Kayne Anderson MLP Investment CO
Form N-2
October 28, 2005

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As filed with the Securities and Exchange Commission on October 28, 2005

1933 Act File No. 333-[ ]
1940 Act File No. 811-21593

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-2

þ REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

o PRE-EFFECTIVE AMENDMENT NO.

o POST-EFFECTIVE AMENDMENT NO.

and

þ REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

o AMENDMENT NO. 20

Kayne Anderson MLP Investment Company
(Exact Name of Registrant as Specified in Charter)

1800 Avenue of the Stars, Second Floor

Los Angeles, California 90067
(Address of Principal Executive Offices)

Registrant s Telephone Number, including Area Code: (310) 556-2721

David J. Shladovsky, Esq.
Kayne Anderson Capital Advisors, L.P.
1800 Avenue of the Stars, Second Floor
Los Angeles, California 90067
(Name and Address of Agent for Service)

Copies of Communications to:

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. o

It is proposed that this filing will become effective (check appropriate box): o when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Senior Notes, Series E	40	$25,000	$1,000,000	$117.70

(1) Estimated pursuant to Rule 457 solely for the purpose of determining the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

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KAYNE ANDERSON MLP INVESTMENT COMPANY (the Registrant)

CONTENTS OF THE REGISTRATION STATEMENT

This registration statement of the Registrant contains the following documents:

Facing Sheet

Contents of the Registration Statement

Part A Prospectus of the Registrant

Part B Statement of Additional Information of the Registrant

Part C Other Information

Signature Page

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PART A
PROSPECTUS OF
REGISTRANT

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated [ ], 2005

PROSPECTUS

[$]

Auction Rate Senior Notes

[$] Series E, due [ ], 2045

$25,000 Denominations

Kayne Anderson MLP Investment Company is a non-diversified, closed-end management investment company that began investment activities on September 28, 2004. Our investment objective is to obtain a high after-tax total return by investing at least 85% of our net assets plus any borrowings (our 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 natural gas, natural gas liquids (including propane), crude oil, refined petroleum products or coal (collectively with MLPs, Midstream Energy Companies).

We are offering [$] aggregate principal amount of auction rate senior notes Series E (Series E Notes). We will issue Series E Notes without coupons in $25,000 denominations and any integral multiple thereof. The principal amount of Series E Notes will be due and payable on [ ], 2045 (the Stated Maturity). There is no sinking fund with respect to Series E Notes. Series E Notes will be our unsecured obligations and, upon our liquidation, dissolution or winding up, will rank: (1) senior to all of our outstanding common stock and any preferred stock (including the ARP Shares referred to below); (2) on a parity with our obligations to any unsecured creditors and any unsecured senior securities representing our indebtedness, including Series A, B and C Notes referred to below, additional Series E Notes and any other series of our auction rate senior notes; and (3) junior to our obligations to any secured creditors. We may redeem Series E Notes prior to their Stated Maturity in certain circumstances described in this prospectus.

Holders of Series E Notes will be entitled to receive cash interest payments at an annual rate that may vary for each rate period. The initial rate period is from the issue date through [ ]. The annual interest rates for the initial rate period will be [%]. For subsequent rate periods, Series E Notes will pay interest at a rate determined by an auction conducted in accordance with the procedures described in this prospectus. Generally, following the initial rate period, each rate period for Series E Notes will be [( )] days.

Series E Notes will not be listed on any exchange or automated quotation system. Generally, investors only may buy and sell Series E Notes through an order placed at an auction with or through certain broker-dealers or in a secondary market that those broker-dealers may maintain. These broker-dealers are not required to maintain a market in Series E Notes, and a secondary market, in the unlikely event that one develops, may not provide investors with liquidity.

(continued on following Page)

Investing in Series E Notes involves certain risks. See Risk Factors beginning on Page 19.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Per $25,000

	Principal Amount of Series E Notes	Total
Public offering price	$25,000	[$]
Underwriting discounts and commissions	[$]	[$]
Proceeds, before expenses, to us (1)	[$]	[$]

(1) We estimate that we will incur approximately [$] in expenses in connection with this offering.

The underwriters expect to deliver Series E Notes in book-entry-form, through the facilities of The Depository Trust Company, to broker-dealers on or about [ ], 2005.

, 2005

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(continued from previous Page)

We are managed by Kayne Anderson Capital Advisors, L.P. (Kayne Anderson), a leading investor in MLPs. As of September 30, 2005, Kayne Anderson managed approximately $4.6 billion, including approximately $2.5 billion in MLPs and other Midstream Energy Companies.

We invest in equity securities of (1) MLPs, including preferred, common and subordinated units and general partner interests, (2) owners of such interests in MLPs, and (3) other Midstream Energy Companies. Additionally, we may invest in debt securities of MLPs and other Midstream Energy Companies. Under normal market conditions, we intend to invest 50% of our total assets in publicly traded securities of MLPs and other Midstream Energy Companies, and up to 50% (but not more than 60%) of our total assets in unregistered or otherwise restricted securities of MLPs and other Midstream Energy Companies, including securities issued by private companies.

This offering is conditioned upon Series E Notes receiving a rating of Aaa from Moody s Investors Service Inc. (Moody s) and AAA from Fitch Ratings (Fitch). Our common stock is traded on the New York Stock Exchange under the symbol KYN.

