Kayne Anderson MLP Investment CO
Form N-2
February 07, 2007

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As filed with the Securities and Exchange Commission on February 7, 2007
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**
þ **AMENDMENT NO. 23**

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.
KA Fund Advisors, LLC
1800 Avenue of the Stars, Second Floor
Los Angeles, California 90067
(Name and Address of Agent for Service)

Copies of Communications to:
David A. Hearth, Esq.
Paul, Hastings, Janofsky & Walker LLP
55 Second Street, 24th Floor
San Francisco, California 94105-3441
(415) 856-7000

Approximate Date of Proposed Public Offering: From time to time after the effective date of the 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. þ

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(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, $0.001 par value per share(3)				
Preferred Stock, $0.001 par value per share				
Debt Securities				
Total			$500,000,000	$53,500

(1) There are being registered hereunder a presently indeterminate number of shares of common stock, shares of preferred stock and debt securities.

(2) Estimated pursuant to Rule 457 solely for the purpose of determining the registration fee. In no event will the aggregate initial offering price of all securities offered from time to time pursuant to the prospectus included as a part of this Registration Statement exceed $500,000,000.

(3) Also includes such indeterminate number of shares of common stock as may be issued as a result of stock splits, stock dividends or similar transactions.

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:

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PART A

PROSPECTUS AND FORMS OF PROSPECTUS SUPPLEMENT OF REGISTRANT

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

BASE PROSPECTUS

$500,000,000

Common Stock
Preferred Stock
Debt Securities

We are 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 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. We intend to invest at least 50% of our total assets in publicly traded securities of MLPs and other Midstream Energy Companies, and we may 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, up to an aggregate of $500,000,000 of our common stock ($0.001 par value per share), preferred stock ($0.001 par value per share) or debt securities, which we refer to in this prospectus collectively as our securities, in one or more offerings. We may offer our common stock, preferred stock or debt securities separately or together, 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 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 any of our securities through agents, underwriters or dealers without delivery of a prospectus supplement.

(continued on following page)

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 10 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 determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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We are managed by KA Fund Advisors, LLC, a subsidiary of Kayne Anderson Capital Advisors, L.P. (together, Kayne Anderson), a leading investor in MLPs. As of November 30, 2006, Kayne Anderson and its affiliates managed approximately $7.0 billion, including approximately $3.3 billion in MLPs and other Midstream Energy Companies.

Our currently outstanding shares of common stock are listed on the New York Stock Exchange (NYSE) under the symbol KYN . The net asset value of our common stock at the close of business on January 31, 2007 was $30.17 per share, and the last sale price per share of our common stock on the NYSE on such date was $32.55. See Market and Net Asset Value Information.

Shares of common stock of closed-end investment companies 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 in this offering, 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 Risks Related to Our Common Stock Market Discount From Net Asset Value Risk at page 12.

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), on March 28, 2005, and one series of auction rate senior notes due in 2045, in an aggregate principal amount of $60 million (Series E Notes), on December 14, 2005. Series A, B, C and E Notes are rated Aaa and AAA by Moody s Investors Service Inc. (Moody s) and Fitch Ratings (Fitch), respectively. As of November 30, 2006, the aggregate principal amount of Series A, B, C and E Notes represented approximately 18.6% of our total assets. Series A, B, C and E Notes are on a parity with each other, and are referred to collectively herein as the Senior Notes.

On April 12, 2005, we issued an aggregate amount of $75 million of Series D Auction Rate Preferred Stock (ARP Shares). The ARP Shares are rated Aa and AA by Moody s and Fitch, respectively. As of November 30, 2006, the aggregate amount of ARP Shares represented approximately 4.4% of our total assets. ARP Shares pay adjustable rate dividends, which are redetermined periodically by an auction process. The adjustment period for dividends on ARP Shares could be as short as one day or as long as a year or more.

