Kayne Anderson MLP Investment CO
Form N-CSR
January 17, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21593

Kayne Anderson MLP Investment Company

(Exact name of registrant as specified in charter)

811 Main Street, 14th Floor, Houston, Texas	77002
(Address of principal executive offices)	(Zip code)

David Shladovsky, Esq.

KA Fund Advisors, LLC, 811 Main Street, 14th Floor, Houston, Texas 77002

(Name and address of agent for service)

Registrant s telephone number, including area code: (713) 493-2020

Date of fiscal year end: November 30, 2013

Date of reporting period: November 30, 2013

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Reports to Stockholders.

The report of Kayne Anderson MLP Investment Company (the Registrant) to stockholders for the fiscal year ended November 30, 2013 is attached below.

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MLP Investment Company

KYN Annual Report

November 30, 2013

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

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KAYNE ANDERSON MLP INVESTMENT COMPANY

LETTER TO STOCKHOLDERS

January 16, 2014

Dear Fellow Stockholders:

We are pleased to report that the year ended November 30, 2013 was another very successful year for the Company. Fueled by a strengthening domestic economy, calendar 2013 will be remembered for the outstanding performance of the broader equity markets. The S&P 500 Index set many new all-time highs during 2013 and generated a total return of over 32% its strongest gain since 1995. While the MLP market, as measured by the Alerian MLP index, did not quite keep pace, it generated a total return of 28%, which is outstanding when considering the fact that this performance was accomplished in a rising interest rate environment. These returns are almost double the returns we projected in last year s annual letter. Most importantly, we believe the outlook for MLPs remains solid and the sector is poised to generate low double digit returns for several years to come.

In 2013, we reached the fifth anniversary of the financial crisis. Our economy has made significant strides in recovering from the great recession, and the outlook for the domestic energy market is distinctly more positive today than it was in 2008. The MLP sector has blossomed into a full-fledged asset class with a market capitalization of over $475 billion during that five-year time period. I can assure you that writing this year s annual letter was much more enjoyable than the one we wrote in January 2009!

As we have discussed in previous annual letters, the Shale Revolution (the development of domestic unconventional resources) continues to be the biggest story in the energy industry. As we predicted two years ago, it has become increasingly clear that the Shale Revolution will have an extremely meaningful impact on the broader domestic economy. Judging by the large number of news articles published in 2013 on the shale plays, hydraulic fracturing and the impact of surging domestic energy production, it is safe to say that most people are aware of the impact unconventional resources are having on all of our day-to-day lives. Job growth related to the energy industry, as well as from increased domestic manufacturing activity, continues to be a boon for the U.S. economy. This impact will continue for many years to come. Plentiful domestic energy supplies and low relative energy prices have led to a resurgence in U.S. manufacturing and positioned the U.S. to become one of the largest exporters of energy products in the world.

The Shale Revolution creates both challenges and opportunities for energy companies. As a result of production increases, significant amounts of new midstream assets must be built to facilitate transportation of this new production to end-users. We believe this creates a tremendous opportunity for Midstream MLPs. Conversely, increased production can put pressure on absolute commodity prices as witnessed by low natural gas and natural gas liquids prices in 2012 and 2013. It can also create very large pricing differences between geographic areas, which can result in producers having to accept substantial discounts to market prices for their production. Further, production in new areas of the country is altering historical transportation routes and, as a result, materially impacting operating results (both positively and negatively) for certain midstream assets. Whether by pipeline or by rail, the transportation of energy products always involves risks, and it is important to understand which management teams are capable of managing these risks. We believe that our team of experienced investment professionals is well positioned to continue to navigate the ever-changing market conditions, as well as identify and capitalize on opportunities as they develop.

We are very proud of the Company s performance during fiscal 2013. One of the measures we employ to evaluate our performance is Net Asset Value Return, which is equal to the change in net asset value per share plus the cash distributions paid during the period, assuming reinvestment through our dividend reinvestment program. For fiscal 2013, the Company delivered a Net Asset Value Return of 29.0%, which was best among its MLP closed end fund peers. Indeed, KYN beat its closest competitor by 2.3% and its average competitor by 6.6%. During the same period, the total return of the Alerian MLP index was 21.6%, a return which KYN outperformed by a remarkable 7.4%. Given our structure as a taxable entity, we are very pleased to have outperformed the Alerian MLP index by such a wide margin. As a reminder, the Alerian MLP index is a non-investable index that does not factor in expenses or corporate taxes.

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The Company also increased its quarterly distribution by 10.9% during the year, and has increased its distribution in each quarter for the last three years (a 26% increase in the distribution rate over that time period). We are very proud of this track record of distribution growth and of the Company s ability to generate distribution growth well in excess of its peers.

Another metric by which we measure the Company s performance is Market Return, which is equal to the change in share price plus the cash distributions paid during the period, assuming reinvestment through our dividend reinvestment program. Our Market Return was 28.2% for fiscal 2013. This measure was slightly below our Net Asset Value Return, as the premium of our share price to NAV decreased slightly during fiscal 2013. The premium was 9.2% on November 30, 2012 and 8.5% on November 30, 2013.