On March 28, 2005, we issued three series of auction rate senior notes due in 2045, in an aggregate principal amount of $260 million (Series A, B and C Notes). Series A, B and C Notes are rated Aaa and AAA by Moody s and Fitch, respectively. As of September 30, 2005, the aggregate principal amount of Series A, B and C Notes represented approximately 19.4% of our total assets. Series A, B and C Notes are on a parity with Series E Notes. Series A, B and C Notes, together with Series E Notes, are referred to collectively herein as the Senior Notes.

On April 12, 2005, we issued an aggregate amount of $75 million of auction rate preferred stock (ARP Shares). The ARP Shares and are rated Aa and AA by Moody s and Fitch, respectively. As of September 30, 2005, the aggregate amount of ARP Shares represented approximately 5.6% of our total assets.

We may issue additional ARP Shares, Senior Notes or other series of our auction rate preferred stock or auction rate senior notes in the future. The ARP Shares and Senior Notes, as well as any other series of our auction rate preferred stock or auction rate senior notes, are intended to increase funds available for investment. This practice, which is known as leverage, is speculative and involves significant risks.

Series E Notes 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.

This prospectus sets forth concisely the information about us that a prospective investor ought to know before investing. You should read this prospectus before deciding whether to invest and retain it for future reference. A statement of additional information, dated [ ], 2005 (SAI), 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. You may request a free copy of our stockholder reports and our SAI, the table of contents of which is on page 78 of this prospectus, by calling (877) 657-3863, or by writing to us. Electronic copies of our stockholder reports and our SAI are also available on our website (http://www.kaynemlp.com). You may also obtain copies of these documents (and other information regarding us) from the SEC s web site (http://www.sec.gov).

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters 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, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in Series E Notes. You should read carefully the entire prospectus, including the documents incorporated by reference into it, particularly the section entitled Risk Factors at page 19 and our SAI and the Summary of Certain Provisions of the Indenture included in Appendix A to the SAI. Except where the context suggests otherwise, the terms we, us, and our refer to Kayne Anderson MLP Investment Company; Kayne Anderson refers to Kayne Anderson Capital Advisors, L.P.; midstream energy assets refers to assets used in gathering, transporting, processing, storing, refining, distributing, mining or marketing natural gas, natural gas liquids (including propane), crude oil, refined petroleum products or coal; MLPs refers to energy-related master limited partnerships, limited liability companies and their affiliates; Midstream Energy Companies means (1) MLPs and (2) other companies that, as their principal business, operate midstream energy assets; the term Series A, B and C Notes refers to the $260,000,000 aggregate principal amount of our Senior Notes Series A, Series B and Series C; the term ARP Shares refers to the $75,000,000 aggregate amount of our auction rate preferred stock, Series D; the term Series E Notes refers to the [$] aggregate principal amount of our Senior Notes Series E; and the terms Senior Notes or Notes refers to Series A, B and C Notes, together with Series E Notes. Certain key terms relating to the auctions of Series E Notes are set forth at page 3.

What is Kayne Anderson MLP Investment Company?

Kayne Anderson MLP Investment Company is a non-diversified, closed-end investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act), which commenced investment activities on September 28, 2004. Our common stock is traded on the New York Stock Exchange (the NYSE) under the symbol KYN. See Description of Capital Stock at page 65.

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. For purposes of our investment objective, the term MLPs includes affiliates of MLPs that own general partner interests or, in some cases, subordinated units, registered or unregistered common units, or other limited partner units in an MLP.

We completed our initial public offering of common stock on September 28, 2004. After the payment of offering expenses and underwriting discounts, we received approximately $711 million from the proceeds of the initial public offering and after subsequent exercises by the underwriters of their over-allotment option, the aggregate net proceeds were approximately $786 million. We completed a secondary public offering of our common stock on October 17, 2005. After the payment of offering expenses and underwriting discounts, we received approximately $77 million from the proceeds of the secondary public offering. As of September 30, 2005 (prior to our issuance of 3,000,000 shares of common stock on October 17, 2005, in our secondary public offering and 249,453 shares of common stock on October 14, 2005, through our dividend reinvestment program), we had 33,926,098 shares of common stock outstanding and net assets applicable to our common stock of $907 million.

What types of leverage do we intend to use?

On March 28, 2005 and April 12, 2005, we completed offerings of Series A, B and C Notes and the ARP Shares, respectively. After the payment of offering expenses and underwriting discounts, we received a total of approximately $331 million in net proceeds from the issuance of Series A, B and C Notes and the ARP Shares. As of September 30, 2005, and after giving effect to the issuance of Series E Notes hereby, Senior Notes will represent approximately [%] of our total assets, and the ARP Shares will represent approximately [%] of our total assets. Series A, B and C Notes are rated Aaa and AAA by Moody s Investor Services (Moody s) and Fitch Ratings (Fitch), respectively. The ARP Shares are rated Aa and AA by Moody s and Fitch, respectively. Our common stock is junior in liquidation and distribution rights to Senior Notes and the ARP Shares.

We also may leverage through other borrowings, including the issuance of additional Senior Notes, other series of our auction rate senior notes, preferred stock or commercial paper. The timing and terms of any leverage transactions will be determined by our Board of Directors. The use of leverage involves significant risks. See Risk Factors Leverage Risk at page 25. Throughout this prospectus, our Senior Notes, other series of our auction rate senior notes, commercial paper or other borrowings are collectively referred to as Borrowings.