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 at page 34, Risk Factors Risks Related to Our Common Stock Leverage Risk to Common Stockholders at page 13, and Description of Capital Stock at page 43. 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 will be senior in liquidation and distribution rights to our common stock and will be junior in liquidation and distribution rights to our debt securities. Investors in our preferred stock will be entitled to receive cash dividends at an annual rate that may vary for each dividend period. Our debt securities will be 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 (including the ARP Shares); (2) on a parity with our obligations to any unsecured creditors and any unsecured senior securities representing our indebtedness, including the Senior Notes and any other series of our auction rate senior notes; and (3) junior to our obligations to any secured creditors. Holders of our debt securities will be entitled to receive cash interest payments at an annual rate that may vary for each rate period. We may redeem our debt securities prior to their stated maturity in certain circumstances described in this prospectus and any related prospectus supplement.

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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. 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. 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, or the SEC, using the shelf registration process. Under the shelf registration process, we may offer, from time to time, separately or together in one or more offerings, up to $500,000,000 of our common stock, preferred stock or debt securities on the terms to be determined at the time of the offering. 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 [ ], 2007 (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 stockholder reports and our SAI, the table of contents of which is on page 66 of this prospectus, by calling (877) 657-3863/MLP-FUND, by accessing our web site (http://www.kaynemlp.com), or by writing to us. 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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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 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 beginning on page 10. Except where the context suggests otherwise, the terms we, us, and our refer to Kayne Anderson MLP Investment Company; Kayne Anderson refers to KA Fund Advisors, LLC and its managing member, Kayne Anderson Capital Advisors, L.P. and its predecessor; midstream energy assets refers to 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; MLPs refers to energy-related master limited partnerships, limited liability companies treated as partnerships, and their affiliates; and Midstream Energy Companies means (i) MLPs and (ii) other companies that, as their principal business, operate midstream energy assets.

About Kayne Anderson MLP Investment Company

We are 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 on page 43. 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.

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 November 30, 2006, we had 38,064,836 shares of common stock outstanding and net assets applicable to our common stock of $1.1 billion.

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), on March 28, 2005, and one series of auction rate senior notes due in 2045, in an aggregate principal amount of $60 million (Series E Notes), on December 14, 2005. Series A, B, C and E Notes are rated Aaa and AAA by Moody s Investors Service Inc. (Moody s) and Fitch Ratings (Fitch), respectively. As of November 30, 2006, the aggregate principal amount of Series A, B, C and E Notes represented approximately 18.6% of our total assets. Series A, B, C and E Notes are on a parity with each other, and are referred to collectively herein as the Senior Notes.

On April 12, 2005, we issued an aggregate amount of $75 million of Series D Auction Rate Preferred Stock (ARP Shares). The ARP Shares are rated Aa and AA by Moody s and Fitch, respectively. As of November 30, 2006, the aggregate amount of ARP Shares represented approximately 4.4% of our total assets.

After the payment of offering expenses and underwriting discounts, we received a total of approximately $390 million in net proceeds from the issuance of the Senior Notes and the ARP Shares.

The Offering

We may offer, from time to time, up to $500,000,000 of our securities, on terms to be determined at the time of the offering. We will offer our securities at prices and on terms to be set forth in one or more supplements to this prospectus. Preferred stock and debt securities (collectively, senior securities) may be auction rate securities, in which case the senior securities will not be listed on any exchange or automated quotation system. Rather, investors generally may only buy and sell senior securities through an auction conducted by an auction agent and participating broker-dealers.

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While the aggregate number and amount of securities we may issue pursuant to this registration statement is limited to $500,000,000 of securities, our Board of Directors (the Board of Directors or the Board) may, without any action by the stockholders, amend our 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. The securities may be sold from time to time in one or more transactions at fixed prices, at prevailing market prices at the time of sale, prices related to prevailing market prices, at varying prices determined at the time of sale or at negotiated prices.

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.

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.

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 may 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 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.

About Our Investment Adviser

KA Fund Advisors, LLC (KAFA) 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), a SEC-registered investment adviser. As of November 30, 2006, Kayne Anderson and its affiliates managed approximately $7.0 billion, including approximately $3.3 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.

Use of Financial Leverage

The issuance of our debt securities and preferred stock represents the leveraging of our common stock. The issuance of additional common stock offered by this prospectus will enable us to increase the aggregate amount of our leverage. The net asset value of our common stock will be reduced by the fees and issuance costs of any preferred stock we issue.