The Company was also successful in raising additional capital during fiscal 2013 to make new investments, raising approximately $978 million through two equity offerings, an at-the-market equity offering program, two mandatory redeemable preferred offerings and two senior notes offerings. We firmly believe that our strong relative performance over the past several years is due, in part, to our ability to raise capital and invest such capital in a way that is accretive to both NAV and expected total returns.

MLP Market Overview

MLPs performed very well during the fiscal year, generating a 21.6% total return. Notably, MLPs delivered this strong performance despite the headwind of rising interest rates. At the beginning of fiscal 2013, the yield on 10-year U.S. Treasury Bonds was 1.61%. By November 30, 2013, the yield on these bonds was 2.74%, an increase of 113 basis points. This rise in rates resulted primarily from the anticipated reduction in the Federal Reserve s quantitative easing, which was a topic of constant speculation throughout much of the year. Over this same time period, the average MLP yield declined from 6.34% to 5.90%, resulting in the MLP spread to Treasuries contracting from 473 basis point to 316 basis points. The spread to Treasuries was abnormally wide at the start of 2013, and we believe market participants were building in a cushion based on the expectation of rising interest rates. In spite of the tightening of the spread to Treasuries, we continue to believe MLP yields are attractive, particularly relative to other income-oriented investments. As illustrated in Figure 1 below, MLP yields are significantly higher than yields for investment grade (Baa) bonds, utilities and REITs.

Figure 1. MLP Yields versus Other Income Alternatives (January 16, 2014)

Current yields are not the whole story, however. As we have highlighted over the years, we believe it is the combination of current yield and distribution growth that has contributed to the strong performance of MLPs and continues to make MLPs a compelling investment opportunity. During 2013, distributions grew 7.1% compared to 7.3% in 2012 and 6.3% in 2011, and we believe that prospects for distribution growth in 2014 are also very strong (we forecast growth in the 7% area). Thus, after taking distribution growth into consideration, MLPs look even more attractive relative to other income alternatives.

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A major driver of distribution growth in the MLP sector has been the significant amounts of capital spent to build the midstream infrastructure required to handle growing oil and natural gas production from the development of unconventional reserves. In calendar 2013, we estimate that MLPs spent in excess of $25 billion on organic capital projects to construct and expand this critical energy infrastructure. We expect MLPs to spend in excess of $20 billion on organic growth projects during 2014. Distribution growth was also driven by acquisitions, and 2013 was one of the most active M&A markets we have ever seen. We estimate that MLPs announced over $65 billion in acquisitions during calendar 2013, including a record three MLP-to-MLP mergers, as well as several large joint ventures between MLPs. While it is difficult to predict merger and acquisition activity, we believe the strategic and competitive dynamics that led to the flurry of activity in 2013 could lead to further consolidation in 2014.

In order to fund these significant capital expenditures, access to the capital markets remains extremely important for MLPs. During calendar 2013, MLPs raised a record level of capital for the fourth consecutive year raising $15 billion in follow-on equity and $32 billion in debt. In addition, at-the-market, or ATM, equity offering programs, through which MLPs can sell equity on a daily basis, became much more popular during the year. We believe that MLPs raised well over $5 billion using ATM programs, which is another record. We expect capital markets in 2014 to be at least as active as they were in 2013 and believe market conditions will be receptive for these deals.

There was also a record number of IPOs in the MLP sector during calendar 2013, with 21 IPOs raising $8.2 billion. Since 2010, there have been 54 IPOs, which is amazing considering there are only 114 MLPs currently trading. While the expansion of the sector has certainly been driven by the Shale Revolution, it is also important to note that quite a few of these new entrants are not traditional midstream MLP businesses. In particular, the recent vintage of IPOs has seen refining, petrochemical, frac sand, wholesale fuel distribution and offshore drilling companies, among others, form MLPs. While we welcome the expansion of the MLP market into other businesses, we believe it is critical to understand the additional risks associated with these new businesses and will only invest in them if we are properly compensated for these additional risks.

At the same time, much larger energy companies such as Marathon Petroleum, Phillips 66 and Valero Energy, having seen the strategic importance of having an MLP, have formed their own MLPs. These MLPs are traditional MLPs and are often structured to have built-in growth for many years and little or no exposure to commodity prices, providing an interesting counter-balance to some of the new entrants with more volatile businesses.

We expect the MLP market to continue to expand across the entire energy sector, as more companies view the formation of an MLP to be a strategic imperative. Furthermore, we expect the increasing diversity and complexity of the sector to create wider disparities in valuation and performance among MLPs. As a result, the message that we have been delivering for several years now is truer today than ever a strong understanding of each MLP s assets, the domestic and international energy markets and the ability to select individual stocks is critical to outperforming the market. We are confident that our team of over 20 seasoned investment professionals is well suited to take advantage of the sector s increasing complexity.

