Kayne Anderson MLP Investment CO
Form N-2/A
March 12, 2015
Table of Contents

As filed with the Securities and Exchange Commission on March 12, 2015

1933 Act File No. 333 - 201950;1940 Act File No. 811 21593

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-2

þ **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**
þ **PRE-EFFECTIVE AMENDMENT NO. 1**
¨ **POST-EFFECTIVE AMENDMENT NO.**

and/or

þ **REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940**
þ **AMENDMENT NO. 65**

Kayne Anderson MLP Investment Company

(Exact name of registrant as specified in charter)

811 Main Street, 14th Floor

Houston, TX 77002

(Address of Principal Executive Offices)

Registrant s Telephone Number, Including Area Code: (877) 657-3863

David J. Shladovsky, Esq.

KA Fund Advisors, LLC

1800 Avenue of the Stars, Third Floor

Los Angeles, California 90067

(Name and Address of Agent for Service)

Copies of Communications to:

David A. Hearth, Esq.	**John F. Della Grotta, Esq.**
Paul Hastings LLP	**Paul Hastings LLP**
55 Second Street, 24th Floor	**695 Town Center Drive, 17th Floor**
San Francisco, California 94105-3441	**Costa Mesa, California 92626-1924**
(415) 856-7000	**(714) 668-6210**

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): ¨

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 (3)				
Debt Securities				
Total			$1,000,000,000	$(4)

(1) There are being registered hereunder a presently indeterminate number of shares of common stock, shares of preferred stock or debt securities to be offered on an immediate, continuous or delayed basis.
(2) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(o) under the Securities Act of 1933. 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 $1,000,000,000.
(3) Includes shares that the underwriters have the option to purchase to cover over-allotments, if any.
(4) $37,794.29 transmitted via federal wire transfer (reference no. 0205B1QGC01C004492). A registration fee amount of $78,406.71, which represents that portion of the registration fee attributable to the unsold securities under the Registrant s Registration Statement on Form N-2 (File No. 333-193497) filed on January 23, 2014, is being applied to and offset against the registration fee currently due pursuant to Rule 415(a)(6) and Rule 457(p) under the Securities Act.

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 said Section 8(a), may determine.

Table of Contents

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 jurisdiction where the offer, solicitation or sale is not permitted.

BASE PROSPECTUS

Subject to completion dated March 12, 2015

$ 1,000,000,000

Common Stock

Preferred Stock

Debt Securities

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

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

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

We are managed by KA Fund Advisors, LLC (KAFA), a subsidiary of Kayne Anderson Capital Advisors, L.P. (together, with KAFA, Kayne Anderson), a leading investor in MLPs. As of December 31, 2014, Kayne Anderson and its affiliates managed approximately $27 billion, including approximately $20 billion in MLPs and other Midstream Energy Companies.

(continued on the 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 22 of this prospectus. You should consider carefully these risks together with all of the other information contained in this prospectus and any prospectus supplement before making a decision to purchase our securities.

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

The date of this prospectus is , 2015.

Table of Contents

(continued from the previous page)

Shares of our common stock are listed on the New York Stock Exchange (NYSE) under the symbol KYN. The net asset value of our common stock at the close of business on December 31, 2014 was $34.31 per share, and the last sale price per share of our common stock on the NYSE as of that date was $38.18. See Market and Net Asset Value Information.

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

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

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the SEC), using the shelf registration process. Under the shelf registration process, we may offer, from time to time, our common stock, preferred stock or debt securities, separately or in concurrent offerings, in amounts, at prices and on terms set forth in prospectus supplements to this prospectus. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus, together with any prospectus supplement, sets forth concisely the information about us that a prospective investor ought to know before investing. You should read this prospectus and the related prospectus supplement before deciding whether to invest and retain them for future reference. A Statement of Additional Information, dated , 2015 (the SAI), containing additional information about us, has been filed with the SEC and is incorporated by reference in its entirety into this prospectus. You may request a free copy of our SAI, the table of contents of which is on page 98 of this prospectus and our annual, semi-annual and quarterly reports to stockholders (when available), and request other information about the Company by calling toll-free at (877) 657-3863, or by writing to us at 811 Main Street, 14th Floor, Houston, Texas 77002, Attention: Investor Relations Department or by visiting our website at http://www.kaynefunds.com. The information contained in, or accessed through our website does not form part of this prospectus.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act) and the Investment Company Act of 1940, as amended (the 1940 Act) and are required to file reports (including our annual and semi-annual reports, proxy statements and other information with the SEC. We voluntarily file quarterly shareholder reports. Copies of such reports, proxy statements and other information, as well as the registration statement and the amendments, exhibits and schedules thereto, can be obtained from the SEC s Public Reference Room in Washington, D.C. Information relating to the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Such materials, and other information regarding the Company, are also available on the SEC s website (http://www.sec.gov). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC s Public Reference Room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0112.

None of our common stock, preferred stock or debt securities represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and they are not federally insured by the Federal Deposit Insurance Corporation, the Federal Board or any other governmental agency.

Table of Contents

TABLE OF CONTENTS

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

delivery of this prospectus, any prospectus supplement, or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

PROSPECTUS SUMMARY

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

The Company

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

We began investment activities in September 2004 following our initial public offering. As of December 31, 2014, we had approximately 110.0 million shares of common stock outstanding, net assets applicable to our common stock of approximately $3.8 billion and total assets of approximately $7.0 billion.

Investment Objective

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

Investment Policies

We have adopted the following non-fundamental investment policies:

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

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

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

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

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

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

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

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

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

Our Portfolio Investments

As of December 31, 2014, we held $7.0 billion in equity investments and no debt investments. Our top 10 largest holdings by issuer as of that date were:

	Company	Sector	Amount ($ millions)	Percent of Total Investments
1.	Kinder Morgan, Inc.	Midstream Company	$ 781.9	11.2%
2.	Enterprise Products Partners L.P.	Midstream MLP	695.0	10.0
3.	Energy Transfer Partners, L.P.	Midstream MLP	468.2	6.7
4.	MarkWest Energy Partners, L.P.	Midstream MLP	402.4	5.8
5.	Regency Energy Partners LP	Midstream MLP	372.5	5.4
6.	Williams Partners L.P.(1)	Midstream MLP	366.6	5.3
7.	Plains All American Pipeline, L.P.	Midstream MLP	364.2	5.2
8.	DCP Midstream Partners, LP	Midstream MLP	295.8	4.3
9.	ONEOK Partners, L.P.	Midstream MLP	248.1	3.6
10.	Western Gas Partners, LP	Midstream MLP	242.1	3.5

(1) On October 4, 2014, Williams Partners L.P. (WPZ) entered into a merger agreement with Access Midstream Partners, L.P. (ACMP). As of December 31, 2014, we held $202.3 million of ACMP. The merger closed on February 2, 2015.

Our Investment Adviser

KA Fund Advisors, LLC (KAFA or the Adviser) is our investment adviser, responsible for implementing and administering our investment strategy. KAFA is a subsidiary of Kayne Anderson Capital

Table of Contents

Advisors, L.P. (KACALP and together with KAFA, Kayne Anderson). Both KAFA and KACALP are SEC-registered investment advisers. As of December 31, 2014, Kayne Anderson and its affiliates managed approximately $27 billion, including approximately $20 billion in MLPs and other Midstream Energy Companies. 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.

KAFA manages three other publicly traded investment companies: Kayne Anderson Energy Total Return Fund, Inc. (NYSE: KYE); Kayne Anderson Energy Development Company (NYSE: KED); and Kayne Anderson Midstream/Energy Fund, Inc. (NYSE: KMF). Kayne Anderson has invested in MLPs and other Midstream Energy Companies since 1998.

