

Kayne Anderson MLP Investment CO
Form DEF 14A
May 07, 2008

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**SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Sec. 240.14a-11(c) or Sec. 240.14a-12

KAYNE ANDERSON MLP INVESTMENT COMPANY

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 1. Title of each class of securities to which transactions applies:
 2. Aggregate number of securities to which transaction applies:
 3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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 8. Filing Party:
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-

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**1800 Avenue of the Stars, Second Floor
Los Angeles, CA 90067
1-877-657-3863/MLP-FUND**

May 7, 2008

Dear Fellow Stockholder:

You are cordially invited to attend the fourth annual meeting of stockholders of Kayne Anderson MLP Investment Company (the Company) on Tuesday, June 17, 2008 at 8:00 a.m. Pacific Time at 1800 Avenue of the Stars, Second Floor, Los Angeles, CA 90067.

The matters scheduled for consideration at the meeting are the election of one director of the Company and a proposal to authorize the Company to sell shares of its common stock for less than net asset value per share, subject to certain conditions, as more fully discussed in the enclosed proxy statement.

Enclosed with this letter are answers to questions you may have about the proposals, the formal notice of the meeting, the proxy statement, which gives detailed information about the proposals and why the Board of Directors recommends that you vote to approve them, and an actual written proxy for you to sign and return. If you have any questions about the enclosed proxy or need any assistance in voting your shares, please call 1-877-657-3863/MLP-FUND.

Your vote is important. Please complete, sign, and date the enclosed proxy card and return it in the enclosed envelope. This will ensure that your vote is counted, even if you cannot attend the meeting in person.

Sincerely,

Kevin S. McCarthy
CEO and President

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ANSWERS TO SOME IMPORTANT QUESTIONS

Q. WHAT AM I BEING ASKED TO VOTE FOR ON THIS PROXY?

A. This proxy contains two proposals:

Proposal One the election of one Class I Director to serve until the Company's 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualified. The director currently serving in Class I is Gerald I. Isenberg. Mr. Isenberg's initial term will expire at the Company's 2008 Annual Meeting of Stockholders, and the Company's Board of Directors has nominated Mr. Isenberg for reelection at the meeting. Approval of Proposal One requires the affirmative vote of the holders of the Company's common stock and preferred stock outstanding as of the record date, voting together as a single class.

Proposal Two a proposal to authorize the Company to sell shares of its common stock at a price less than net asset value per share, subject to certain conditions, for a period expiring on the date of the Company's 2009 Annual Meeting of Stockholders. Approval of Proposal Two requires: (1) the affirmative vote of a majority of all common stockholders of record as of the record date and (2) the affirmative vote of a majority of the votes cast by the holders of the Company's common stock and preferred stock outstanding as of the record date, voting together as a single class.

Q. HOW DOES THE BOARD OF DIRECTORS SUGGEST THAT I VOTE?

A. The Board of Directors of the Company unanimously recommends that you vote FOR all proposals on the enclosed proxy card.

Q. HOW CAN I VOTE?

A. If your shares are held in Street Name by a broker or bank, you will receive information regarding how to instruct your bank or broker to vote your shares. If you are a stockholder of record, you may authorize the persons named as proxies on the enclosed proxy card to cast the votes you are entitled to cast at the meeting by completing, signing, dating and returning the enclosed proxy card. Stockholders of record or their duly authorized proxies also may vote in person if able to attend the meeting. However, even if you plan to attend the meeting, we urge you to return your proxy card. That will ensure that your vote is cast should your plans change.

This information summarizes information that is included in more detail in the proxy statement. We urge you to read the proxy statement carefully.
If you have questions, call 1-877-657-3863/MLP-FUND.