Senior Notes, other series of our auction rate senior notes, ARP Shares and other borrowings (each a Leverage Instrument and collectively, the Leverage Instruments) may constitute, in the aggregate, up to 30% of our total assets, which includes assets obtained through such financial leverage. Leverage Instruments have seniority in liquidation and distribution rights over our common stock. Costs associated with leverage are borne immediately by common stockholders and result in a reduction of the net asset value of our common stock. See Use of Leverage at page 33.

Because Kayne Anderson s fee is based upon a percentage of our total assets, Kayne Anderson s fee is likely to be higher since we employ leverage. Therefore, Kayne Anderson has a financial incentive to use leverage, which may create a conflict of interest between Kayne Anderson and our common stockholders. There can be no assurance that our leveraging strategy will be successful during any period in which it is used.

What risk management techniques may we use?

We may, but are not required to, use various hedging and other transactions to seek to manage interest rate and market risks. See Risk Factors Leverage Risk at page 25, Derivatives Risk at page 28, and Investment Objective and Policies Investment Practices Hedging and Other Risk Management Transactions at page 56 in this prospectus and Our Investments Our Use of Derivatives, Options and Hedging Transactions, in our SAI. There is no guarantee we will use these risk management techniques.

What securities are we offering?

We are offering [$] aggregate principal amount of our Senior Notes Series E in denominations of $25,000 and any integral multiple thereof. Series E Notes are being offered by [ ], as underwriters. See Underwriting at page 75. It is a condition of the underwriters obligation to purchase Series E Notes that Series E Notes receive a rating of Aaa from Moody s and AAA from Fitch.

How will Series E Notes rank compared to our other obligations?

Series E Notes will be our unsecured obligations and, upon our liquidation, dissolution or winding up, will rank: (1) senior to all of our outstanding common stock and any preferred stock, including any ARP Shares; (2) on a parity with any of our unsecured creditors and any unsecured senior securities representing our indebtedness, including Series A, B and C Notes, additional Series E Notes and any additional series of our auction rate senior notes; and (3) junior to any of our secured creditors. Our unsecured creditors may include our service providers, including Kayne Anderson, the Custodian, Auction Agent, Broker-Dealers and the Trustee, as such parties are defined herein, pursuant to the terms of various contracts with us. Our secured creditors may include, without limitation, parties entering into any interest rate swaps, floor or cap transactions, forward rate transactions, or other similar transactions with us that create liens, pledges, charges, security interests, security agreements or other encumbrances on our assets.

What are auction rate senior notes?

Series E Notes are auction rate senior notes, which are debt instruments with a maturity of 40 years. The interest rates for Series E Notes will be periodically reset through an auction process. Auctions will typically be held every [( )] days. Interest on Series E Notes will be paid at the end of each auction period.

Who are the key auction participants with respect to Series E Notes?

Auction Agent: The Auction Agent administers the auctions to determine the applicable interest rates.

Beneficial Owners: The Beneficial Owners are the owners of Series E Notes.

Broker-Dealers: The Broker-Dealers are broker-dealers that have entered into an agreement with the Auction Agent to submit orders in an auction for Series E Notes.

Potential Beneficial Owners: Each Potential Beneficial Owner is a Broker-Dealer or a customer of a Broker-Dealer that wishes to purchase Series E Notes in an auction.

How will the interest rates of Series E Notes be determined?

The interest rate for the initial rate period for Series E Notes was determined by the underwriters of this offering. The initial rate period is the Original Issue Date of Series E Notes through [ ] and the interest for the initial rate period is [%]. Subsequent to this offering, the interest rates will be determined based on auctions where Broker-Dealers submit bids on behalf of current and prospective Beneficial Owners.

The first auction date will be [ ] and subsequent auctions will be held every [( )] days. Auctions will generally be held on the days indicated unless the then current rate period is a Special Rate Period, the day that normally would be the Auction Date is not a Business Day, or unforeseen events preclude the holding of an auction).

What is the auction process?

You may buy, sell or hold Series E Notes through an auction. Beneficial Owners and Potential Beneficial Owners of Series E Notes may participate in auctions only by submitting orders through their Broker-Dealers. In general, the types of orders that may be placed with a Broker-Dealer include: Hold Orders, Sell Orders, bids to sell and bids to purchase. The following is a brief summary of the auction procedures for both Beneficial Owners and Potential Beneficial Owners. See The Auctions Auction Procedures at page 46 for more detailed information.

Prior to the submission deadline on each Auction Date for Series E Notes, the following types of orders may be submitted to a Broker-Dealer:

Hold Order indicating the Beneficial Owner s desire to hold Series E Notes without regard to the Applicable Rate for the next rate period.

Bid to Sell indicating the Beneficial Owner s desire to sell the principal amount of outstanding Series E Notes, if any, held by such Beneficial Owner if the Applicable Rate for the next succeeding rate period shall be less than the rate per annum specified by such Beneficial Owner (also known as a hold at rate order).

Bid to Purchase a current Beneficial Owner or a Potential Beneficial Owner may submit bids offering to purchase a certain amount of outstanding Series E Notes if the Applicable Rate determined on the Auction Date is higher than the rate specified in the Bid. A Bid specifying a rate higher than the Maximum Rate on the Auction Date will not be accepted.

Sell Order an order by a current Beneficial Owner desire to sell a specified principal amount of Series E Notes, regardless of the Applicable Rate for the upcoming rate period.

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Orders submitted (or the failure to do so) by Beneficial Owners under certain circumstances will have the effects described below:

A Beneficial Owner that submits a Bid to its Broker-Dealer having a rate higher than the Maximum Rate on the Auction Date will be treated as having submitted a Sell Order with respect to such Series E Notes.