Energy Market Overview

We have been highlighting for several years that the development of unconventional reserves or shale plays is the biggest story in the energy market, and this year is no different. The development of these resources promises to be a multi-decade story. Over the past few years, the focus of activity has shifted from the gas-rich basins such as the Barnett Shale, the Fayetteville Shale and the Haynesville Shale, to more oil-rich and NGL-rich basins such as the Bakken Shale, Eagle Ford Shale, Marcellus Shale and Utica Shale.

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As a result of continued development of shale plays, domestic production of crude oil, NGLs and natural gas grew in 2013 for the fifth consecutive year. Domestic crude oil production is expected to increase by over one million barrels per day in 2013 (a 16% increase), and for the second consecutive year, crude oil production has recorded the largest annual production increase in our country s history. Since its trough in 2008, domestic crude oil production has increased by over 50%. The U.S. is currently the largest producer of natural gas in the world, and many experts are predicting that it will become the largest producer of crude oil in the next five to ten years. Further, as discussed below in more detail, the U.S. is set to become one of the largest exporters of energy products over the next decade.

This rapid increase in production across all commodities is rapidly displacing imports. According to recent EIA data, the U.S. was supplying over one-half of its own crude needs for the first time in almost 20 years and was a net exporter of petroleum products at the highest recorded level since the EIA has been tracking the data. These exports are driven in large part by refined products (exports of crude oil are, with a few minor exceptions, prohibited by U.S. laws), but there has also been significant growth in the export of natural gas liquids, or NGLs. In particular, Enterprise and Targa began operating two newly constructed propane export terminals during 2013. Partly as a result of these projects, propane prices recovered significantly in 2013, rising 59% from their lows in January. Both of these projects are being expanded and several other MLPs are evaluating NGL export projects of their own. There has also been significant interest among MLPs and other energy companies in exporting natural gas as liquefied natural gas, or LNG. The LNG liquefaction projects are multi-billion dollar capital projects and are expected to be placed in service in the second half of this decade. Once in service, the U.S. will become a top exporter of LNG. These export opportunities will create large scale investment opportunities for MLPs and other energy companies, as well as ensure a closer relationship between domestic energy prices and international prices.

There was no shortage of developments in the crude oil markets as well. During the year, we saw crude oil differentials (which is the spread between crude oil prices at different locations) widen to record levels to due excess supply in certain regions. To combat these differentials, a record amount of crude oil production was transported by rail cars and marine transportation in lieu of pipelines during 2013.

Increased production from new producing areas (such as the Bakken Shale and the Marcellus Shale) continues to have a material impact on historical transportation patterns. While this creates opportunities for many, as new midstream assets need to be built to facilitate product movement, it also creates challenges, as changing transportation patterns can put pressure on certain existing midstream assets that are no longer needed. For instance, oil production from the Bakken Shale, which is located in North Dakota, has increased five-fold in the last five years. The vast majority of that production is not consumed in North Dakota and it must be shipped to refineries elsewhere in the U.S. This has overwhelmed the existing midstream infrastructure in the area and created tremendous opportunities for midstream companies to develop both short-term and long-term transportation solutions. In the Marcellus Shale, natural gas and NGL production has increased to levels well above what the Northeast uses for most of the year. This has put pressure on natural gas prices in the region, as insufficient infrastructure exists to move the natural gas to other markets. Additionally, the increased local production reduces the area s need to source natural gas from its traditional supplier the gulf coast of Texas and Louisiana and many of the pipelines from those regions need to be reconfigured in order to maintain their current cash flows. We continue to watch these trends very carefully and position the Company s portfolio accordingly.

2014 Outlook

In summary, our outlook for 2014 is positive. We expect that distribution growth of approximately 7% will lead to another year of low double-digit total returns for the MLP sector. Continued development of unconventional reserves will create plentiful growth opportunities for the sector. While we expect that rising

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interest rates could lead to higher yields for MLPs (which would reduce total returns), we believe this will be a temporary headwind. Ultimately, the sector s attractive yields and prospects for many years of distribution growth will lead to a continuation of strong returns.

Fiscal 2014 is our tenth year of operations. At the time of our IPO in 2004, individual investors in the MLP sector had very few alternatives beyond direct ownership of MLPs. That has changed dramatically over the last ten years investors can choose from a variety of closed-end funds and open-end funds as well as exchange traded products. We continue to believe closed-end funds are the best structure for individual investors to get exposure to the sector. Further, we are extremely proud of our performance and believe we are well positioned to continue to deliver superior returns for our investors.

We look forward to executing on our business plan of achieving high after-tax total returns by investing in MLPs and other midstream companies. We invite you to visit our website at kaynefunds.com for the latest updates.