The Offering

We may offer, from time to time, up to $1,000,000,000 of our securities at prices and on terms to be set forth in one or more prospectus supplements to this prospectus.

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

Use of Financial Leverage

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

We generally will seek to enhance our total returns through the use of financial leverage. Under normal market conditions, our policy is to utilize our Borrowings and our preferred stock, (each a Leverage Instrument and collectively Leverage Instruments) in an amount that represents approximately 30% of our total assets, including proceeds from such Leverage Instruments (which equates to approximately 57.6% of our net asset value as of December 31, 2014). However, based on market conditions at the time, we may use Leverage Instruments in amounts that represent greater than 30% leverage to the extent permitted by the 1940 Act. As of December 31, 2014, our Leverage Instruments represented approximately 27.9% of our total assets. At December 31, 2014, our asset coverage ratios under the 1940 Act, were 400% and 293% for debt and total leverage (debt plus preferred stock), respectively. Our long-term target asset coverage ratio with respect to our debt is 375%, but at times our target asset coverage ratios may be above or below this amount due to market conditions. Leverage Instruments have seniority in liquidation and distribution rights over our common stock. Costs associated with any issuance of preferred stock are borne by common stockholders and result in a reduction of the net asset value of our common stock. See Use of Leverage.

3

Table of Contents

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

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

Derivatives and Other Strategies

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

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

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

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

Table of Contents

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

Distributions

We have paid distributions to our common stockholders every fiscal quarter since inception and intend to continue to pay quarterly distributions to our common stockholders, funded in part by the net distributable income generated from our portfolio investments. The net distributable income generated from our portfolio investments is the amount received by us as cash or paid-in-kind distributions from equity securities owned by us, interest payments received on debt securities owned by us, other payments on securities owned by us, net premiums received from the sale of covered call options and income tax benefits (on net investment loss), if any, less current or anticipated operating expenses, income tax expense (on net investment income), if any, and our leverage costs (including dividends on preferred stock issued by us and excluding non-cash amortization of costs to issue leverage). On January 16, 2015 we paid a quarterly distribution of $0.655 per share to our common stockholders. The tax character of the January 16, 2015 quarterly distribution is estimated to be 100% return of capital and 0% qualifying dividend. Payment of future distributions is subject to approval by our Board of Directors, as well as meeting the covenants of our senior debt, the terms of our preferred stock and the asset coverage requirements of the 1940 Act. The Fund expects that a portion of its distributions may constitute a return of capital (ROC) distribution, which represents a return of a stockholder s original investment in the Fund. See Tax Matters Federal Income Taxation of Holders of Our Common Stock.

We pay dividends on the Series A MRP Shares, Series B MRP Shares, Series C MRP Shares, Series E MRP Shares, Series F MRP Shares, Series G MRP Shares, Series H MRP Shares and Series I MRP Shares (collectively, the MRP Shares) in accordance with the terms thereof. The holders of the Series A MRP Shares, Series B MRP Shares, Series C MRP Shares, Series H MRP Shares and Series I MRP Shares shall be entitled to receive quarterly cumulative cash dividends, and the holders of the Series E MRP Shares, Series F MRP Shares and Series G MRP Shares shall be entitled to receive monthly cumulative cash dividends, when, as and if authorized by the Board of Directors. See Description of Securities Preferred Stock.

Use of Proceeds

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

Taxation

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

Stockholder Tax Features

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

Risk Considerations

Investing in our securities involves risk, including the risk that you may receive little or no return on your investment, or even that you may lose part or all of your investment. Therefore, before investing in our securities, you should consider carefully the risks set forth in Risk Factors beginning on page 22. We are designed primarily as a long-term investment vehicle, and none of our common stock, preferred stock or debt securities is an appropriate investment for a short-term trading strategy. An investment in our securities should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in all investments, there can be no assurance that we will achieve our investment objective.

As set forth in Risk Factors beginning on page 22, our concentration in the energy sector may present more risk than if we were broadly diversified over multiple sectors of the economy. A downturn in one or more industries within the energy sector, material declines in energy-related commodity prices (such as those experienced from mid-2014 to present), adverse political, legislative or regulatory developments or other events could have a larger impact on us than on an investment company that does not concentrate in the energy sector. The operations and financial performance of MLPs and other Energy Companies in which we invest may be directly affected by energy commodity prices. Such impact may be a result of changes in the price for such commodity or a result of changes in the price of one energy commodity relative to the price of another energy commodity (for example, the price of natural gas relative to the price of natural gas liquids). For example, a substantial portion of the cash flow received by us is derived from our investment in equity securities of MLPs and other Midstream Energy Companies. The amount of cash that an MLP or other Midstream Energy Company has available to pay its debt and equity holders depends upon the amount of cash flow generated from the company s operations. Large declines in commodity prices (such as those experienced from mid-2014 to present) can result in material declines in cash flow from operations for these companies.

Tax Risks

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

Dividend Reinvestment Plan

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

Trading at a Discount

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

Table of Contents

FORWARD-LOOKING STATEMENTS

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

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

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

the timing and amount of distributions, dividends and interest income from the MLPs and other Midstream Energy Companies in which we invest.

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

Table of Contents

KAYNE ANDERSON MLP INVESTMENT COMPANY

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

As of December 31, 2014, we had (a) approximately 110 million shares of common stock outstanding, (b) $524 million of MRP Shares outstanding, and (c) $1,435 million in Notes outstanding. As of December 31, 2014, we had net assets applicable to our common stock of approximately $3.8 billion and total assets of approximately $7.0 billion.

The following table sets forth information about our outstanding securities as of December 31, 2014 (the information in the table is unaudited; and amounts are in 000s):

Title of Class	Amount of Shares/ Aggregate Liquidation Preference/ Aggregate Principal Amount Authorized	Amount Held by Us or for Our Account	Actual Amount Outstanding
Common Stock	$ 179,040	$ 0	$ 110,000
Series A Mandatory Redeemable Preferred Shares(1)	104,000	0	104,000
Series B Mandatory Redeemable Preferred Shares(1)	8,000	0	8,000
Series C Mandatory Redeemable Preferred Shares(1)	42,000	0	42,000
Series E Mandatory Redeemable Preferred Shares(1)	120,000	0	120,000
Series F Mandatory Redeemable Preferred Shares(1)	125,000	0	125,000
Series G Mandatory Redeemable Preferred Shares(1)	50,000	0	50,000
Series H Mandatory Redeemable Preferred Shares(1)	50,000	0	50,000
Series I Mandatory Redeemable Preferred Shares(1)	25,000	0	25,000
Notes, Series O	65,000	0	65,000
Notes, Series Q	15,000	0	15,000
Notes, Series R	25,000	0	25,000
Notes, Series S	60,000	0	60,000
Notes, Series T	40,000	0	40,000
Notes, Series U	60,000	0	60,000
Notes, Series V	70,000	0	70,000
Notes, Series W	100,000	0	100,000
Notes, Series X	14,000	0	14,000
Notes, Series Y	20,000	0	20,000
Notes, Series Z	15,000	0	15,000
Notes, Series AA	15,000	0	15,000
Notes, Series BB	35,000	0	35,000
Notes, Series CC	76,000	0	76,000
Notes, Series DD	75,000	0	75,000
Notes, Series EE	50,000	0	50,000
Notes, Series FF	65,000	0	65,000
Notes, Series GG	45,000	0	45,000

Notes, Series HH	250,000	0	250,000
Notes, Series II	30,000	0	30,000
Notes, Series JJ	30,000	0	30,000
Notes, Series KK	80,000	0	80,000
Notes, Series LL	50,000	0	50,000
Notes, Series MM	40,000	0	40,000
Notes, Series NN	20,000	0	20,000
Notes, Series OO	90,000	0	90,000

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

Our principal office is located at 811 Main Street, 14th Floor, Houston, Texas 77002, and our telephone number is (713) 493-2020.