A Beneficial Owner that fails to submit an order with respect to Series E Notes to its Broker-Dealer will be deemed to have submitted a Hold Order with respect to Series E Notes.

Sufficient Clearing Bids for a particular auction exist when the principal amount of Series E Notes for which bids have been submitted exceeds or is equal to the aggregate principal amount of Series E Notes for which sell orders have been submitted. A submitted bid is not acceptable for determining the applicable rate unless the bid is between the Minimum Rate (for Standard Rate Periods or less, only) and the Maximum Rate (for all rate periods). If Sufficient Clearing Bids exist, the Applicable Rate for the next succeeding rate period will be the lowest rate specified in the submitted bids which, taking into account such rate and all lower rates bid by Broker-Dealers as or on behalf of Beneficial Owners and Potential Beneficial Owners, would result in Beneficial Owners and Potential Beneficial Owners owning the aggregate principal amount of Series E Notes available for purchase in the auction. If Sufficient Clearing Bids for Series E Notes do not exist (other than because all of the outstanding Series E Notes are subject to Submitted Hold Orders), then the Applicable Rate for all Series E Notes for the next succeeding rate period will be the Maximum Rate.

The auction procedures include a pro rata allocation of Series E Notes for purchase and sale, which may result in a Beneficial Owner continuing to hold or selling, or a Potential Beneficial Owner purchasing, a number of Series E Notes that is less than the number of Series E Notes specified in its order. To the extent the allocation procedures have that result, Broker-Dealers will be required to make appropriate pro rata allocations among their respective customers.

Settlement of purchases and sales will be made on the next Business Day (also an Interest Payment Date) after the Auction Date through the Securities Depository in accordance with the Securities Depository s normal procedures.

Sample Auction Process for Series E Notes

Step 1: The Auction Agent determines how many Series E Notes are being offered by Beneficial Owners for sale in the auction.

Step 2: Broker-Dealers submit bids which include the interest rates and purchase amounts from prospective purchasers. The Auction Agent ranks these bids from the lowest to the highest interest rate.

Step 3: The Auction Agent fills the purchase orders, starting with the lowest interest rate bid.

Step 4: The bid that clears the market of the last available Series E Note is declared the new interest rate.

Step 5: Bids are filled to the extent that Series E Notes are available. All bids below the new interest rate are filled. Bids at the new interest rate are filled to the extent that Series E Notes are available. Bids above the new interest rate are not filled.

Step 6: All filled bids will receive interest payments at the new interest rate. However, the new interest rate must be between the minimum and maximum rates permitted for Series E Notes.

How will the interest rate periods be determined?

Subsequent to the initial rate period, each rate period for Series E Notes generally will be [( )] days in length (a Standard Rate Period). The Applicable Rate for a particular rate period usually will be determined by an auction conducted on the Business Day immediately preceding the start of the rate period. In most instances, interest also is payable every [( )] days for Series E Notes, on the day following the end of the applicable rate period. A Special Rate Period (with respect to Series E Notes, any period other than a rate period of [( )] days) will not be effective unless Sufficient Clearing Bids exist at the auction in respect of a Special Rate Period. See Description of Series E Notes Interest and Rate Periods Determination of Interest Rate at page 37 and The Auctions at page 45.

How are the applicable interest rates determined?

Except during a Default Period, the Applicable Rate for any rate period for Series E Notes will not be more than the Maximum Rate. The Maximum Rate will depend on the credit rating assigned to Series E Notes and on the duration of the rate period. The Maximum Rate will be the applicable percentage of the Reference Rate, subject to upward but not downward adjustment in the discretion of the Board of Directors after consultation with the Broker-Dealers. The applicable percentage will be determined based on the lower of the credit ratings assigned on that date to Series E Notes by Moody s and Fitch as follows:

Moody s Credit Rating	Fitch Credit Rating	Applicable Percentage
Aa3 or above	AA- or above	200%
A3 to A1	A- to A+	250%
Baa3 to Baa1	BBB- to BBB+	275%
Below Baa3	Below BBB-	300%

For Standard Rate Periods or less only, the Applicable Rate resulting from an auction will not be less than the Minimum Rate. The Applicable Rate for any rate period commencing during any Default Period, and the Default Rate described under Description of Series E Notes Interest and Rate Periods, initially will be 300% of the Reference Rate. The Reference Rate is the greater of: (1) the applicable AA Composite Commercial Paper Rate (for a rate period of fewer than 184 days) or the applicable Treasury Index Rate (for a rate period of 184 days or more), or (2) the applicable London Interbank Offered Rate (LIBOR).

What are the payment restrictions on our stock?

As a result of the issuance of Senior Notes, which constitute senior securities representing indebtedness under the 1940 Act, we are not permitted to declare any dividend (except a dividend payable in our stock), or declare any other distribution, upon any of our outstanding common stock or declare any distribution upon any of our preferred stock, or purchase any such stock, unless, in every such case, Senior Notes (which includes Series E Notes) have, at the time of the declaration of any such dividend or distribution or at the time of any such purchase, an asset coverage of at least 300% after deducting the amount of such dividend, distribution or purchase price, as the case may be. We may declare dividends, however, upon any preferred stock provided Senior Notes have an asset coverage of at least 200% at the time of declaration after deducting the amount of such dividend. Dividends or other distributions on, or redemptions or purchases of, common stock and preferred stock also would be prohibited at any time that an event of default under any Senior Notes (which includes a default in the payment of interest on Senior Notes, when due) has occurred and is continuing. See Description of Series E Notes Payment Restrictions on Shares at page 43.