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**1800 Avenue of the Stars, Second Floor
Los Angeles, CA 90067
1-877-657-3863/MLP-FUND**

NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Kayne Anderson MLP Investment Company:

NOTICE IS HEREBY GIVEN that the 2008 Annual Meeting of Stockholders of Kayne Anderson MLP Investment Company, a Maryland corporation (the Company), will be held on Tuesday, June 17, 2008 at 8:00 a.m. Pacific Time at 1800 Avenue of the Stars, Second Floor, Los Angeles, CA 90067, to consider and vote on the following matters as more fully described in the accompanying proxy statement:

1. To elect one Class I Director of the Company, such director to hold office until the 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualified;
2. To approve a proposal to authorize the Company to sell shares of its common stock at a price less than net asset value per share; and
3. To transact any other business that may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record as of the close of business on April 18, 2008 are entitled to notice of and to vote at the meeting (or any adjournment or postponement of the meeting).

By Order of the Board of Directors of the Company,

David J. Shladovsky
Secretary

May 7, 2008
Los Angeles, California

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**1800 Avenue of the Stars, Second Floor
Los Angeles, CA 90067
1-877-657-3863/MLP-FUND**

PROXY STATEMENT

**2008 ANNUAL MEETING OF STOCKHOLDERS
JUNE 17, 2008**

This proxy statement is being sent to you by the Board of Directors of Kayne Anderson MLP Investment Company, a Maryland corporation (the Company, we, us, or our). The Board of Directors is asking you to complete, sign, date and return the enclosed proxy card, permitting your votes to be cast at the annual meeting (the Annual Meeting) of stockholders called to be held on June 17, 2008 at 8:00 a.m. Pacific Time at 1800 Avenue of the Stars, Second Floor, Los Angeles, California 90067. Stockholders of record at the close of business on April 18, 2008 (the Record Date) are entitled to vote at the Annual Meeting. You are entitled to one vote for each share of common stock and one vote for each share of preferred stock you hold on each matter on which holders of such shares are entitled to vote. This proxy statement and enclosed proxy are first being mailed to stockholders on or about May 19, 2008.

You should have received our Annual Report to stockholders for the fiscal year ended November 30, 2007. If you would like another copy of the Annual Report, please write us at the address shown at the top of this page or call us at 1-877-657-3863/MLP-FUND. The report will be sent to you without charge. Our reports can be accessed on our website (www.kaynefunds.com) or on the Securities and Exchange Commission s (the SEC) website (www.sec.gov).

KA Fund Advisors, LLC (KAFA), a subsidiary of Kayne Anderson Capital Advisors, L.P. (KACALP and together with KAFA, Kayne Anderson), externally manages and advises us pursuant to our investment management agreement. KAFA is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. Kayne Anderson is a leading investor in both public and private energy companies. At February 29, 2008, Kayne Anderson managed approximately \$9 billion, including \$8 billion in securities of energy companies. Kayne Anderson may be contacted at the address listed above.

Table of Contents**PROPOSAL ONE****ELECTION OF DIRECTORS**

Under our charter, our Board of Directors (the Board) is divided into three classes (Class I, Class II and Class III) of approximately equal size. Currently we have five directors. Each class of directors will hold office for a three-year term. However, the initial directors of the three classes have initial terms of one, two and three years, respectively, and the initial directors will hold office until their successors are duly elected and qualified. The director currently serving in Class I is Gerald I. Isenberg. Mr. Isenberg's initial term will expire at the Annual Meeting, and the Board has nominated Mr. Isenberg for reelection at the Annual Meeting to serve for a term of three years (until the 2011 Annual Meeting of Stockholders) and until his successor has been duly elected and qualified.

Steven C. Good and Kevin S. McCarthy are currently serving terms which will expire at the 2009 Annual Meeting of Stockholders and until their successors are duly elected and qualified. Anne K. Costin and William H. Shea, Jr. are currently serving terms which will expire at the 2010 Annual Meeting of Stockholders and until their successors are duly elected and qualified.