Table of Contents

FEES AND EXPENSES

The following table contains information about the costs and expenses that common stockholders will bear directly or indirectly. The table below assumes the use of Leverage Instruments in an amount equal to 24.3% of our total assets, which represents our average leverage levels for the fiscal year ended November 30, 2014, and shows our expenses as a percentage of net assets attributable to our common stock. **We caution you that the percentages in the table below indicating annual expenses are estimates and may vary from actual results.**

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

Percentage of Net Assets Attributable to Common Stock (5)

Annual Expenses:	
Management Fees (6)	2.50%
Interest Payments (including issuance costs) on Borrowed Funds	1.17
Dividend Payments (including issuance costs) on Preferred Stock	0.57
Other Expenses (exclusive of current and deferred income tax expense)	0.11
Annual Expenses (exclusive of current and deferred income tax expense)	4.35
Current Income Tax Expense (7)	0.09
Deferred Income Tax Expense (7)	8.20
Total Annual Expenses (including current and deferred income tax expenses)	12.64%

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

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

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

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

(5) The annual expenses in the table are calculated using (i) such expenses as reported on our statement of operations for the fiscal year ended November 30, 2014 and (ii) our average net assets for the fiscal year ended November 30, 2014.

(6) Pursuant to the terms of the investment management agreement between the Company and KAFA, the management fee is calculated at an annual rate of 1.375% of our average total assets (excluding net deferred income tax assets, if any). KAFA has agreed, for a period of one year ending on December 11, 2015, to waive a portion of its management fee. The fee waiver agreement provides for a management fee of 1.375% on average total assets up to $4.5 billion, a fee of 1.25% on average total assets between $4.5 billion and $9.5 billion, a fee of 1.125% on average total assets between $9.5 billion and $14.5 billion, and a fee of 1.0%

on average total assets in excess of $14.5 billion. Management fees in the table above do not reflect this fee waiver (management fee would be 2.42% if the fee waiver was included). Management fees in the table above are calculated as a percentage of net assets attributable to common stock, which results in a higher percentage than the percentage attributable to average total assets. See Management Investment Management Agreement.

(7) For the fiscal year ended November 30, 2014, we recorded current tax expense of $3.6 million and net deferred tax expense of $325.4 million attributable to our net investment loss, realized gains and unrealized gains.

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

Example

The following example illustrates the expenses that common stockholders would pay on a $1,000 investment in our common stock, assuming total annual expenses before tax are 4.35% of net asset value in year 1. The following example assumes that all distributions are reinvested at net asset value, an annual rate of return of 5% on our portfolio securities, and expenses include income tax expense associated with the 5% assumed rate of return on such portfolio securities.

	1 Year	3 Years	5 Years	10 Years
Expenses	$ 64	$ 197	$ 338	$ 726

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

Table of Contents

FINANCIAL HIGHLIGHTS

The Financial Highlights set forth below are derived from our financial statements, the accompanying notes thereto, and the report of PricewaterhouseCoopers LLP thereon for the fiscal year ended November 30, 2014 (the 2014 Audited Financial Statements) which are incorporated by reference into our SAI. Copies of our SAI are available from us without charge upon request.

Table of Contents

FINANCIAL HIGHLIGHTS

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

	For the Fiscal Year Ended November 30, 2014	2013	2012
Per Share of Common Stock[1]			
Net asset value, beginning of period	$ 34.30	$ 28.51	$ 27.01
Net investment income (loss)[2]	(0.76)	(0.73)	(0.71)
Net realized and unrealized gain (loss)	5.64	8.72	4.27
Total income (loss) from operations	4.88	7.99	3.56
Dividends and distributions auction rate preferred[2][3]			
Common dividends[3]	(2.28)	(1.54)	(1.54)
Common distributions return of capital[3]	(0.25)	(0.75)	(0.55)
Total dividends and distributions common	(2.53)	(2.29)	(2.09)
Underwriting discounts and offering costs on the issuance of auction rate preferred stock			
Effect of issuance of common stock	0.06	0.09	0.02
Effect of shares issued in reinvestment of distributions			0.01
Total capital stock transactions	0.06	0.09	0.03
Net asset value, end of period	$ 36.71	$ 34.30	$ 28.51
Market value per share of common stock, end of period	$ 38.14	$ 37.23	$ 31.13
Total investment return based on common stock market value[4]	9.9%	28.2%	19.3%
Supplemental Data and Ratios[5]			
Net assets applicable to common stockholders, end of period	$ 4,026,822	$ 3,443,916	$ 2,520,821
Ratio of expenses to average net assets			
Management fees (net of fee waiver)	2.4%	2.4%	2.4%
Other expenses	0.1	0.1	0.2
Subtotal	2.5	2.5	2.6
Interest expense and distributions on mandatory redeemable preferred stock[2]	1.8	2.1	2.4
Income tax expense	8.3	14.4	7.2
Total expenses	12.6%	19.0%	12.2%
Ratio of net investment income (loss) to average net assets[2]	(2.0)%	(2.3)%	(2.5)%

Net increase (decrease) in net assets to common stockholders resulting from operations to average net assets	13.2%	24.3%	11.6%
Portfolio turnover rate	17.6%	21.2%	20.4%
Average net assets	$ 3,967,458	$ 3,027,563	$ 2,346,249
Notes outstanding, end of period	1,435,000	1,175,000	890,000
Credit facility outstanding, end of period		69,000	19,000
Term loan outstanding, end of period	51,000		
Auction rate preferred stock, end of period			
Mandatory redeemable preferred stock, end of period	524,000	449,000	374,000
Average shares of common stock outstanding	107,305,514	94,658,194	82,809,687
Asset coverage of total debt[6]	406.2%	412.9%	418.5%
Asset coverage of total leverage (debt and preferred stock)[7]	300.3%	303.4%	296.5%
Average amount of borrowings per share of common stock during the period[1]	$ 13.23	$ 11.70	$ 10.80

See accompanying notes to the financial highlights

Table of Contents

FINANCIAL HIGHLIGHTS

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

	For the Fiscal Year Ended November 30,			
	2011	**2010**	**2009**	**2008**
Per Share of Common Stock[1]				
Net asset value, beginning of period	$ 26.67	$ 20.13	$ 14.74	$ 30.08
Net investment income (loss)[2]	(0.69)	(0.44)	(0.33)	(0.73)
Net realized and unrealized gain (loss)	2.91	8.72	7.50	(12.56)
Total income (loss) from operations	2.22	8.28	7.17	(13.29)
Dividends and distributions auction rate preferred[2][3]			(0.01)	(0.10)
Common dividends[3]	(1.26)	(0.84)		
Common distributions return of capital[3]	(0.72)	(1.08)	(1.94)	(1.99)
Total dividends and distributions common	(1.98)	(1.92)	(1.94)	(1.99)
Underwriting discounts and offering costs on the issuance of auction rate preferred stock				
Effect of issuance of common stock	0.09	0.16	0.12	
Effect of shares issued in reinvestment of distributions	0.01	0.02	0.05	0.04
Total capital stock transactions	0.10	0.18	0.17	0.04
Net asset value, end of period	$ 27.01	$ 26.67	$ 20.13	$ 14.74
Market value per share of common stock, end of period	$ 28.03	$ 28.49	$ 24.43	$ 13.37
Total investment return based on common stock market value[4]	5.6%	26.0%	103.0%	(48.8)%
Supplemental Data and Ratios[5]				
Net assets applicable to common stockholders, end of period	$ 2,029,603	$ 1,825,891	$ 1,038,277	$ 651,156
Ratio of expenses to average net assets				
Management fees (net of fee waiver)	2.4%	2.1%	2.1%	2.2%
Other expenses	0.2	0.2	0.4	0.3
Subtotal	2.6	2.3	2.5	2.5