What are our asset maintenance requirements?

We must maintain Eligible Assets having an aggregated Discounted Value at least equal to the Senior Notes Basic Maintenance Amount as of each Valuation Date. We also must maintain asset coverage for Senior Notes on a non-discounted basis of at least 300% as of the last business day of each month. See Rating Agency Guidelines. The Discount Factors and guidelines for calculating the Discounted Value of our portfolio for purposes of determining whether the Senior Notes Basic Maintenance Amount has been satisfied have been established by Moody s and Fitch in connection with our receipt from Moody s and Fitch of the Aaa and AAA Credit Ratings, respectively, with respect to Series A, B and C Notes on their Original Issue Date and with respect to Series E Notes on their Original Issue Date. We estimate that on the Original Issue Date of Series E Notes, the 1940 Act Senior Notes Asset Coverage (as defined herein), based on the composition of our portfolio as of [ ], 2005, and after giving effect to the issuance of Series E Notes offered hereby ([$]), will be [%].

When may we redeem Series E Notes?

Although ordinarily we will not redeem Series E Notes prior to their Stated Maturity, we may be required to redeem Series E Notes if, for example, we do not meet an asset coverage ratio required by law or in order to correct a failure to meet Rating Agency Guidelines in a timely manner. We may voluntarily redeem Series E Notes in certain circumstances. See Description of Series E Notes Redemption at page 40.

What are the events of default under the Indenture?

Any one of the following events constitutes an event of default under the Indenture (as defined herein):

- default in the payment of any interest upon any series of Senior Notes when it becomes due and payable and the continuance of such default for thirty (30) days;
- default in the payment of the principal of, or any premium on, any series of Senior Notes at its Stated Maturity;
- default in the performance, or breach, of any of our covenants or warranties in the Indenture, and continuance of such default or breach for a period of ninety (90) days after written notice has been given to us by the Trustee; certain voluntary or involuntary proceedings involving us and relating to bankruptcy, insolvency or other similar laws;
- if, on the last business day of each of twenty-four (24) consecutive calendar months, the 1940 Act Senior Notes Asset Coverage of a series of Senior Notes is less than 100%; or
- any other event of default provided with respect to any series of Senior Notes, including a default in the payment of any Redemption Price payable on the Redemption Date.

May a noteholder accelerate payments under Series E Notes if an event of default occurs?

Upon the occurrence and continuance of an event of default with respect to Series E Notes, the holders of a majority in principal amount of outstanding Series E Notes or the Trustee may declare the principal amount of Series E Notes immediately due and payable. Upon an event of default relating to bankruptcy, insolvency, or other similar laws, acceleration of maturity occurs automatically.

At any time after a declaration of acceleration with respect to Series E Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in principal amount of the outstanding Series E Notes, by written notice to us and the Trustee, may rescind and annul such declaration and its consequences if certain conditions are met. See Description of Series E Notes Events of Default and Acceleration of Maturity; Remedies at page 39.

Risks of Investing in Series E Notes

The following discussion summarizes the principal risks that you should consider before investing in Series E Notes. For additional information about the risks associated with us and Series E Notes, see Risk Factors at page 19.

Unsecured Investment

Series E Notes represent our unsecured obligation to pay interest and principal, when due. Our failure to pay interest on Series E Notes when due or to repay Series E Notes upon the Stated Maturity would, subject to the cure provisions under the Indenture, constitute an event of default under the Indenture and could cause a default under other agreements that we may enter into from time to time.

There is no sinking fund with respect to Series E Notes, and at the Stated Maturity, the entire outstanding principal amount of Series E Notes will become due and payable. See Description of Series E Notes Events of Default and Acceleration of Maturity; Remedies at page 39.

Interest Rate Risk

Series E Notes pay interest based on short-term interest rates. If short-term interest rates rise, interest rates on Series E Notes may rise so that the amount of interest payable to holders of Series E Notes would exceed the amount of income from our portfolio securities. This might require that we sell portfolio securities at a time when we would otherwise not do so, which may affect adversely our future earnings ability. 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 Series E Notes.

Auction Risk

You may not be able to sell your Series E Notes at an auction if the auction fails; that is, if there are more Series E Notes offered for sale than there are buyers for those Series E Notes. Also, if you place a bid order to retain Series E Notes at an auction only at a specified rate, and the specified bid rate exceeds the rate set at the auction, you will not retain your Series E Notes. Finally, if you buy Series E Notes or elect to retain Series E Notes without specifying a rate below which you would not wish to buy or continue to hold those Series E Notes, and the auction sets a below-market rate, you may receive a lower rate of return on your Series E Notes than the market rate of interest. See Description of Series E Notes, The Auctions Auction Procedures, and The Auctions General Broker-Dealer Agreements at pages 36, 46 and 45, respectively.

Ratings and Asset Coverage Risk

While Moody s and Fitch are expected to assign ratings of Aaa and AAA, respectively, to Series E Notes, the ratings do not eliminate or necessarily mitigate the risks of investing in Series E Notes. A rating may not fully or accurately reflect all of the credit and market risks associated with a security. A rating agency could downgrade Series E Notes, which may make your securities less liquid at an auction or in the secondary market, though probably with higher resulting interest rates. If a rating agency downgrades the ratings assigned to Series E Notes, we may alter our portfolio or redeem Series E Notes. We may voluntarily redeem Series E Notes under certain circumstances. See Description of Series E Notes Redemption at page 40.