Sincerely,

Kevin S. McCarthy

Chairman of the Board of Directors,

President and Chief Executive Officer

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PORTFOLIO SUMMARY

(UNAUDITED)

Portfolio Investments by Category

November 30, 2013 **November 30, 2012**

Top 10 Holdings by Issuer

	Holding	Sector	Percent of Total Investments* as of November 30, 2013	2012
1.	Enterprise Products Partners L.P.	Midstream MLP	9.0%	8.9%
2.	MarkWest Energy Partners, L.P.	Midstream MLP	6.0	5.6
3.	Plains All American Pipeline, L.P.	Midstream MLP	5.7	7.1
4.	Williams Partners L.P.	Midstream MLP	5.7	4.3
5.	Energy Transfer Partners, L.P.	Midstream MLP	5.2	0.8
6.	Kinder Morgan Management, LLC	Midstream MLP	5.2	7.5
7.	DCP Midstream Partners, LP	Midstream MLP	4.0	2.5
8.	Crestwood Midstream Partners LP	Midstream MLP	3.9	2.5
9.	ONEOK Partners, L.P.	Midstream MLP	3.5	3.7
10.	Regency Energy Partners LP	Midstream MLP	3.4	3.9

* Includes cash and repurchase agreement (if any).

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KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

Company Overview

Kayne Anderson MLP Investment Company is a non-diversified, closed-end fund that commenced operations in September 2004. Our investment objective is to obtain a high after-tax total return by investing at least 85% of our total assets in energy-related master limited partnerships and their affiliates (MLPs) and in other companies that operate assets used in the gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined petroleum products or coal (collectively with MLPs, Midstream Energy Companies).

As of November 30, 2013, we had total assets of $6.3 billion, net assets applicable to our common stock of $3.4 billion (net asset value of $34.30 per share), and 100.4 million shares of common stock outstanding.

Our investments are principally in equity securities issued by MLPs, but we also may invest in debt securities of MLPs and equity/debt securities of other Midstream Energy Companies. As of November 30, 2013, we held $6.2 billion in equity investments and no debt investments.

Recent Events

On September 16, 2013, we completed a public offering of Series G mandatory redeemable preferred stock with a $50 million aggregate liquidation value. The Series G shares pay cash dividends at a rate of 4.60% per annum. The net proceeds from this offering were used to make new portfolio investments, to repay indebtedness, and for general corporate purposes.

On September 24, 2013, we put in place an at-the-market offering program (or ATM program). This ATM program enables us to sell newly issued shares of common stock at the market prices through ordinary brokers transactions. During our fiscal fourth quarter, we sold 0.5 million shares ($18 million) pursuant to the ATM.

Results of Operations For the Three Months Ended November 30, 2013

Investment Income. Investment income totaled $10.9 million for the quarter and consisted primarily of net dividends and distributions on our investments. We received $88.1 million of dividends and distributions, of which $76.3 million was treated as return of capital and $0.8 million was distributions in excess of cost basis. We received $6.0 million of paid-in-kind dividends during the quarter, which are not included in investment income, but are reflected as an unrealized gain.

Operating Expenses. Operating expenses totaled $36.9 million, including $20.2 million of net investment management fees, $10.4 million of interest expense (including non-cash amortization of debt offering costs of $0.5 million), and $1.1 million of other operating expenses. Preferred stock distributions for the quarter were $5.2 million (including non-cash amortization of offering costs of $0.3 million).

Net Investment Loss. Our net investment loss totaled $18.1 million and included a current tax benefit of $3.0 million and deferred income tax benefit of $4.9 million.

Net Realized Gains. We had net realized gains from our investments of $30.0 million, net of $10.1 million of current tax expense and $6.2 million of deferred tax expense.

Net Change in Unrealized Gains. We had a net increase in our unrealized gains of $175.8 million. The net change consisted of a $274.9 million increase in our unrealized gains on investments and a deferred tax expense of $99.1 million.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of $187.7 million. This increase was comprised of a net investment loss of $18.1 million, net realized gains of $30.0 million and net increase in unrealized gains of $175.8 million, as noted above.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

MANAGEMENT DISCUSSION

(UNAUDITED)

Results of Operations For the Fiscal Year Ended November 30, 2013

Investment Income. Investment income totaled $40.0 million for the fiscal year and consisted primarily of net dividends and distributions on our investments. We received $310.0 million of dividends and distributions, of which $267.2 million was treated as return of capital and $3.1 million was distributions in excess of cost basis. Return of capital was increased by $0.3 million due to the 2012 tax reporting information that we received in the fiscal third quarter 2013. Interest and other income was $0.3 million. We received $26.3 million of paid-in-kind dividends during the fiscal year, which are not included in investment income, but are reflected as an unrealized gain.

Operating Expenses. Operating expenses totaled $140.1 million, including $72.9 million of net investment management fees, $40.8 million of interest expense (including non-cash amortization of debt offering costs of $2.1 million), and $4.1 million of other operating expenses. Preferred stock distributions for the fiscal year were $22.3 million (including non-cash amortization of offering costs of $2.8 million).

Net Investment Loss. Our net investment loss totaled $69.8 million and included a current tax benefit of $5.4 million and deferred income tax benefit of $24.9 million.

Net Realized Gains. We had net realized gains from our investments of $202.5 million, net of $21.0 million of current tax expense and $96.0 million of deferred tax expense.

Net Change in Unrealized Gains. We had a net increase in our unrealized gains of $603.8 million. The net change consisted of a $952.5 million increase in our unrealized gains on investments and a deferred tax expense of $348.7 million.