Interest expense and distributions on mandatory redeemable preferred stock[2]	2.3	1.9	2.5	3.4
Income tax expense	4.8	20.5	25.4	[8]
Total expenses	9.7%	24.7%	30.4%	5.9%
Ratio of net investment income (loss) to average net assets[2]	(2.5)%	(1.8)%	(2.0)%	(2.8)%
Net increase (decrease) in net assets to common stockholders resulting from operations to average net assets	7.7%	34.6%	43.2%	(51.2)%
Portfolio turnover rate	22.3%	18.7%	28.9%	6.7%
Average net assets	$ 1,971,469	$ 1,432,266	$ 774,999	$ 1,143,192
Notes outstanding, end of period	775,000	620,000	370,000	304,000
Credit facility outstanding, end of period				
Term loan outstanding, end of period				
Auction rate preferred stock, end of period			75,000	75,000
Mandatory redeemable preferred stock, end of period	260,000	160,000		
Average shares of common stock outstanding	72,661,162	60,762,952	46,894,632	43,671,666
Asset coverage of total debt[6]	395.4%	420.3%	400.9%	338.9%
Asset coverage of total leverage (debt and preferred stock)[7]	296.1%	334.1%	333.3%	271.8%
Average amount of borrowings per share of common stock during the period[1]	$ 10.09	$ 7.70	$ 6.79	$ 11.52

See accompanying notes to the financial highlights

14

Table of Contents

FINANCIAL HIGHLIGHTS

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

	For the Fiscal Year Ended November 30, 2007	2006	2005
Per Share of Common Stock[1]			
Net asset value, beginning of period	$ 28.99	$ 25.07	$ 23.91
Net investment income (loss)[2]	(0.73)	(0.62)	(0.17)
Net realized and unrealized gain (loss)	3.58	6.39	2.80
Total income (loss) from operations	2.85	5.77	2.63
Dividends and distributions auction rate preferred[2][3]	(0.10)	(0.10)	(0.05)
Common dividends[3]	(0.09)		(0.13)
Common distributions return of capital[3]	(1.84)	(1.75)	(1.37)
Total dividends and distributions common	(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	0.26		0.11
Effect of shares issued in reinvestment of distributions	0.01		
Total capital stock transactions	0.27		0.08
Net asset value, end of period	$ 30.08	$ 28.99	$ 25.07
Market value per share of common stock, end of period	$ 28.27	$ 31.39	$ 24.33
Total investment return based on common stock market value[4]	(4.4)%	37.9%	3.7%
Supplemental Data and Ratios[5]			
Net assets applicable to common stockholders, end of period	$ 1,300,030	$ 1,103,392	$ 932,090
Ratio of expenses to average net assets			
Management fees (net of fee waiver)	2.3%	3.2%	1.2%
Other expenses	0.2	0.2	0.3
Subtotal	2.5	3.4	1.5
Interest expense and distributions on mandatory redeemable preferred stock[2]	2.3	1.7	0.8
Income tax expense	3.5	13.8	6.4

Total expenses	8.3%	18.9%	8.7%	
Ratio of net investment income (loss) to average net assets(2)	(2.3)%	(2.4)%	(0.7)%	
Net increase (decrease) in net assets to common stockholders resulting from operations to average net assets	7.3%	21.7%	12	1,698
Pretax loss from discontinued operations	(12,820)	(347,221)		
Pretax loss on disposal of the discontinue operations	-	-		
Total pretax loss on discontinue operations	(12,820)	(347,221)		
Income Tax Benefits	-	-		
Total loss on discontinued operations	$(12,820)	$(347,221)		

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

The following table presents the aggregate carrying amounts of the classes of assets and liabilities of discontinued operations:

Reconciliation of the Carrying Amounts of Major Classes of Assets and Liabilities of the Discontinued Operations that are Disclosed in the Notes to the Financial Statement to Total Assets and Liabilities of the Disposal Group classified as Property and Equipment that are presented in the Consolidated Balance Sheet

	March 31, 2016 (Unaudited)	December 31, 2015
Carrying amounts of major classes of assets included as part of discontinued operations		
Cash and cash equivalents	$ 63,919	$217,271
Accounts receivable	-	-
Inventory	-	-
Other Current Assets	-	744
Property and Equipment, Net	-	-
Other noncurrent assets	-	-
Total Assets of the disposal group in the statement of financial position	$ 63,919	$218,015
Carrying amounts of major classes of liabilities included as part of discontinued operations		
Total Liabilities of the disposal group in the statement of financial positon	$ -	$-

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
Note 3 – Going Concern Considerations

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying consolidated financial statements, the Company incurred losses from continuing operations of $405,930 and $129,910 for the three months ended March 31, 2016, and 2015, respectively, and has an accumulated deficit applicable to its common shareholders of approximately $34,000,000 at March 31, 2016. The Company also used cash in operating activities of approximately $31,000 and $149,000 during the three months ended March 31, 2016 and 2015, respectively. At March 31, 2016, the Company has negative working capital of approximately $7,000,000. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company commenced its business related to the cultivation and production of oil from the seed of the Jatropha plant in September 2007. On December 2, 2016, the three Jatropha Mexican farms were sold and operations were ceased as of December 31, 2015. As of the year ended December 31, 2015, in order to fund its operations, the Company received $22,619,569 in capital contributions from the preferred membership interest in GCE Mexico I, LLC ("GCE Mexico"), and issued mortgages in the total amount of $5,110,189 for the acquisition of land. The Company intends to continue to provide the renewable fuels and renewable chemicals markets with novel non-food based feedstocks that are economically, environmentally and socially sustainable by continually improving our plant varieties through modern genetic techniques and traditional and marker-assisted breeding. Through this effort, the Company plans to expand both its Carribean and North American operations in both Jatropha and Camelina feedstocks. The ability of the Company to continue as a going concern is dependent on that plan's success. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

GCE Mexico I, LLC and Subsidiaries

GCE Mexico was organized primarily to facilitate the acquisition of the initial 5,000 acres of farm land (the Jatropha Farm) in the State of Yucatan in Mexico to be used primarily for the (i) cultivation of Jatropha curcas, (ii) the marketing and sale of the resulting fruit, seeds, or pre-processed crude Jatropha oil, whether as biodiesel, feedstock, biomass or otherwise, and (iii) the sale of carbon value, green fuel value, or renewable energy credit value (and other similar environmental attributes) derived from activities at the Jatropha Farm.

The net income or loss of the three Mexican subsidiaries that own the Mexico farms was allocated to the shareholders based on their respective equity ownership; 99% of the equity of each subsidiary is owned by GCE Mexico and 1% is owned by the Company. GCE Mexico has no operations separate from its investments in the Mexican subsidiaries. According to the LLC Agreement of GCE Mexico, the net loss of GCE Mexico is allocated to its members according to their respective investment balances. Accordingly, since the common membership interest did not make a capital contribution, all of the losses have been allocated to the preferred membership interest.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Note 4 – Property and Equipment

Property and equipment are as follows:

	March 31, 2016	December 31, 2015
Land	$-	$-
Plantation development costs	-	$-
Plantation equipment	10,574	$10,574
Office equipment	65,246	$64,729
Total cost	75,820	75,303
Less accumulated depreciation	(68,726)	(67,435)
Property and equipment, net	$7,094	$7,868

Plantation equipment is depreciated using the straight-line method over estimated useful lives of 5 to 15 years. The Company recorded $1,291 in depreciation expense in the three months ended March 31, 2016 and $115,736 in the year ended December 31, 2015.