Inflation Risk

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation adjusted (or real) value of your investment in Series E Notes or the income from that investment will be worth less in the future than you paid for Series E Notes. As inflation occurs, the real value of Series E Notes and the interest on Series E Notes declines. In an inflationary period, however, it is expected that, through the auction process, interest rates would increase, tending to offset this risk. See Risk Factors Inflation Risk at page 21.

Trading Market Risk

Series E Notes will not be listed on an exchange or automated quotation system. Instead, you may buy or sell Series E Notes at an auction by submitting orders to a broker-dealer that has entered into an agreement with the Auction Agent, or to a broker-dealer that has entered into a separate agreement with a Broker-Dealer. Auctions will normally be held every [( )] days for Series E Notes. If you try to sell your Series E Notes between auctions, you may not be able to sell any or all of your Series E Notes, or you may not be able to sell them in the $25,000 increments in which they were purchased plus accrued and unpaid interest.

In addition to the auctions, Broker-Dealers and other broker-dealers may maintain a secondary trading market in Series E Notes outside of auctions, but may discontinue this activity at any time. There is no assurance that a secondary market will provide Series E Note holders with liquidity. We are not required to redeem Series E Notes if an auction or an attempted secondary market sale fails. You may transfer Series E Notes outside of auctions only to or through a Broker-Dealer, or a broker-dealer that has entered into a separate agreement with a Broker-Dealer or to us or any of our affiliates, in certain cases. If you sell your Series E Notes to a broker-dealer between auctions, you may receive less than the price you paid for them, especially when market interest rates have risen since the last auction.

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. These provisions 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.

Limited Operating History

We are a recently organized, non-diversified, closed-end management investment company that began operations on September 28, 2004. Being a recently organized company, we are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objective and that the value of your investment could decline substantially.

Portfolio Risks

Our net asset value, our ability to pay interest and principal on Series E Notes, and our ability to meet asset coverage requirements depends on the performance of our investment portfolio. The performance of our investment portfolio is subject to a number of risks, including the following:

Energy Sector Risk

We intend to concentrate our investments in MLPs and other Midstream Energy Companies. There are special risks inherent in the energy sector, including supply and demand risk, depletion and exploration risk, regulatory risk, commodity pricing risk, acquisition risk, and catastrophe risk. For a more detailed discussion of these and other related risks, see Energy Sector Risk and MLPs and Other Midstream Energy Company Risk at pages 21 and 22, respectively.

Non-Diversification Risk

We are a non-diversified investment company under the 1940 Act, and we are not a regulated investment company under the U.S. Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Accordingly, there are no regulatory requirements under the 1940 Act or the Internal Revenue Code on the minimum number or size of securities we may hold.

Liquidity Risk

Certain MLP securities may trade less frequently than those of other companies due to their smaller capitalizations. Investment in securities that are less actively traded or that over time experience decreased trading volume may be difficult to dispose of when we believe it is desirable to do so, may restrict our ability to take advantage of other opportunities, and may be more difficult to value.

Valuation Risk

Under normal market conditions, we intend to invest up to 50% (but not more than 60%) of our total assets in unregistered or otherwise restricted securities, which are subject to restrictions on resale.

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The value of such investments ordinarily will be determined based on fair valuations determined by Kayne Anderson pursuant to procedures adopted by our Board of Directors. Restrictions on resale or the absence of a liquid secondary market may affect adversely our ability to determine the net asset value of our common stock. The sale price of securities that are restricted or otherwise not readily marketable may be higher or lower than our most recent valuations. A material decline in the net asset value of our common stock may impair our ability to maintain required levels of asset coverage for Series E Notes.

Leverage Risk

Subject to limits imposed by the 1940 Act and the Rating Agency Guidelines, we may increase our leverage above the amount we estimate after issuance of Series E Notes and the anticipated offering of ARP Shares as previously described. We intend to use leverage primarily for investment purposes. Our use of leverage can significantly magnify the effect of any losses. There is no assurance that a leveraging strategy will be successful.

See Risk Factors at page 19 and the other information included in this prospectus for information on these and other risk factors, all of which you should carefully consider before deciding whether to purchase Series E Notes.

What are our portfolio investments?

Our investments in the securities of MLPs and other Midstream Energy Companies 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. Finally, we may also, from time to time, invest in debt securities of MLPs and other Midstream Energy Companies with varying maturities of up to 30 years.

Under normal market conditions, we intend to invest at least 50% of our total assets in publicly traded (i.e., freely tradable) securities of MLPs and other Midstream Energy Companies and up to 50% (but not more than 60%) 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 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 rated, at the time of investment, at least B3 by Moody s Investors Service, Inc., B- by Standard & Poor s or Fitch Ratings, or, if unrated, determined by Kayne Anderson to be of comparable quality. In addition, up to one-quarter of our permitted investments in debt securities (or up to 5% of our total assets) may include unrated debt securities of private companies.

On a limited basis, we may also use derivative investments to hedge against interest rate and market risks. We may also utilize short sales to hedge such risks and as part of short sale investment strategies.

Who is Kayne Anderson Capital Advisors?

Kayne Anderson Capital Advisors, L.P. is our investment adviser, responsible for implementing and administering our investment strategy. As of September 30, 2005, Kayne Anderson managed approximately $4.6 billion, including approximately $2.5 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.

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Why does our MLP strategy present an attractive market opportunity?