Net Increase in Net Assets Resulting from Operations. We had an increase in net assets resulting from operations of $736.5 million. This increase was comprised of a net investment loss of $69.8 million, net realized gains of $202.5 million and net increase in unrealized gains of $603.8 million, as noted above.

Distributions to Common Stockholders

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

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

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

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MANAGEMENT DISCUSSION

(UNAUDITED)

Net Distributable Income (NDI)

(amounts in millions, except for per share amounts)

	Three Months Ended November 30, 2013	Fiscal Year Ended November 30, 2013
Distributions and Other Income from Investments		
Dividends and Distributions[1]	$ 88.1	$ 310.0
Paid-In-Kind Dividends and Distributions[1]	6.0	26.3
Interest and Other Income		0.3
Net Premiums Received from Call Options Written		3.2
Total Distributions and Other Income from Investments	94.1	339.8
Expenses		
Investment Management Fee	(20.2)	(72.9)
Other Expenses	(1.1)	(4.1)
Interest Expense	(9.9)	(39.1)
Preferred Stock Distributions	(4.9)	(19.5)
Income Tax Benefit	7.9	30.3
Net Distributable Income (NDI)	**$ 65.9**	**$ 234.5**
Weighted Shares Outstanding	100.1	94.6
NDI per Weighted Share Outstanding	**$ 0.658**	**$ 2.478**
Adjusted NDI per Weighted Share Outstanding	**$ 0.627**[2]	**$ 2.455**[2][3]
Distributions paid per Common Share[4]	**$ 0.610**	**$ 2.350**

(1) See Note 2 (Investment Income) to the Financial Statements for additional information regarding paid-in-kind and non-cash dividends and distributions.

(2) During the three months ended November 30, 2013, Plains All American GP LLC paid a special distribution of $3.2 million. Adjusted NDI excludes this distribution.

(3) Adjusted NDI excludes $0.5 million of premium paid and $0.6 million of accrued dividends as a result of the redemption of Series D mandatory redeemable preferred stock during the second quarter of fiscal 2013.

(4) The distribution of $0.61 per share for the fourth quarter of fiscal 2013 was paid on January 10, 2014. Distributions for fiscal 2013 include the distributions paid in April 2013, July 2013, October 2013 and January 2014.

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

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

On December 12, 2013, we declared a quarterly distribution of $0.61 per common share for the fourth quarter of fiscal 2013 (a total distribution of $61.4 million). The distribution represents an increase of 2.5% from the prior quarter s distribution and an increase of 10.9% from the distribution for the quarter ended November 30, 2012. The distribution was paid on January 10, 2014 to common stockholders of record on January 6, 2014.

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Reconciliation of NDI to GAAP

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

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

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

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

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

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

We may sell covered call option contracts to generate income or to reduce our ownership of certain securities that we hold. In some cases, we are able to repurchase these call option contracts at a price less than the fee that we received, thereby generating a profit. The premium we receive from selling call options, less (i) the premium that we pay to repurchase such call option contracts and (ii) the amount by which the market price of an underlying security is above the strike price at the time a new call option is written (if any), is included in NDI. For GAAP purposes, premiums received from call option contracts sold are not included in investment income. See Note 2 Significant Accounting Policies for a full discussion of the GAAP treatment of option contracts.

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

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

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

Liquidity and Capital Resources

Total leverage outstanding at November 30, 2013 of $1,693 million was comprised of $1,175 million of senior unsecured notes (Senior Notes), $69 million outstanding under our unsecured revolving credit facility (the Credit Facility) and $449 million of mandatory redeemable preferred stock. Total leverage represented

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MANAGEMENT DISCUSSION

(UNAUDITED)

27% of total assets at November 30, 2013. As of January 14, 2014, we had $112 million borrowed under our Credit Facility, and we had $1.5 million of cash.

At November 30, 2013, our Credit Facility had a total commitment of $250 million and matures on March 4, 2016. The interest rate varies between LIBOR plus 1.60% and LIBOR plus 2.25%, depending on our asset coverage ratios. Outstanding loan balances accrue interest daily at a rate equal to one-month LIBOR plus 1.60% based on current asset coverage ratios. We pay a fee of 0.30% per annum on any unused amounts of the Credit Facility.

We had $1,175 million of Senior Notes outstanding at November 30, 2013. We have $110 million of Senior Notes that mature in November 2014 that we expect to refinance during the fiscal year. The remaining Senior Notes mature between 2015 and 2025.

As of November 30, 2013, we had $449 million of mandatory redeemable preferred stock outstanding. The mandatory redeemable preferred stock outstanding is subject to mandatory redemption at various dates from 2017 through 2021. On September 16, 2013, we completed a public offering of $50 million of Series G mandatory redeemable preferred stock with a mandatory redemption date of October 1, 2021. The net proceeds from the offering were used to make new portfolio investments, to repay indebtedness, and for general corporate purposes.

At November 30, 2013, our asset coverage ratios under the Investment Company Act of 1940, as amended (the 1940 Act), were 413% for debt and 303% for total leverage (debt plus preferred stock). Our long-term target asset coverage ratio with respect to our debt is 375%, but at times we may be above or below our target depending on market conditions.