Note 5 – Intangible Assets
In March 2013, the Company purchased certain intangible assets related to the commercial production of Camelina. The intangible assets include three patents and the related intellectual property associated with these patents. These intangible assets acquired have an expected useful life of 17 years and are carried at cost less any accumulated amortization and any impairment losses.
Amortization is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 17 years. Any future costs associated with the maintenance of these patents with indefinite lives will be capitalized and not amortized. The Intangible Assets as of the year ended March 31, 2016 is shown in the following table:

	March 31, 2016	December 31, 2015
Intangible Assets	4,168,841	$4,168,841
Less accumulated amortization	(747,650)	(686,343)
Intangible Assets, net	$3,421,191	$3,482,498

Amortization expense for intangible assets was approximately $61,000 and $26,000 for the three months ended March 31, 2016 and 2015, respectively. The estimated amortization expense for the next five years approximates $245,000 annually.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Note 6 – Debt

Notes Payable to Shareholders

Included in notes payable on the accompanying consolidated balance sheet, The Company has notes payable to certain shareholders in the aggregate amount of $26,000 at March 31, 2016 and December 31, 2015. The notes originated in 1999, bear interest at 12%, are unsecured, and are currently in default. Accrued interest on the notes totaled $59,641 and $58,865, respectively at March 31, 2016 and December 31, 2015, respectively.

Convertible Notes Payable

In March 2010, the Company entered into a securities purchase agreement with the preferred members of GCE Mexico pursuant to which the Company issued senior unsecured convertible promissory notes in the original aggregate principal amount of $567,000 and warrants to acquire an aggregate of 1,890,000 shares of the Company's common stock. The Convertible Notes mature on the earlier of (i) March 16, 2012, or (ii) upon written demand of payment by the note holders following the Company's default thereunder. The maturity date of the Convertible Notes have been extended until September 15, 2016. Interest accrues on the convertible notes at a rate of 5.97% per annum, and is payable quarterly in cash, in arrears, on each year anniversary of the issuance of the convertible notes. The Company may at its option, in lieu of paying interest in cash, pay interest by delivering a number of unregistered shares of its common stock equal to the quotient obtained by dividing the amount of such interest by the arithmetic average of the volume weighted average price for each of the five consecutive trading days immediately preceding the interest payment date. At any time following the first anniversary of the issuance of the Convertible Notes, at the option of the note holders, the outstanding balance thereof (including unpaid interest) may be converted into shares of the Company's common stock at a conversion price equal to $0.03. The conversion price may be adjusted in connection with stock splits, stock dividends and similar events affecting the Company's capital stock. The convertible notes rank senior to all other indebtedness of the Company, and thereafter will remain senior or pari passu with all accounts payable and other similar liabilities incurred by the Company in the ordinary course of business. The Company may not prepay the convertible notes without the prior consent of the Investors.

In January 2014, the Company entered into a securities purchase agreement with the third party investors pursuant to which the Company issued senior unsecured contingently convertible promissory notes in the original aggregate principal amount of $130,000 and warrants to acquire an aggregate of 1,083,332 shares of the Company's common stock.   Interest accrues on the convertible notes at a rate of 8% per annum, and is payable quarterly in cash, in arrears, on each year anniversary of the issuance of the convertible notes.   At any time following the first anniversary of the issuance of the Convertible Notes, at the option of the note holders, the outstanding balance thereof (including unpaid interest) may be converted into shares of the Sustainable Oils common stock at a conversion price equal to $1.448, subject to adjustment based on Sustainable Oils receiving alternative consideration from another investor. The conversion price may be adjusted in connection with stock splits, stock dividends and similar events affecting the Sustainable Oils's capital stock. The fair value of the warrants was considered insignificant.

Based on the down round feature in the conversion terms, such embedded conversion feature resulted in a derivative liability and a corresponding debt discount in the amount of $73,000 to be recorded (See Note 9). The Company amortized the debt discount over the life of the corresponding convertible promissory notes through December 31, 2015.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Promissory Notes Payable

In March 2013, the Company issued a secured promissory note in the principal amount of $1,300,000 to Targeted Growth, Inc. for certain Camelina assets. With the capitalized accrued interest, the note balance was $1,343,856 as of March 31, 2016 and December 31, 2015. The note bears an interest rate of eighteen percent (18.0%) per annum. In September 2014, we renegotiated the terms of the agreement and returned certain machines, tractors, and vehicles to Targeted Growth, Inc. in consideration for a reduction of accrued interest related to the Promissory Note. The current note is no longer secured by any assets and is due on demand.

Note 7 - Equity (Deficit)

Series B Preferred Stock

The Series B Shares may, at the option of each holder, be converted at any time or from time to time into shares of the Company's common stock at the conversion price then in effect. The number of shares into which one Series B Share shall be convertible is determined by dividing $100 per share by the conversion price then in effect. The initial conversion price per share for the Series B Shares is $0.11, which is subject to adjustment for certain events, including stock splits, stock dividends, combinations, or other recapitalizations affecting the Series B Shares.

Each holder of Series B Shares is entitled to the number of votes equal to the number of shares of the Company's common stock into which the Series B Shares could be converted on the record date for such vote, and has voting rights and powers equal to the voting rights and powers of the holders of the Company's common stock. In the event of the Company's dissolution or winding up, each share of the Series B Shares is entitled to be paid an amount equal to $100 (plus any declared and unpaid dividends) out of the assets of the Company then available for distribution to shareholders.

No dividends are required to be paid to holders of the Series B shares. However, the Company may not declare, pay or set aside any dividends on shares of any class or series of the Company's capital stock (other than dividends on shares of our common stock payable in shares of common stock) unless the holders of the Series B shares shall first receive, or simultaneously receive, an equal dividend on each outstanding share of Series B shares.

Note 8 – Stock Options and Warrants

Stock Options and Compensation-Based Warrants

The Company has an incentive stock option plan wherein 40,000,000 shares of the Company's common stock are reserved for issuance thereunder.

A summary of the status of options and compensation-based warrants at March 31, 2016, and changes during the three months then ended is presented in the following table:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value

Outstanding at December 31, 2015	93,208,997	0.01	3.2 years	$ 68,000
Granted	3,068,182			
Exercised	-			
Forfeited	(1,650,000)	0.01		-
Expired	-			
Outstanding at March 31, 2016	94,627,179	0.01	2.9 years	$ 59,875
Vested and Exercisable at March 31, 2016	63,605,636	$ 0.02	2.4 years	$ 938

The fair value of stock option grants and compensation-based warrants is estimated on the date of grant or issuance using the Black-Scholes option pricing model. 3,068,182 Options to purchase shares of common stock were issued in the three months ended March 31, 2016 and 10,777,315 in the three months ended March 31, 2015. The weighted average fair value of stock options issued during the three months ended March 31, 2016 and 2015 was $0.0049 and $0.015, respectively. The weighted-average assumptions used for the stock options granted and compensation-based warrants issued during the three months ended March 31, 2016 were risk-free interest rate of 1.75%, volatility of 113%, expected life of 5 years, and dividend yield of zero. The expected life of stock options represents the period of time that the stock options granted are expected to be outstanding prior to exercise. The expected volatility is based on the historical price volatility of the Company's common stock. The risk-free interest rate represents the U.S. Treasury constant maturities rate for the expected life of the related stock options. The dividend yield represents anticipated cash dividends to be paid over the expected life of the stock options. The intrinsic values are based on a March 31, 2016 closing price of $0.006 per share.

