnership interests in which we invest should not be considered voting securities. However, it is possible that the SEC staff may consider the limited partner interests we hold in certain limited partnerships to be voting securities. If such a determination were made, we may be regarded as a person affiliated with and controlling the issuer(s) of those securities for purposes of Section 17 of the 1940 Act.

In making such a determination as to whether to treat any class of limited partnership interests we hold as a voting security, we consider, among other factors, whether or not the holders of such limited partnership interests have the right to elect the board of directors of the limited partnership or the general partner. If the holders of such limited partnership interests do not have the right to elect the board of directors, we generally have not treated such security as a voting security. In other circumstances, based on the facts and circumstances of those partnership agreements, including the right to elect the directors of the general partner, we have treated those securities as voting securities and, therefore, as affiliates. If we do not consider the security to be a voting security, we will not consider such partnership to be an affiliate unless we and our affiliates own more than 25% of the outstanding securities of such partnership.

As of December 31, 2012, we believed that Buckeye Partners, L.P., MarkWest Energy Partners, L.P. and PVR Partners, L.P. met the criteria described above and were therefore considered our affiliates.

As of December 31, 2012, we also believed Plains All American GP LLC (PAA GP) and Plains All American Pipeline, L.P. (PAA) were affiliates. This affiliation was a result of (i) our ownership and the ownership of other affiliated Kayne Anderson funds of interests in PAA GP and (ii) the participation of Robert V. Sinnott, the CEO of Kayne Anderson, on the board of PAA GP.

We must abide by the 1940 Act restrictions on transactions with affiliates and, as a result, our ability to purchase securities of Buckeye Partners, L.P., MarkWest Energy Partners, L.P., PVR Partners, L.P., PAA GP and PAA may be more limited in certain instances than if we were not considered an affiliate of such companies.

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

Certain Affiliations

We are affiliated with KA Associates, Inc., a Financial Industry Regulatory Authority, Inc. (FINRA) member broker-dealer. Absent an exemption from the SEC or other regulatory relief, we are generally precluded from effecting certain principal transactions with affiliated brokers, and our ability to utilize affiliated brokers for agency transactions is subject to restrictions. This could limit our ability to engage in securities transactions and take advantage of market opportunities.

Valuation Risk

Market prices may not be readily available for certain of our investments in restricted or unregistered investments in public companies or investments in private companies. The value of such investments will ordinarily be determined based on fair valuations determined by the Board of Directors or its designee pursuant to procedures adopted by the Board of Directors. Restrictions on resale or the absence of a liquid secondary market may adversely affect our ability to determine our net asset value. The sale price of securities that are not readily marketable may be lower or higher than our most recent determination of their fair value. Additionally, the value of these securities typically requires more reliance on the judgment of our Adviser than that required for securities for which there is an active trading market. Due to the difficulty in valuing these securities and the absence of an active trading market for these investments, we may not be able to realize these securities true value or may have to delay their sale in order to do so.

Anti-Takeover Provisions

Our Charter, Bylaws and the Maryland General Corporation Law include provisions that could limit the ability of other entities or persons to acquire control of us, to convert us to open-end status, or to change the composition of our Board of Directors. We also have adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our Charter classifying our Board of Directors in three classes serving staggered three-year terms, and provisions authorizing our Board of Directors to classify or reclassify shares of our stock in one or more classes or series to cause the issuance of additional shares of our stock, and to amend our Charter, without stockholder approval, to increase or decrease the number of shares of stock that we have the authority to issue. These provisions, as well as other provisions of our Charter and Bylaws, could have the effect of discouraging, delaying, deferring or preventing a transaction or a change in control that might otherwise be in the best interests of our stockholders. As a result, these provisions may deprive our common stockholders of opportunities to sell their common stock at a premium over the then current market price of our common stock. See Description of Capital Stock.

Additional Risks Related to Our Common Stock

Market Discount From Net Asset Value Risk

Our common stock has traded both at a premium and at a discount to our net asset value. The last reported sale price, as of December 31, 2012 was $29.47 per share. Our net asset value per share and percentage premium to net asset value per share of our common stock as of December 31, 2012 were $27.21 and 8.3%, respectively. There is no assurance that this premium will continue after the date of this prospectus or that our common stock will not again trade at a discount. Shares of closed-end investment companies frequently trade at a discount to their net asset value. This characteristic is a risk separate and distinct from the risk that our net asset value could decrease as a result of our investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. Although the value of our net assets is generally considered by market participants in determining whether to purchase or sell shares, whether investors will realize gains or losses upon the sale of our common stock depends upon whether the market price of our common stock at the time of sale is above or below the investor s purchase price for our common stock. Because the market price of our common stock is affected by factors such as net asset value, dividend or distribution levels (which are dependent, in part, on expenses), supply of and demand for our common stock, stability of distributions, trading volume of our common stock, general market and economic conditions, and other factors beyond our control, we cannot predict whether our common stock will trade at, below or above net asset value or at, below or above the offering price.

Leverage Risk to Common Stockholders

The issuance of Leverage Instruments represents the leveraging of our common stock. Leverage is a technique that could adversely affect our common stockholders. Unless the income and capital appreciation, if any, on securities acquired with the proceeds from Leverage Instruments exceed the costs of the leverage, the use of leverage could cause us to lose money. When leverage is used, the net asset value and market value of our common stock will be more volatile. There is no assurance that our use of leverage will be successful.