Pursuant to the terms of our auction rate preferred stock (the Preferred Stock), the holders of Preferred Stock are entitled as a class, to the exclusion of the holders of our common stock, \$.001 par value per share (the Common Stock), to elect two directors of the Company (the Preferred Directors). The Board of Directors has designated Steven C. Good and William H. Shea, Jr. as the Preferred Directors. The terms of our Preferred Stock further provide that the remaining nominees shall be elected by holders of Common Stock and Preferred Stock voting together as a single class. Therefore, the holders of our Common Stock and Preferred Stock, voting together as a single class, are being asked to vote for Mr. Isenberg as a Class I Director of the Company.

The Board knows of no reason why the nominee listed below will be unable to serve, and the nominee has consented to serve if elected. If the nominee is unable to serve or for good cause will not serve because of an event not now anticipated, the persons named as proxies may vote for another person designated by the Board. The persons named as proxies on the accompanying proxy card intend to vote at the Annual Meeting (unless otherwise directed) FOR the election of Mr. Isenberg as our director.

The following tables set forth the nominee's and each remaining director's name and age; position(s) with us and length of time served; principal occupations during the past five years; and other directorships currently held by the nominee and each remaining director. The address for the nominee, directors and officers is 1800 Avenue of the Stars, Second Floor, Los Angeles, CA 90067. All of our directors currently serve on the Board of Directors of Kayne Anderson Energy Total Return Fund, Inc. (KYE), a closed-end investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act), that is advised by KAFA.

NOMINEE FOR DIRECTOR WHO IS NOT AN INTERESTED PERSON:

Name (Age)	Position(s) Held with Us	Proposed Term of Office/ Term of Service	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director

Gerald I. Isenberg (67)	Director	3-year term (until the 2011 Annual Meeting of Stockholders)/ served since June 2005	Adjunct Professor and Tenured Professor at the University of Southern California School of Cinema-Television since 2007 and 1995, respectively. Chief Financial Officer of Teecino Caffè Inc., a privately owned beverage manufacturer and distributor. Board member of Kayne Anderson Rudnick Mutual Funds ⁽¹⁾ from 1998 to 2002.	2	KYE; Teecino Caffè Inc.; the Caucus for Television Producers, Writers & Directors Foundation; Partners for Development
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⁽¹⁾ The investment adviser to the Kayne Anderson Rudnick Mutual Funds, Kayne Anderson Rudnick Investment Management, LLC, formerly was an affiliate of Kayne Anderson.

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Name (Age)	Position(s) Held with Us	Term of Office/ Time of Service	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
Kevin S. McCarthy ⁽¹⁾⁽²⁾ (48)	Chairman of the Board of Directors; President and Chief Executive Officer	3-year term as a director (until the 2009 Annual Meeting of Stockholders), elected annually as an officer/served since inception	Senior Managing Director of KACALP since June 2004 and of KAFA since 2006. Global President and Chief Executive Officer of KYE and KED since inception (KYE inception in 2005 and KED inception in 2006). Head of Energy at UBS Securities LLC from November 2000 to May 2004.	3	KYE; KED; Range Resources Corporation (oil and gas company); Clearwater Natural Resources, LLC; Direct Fuel Partners, L.P.

(1) Mr. McCarthy is an interested person of the Company by virtue of his employment relationship with Kayne Anderson.

(2) Mr. McCarthy currently serves on the Board of Directors of Kayne Anderson Energy Development Company (KED), a closed-end investment company registered under the 1940 Act that is managed by KAFA.