Share-based compensation from all sources recorded during the three months ended March 31, 2016 and 2015 was approximately $27,000 and $87,000, respectively, and is reported as general and administrative expense in the accompanying condensed consolidated statements of operations. As of March 31, 2016, there is approximately $155,000 of unrecognized compensation cost related to stock-based payments that will be recognized over a weighted average period of approximately 1.83 years.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Stock Warrants

A summary of the status of the warrants outstanding at March 31, 2016, and changes during the three months ended is presented in the following table:

	Shares Under Warrant	Weighted Average Exercise Price	Weighted Weighted Average Remaining Contractual life	Aggregate Intrinsic Value
Outstanding at December 31, 2015	3,083,332	0.01	5.34 years	$ -
Issued	-			
Exercised	-			
Expired	-			
Outstanding at March 31, 2016	3,083,332	0.01	4.85 years	$ -

Note 9 – Impairment of assets and fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, a hierarchy has been established by generally accepted accounting principles which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. This hierarchy uses three levels of inputs to measure the fair value of assets and liabilities as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair value is used on a nonrecurring basis to measure certain assets when applying lower of cost or fair value accounting or when adjusting carrying values. Fair value is also used when evaluating impairment on certain assets, including deferred growing costs and property and equipment.

The Company has not recognized any impairment charges for the three months ended March 31, 2016 and 2015. See Note 9 for instruments measured on a recurring basis.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Note 10 – Derivative Liabilities
The Company applies the accounting standard that provides guidance for determining whether an equity-linked financial instrument, or embedded feature, is indexed to an entity's own stock. The standard applies to any freestanding financial instrument or embedded features that have the characteristics of a derivative, and to any freestanding financial instruments that are potentially settled in an entity's own common stock.
The Company has estimated the fair value of these embedded conversion features to settle outstanding contracts using Black-Scholes using the following assumptions:

- Historical volatility was computed using weekly pricing observations for recent periods. The Company believes this method produces an estimate that is representative of our expectations of future volatility over the expected term of these embedded conversion features. The Company currently have no reason to believe that future volatility over the expected remaining life of these embedded conversion features is likely to differ materially from historical volatility.
- The expected life is based on the remaining term of the embedded conversion features.
- The risk-free interest rate is based on U.S. Treasury securities consistent with the remaining term of the embedded conversion features.

During the year ended December 31, 2014, the Company issued an aggregate of $130,000 in principal of convertible notes payable at an interest rate of 8% (See Note 6). Such convertible notes contained embedded conversion features in the Company's own stock and have resulted in an initial derivative liability value of $73,000 and a debt discount of $73,000 being recorded by the Company. As of March 31, 2016, the derivative liability value is $106,000.

During the three months ended March 31, 2015, the Company recorded a gain of $8,000 related to the change in fair value of the embedded conversion features which is included in change in fair value of derivative liabilities in the accompanying consolidated statements of operations. The change in fair value of derivative liabilities for the three months ended March 31, 2016 was insignificant.

The following table presents the embedded conversion features which have no observable market data and are derived using Black-Scholes measured at fair value on a recurring basis, using Level 3 inputs, as of March 31, 2016:

Annual dividend yield	0	%
Expected live (years	0.50	
Risk-free interest rate	0.21% - 0.23	%
Expected volatility	118	%

The level 3 carrying value as of March 31, 2016:

Embedded Conversion Features	$106,000

The following table presents the changes in fair value of our embedded conversion features measured at fair value on a recurring basis for the three months ended March 31, 2016:

Fair value of warrants and embedded conversion features	
Balance as of January 1,	106,000
Issuance of warrants and embedded conversion features	
Change in fair value	-
Balance as of December 31,	$106,000

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements
Note 11 – Commitments and Contingencies
Commitments

In February 2014, the Company entered into a lease agreement for 1,296 square feet of office space from February 1, 2014 to January 31, 2019. Rent payments range from $2,300 to $2,600 over the term. Rent expense, related to this lease agreement, for the three months ended March 31, 2016 and 2015 was approximately $7,400 and $4,800, respectively. The following represents approximate future annual minimum lease payments as of March 31, 2016:

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Year Ending December 31,	
2016	40,000
2017	41,000
2018	42,000
2019	3,000
Operating Lease Payable	$126,000

Legal

In the ordinary course of business, the Company may face various claims brought by third parties and the Company may, from time to time, make claims or take legal actions to assert the Company's rights, including intellectual property rights, contractual disputes and other commercial disputes. Any of these claims could subject the Company to litigation. Management believes the outcomes of currently pending claims will not likely have a material effect on the Company's consolidated financial position and results of operations.

Indemnities and Guarantees

In addition to the indemnification provisions contained in the Company's organization documents, the Company generally enters into separate indemnification agreements with the Company's directors and officers. These agreements require the Company, among other things, to indemnify the director or officer against specified expenses and liabilities, such as attorneys' fees, judgments, fines and settlements, paid by the individual in connection with any action, suit or proceeding arising out of the individual's status or service as the Company's directors or officers, other than liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberately dishonest, and to advance expenses incurred by the individual in connection with any proceeding against the individual with respect to which the individual may be entitled to indemnification by the Company. The Company also indemnifies its lessor in connection with its facility lease for certain claims arising from the use of the facility. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying consolidated balance sheets.

ITEM 2. MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including our plans to cultivate, produce and market non-food based feedstock for applications in the bio-fuels market, any projections of the date and amount of our Jatropha or Camelina harvests, forecasts regarding our revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Introductory Comment

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto contained in Part I, Item 1 of this Quarterly Report. The information contained in this Quarterly Report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Quarterly Report and in our other reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which discuss our business in greater detail.

Throughout this Quarterly Report on Form 10-Q, the terms "GCEH," "we," "us," "our," and "our company" refer to Global Clean Energy Holdings, Inc., a Delaware corporation and, unless the context indicates otherwise, also includes all of this company's U.S. and foreign wholly-owned subsidiaries through which this company conducts certain of its operations. To the extent applicable, depending on the context of the disclosure, the terms "we," "us," "our," and "our company" may also include GCE Mexico I, LLC, a Delaware limited liability company that we previously managed, and in which we previously owned 50% of the common membership interests, and our wholly owned subsidiary, Sustainable Oils, Inc., a Delaware corporation, as well as our other subsidiaries.

Global Clean Energy Holdings, Inc. is not related to, or affiliated in any manner with "Global Clean Energy, Inc.", an unaffiliated public company. Readers are cautioned to confirm the entity that they are evaluating or in which they are making an investment before completing any such investment.

Overview

Global Clean Energy Holdings, Inc. is a U.S.-based, multi-national, energy agri-business focused on the development of non-food based bio-feedstocks. We have full service in-house development and operations capabilities, which we provide support to our own energy farms and to third parties. With international experience and capabilities in eco-friendly biofuel feedstock management, cultivation, production and distribution, we believe that we are well suited to scale our existing business.