As of November 30, 2013, our total leverage consisted of both fixed rate (76%) and floating rate (24%) obligations. At such date, the weighted average interest/dividend rate on our total leverage was 3.51%.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

NOVEMBER 30, 2013

(amounts in 000 s)

Description	No. of Shares/Units	Value
Long-Term Investments 180.9%		
Equity Investments[1] 180.9%		
Midstream MLP[2] 149.9%		
Access Midstream Partners, L.P.	2,793	$ 156,883
Arc Logistics Partners LP[3]	795	16,023
Atlas Pipeline Partners, L.P.	626	21,878
Boardwalk Pipeline Partners, LP	192	5,057
Buckeye Partners, L.P.	2,676	182,200
Crestwood Midstream Partners LP	10,763	243,669
Crosstex Energy, L.P.	5,514	146,901
DCP Midstream Partners, LP	5,173	249,221
El Paso Pipeline Partners, L.P.	4,143	172,270
Enbridge Energy Management, L.L.C.[4]	1,108	31,644
Enbridge Energy Partners, L.P.	5,303	159,570
Energy Transfer Partners, L.P.[5]	6,039	327,063
Enterprise Products Partners L.P.[5]	8,895	560,114
Global Partners LP	2,061	73,983
Holly Energy Partners, L.P.	235	7,400
Kinder Morgan Energy Partners, LP	2,329	190,927
Kinder Morgan Management, LLC[4]	4,218	322,951
Magellan Midstream Partners, L.P.	2,850	177,112
MarkWest Energy Partners, L.P.[6]	5,387	372,080
Midcoast Energy Partners, L.P.[3]	864	15,543
Niska Gas Storage Partners LLC	1,814	27,584
NuStar Energy L.P.	1,722	91,894
ONEOK Partners, L.P.	4,109	220,089
Plains All American Pipeline, L.P.[6]	6,902	355,925
PVR Partners, L.P.	5,169	127,683
QEP Midstream Partners, LP	519	11,750
Regency Energy Partners LP	8,797	214,461
Sprague Resources LP[3]	1,285	22,144
Summit Midstream Partners, LP	1,003	33,693
Sunoco Logistics Partners L.P.	201	14,250
Tallgrass Energy Partners, LP	188	4,671
Targa Resources Partners L.P.	2,304	117,640
Western Gas Partners, LP	2,106	134,110
Williams Partners L.P.	6,889	354,022
		5,162,405
Midstream Company 10.1%		
Kinder Morgan, Inc.	1,447	51,419
ONEOK, Inc.	1,510	87,674
Plains GP Holdings, L.P. Unregistered[6][7][8]	6,402	137,087
Targa Resources Corp.	308	24,945

The Williams Companies, Inc.	1,319	46,473
		347,598

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

NOVEMBER 30, 2013

(amounts in 000 s)

Description	No. of Shares/Units	Value
Shipping MLP 6.8%		
Capital Product Partners L.P.	2,841	$ 25,455
Capital Products Partners L.P. Class B Units[7][9]	3,030	28,879
Dynagas LNG Partners LP[3]	964	18,072
Golar LNG Partners LP	889	28,441
KNOT Offshore Partners LP	385	10,803
Navios Maritime Partners L.P.	857	14,405
Teekay LNG Partners L.P.	663	27,263
Teekay Offshore Partners L.P.	2,508	82,326
		235,644
General Partner MLP 5.0%		
Alliance Holdings GP L.P.	1,935	106,410
Crestwood Equity Partners LP	4,203	64,646
		171,056
Upstream MLP & Income Trust 4.9%		
BreitBurn Energy Partners L.P.	2,202	41,642
Enduro Royalty Trust	718	9,507
EV Energy Partners, L.P.	510	16,669
Legacy Reserves L.P.	682	18,395
LRR Energy, L.P.	403	6,617
Mid-Con Energy Partners, LP	2,352	53,451
Pacific Coast Oil Trust	578	8,231
SandRidge Mississippian Trust II	186	1,753
SandRidge Permian Trust	678	8,883
VOC Energy Trust	282	4,614
		169,762
Other 4.2%		
Alliance Resource Partners, L.P.	201	14,695
Clearwater Trust[6][7][10]	N/A	1,550
Exterran Partners, L.P.	2,355	65,533
Lehigh Gas Partners LP	19	550
Rhino Resource Partners LP	23	261
SunCoke Energy Partners, L.P.	1,301	35,088
USA Compression Partners, LP	1,062	26,023
		143,700
Total Equity Investments (Cost $3,627,551)		6,230,165

Liabilities	
Credit Facility	(69,000)
Senior Unsecured Notes	(1,175,000)
Mandatory Redeemable Preferred Stock at Liquidation Value	(449,000)
Current Tax Liability	(3,730)
Deferred Tax Liability	(1,073,858)
Other Liabilities	(42,774)
Total Liabilities	(2,813,362)
Other Assets	27,113
Total Liabilities in Excess of Other Assets	(2,786,249)
Net Assets Applicable to Common Stockholders	$ 3,443,916

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

SCHEDULE OF INVESTMENTS

NOVEMBER 30, 2013

(amounts in 000 s)

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

(2) Includes limited liability companies.