We may leverage through the issuance of debt and preferred securities offered hereby, our revolving credit facility or other borrowings. The timing and terms of any leverage transactions will be determined by our Board of Directors. 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. Throughout this prospectus, our debt securities, including Senior Notes, our revolving credit facility or other borrowings are collectively referred to as Borrowings. See Risk Factors Risks Related to Our Common Stock Leverage Risk to Common Stockholders at page 13.

Our Borrowings and our preferred stock, including the ARP Shares (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 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 at page 33.

Because Kayne Anderson s fee is based upon a percentage of our average 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. The use of leverage involves significant risks. See Risk Factors Risks Related to Our Common Stock Leverage Risk to Common Stockholders at page 13 and Risks Related to Our Senior Securities Senior Leverage Risk to Preferred Stockholders at page 16.

Dividends and Interest

As of the date of this prospectus, we have paid dividends to common stockholders every fiscal quarter since inception. We intend to continue to pay quarterly dividends to our common stockholders. Our quarterly dividends, if any, will be determined by our Board of Directors. We will pay dividends and interest on our preferred stock and debt securities, respectively, in accordance with their terms. For more information, see Dividends and Tax Matters at pages 26 and 53.

Use of Proceeds

Unless otherwise specified in a prospectus supplement, we will invest the net proceeds of any sales of securities in accordance with our investment objective and policies within approximately 3 months of receipt of such proceeds. See Use of Proceeds at page 9.

Taxation

We are treated as a corporation for federal income tax purposes and, as a result, unlike most investment companies, we are subject to corporate income tax to the extent we recognize taxable income. As a partner in MLPs, we have to 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 at page 53.

Risk Management Techniques

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 Risks Related to Our Common Stock Leverage Risk to Common Stockholders at page 13, Risks Related to Our Senior Securities Senior Leverage Risk to Preferred Stockholders at page 16, Risks Related to Our Investments and Investment Techniques Derivatives Risk at page 23, and Investment Objective and Policies Investment Practices Hedging and Other Risk Management Transactions at page 31 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.

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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 New York Stock Exchange (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 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. 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. On April 12, 2005, we issued an aggregate amount of $75 million of ARP Shares. The ARP Shares are rated Aa and AA by Moody s and Fitch, respectively. After the payment of offering expenses and underwriting discounts, we received a total of approximately $74 million in net proceeds from the issuance of the ARP Shares. As of November 30, 2006, the aggregate amount of ARP Shares represented approximately 4.4% of our total assets. We issued Series A, B and C Notes, in an aggregate principal amount of $260 million, on March 28, 2005 and Series E Notes, in an aggregate principal amount of $60 million, on December 14, 2005. Our Senior Notes are rated Aaa and AAA by Moody s and Fitch, respectively. After the payment of offering expenses and underwriting discounts, we received a total of approximately $316 million in net proceeds from the issuance of Senior Notes. As of November 30, 2006, the aggregate principal amount of Senior Notes represented approximately 18.6% of our total assets. Our Senior Notes are on a parity with each other.

As of the date of this prospectus, we have paid dividends to common stockholders every fiscal quarter since inception. The following table sets forth information about dividends 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):

Dividend Payment Date to Common Stockholders	Amount of Dividend Per Share	Percentage of Common Stockholders Electing to Participate in Dividend Reinvestment Program for Dividend	Amount of Corresponding Reinvestment through Dividend Reinvestment Program	Additional Shares of Common Stock Issued through Dividend Reinvestment Program
January 14, 2005	$ 0.25	65%	$ 5,400,602	222,522
April 15, 2005	0.41	51%	7,042,073	288,020
July 15, 2005	0.415	47%	6,570,925	249,656
October 14, 2005	0.42	47%	6,251,280	249,453
January 12, 2006	0.425	42%	6,627,404	263,620
April 13, 2006	0.43	39%	6,312,557	203,318

July 13, 2006	0.44	37%	6,183,973	204,423
October 13, 2006	0.45	34%	5,864,353	217,924
January 12, 2007	0.47	32%	5,717,595	200,336