We invest principally in MLPs. We believe that this strategy offers an opportunity for attractive risk-adjusted returns based on several characteristics of MLPs, including the following:

MLPs provide steady distributions with attractive growth profiles. During the period from January 1, 1998 through December 31, 2004, publicly-traded energy-related master limited partnerships provided an average annual yield of 8.5%. Additionally, during that same time period, distributions from these master limited partnerships increased at a compounded average annual rate of 6.6%. Currently, these master limited partnerships provide a 6.1% average yield. This information is for the energy-related master limited partnerships that were traded publicly as of September 30, 2005 (37 partnerships), and is derived by us from financial industry databases and public filings. We believe that current market conditions are conducive for continued growth in distributions. However, there can be no assurance that these levels will be maintained in the future.

MLPs operate strategically important assets that typically generate stable cash flows. MLPs operate in businesses that are necessary for providing consumers with access to energy resources. We believe that due to the fee-based nature and long-term importance of their midstream energy assets, MLPs typically generate stable cash flows throughout economic cycles. Additionally, certain businesses operated by MLPs are regulated by federal and state authorities that ensure that rates charged are fair and just. In most cases, such regulation provides for highly predictable cash flows.

The midstream energy sector has high barriers to entry. Due to the high cost of constructing midstream energy assets and the difficulty of developing the expertise necessary to comply with the regulations governing the operation of such assets, the barriers to enter the midstream energy sector are high. Therefore, currently existing MLPs with large asset bases and significant operations enjoy a competitive advantage over other entities seeking to enter the sector.

Due to a lack of broad institutional following and limited retail focus, the MLP market experiences inefficiencies which can be exploited by a knowledgeable investor. Historically, there have been potential adverse consequences of MLP ownership for many institutional investors, including registered investment companies. Further, because MLPs generate unrelated business taxable income (UBTI), typically they are not held by tax-exempt investors such as pension plans, endowments, employee benefit plans, or individual retirement accounts. Also, income and gains from MLPs are subject to the Foreign Investment in Real Property Tax Act (FIRPTA), limiting the investment by non-U.S. investors in the sector. As a result, MLPs are held predominantly by taxable U.S. retail investors. Further, due to the limited public market float for MLP common units and tax-reporting burdens and complexities associated with MLP investments, MLPs appeal only to a segment of such retail investors. Due to this limited, retail-oriented focus, the market for MLPs can experience inefficiencies which can be exploited by a knowledgeable investor.

We believe that the attractive characteristics of MLPs are further supported by the positive dynamics currently affecting the midstream energy sector, including the following:

MLPs are well-positioned to capitalize on the ongoing divestitures of midstream energy assets. As major oil and gas companies continue to focus on international opportunities and core exploration and production activities, such companies continue to sell many of their North American midstream energy assets. Additionally, certain utilities and energy merchants are selling their midstream energy assets, in part to improve their credit profiles. MLPs, as tax pass-through entities, have cost of capital advantages over corporate purchasers. As a result, MLPs have been active acquirors of midstream energy assets over the last several years. We believe this large pool of midstream energy assets should provide MLPs with significant acquisition opportunities to augment their internal growth prospects.

Many MLPs have significant available capacity which allows them to benefit disproportionately from a growing economy. As the overall economy expands, energy demand increases and in certain cases, rates for assets owned by MLPs increase. Many of the MLPs in which we intend to invest have significant additional available operating capacity. As a result, these MLPs benefit from significant economies of scale and can expand production at relatively low cost levels. Small increases in energy demand can result in significant growth in the distributable cash flows for such MLPs. We believe this internal growth is an important component of MLPs ability to increase distributions.

There are, however, risks related to investments in MLPs, including energy sector risks that affect the business, operations and earnings of MLPs, as well as other Midstream Energy Companies generally, and the risk that the tax we must pay on distributions received from the MLPs in which we invest will be greater than we anticipate, or that the MLPs would incur an entity-level tax and would be able to distribute less to us, each of which would negatively affect the amount of distributions that we can pay to our stockholders. See Risk Factors MLP and other Midstream Energy Company Risk and Tax Risks at pages 23 and 24, respectively, and the other information included in this prospectus for information on these risks.

What are Kayne Anderson s competitive advantages?

We believe that Kayne Anderson is particularly qualified and positioned both to identify appropriate publicly traded market MLP investment opportunities and to source and structure private investments in MLPs due to the following:

Substantial MLP Market Knowledge and Industry Relationships. Through its activities as a leading investor in MLP securities, Kayne Anderson has developed broad expertise and important relationships with industry managers in the MLP sector. We believe that Kayne Anderson s industry knowledge and relationships will enable us to capitalize on opportunities to source investments in MLPs that may not be readily available to other investors. Such investment opportunities include purchasing larger blocks of limited partner interests, often at discounts to market prices, non-controlling general partner interests and positions in companies expected to form an MLP. We believe that Kayne Anderson s substantial MLP market knowledge provides it with the ability to recognize long-term trends in the industry and to identify differences in value among individual MLPs, which abilities benefit our portfolio of public investments in MLPs and other Midstream Energy Companies.

Extensive Transaction Structuring Expertise and Capability. Kayne Anderson has industry-leading experience identifying and structuring investments in MLP securities. This experience, combined with Kayne Anderson s ability to engage in regular dialogue with industry participants and other large holders of MLP securities to better understand the capital needs of prospective portfolio companies, give it an advantage in structuring transactions mutually attractive to us and the portfolio company. Further, our ability to fund a meaningful amount of the capital needs of prospective portfolio companies provides us an advantage over other potential investors with less capital to employ in the sector. These investments may include purchases of subordinated units, restricted common units or general partner interests.