REMAINING DIRECTORS WHO ARE NOT INTERESTED PERSONS:

Name (Age)	Position(s) Held with Us	Term of Office/ Time of Service	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
Anne K. Costin ⁽¹⁾ (58)	Director	3-year term (until the 2010 Annual Meeting of Stockholders)/ served since inception	Professor at the Amsterdam Institute of Finance. Adjunct Professor in the Finance and Economics Department of Columbia University Graduate School of Business in New	2	KYE

			York from 2004 through 2007. As of March 1, 2005, retired after a 28-year career at Citigroup. During her last five years at Citigroup, she was Managing Director and Global Deputy Head of the Project & Structured Trade Finance product group within Citigroup's Investment Banking Division.		
Steven C. Good (65)	Director	3-year term (until the 2009 Annual Meeting of Stockholders)/ served since inception	Senior partner at Good Swartz Brown & Berns LLP, which offers accounting, tax and business advisory services to middle market private and publicly-traded companies, their owners and their management. Founded Block, Good and Gagerman in 1976, which later evolved in stages into Good Swartz Brown & Berns LLP.	2	KYE; OSI Systems, Inc. (specialized electronic products); Big Dog Holdings, Inc. (consumer products); California Pizza Kitchen, Inc.
William H. Shea, Jr. ⁽²⁾ (53)	Director	3-year term (until the 2010 Annual Meeting of Stockholders)/ served since March 2008	Private investor since June 2007. From September 2000 to June 2007, President, Chief Executive Officer and Director (Chairman from May 2004 to June 2007) of Buckeye Partners, L.P. (pipeline transportation and refined petroleum products company). From May 2004 to June 2007, President, Chief Executive Officer and Chairman of Buckeye GP Holdings, L.P. and its predecessors.	2	KYE; Penn Virginia Corp. (natural gas and oil company)

⁽¹⁾ Due to her ownership of securities issued by one of the underwriters in certain of our previous securities offerings, Ms. Costin, in the future, may be treated as an interested person during any subsequent offerings of our securities if the relevant offering is underwritten by the underwriter in which Ms. Costin owns securities.

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- (2) On March 31, 2008, a Class III Director, Michael C. Morgan, resigned as a director of the Company. The Board unanimously elected William H. Shea, Jr. to fill the vacancy for the remainder of Mr. Morgan's initial term expiring at the 2010 Annual Meeting of Stockholders.

INFORMATION ABOUT EXECUTIVE OFFICERS

The preceding table gives information regarding Mr. McCarthy, our President and Chief Executive Officer. The following table sets forth each of our other officers' name and age; position(s) with us and length of time served; principal occupations during the past five years; and directorships held by each such officer. All of our officers currently serve in identical offices with KYE, a closed-end investment company registered under the 1940 Act that is advised by KAFA.

Non-Director Officers

Name (Age)	Position(s) Held with Us	Term of Office/ Time of Service	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex Overseen by Officer	Directorships Held by Officer
Terry A. Hart (38)	Chief Financial Officer and Treasurer	Elected annually/served since December 2005	Chief Financial Officer and Treasurer of KYE since December 2005 and of KED since September 2006. Director of Structured Finance, Assistant Treasurer, Senior Vice President and Controller of Dynegey, Inc. from 2000 to 2005.	3	None
David J. Shladovsky (47)	Secretary and Chief Compliance Officer	Elected annually/served since inception	Managing Director and General Counsel of KACALP since 1997 and of KAFA since 2006. Secretary and Chief Compliance Officer of KYE since 2005 and of KED since 2006.	3	None
J.C. Frey (39)	Vice President, Assistant Treasurer and Assistant Secretary	Elected annually/served as Assistant Treasurer and Assistant Secretary since	Senior Managing Director of KACALP since 2004 and of KAFA since 2006, and Managing Director of KACALP since 2001. Portfolio Manager of KACALP since 2000, Portfolio Manager, Vice President, Assistant Secretary and Assistant Treasurer of	3	None

		inception, served as Vice President since June 2005	KYE since 2005 and of KED since 2006.		
James C. Baker (35)	Vice President	Elected annually/ served since June 2005	Senior Managing Director of KACALP and KAFA since February 2008, Managing Director of KACALP and KAFA since December 2004 and 2006, respectively. Vice President of KYE since 2005 and of KED since 2006. Director in Planning and Analysis at El Paso Corporation from April 2004 to December 2004. Director at UBS Securities LLC (energy investment banking group) from 2002 to 2004 and Associate Director from 2000 to 2002.	3	ProPetro Services, Inc.