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The following table sets forth information about our outstanding securities as of November 30, 2006 (the information in the table is unaudited):

Title of Class	Amount of Shares/ Aggregate Principal Amount Authorized	Amount Held by Us or for Our Account	Amount Outstanding
Common Stock	199,990,000	[0]	38,064,836
Auction Rate Senior Notes			
Series A	$85,000,000	0	$ 85,000,000
Series B	$85,000,000	0	$ 85,000,000
Series C	$90,000,000	0	$ 90,000,000
Series E	$60,000,000	0	$ 60,000,000
Series D Auction Rate Preferred Stock(1)	10,000	0	3,000

(1) Each share has a liquidation preference of $25,000 ($75,000,000 aggregate liquidation preference for outstanding shares).

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 of common stock. Those shares are held by an affiliate of Kayne Anderson.

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

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FEES AND EXPENSES

The following table contains information about the costs and expenses that common stockholders will bear directly or indirectly. The table assumes that we use leverage representing 30% of our total assets. Footnote (6) assumes that our use of leverage is limited to the outstanding Senior Notes and the outstanding ARP Shares.

Stockholder Transaction Expenses:	
Sales Load Paid by You (as a percentage of offering price)(1)	%
Offering Expenses Borne by Us (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 (assumes leverage is increased to 30%)
Annual Expenses:	
Management Fees(5)	2.07%
Leverage Costs(6)(9)	2.47%
Other Expenses (exclusive of current and deferred income tax expenses)	0.22%
Annual Expenses (exclusive of current and deferred income tax expenses)	4.76%
Current Income Tax Expense(7)	(0.01)%
Deferred Income Tax Expense(8)	12.30%
Total Annual Expenses (including current and deferred income tax expenses)	17.05%

(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 borne by us as a percentage of the offering price.

(3) The expenses of administering our dividend reinvestment plan are included in Other Expenses. You will pay brokerage charges if you direct American Stock Transfer & Trust Company, as agent for our common stockholders (the Plan Administrator), to sell your 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) Under the Investment Management Agreement, effective for periods commencing on or after December 12, 2006, the management fee is calculated at an annual rate of 1.375% of our average total assets. In the table above, estimated management fees are calculated at the annual rate of 1.375% multiplied by our average total assets for the fiscal year ended November 30, 2006. Annual expenses are calculated as a percentage of net assets attributable to common stock as of November 30, 2006, which results in a higher percentage than the percentage attributable to average total assets. See Management Investment Management Agreement at page 39.

(6) Leverage Costs in the table reflect the offering expense borne by us in connection with the issuance of Leverage Instruments, expressed as a percentage of our net assets, based on interest rates and dividend rates in effect as of November 30, 2006, which rates were as follows: Senior Notes Series A, 5.05%; Senior Notes Series B, 5.05%; Senior Notes Series C, 5.24%; Senior Notes Series E, 5.05%; ARP Shares, 5.28%; and revolving credit line, 6.32%. Because interest payment obligations on Senior Notes and dividend payment obligations on the ARP Shares have been hedged in part by interest rate swap agreements, and the interest payable under the swap agreements is currently below the variable benchmark (1-month London Interbank Offered Rate), the estimated Leverage Costs are adjusted for the rates expected to be payable under the interest rate swap agreements.

(7) The current tax benefit related to our net investment loss was $0.1 million for the fiscal year ended November 30, 2006.

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(8) For the fiscal year ended November 30, 2006, we accrued $135.7 million in net deferred tax expense on our net investment loss, realized gains and unrealized gains.

(9) As of November 30, 2006, we had $395 million in Leverage Instruments outstanding (ARP Shares with an aggregate liquidation preference of $75 million and Senior Notes in an aggregate principal amount of $320 million and $17 million aggregate principal amount borrowed under our revolving credit line). Such Leverage Instruments represent 24.0% of total assets as of November 30, 2006. In accordance with these leverage assumptions, our expenses would be estimated as follows:

Percentage of Net Assets Attributable to Common Stock
(assumes no additional leverage)

Annual Expenses:	
Management Fees	1.88%
Leverage Costs	1.82%
Other Expenses	