Ability to Trade Efficiently in a Relatively Illiquid Market. We believe that Kayne Anderson s ability to generate favorable returns on public investments in MLPs is aided by its substantial experience actively trading MLPs and similar securities. Through its affiliated broker-dealer, Kayne Anderson maintains its own trading desk, providing it with the ability to understand day-to-day market conditions for MLP securities, which have historically been characterized by lower daily trading volumes than comparable corporate equities. We believe that Kayne Anderson s direct equity market access enables it to make better informed investment decisions and to execute its investment strategy with greater efficiency.

How will Series E Notes be treated for tax purposes?

Beneficial Owners of Series E Notes will receive interest payments from us and will not receive any distributions to which holders of our common stock or preferred stock are entitled. Interest payments generally will be taxed as ordinary income for federal income tax purposes and will not be eligible for the reduced rates of taxation available for qualified dividend income.

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Trustee, Transfer Agent, Registrar, Paying Agent and Redemption Agent

The Bank of New York Trust Company, N.A. will be the Trustee under the Indenture and act as transfer agent, registrar, paying agent and redemption agent with respect to Series E Notes.

Auction Agent

The Bank of New York will serve as the Auction Agent with respect to Series E Notes.

Administrator

Bear Stearns Funds Management Inc. (Administrator) provides certain administrative services to us, including but not limited to preparing and maintaining books, records, and tax and financial reports, and monitoring compliance with regulatory requirements.

Custodian

The Custodial Trust Company, an affiliate of our Administrator, acts as custodian of our securities and other assets.

Fund Accountant

Ultimus Fund Solutions, LLC (Ultimus) acts as our fund accountant and assists in the calculation of our net asset value. Ultimus also maintains and keeps current the accounts, books, records and other documents relating to our financial and portfolio transactions.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

We are a non-diversified, closed-end management investment company registered under the 1940 Act, and formed as a Maryland corporation in June 2004. Our common stock is listed on the NYSE under the symbol KYN. On September 28, 2004, we issued 30,000,000 shares of common stock, par value $0.001 per share, in an initial public offering. On October 22, 2004 and November 16, 2004, we issued an additional 1,500,000 and 1,661,900 shares of common stock, respectively, in connection with partial exercises by the underwriters of their over-allotment option. The net proceeds of the initial public offering and subsequent exercises of the over-allotment option of common stock were approximately $786 million after the payment of offering expenses and underwriting discounts. On March 28, 2005, we issued Series A, B and C Notes and on April 12, 2005, we issued the ARP Shares. After the payment of offering expenses and underwriting discounts, we received approximately $257 million in net proceeds from the Series A, B and C Notes issuance and $74 million in net proceeds from the ARP Shares issuance. On October 17, 2005, we issued 3,000,000 shares of common stock in a secondary public offering. The net proceeds of the secondary public offering of common stock were approximately [$] million after the payment of offering expenses and underwriting discounts.

On January 14, 2005, April 15, 2005, July 15, 2005 and October 14, 2005, we paid dividends to our common stockholders in the amounts of $0.25, $0.41, $0.415 and $0.42 per share of common stock, respectively. Approximately 65%, 51%, 47% and 44% of our stockholders elected to participate in our dividend reinvestment program for the January, April, July and October 2005 dividends, respectively, which resulted in reinvestments through our dividend reinvestment program of $5,400,602, $7,042,073, $6,570,925 and $6,251,280, respectively, and the issuance of 222,522, 288,020, 249,656 and 249,453 additional shares of common stock, respectively.

As of September 30, 2005 (prior to our issuance of 3,000,000 shares of common stock on October 17, 2005, in our secondary public offering and 249,453 shares of common stock on October 14, 2005, through our dividend reinvestment program), we had 33,926,098 shares of common stock outstanding, 199,990,000 shares of common stock authorized, 3,000 shares of preferred stock outstanding, and 10,000 shares of preferred stock authorized, none of which were held by us for our account. We issued 4,000 shares of our common stock in a private placement to provide us with seed capital prior to our initial public offering. Those shares are held by an affiliate of Kayne Anderson Capital Advisors, L.P.

Our principal office is located at 1800 Avenue of the Stars, Second Floor, Los Angeles, California 90067, and our telephone number is (877) 657-3863/MLP-FUND.

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FINANCIAL HIGHLIGHTS

Information contained in the table below under the headings Per Share Performance of Common Stock and Supplemental Data and Ratios shows the operating performance of our common stock from the commencement of our investment activities on September 28, 2004 until November 30, 2004 and December 1, 2004 until May 31, 2005. The information for the period September 28, 2004 (commencement of operations) through November 30, 2004 has been audited by PricewaterhouseCoopers LLP, whose report is contained in our SAI and is available from us upon request. Since we commenced investment activities on September 28, 2004, the table covers approximately eight (8) months of operations. Accordingly, the information presented may not provide a meaningful picture of our operating performance. As of September 30, 2005, approximately 97.2% of our total assets were invested in MLPs and other Midstream Energy Companies.

	For the Six Months Ended May 31, 2005	For the Period September 28, 2004(1) through November 30, 2004
	(unaudited)	
	($ amounts in 000 s, except per share data)	
Per Share Performance of Common Stock		
Net asset value, beginning of period	$23.91	$23.70(2)
Underwriting discounts and offering costs on the issuance of preferred stock	(0.03)	
Income from investment operations		
Net investment income/(loss)	(0.03)(3)	