The directors who are not interested persons, as defined in the 1940 Act, of Kayne Anderson or our underwriters in offerings of our securities from time to time as defined in the 1940 Act are referred to herein as Independent Directors. Unless noted otherwise, references to our Independent Directors include Ms. Costin. None of our Independent Directors (other than Mr. Isenberg), nor any of their immediate family members, has ever been a director, officer or employee of Kayne Anderson or its affiliates. From 1998 to 2002, Mr. Isenberg was a board member of Kayne Anderson Rudnick Mutual Funds, whose investment adviser, Kayne Anderson Rudnick Investment Management, LLC, may formerly have been deemed an affiliate of Kayne Anderson.

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The following table sets forth as of February 29, 2008 the number of shares of our Common Stock beneficially owned by each of our current directors and executive officers as a group, and certain beneficial owners, according to information furnished to us by such persons. Based on statements publicly filed with the SEC, as of February 29, 2008 we are aware of no person who beneficially owns more than five percent of our outstanding Common Stock.

Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Act of 1934, as amended (the 1934 Act) and, unless indicated otherwise, includes voting or investment power with respect to the securities.

Name of Beneficial Owner of Common Stock	Amount of Beneficial Ownership	Percent of Class⁽¹⁾
Independent Directors		
Gerald I. Isenberg	1,000	*
Anne K. Costin	2,000	*
Steven C. Good	2,000	*
William H. Shea, Jr. ⁽²⁾	0	*
Interested Director		
Kevin S. McCarthy	41,397	*
Executive Officers		
Terry A. Hart	1,665	*
David. J. Shladovsky	9,709	*
J.C. Frey	16,986	*
James C. Baker	8,479	*
All Directors and Executive Officers as a Group (9 persons)	83,236	*

* Less than 1% of class.

⁽¹⁾ Based on 43,431,362 shares outstanding as of February 29, 2008.

⁽²⁾ As of February 29, 2008, Mr. Shea had not yet been elected a director of the Company.

The following table sets forth the dollar range of our equity securities beneficially owned by our directors and the nominee as of February 29, 2008:

Dollar Range⁽¹⁾ of	Aggregate Dollar Range⁽¹⁾ of Equity Securities in All Registered Investment Companies⁽²⁾ Overseen or to be Overseen by Director or Nominee in Family of Investment
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Director or Nominee	Our Equity Securities	Companies as of February 29, 2008
Independent Directors and Nominee		
Anne K. Costin	\$50,001-\$100,000	Over \$100,000
Steven C. Good	\$50,001-\$100,000	Over \$100,000
Gerald I. Isenberg	\$10,001-\$50,000	\$50,001-\$100,000
William H. Shea, Jr.	None	None
Interested Director		
Kevin S. McCarthy	Over \$100,000	Over \$100,000

(1) Dollar ranges are as follows: none; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; over \$100,000.

(2) As of February 29, 2008, the directors and nominee (except for Mr. Shea) also oversee KYE an investment company managed by KAFA. Mr. Shea became a director of KYE on March 31, 2008.

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As of February 29, 2008, the Independent Directors (other than Mr. Isenberg as noted in the table below) and their respective immediate family members did not own beneficially or of record any class of securities of Kayne Anderson or any person directly or indirectly controlling, controlled by, or under common control with Kayne Anderson. As of that same date, the Independent Directors (other than Ms. Costin) did not own beneficially or of record any class of securities of the underwriters of the offerings of our Common Stock and our Series A, B, C, D, E and F auction rate securities or any person directly or indirectly controlling, controlled by, or under common control with such underwriters. As of February 29, 2008, Ms. Costin owned securities issued by one of such underwriters in the offerings of our Common Stock and our Series A, B, C, D, E and F auction rate securities and may continue to own securities in such issuer at the time of any future offering of our securities in which such company could be considered for participation as an underwriter. Accordingly, Ms. Costin was treated as an interested person of the Company as defined in the 1940 Act during and until the completion of the offerings of our Common Stock and our Series A, B, C, D, E and F auction rate securities, and, in the future, may be treated as an interested person during subsequent offerings of our securities if the relevant offering is underwritten by the company in which Ms. Costin owns securities.