Since 2007, our business focus has been on the commercialization of non-food based oilseed plants and biomass. We began with the development of farms growing Jatropha curcas ("Jatropha") - a non-edible plant indigenous to many tropical and sub-tropical regions of the world, including Mexico, the Caribbean and Central America. On March 13, 2013, we acquired Sustainable Oils, LLC, a Delaware limited liability company that has extensive experience in the development and farming of Camelina as an energy crop. In that acquisition, we also acquired certain intellectual property, including issued patents, related to Camelina production. As a result of the acquisition, our biofuels operations have expanded into the development of Camelina sativa ("Camelina") – an annual plant from the brassica family traditionally grown in northerly regions of the United States, Europe and Asia. We have focused on these two plants primarily because we feel they are complementary to one another, have the potential to produce oil seed crops economically, they generally require less water and fertilizer than many conventional crops, and can be grown on land that is normally unsuitable for food production or is fallow or idle due to crop rotation. Both Jatropha and Camelina oil are high-quality plant oils used as direct substitutes for fossil fuels and as feedstock for the production of high quality biofuels and other bio-based products. Both crops have been tested and proven to be highly desirable feedstocks capable of being converted into ASTM approved fuels. The term "biofuels" refers to a range of biological based fuels including bio-kerosene (a.k.a bio-jet fuel) biodiesel, renewable diesel, green diesel, synthetic diesel and biomass, all of which have environmental benefits that are the major driving force for their adoption. Using biofuels instead of fossil fuels reduces net emissions of carbon dioxide and other green-house gases, which are associated with global climate change. Both Jatropha and Camelina oil can also be used as a chemical feedstock to replace fossil and non-food based products that use edible oils in their manufacturing or production process. The residual material derived from the oil extraction process is called press-cake or meal, which in the case of Jatropha is a high-quality biomass that has been proven and tested as a replacement for a number of fossil-based feedstocks, fossil fuels and other high value products such as renewable charcoal, fertilizers, and animal feed. Camelina meal is high in Omega3 and has already been approved by the FDA as a livestock (animal) feed or enhancement in the United States.

Our business plan and current principal business activities include the planting, cultivation, harvesting and processing of these oil seed plants to generate plant based oils and biomass for use as replacements for fossil fuels and other high value products including renewable chemicals and high value livestock feed. Our strategy is to leverage our agriculture and energy knowledge, experience and capabilities through the following means:

- Own and operate biofuel energy farms for our own account.
- Own, operate and manage farms with either strategic partners or financial investors.
- Contract with third party farmers (such as wheat and barley farmers) for the farming of significant acreage of Camelina sativa on their idle land which is in rotation with their other crops in the United States and many parts of Europe.
- Produce and sell certified Camelina seed (which seed is based upon our patented, high-yielding elite varieties) to farmers in the United States and internationally.
- Provide energy farm development and management services to third party owners of biofuel energy farms and to non-energy farmers looking to utilize energy crops in rotation or inter-cropped with their existing crops.
- Provide advisory services to farmers wishing to certify their farms under international sustainability or carbon certification standards, specifically the Roundtable on Sustainable Biomaterials (RSB) and Gold Standard Verified Emission Reductions (GS-VERs). We are currently managing a Jatropha farm in the Caribbean under a contract with a third party who wishes to significantly expand to provide large volumes of plant based oil and biomass to fuel their industrial process.
- Provide turnkey franchise operations for individuals and/or companies that wish to establish purpose specific energy farms in suitable geographical areas.

The development of agricultural-based energy projects, like plant oil and related biomass, may produce carbon credits through the sequestration (storing) of carbon and the displacement of fossil-based fuels. Accordingly, in addition to generating revenues from the sale of non-food based plant oils and biomass, we are seeking to certify our farms, where practical, to generate and monetize carbon credits. See, "Business-Carbon Credits," below.

Since 2008 we have owned/operated three Jatropha farms in Mexico through GCE Mexico I, LLC ("GCE Mexico") a Delaware limited liability company that we formed with two investors. We owned 50% of the common membership interests of GCE Mexico, our investors owned the other 50% of the common membership interests, and the GCE Mexico preferred units were owned by an affiliate of the investors. On December 2, 2015, we sold the three Jatropha farms to Enerall Terra 2 S.A.P.I de C.V, a Mexican agricultural operator in the region. The purchase price for the three farms was MXP$89 Million (approx. US$5,908,000). GCE Mexico assigned U.S. $5.1 million of the purchase price the our joint venture partner to repay the U.S.$5.1 million of mortgage loans made by the investor to GCE Mexico's operating subsidiaries. In addition, as part of the sale of the three farms and the repayment of the mortgage loans, the investor agreed to forgive and extinguish (i) approximately $5.1 million of unpaid interest that had accrued on the three mortgage loans, and (ii) the preferred return (approximately $12.1 million) that the preferred unit holders had accrued. We did not receive any cash from the sale of the three farms. However, as result of the repayment of the three mortgage loans, the forgiveness of the accrued interest on those loans, and the extinguishment of the accrued preferred return, approximately US$22.3 million of long term liabilities were extinguished from this Company's consolidated balance sheet.

Organizational History

This company was originally incorporated under the laws of the State of Utah on November 20, 1991. On July 19, 2010, we changed the state of our incorporation from Utah to Delaware. Our principal executive offices are located at 2790 Skypark Drive, Suite 105, Torrance, CA 90505, and our current telephone number at that address is (310) 641-GCEH (4234). We maintain a website at: www.gceholdings.com. Our annual reports, quarterly reports, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and other information related to this company are available on our website as soon as we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. Our Sustainable Oils subsidiary also maintains a website at www.susoils.com. Our Internet websites and the information contained therein, or connected thereto, are not, and are not intended to be incorporated into the Annual Report on Form 10-K at December 31, 2015 or into this quarterly report on Form 10-Q.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States require management to make estimates and assumptions that affect the reported assets, liabilities, sales and expenses in the accompanying financial statements. Critical accounting policies are those that require the most subjective and complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain.

Certain other critical accounting policies, including the assumptions and judgments underlying them, are disclosed in Note 1 to the Consolidated Financial Statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Results of Operations

Revenues. During the three months ended March 31, 2016 and 2015 we recognized revenue of $121,647 and $158,231, respectively. The revenues that we generated in 2016 and 2015 were derived from energy farm management, development and advisory services. Revenues we generate from these services are used for this company's operations.

In the short term, our goal is to increase the amount of advisory and management services in order to generate revenues to fund our corporate working capital needs, and to generate Camelina-related revenues from the Camelina business that we acquired in March 2013. Our Camelina operations are expected to generate revenues from the sale of Camelina seeds, the sale of Camelina oil, and the sale of the Camelina biomass for use as feed for livestock. In the longer term, we plan to increase the revenues derived from the operations of our Jatropha farms, to rapidly ramp up our Camelina operations, and to continue to generate revenue from management, development, and advisory services. We anticipate that revenues for the remainder of 2016 will increase due to scale-up of our biomass processing project in the Dominican Republic and the Camelina in the North Americas.

General and Administrative Expenses. For the three months ended March 31, 2016 and 2015, we recorded general and administrative expenses of $466,892, including approximately $13,000 of discontinued operations expense and $593,615 (approximately $347,000 of discontinued operations expense), respectively. This decrease is related to the operations in Mexico being discontinued as of December 31, 2015. General and administrative expenses principally consist of officer compensation, outside services (such as legal, accounting, and consulting expenses), share-based compensation, and other general expenses (such as insurance, occupancy costs and travel).

Plantation (Farm) Operating Costs. As the operations on the Mexican farms were discontinued as of December 31, 2015 we did not record any Plantation Operating Costs in the quarter ended March 31, 2016. We recorded $30,376 for the three months ended March 31, 2015.

Other Income/Expense. Interest expense for the three months ended March 31, 2016 increased by approximately $53,000 from the same period in 2015 due to GCE Mexico's debt being extinguished upon the sale of the three Jatropha farms in Decemnber 2015 and the related interest expense of approximately $271,000 was classified as discontinued operations in December 2015.