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

(4) Dividends are paid-in-kind.

(5) In lieu of cash distributions, the Company has elected to receive distributions in additional units through the partnership s dividend reinvestment program.

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

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

(8) The Company holds an interest in Plains All American GP LLC (PAA GP), which controls the general partner of Plains All American, L.P. The Company s ownership of PAA GP is exchangeable into shares of Plains GP Holdings, L.P. (which trades on the NYSE under the ticker PAGP) on a one-for-one basis at the Company s option. See Note 3 Fair Value.

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

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

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF ASSETS AND LIABILITIES

NOVEMBER 30, 2013

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

ASSETS	
Investments at fair value:	
Non-affiliated (Cost $3,368,991)	$ 5,363,523
Affiliated (Cost $258,560)	866,642
Total investments (Cost $3,627,551)	6,230,165
Cash	257
Deposits with brokers	1,311
Receivable for securities sold	9,060
Interest, dividends and distributions receivable	1,783
Deferred debt and preferred stock offering costs and other assets	14,702
Total Assets	6,257,278
LIABILITIES	
Payable for securities purchased	1,933
Investment management fee payable	20,217
Accrued directors fees and expenses	106
Accrued expenses and other liabilities	20,518
Current income tax liability	3,730
Deferred income tax liability	1,073,858
Credit facility	69,000
Senior unsecured notes	1,175,000
Mandatory redeemable preferred stock, $25.00 liquidation value per share (17,960,000 shares issued and outstanding)	449,000
Total Liabilities	2,813,362
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 3,443,916
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS CONSIST OF	
Common stock, $0.001 par value (100,418,659 shares issued and outstanding, 182,040,000 shares authorized)	$ 100
Paid-in capital	2,047,560
Accumulated net investment loss, net of income taxes, less dividends	(736,238)
Accumulated realized gains, net of income taxes	493,123
Net unrealized gains, net of income taxes	1,639,371
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 3,443,916
NET ASSET VALUE PER COMMON SHARE	$ 34.30

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

(amounts in 000 s)

INVESTMENT INCOME	
Income	
Dividends and distributions:	
Non-affiliated investments	$ 269,593
Affiliated investments	40,452
Total dividends and distributions	310,045
Return of capital	(267,195)
Distributions in excess of cost basis	(3,122)
Net dividends and distributions	39,728
Interest and other income	275
Total Investment Income	40,003
Expenses	
Investment management fees, before investment management fee waiver	73,968
Administration fees	982
Professional fees	561
Custodian fees	543
Reports to stockholders	413
Directors fees and expenses	424
Insurance	212
Other expenses	977
Total expenses before waiver, interest expense, preferred distributions and taxes	78,080
Investment management fee waiver	(1,099)
Interest expense and amortization of offering costs	40,805
Distributions on mandatory redeemable preferred stock and amortization of offering costs	22,357
Total expenses before taxes	140,143
Net Investment Loss Before taxes	(100,140)
Current income tax benefit	5,425
Deferred income tax benefit	24,864
Net Investment Loss	(69,851)
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net Realized Gains	
Investments non-affiliated	318,317
Investments affiliated	(463)
Options	1,612
Interest rate swap contracts	32

Current income tax expense	(20,954)
Deferred income tax expense	(96,020)
Net Realized Gains	202,524
Net Change in Unrealized Gains	
Investments non-affiliated	716,653
Investments affiliated	235,912
Options	(27)
Deferred income tax benefit (expense)	(348,740)
Net Change in Unrealized Gains	603,798
Net Realized and Unrealized Gains	806,322
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM OPERATIONS	$ 736,471

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF CHANGES IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS

(amounts in 000 s, except share amounts)

	For the Fiscal Year Ended November 30, 2013	2012
OPERATIONS		
Net investment loss, net of tax[1]	$ (69,851)	$ (58,611)
Net realized gains, net of tax	202,524	94,944
Net change in unrealized gains, net of tax	603,798	235,058
Net Increase in Net Assets Resulting from Operations	736,471	271,391
DIVIDENDS AND DISTRIBUTIONS TO COMMON STOCKHOLDERS[1][2]		
Dividends	(144,672)	(127,330)
Distributions return of capital	(70,129)	(45,115)
Dividends and Distributions to Common Stockholders	(214,801)	(172,445)
CAPITAL STOCK TRANSACTIONS		
Issuance of common stock offering of 11,249,151 and 12,500,000 shares of common stock, respectively	392,861	385,075
Underwriting discounts and offering expenses associated with the issuance of common stock	(15,534)	(16,085)
Issuance of 738,095 and 801,204 shares of common stock from reinvestment of dividends and distributions, respectively	24,098	23,282
Net Increase in Net Assets Applicable to Common Stockholders from Capital Stock Transactions	401,425	392,272
Total Increase in Net Assets Applicable to Common Stockholders	923,095	491,218
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS		
Beginning of year	2,520,821	2,029,603
End of year	$ 3,443,916	$ 2,520,821

(1) Distributions on the Company s mandatory redeemable preferred stock are treated as an operating expense under GAAP and are included in the calculation of net investment loss. See Note 2 Significant Accounting Policies. Distributions in the amount of $19,545 and $17,409 paid to mandatory redeemable preferred stockholders for the fiscal years ended November 30, 2013 and 2012, respectively, were characterized as dividends (eligible to be treated as qualified dividend income). This characterization is based on the Company s earnings and profits.