Our common stockholders bear the costs of leverage through higher operating expenses. Our common stockholders also bear management fees, whereas, holders of senior notes or preferred stock, do not bear management fees. Because management fees are based on our total assets, our use of leverage increases the effective management fee borne by our common stockholders. In addition, the issuance of additional senior securities by us would result in offering expenses and other costs, which would ultimately be borne by our common stockholders. Fluctuations in interest rates could increase our interest or dividend payments on Leverage Instruments and could reduce cash available for distributions on common stock. Certain Leverage Instruments are subject to covenants regarding asset coverage, portfolio composition and other matters, which may affect our ability to pay distributions to our common stockholders in certain instances. We may also be required to pledge our assets to the lenders in connection with certain other types of borrowing.

Leverage involves other risks and special considerations for common stockholders including: the likelihood of greater volatility of net asset value and market price of our common stock than a comparable portfolio without leverage; the risk of fluctuations in dividend rates or interest rates on Leverage Instruments; that the dividends or interest paid on Leverage Instruments may reduce the returns to our common stockholders or result in fluctuations in the distributions paid on our common stock; the effect of leverage in a declining market, which is likely to cause a greater decline in the net asset value of our common stock than if we were not leveraged, which may result in a greater decline in the market price of our common stock; and when we use financial leverage, the investment management fee payable to Kayne Anderson may be higher than if we did not use leverage.

While we may from time to time consider reducing leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased volatility of current income and net asset value associated with leverage, there can be no assurance that we will actually reduce leverage in the future or that any reduction, if undertaken, will benefit our common stockholders. Changes in the future direction of interest rates are very difficult to predict accurately. If we were to reduce leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction in leverage would likely result in a reduction in income and/or total returns to common stockholders relative to the circumstance if we had not reduced leverage. We may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and the price of our common stock if the prediction were to turn out to be correct, and determine not to reduce leverage as described above.

Finally, the 1940 Act provides certain rights and protections for preferred stockholders which may adversely affect the interests of our common stockholders. See Description of Capital Stock.

Additional Risks Related to Our Preferred Stock

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

Ratings and Asset Coverage Risk. Rating agencies have in the past, and may in the future, downgrade the ratings assigned to our senior securities, which may make your securities less liquid in the secondary market. Fitch has assigned a rating of AAA to all of our outstanding series of Senior Notes. Fitch has also assigned a rating of AA to all of our outstanding MRP Shares.

A rating may not fully or accurately reflect all of the risks associated with a senior security. If a rating agency downgrades the ratings assigned to our senior securities, we may be required to alter our portfolio or redeem our senior securities. We may voluntarily redeem our securities under certain circumstances to the extent permitted under the terms of such securities, which may require that we meet specified asset maintenance tests and other requirements.

To the extent that shares of preferred stock offered hereby are rated of similar or the same ratings as those respectively assigned to outstanding MRP Shares and Senior Notes, the ratings do not eliminate or necessarily mitigate the risks of investing in our senior securities.

We have issued Senior Notes, which constitute or will constitute senior securities representing indebtedness, as defined in the 1940 Act. Accordingly, the value of our total assets, less all our liabilities and indebtedness not represented by such Senior Notes and debt securities, must be at least equal to 300% of the aggregate principal value of such Senior Notes and debt securities. Upon the issuance of our preferred stock, the value of our total assets, less all our liabilities and indebtedness not represented by senior securities must be at least equal, immediately after the issuance of preferred stock, to 200% of the aggregate principal value of the Senior Notes, any debt securities and our preferred stock.

We may issue senior securities with asset coverage or portfolio composition provisions in addition to, and more stringent than, those required by the 1940 Act. In addition, restrictions have been and may be imposed by the rating agencies on certain investment practices in which we may otherwise engage. Any lender with respect to any additional Borrowings by us may require additional asset coverage and portfolio composition provisions as well as restrictions on our investment practices.

Senior Leverage Risk to Preferred Stockholders. Because we have outstanding Borrowings and may issue additional debt securities, which are senior to our preferred stock, we are prohibited from declaring, paying or making any dividends on our preferred stock unless we satisfy certain conditions.

We are also prohibited from declaring, paying or making any distributions on common stock unless we satisfy certain conditions. See Description of Capital Stock Preferred Stock Limitations on Distributions.

Our Borrowings may constitute a substantial burden on our preferred stock by reason of their prior claim against our income and against our net assets in liquidation. We may not be permitted to declare dividends or other distributions, including with respect to our preferred stock, or purchase or redeem shares, including preferred stock, unless (1) at the time thereof we meet certain asset coverage requirements and (2) there is no event of default under our Borrowings that is continuing. See Description of Capital Stock Preferred Stock Limitations on Distributions. In the event of a default under our Borrowings, the holders of our debt securities have the right to accelerate the maturity of debt securities and the trustee may institute judicial proceedings against us to enforce the rights of holders of debt securities.

DISTRIBUTIONS

We have paid distributions to common stockholders every fiscal quarter since inception. The following table sets forth information about distributions we paid to our common stockholders, percentage participation by common stockholders in our dividend reinvestment program and reinvestments and related issuances of additional shares of common stock as a result of such participation (the information in the table is unaudited):

Distribution Payment Date to Common Stockholders	Amount of Distribution Per Share	Percentage of Common Stockholders Electing to Participate in Dividend Reinvestment Program	Amount of Corresponding Reinvestment through Dividend Reinvestment Program (1)	Additional Shares of Common Stock Issued through Dividend Reinvestment Program (1)
January 14, 2005	$ 0.2500	65%	$ 5,401	223
April 15, 2005	0.4100	51	7,042	288
July 15, 2005	0.4150	47	6,571	250