Net loss attributable to discontinued operations, formerly non-controlling interest. Our three Mexico farms were sold December 2, 2015 and farming operations were ceased effective December 31, 2015. Our Mexico farm operations were owned through GCE Mexico. Under GCE Mexico's operating agreement, the net loss allocated from these entities to GCE Mexico is then further allocated to the members of GCE Mexico according to the investment balances. Accordingly, since the common membership interest did not make a capital contribution, all of the losses allocated to GCE Mexico were allocated to the preferred membership interest. In the three months ended March 31, 2015, the net loss attributable to the non-controlling interest in the accompanying Consolidated Statement of Operations represented the allocation of the net loss of GCE Mexico to the preferred membership interests was approximately $347,000. For the three months ended March 31, 2016, the loss from the discontinued operations (formerly non-controlling interest) was approximately $13,000, which related to costs incurred taxes and governmental fees for the closure of GCE Mexico and its subsidiaries.

Net loss. The Company recorded net losses of $418,750 and $477,131 for the three months ended March 31, 2016 and 2015, respectively. Our ability to generate net income in the future will depend on the amount of advisory, development and management services that we render at the corporate level, the amount of revenues generated from our Jatropha farms in the Dominican Republic, and on the amount of revenues we generate from our Camelina operations. Although we anticipate that we will generate new revenues from our Camelina and Jatropha farm operations, we are unable to forecast if, or when such revenues will exceed our operating expenses.

Liquidity and Capital Resources

As of March 31, 2016, we had approximately $66,000 (which included approximately $47,000 in our Mexican subsidiary) in cash or cash equivalents and had a working capital deficit of $6,527,000, as compared with $252,000 in cash and a working capital deficit of $6,268,000 as of December 31, 2015.

In order to fund our short-term working capital needs, we will have to obtain additional funding from the sale of additional securities, additional borrowings, or from an increase in operating revenues. Outstanding indebtedness at March 31, 2016 totaled $7,197,341. The existence of the foregoing working capital deficit may negatively impact our ability to obtain future equity or debt financing and the terms on which such additional financing, if available, can be obtained. We incurred losses of $418,750 and $477,131 for the three months ended March 31, 2016 and March 31, 2015 respectively, and have an accumulated deficit applicable to its common shareholders of $34,629,719 at March 31, 2016.

In the fiscal quarters ended March 31, 2015 and 2016, our general and administrative expenses, including the professional costs of being a public company, were funded from (i) revenues that we have generated from advisory services, and (ii) funds received from the sale of our securities. The amount of fees we generated from advisory services fluctuates significantly. While we currently are providing advisory services under existing contracts, our ability to continue to generate revenue from these services will depend on our ability to enter into new advisory agreements when the current agreements expire. No assurance can be given that we will be able to enter into new agreements to replace or supplement the current advisory agreements. As a result, we expect that we will have to raise capital in the near future, or find other sources of capital in the near future, in order to continue to fund our corporate general and administrative expenses.

Our business plan contemplates that we will (i) continue to develop our biomass business and operations, and (ii) diversify our biofuel energy crop revenues from new revenues generated by our new Camelina operations, as follows:

Jatropha Farm Operations. Until December 2015, we owned and operated three farms in Mexico (two of which were planted with Jatropha and the third was partially planted with an annual oil seed crop) through our GCE Mexico joint venture. All of the operating and capital expenses of those farms were funded by our joint venture partner and from operating revenues. Our joint venture partner in GCE Mexico funded all of GCE Mexico's operating and capital requirements in 2015 and the wind down expenses for the first quarter of 2016. Due to our partner's other business commitments, however, our joint venture partner was not able to commit to the additional investment needed to operate and expand the farms. As a result, as disclosed in this Annual Report, GCE Mexico sold those farms in December 2015.

The sale of the three Mexico farms affected our balance sheet because it allowed us to drastically reduce high-cost debt incurred in acquiring and operating the three farms. We did not receive any cash from the sale of the three farms (the proceeds received from the sale of the three farms were allocated to our joint venture partner who funded GCE Mexico). However, as result of the repayment of the three mortgage loans, the forgiveness of the accrued interest on those loans, and the extinguishment of the accrued preferred return, approximately US$21.9 million of long term liabilities were extinguished from our consolidated balance sheet. We believe that reducing this debt will beneficially affect our ability to raise future debt or equity funding. Although we sold the three Jatropha farms, we did retain the Jatropha genetics we have spent years developing on a commercial scale. We did not sell any of our intellectual property rights to the buyer of the three farms. As a result, our Jatropha genetics are preserved as a core GCEH asset as is the institutional knowledge, experience and know-how that we developed over the past several years in Mexico. As part of the sale, we also retained access rights to the Certified Nursery and R&D areas on the farm for an extended period of time.

Camelina Operations. In March 2013, we acquired the business and assets of Sustainable Oils, LLC, a company that had been engaged in developing Camelina products since 2007. The Camelina operations will require a significant amount of additional cash to scale up its operations and to reach profitable operations. We will operate the Camelina business that we acquired through a subsidiary Sustainable Oils Inc.which we capitalized with the Sustainable Oils intellectual properties and operating assets that we recently purchased. Furthermore, our goal is to fund the operations and expansion of the Camelina operations with new debt or equity that we are in the process of raising specifically for the Camelina subsidiary. We have been in discussions with a number of sources for the additional funding, but we have not entered into any binding arrangements for the desired amount of new funding. No assurance can be given that we will obtain the additional capital necessary to operate and grow our new Camelina operations. In the event that we do not obtain the necessary amount of financing to properly operate and scale up our new Camelina operations, those operations are expected to continue to operate at a loss.

As partial consideration for the Camelina assets that we purchased in March 2013, we issued a $1,300,000 promissory note. In September 2014, we renegotiated the terms of the note and agreed to return certain tangible assets that constituted the collateral under the promissory note to the holder of the promissory note in exchange for a reduction of the amount of accrued interest owed under the promissory note and an extension of the maturity date. Since December 31, 2014, the foregoing promissory note is now an unsecured promissory note that is payable on demand. However, the amount of payable under the promissory note is limited to amounts generated from the Camelina business that we acquired.

Other Potential Source of Liquidity.

We presently do not have any available credit, bank financing or other external sources of liquidity. In the absence of additional outside funding (including proceeds from the sale of our securities, or entering into other joint venture relationships), we do not have the ability to expand our business or acquire additional biofuel feedstock farms. If we issue additional equity or debt securities to fund our future capital needs, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. Should we not be able to increase the amount of revenues we receive from our advisory services and/or raise additional debt or equity funding, we will have to materially scale back our current and proposed operations or take other actions to preserve our on-going operations.

Inflation and changing prices have had no effect on our continuing operations over our two most recent fiscal years.

We have no off-balance sheet arrangements as defined in Item 303(a) of Regulation S-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file with, or submit to, the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure. As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive and financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our chief executive and financial officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There was no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

From time to time, the Company may become a party to other legal actions and complaints arising in the ordinary course of business, although it is not currently involved in any such legal proceedings.

On April 18, 2016, the Company was served with a complaint filed in the District Court of Harris County, Texas, in a case identified as Tanglewood Receivables Company vs. Global Clean Energy Holdings, Inc., d/b/a GCE Holdings, Inc., Case No. 2015-53930. The plaintiff, a collection company, alleges that the Company failed to pay up to $74,000 of legal fees to John H. Bennett Jr., p.c. for legal services rendered from July 2010 to August 2011. Global Clean Energy Holdings Inc. did not engage John H. Bennett Jr. p.c., for services and never received any invoices from that attorney. The Company has answered the complaint and intends to vigorously defend itself in this action.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

31.1	Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Link base
101.DEF	XBRL Taxonomy Extension Definition Link base Document
101.LAB	XBRL Taxonomy Extension Label Link base Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 13, 2016 GLOBAL CLEAN ENERGY HOLDINGS, INC.

By: /s/ RICHARD PALMER
Chief Executive Officer

By: /s/ DONNA REILLY
Chief Financial Officer