(2) Distributions paid to common stockholders for the fiscal years ended November 30, 2013 and 2012, respectively, are characterized as either dividends (eligible to be treated as qualified dividend income) or distributions (return of capital). This characterization is based on the Company s earnings and profits.

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

(amounts in 000 s)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	$ 736,471
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Return of capital distributions	267,195
Net realized gains	(319,498)
Net unrealized gains	(952,538)
Purchase of long-term investments	(1,907,962)
Proceeds from sale of long-term investments	1,156,609
Increase in deposits with brokers	(1,095)
Increase in receivable for securities sold	(2,381)
Increase in interest, dividends and distributions receivable	(1,695)
Amortization of deferred debt offering costs	2,082
Amortization of mandatory redeemable preferred stock offering costs	2,812
Increase in other assets, net	(51)
Decrease in payable for securities purchased	(2,618)
Increase in investment management fee payable	5,030
Increase in accrued directors fees and expenses	12
Decrease in call option contracts written, net	(406)
Increase in accrued expenses and other liabilities	1,255
Increase in current tax liability	3,191
Increase in deferred tax liability	419,896
Net Cash Used in Operating Activities	(593,691)
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in borrowings under credit facility	50,000
Issuance of shares of common stock, net of offering costs	377,327
Proceeds from offering of senior unsecured notes	410,000
Proceeds from offering on mandatory redeemable preferred stock	175,000
Redemption of senior unsecured notes	(125,000)
Redemption of mandatory redeemable preferred stock	(100,000)
Costs associated with renewal of credit facility	(1,986)
Costs associated with offering of senior unsecured notes	(2,596)
Costs associated with offering of mandatory redeemable preferred stock	(4,212)
Cash distributions paid to common stockholders, net	(190,703)
Net Cash Provided by Financing Activities	587,830
NET DECREASE IN CASH	(5,861)
CASH BEGINNING OF YEAR	6,118
CASH END OF YEAR	$ 257

Supplemental disclosure of cash flow information:

Non-cash financing activities not included herein consisted of reinvestment of distributions of $24,098 pursuant to the Company s dividend reinvestment plan.

During the fiscal year ended November 30, 2013, interest paid was $38,050 and income tax paid was $12,338.

The Company received $48,046 of paid-in-kind and non-cash dividends and distributions during the fiscal year ended November 30, 2013. See Note 2 Significant Accounting Policies.

See accompanying notes to financial statements.

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KAYNE ANDERSON MLP INVESTMENT COMPANY

FINANCIAL HIGHLIGHTS

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

	For the Fiscal Year Ended November 30,									For the Period September 28, 2004[1] through November 30, 2004
	2013	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	
Per Share of Common Stock[2]										
Net asset value, beginning of period	$ 28.51	$ 27.01	$ 26.67	$ 20.13	$ 14.74	$ 30.08	$ 28.99	$ 25.07	$ 23.91	$ 23.70[3]
Net investment income (loss)[4]	(0.73)	(0.71)	(0.69)	(0.44)	(0.33)	(0.73)	(0.73)	(0.62)	(0.17)	0.02
Net realized and unrealized gain (loss)	8.72	4.27	2.91	8.72	7.50	(12.56)	3.58	6.39	2.80	0.19
Total income (loss) from operations	7.99	3.56	2.22	8.28	7.17	(13.29)	2.85	5.77	2.63	0.21
Dividends and distributions auction rate preferred[4][5]					(0.01)	(0.10)	(0.10)	(0.10)	(0.05)	
Common dividends[5]	(1.54)	(1.54)	(1.26)	(0.84)			(0.09)		(0.13)	
Common distributions return of capital[5]	(0.75)	(0.55)	(0.72)	(1.08)	(1.94)	(1.99)	(1.84)	(1.75)	(1.37)	
Total dividends and distributions common	(2.29)	(2.09)	(1.98)	(1.92)	(1.94)	(1.99)	(1.93)	(1.75)	(1.50)	
Underwriting discounts and offering costs on the issuance of auction rate preferred stock									(0.03)	
Effect of issuance of common stock	0.09	0.02	0.09	0.16	0.12		0.26		0.11	
Effect of shares issued in reinvestment of distributions		0.01	0.01	0.02	0.05	0.04	0.01			
Total capital stock transactions	0.09	0.03	0.10	0.18	0.17	0.04	0.27		0.08	
Net asset value, end of period	$ 34.30	$ 28.51								