The table below sets forth information about securities owned by the directors and nominee and their respective immediate family members, as of February 29, 2008, in entities directly or indirectly controlling, controlled by, or under common control with, our investment adviser or underwriters.

Director	Name of Owners and Relationships to Director	Company	Title of Class	Value of Securities	Percent of Class
Gerald I. Isenberg	Self	Kayne Anderson Capital Income Partners (QP), L.P. ⁽¹⁾	Partnership units	\$ 1,264,936	0.2%

⁽¹⁾ KACALP may be deemed to control this fund by virtue of its role as the fund's general partner.

As of February 29, 2008, certain officers of Kayne Anderson, including all our officers, own, in the aggregate, approximately \$7.2 million of our Common Stock.

EXECUTIVE COMPENSATION

Pursuant to an investment management agreement between Kafa (our external manager) and us, our external manager is responsible for supervising the investments and reinvestments of our assets. Our external manager, at its own expense, maintains staff and employs personnel as it determines is necessary to perform its obligations under the investment management agreement. We pay various management fees to our external manager for its advisory and other services performed under the investment management agreement.

Our executive officers who manage our regular business are employees of our external manager or its affiliates. Accordingly, we do not pay any salaries, bonuses or other compensation to our executive officers. We do not have employment agreements with our executive officers. We do not provide pension or retirement benefits, perquisites, or other personal benefits to our executive officers. We do not maintain any compensation plans under which our equity securities are authorized for issuance. We do not have arrangements to make payments to our executive officers upon

their termination or in the event of a change in control of the Company.

The investment management agreement does not require our external manager to dedicate specific personnel to fulfilling its obligation to us under the investment management agreement, or require personnel to dedicate a specific amount of time. In their capacities as executive officers or employees of our external manager or its affiliates, they devote a portion of their time to our affairs as required for the performance of the duties of our external manager under the investment management agreement.

Our executive officers are compensated by our external manager. We understand that our external manager takes into account the performance of the Company as a factor in determining the compensation of certain of its senior managers, and such compensation may be increased depending on the Company's performance. In addition to compensation for services performed for the Company, certain of our executive officers may receive compensation for services performed for various investment funds of our external manager. However, our external manager

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cannot segregate and identify that portion of the compensation awarded to, earned by or paid to our executive officers that relates exclusively to their services to us.

DIRECTOR COMPENSATION

Our directors and officers who are interested persons by virtue of their employment by Kayne Anderson, including all our executive officers, serve without any compensation from us. Each of our Independent Directors receives a \$25,000 annual retainer for serving as a director. In addition, our Independent Directors receive fees for each meeting attended, as follows: \$2,500 per Board meeting; \$1,500 per Audit Committee meeting; and \$500 for other committee meetings. Committee meeting fees are not paid unless the meeting is held on a day when there is not a Board meeting and the meeting exceeds 15 minutes in duration. The Independent Directors are reimbursed for expenses incurred as a result of attendance at meetings of the Board of Directors and its committees.

The following table sets forth the compensation paid by us during the fiscal year ended November 30, 2007 to the Independent Directors. No compensation is paid to directors who are interested persons. We have no retirement or pension plans or any compensation plans under which our equity securities were authorized for issuance.

Director Compensation Table

Name	Total Compensation from Us	Total Compensation from the Fund Complex ⁽¹⁾
Independent Directors and Nominee		
Anne K. Costin	\$ 43,500	\$ 84,500
Steven C. Good	\$ 42,500	\$ 82,500
Gerald I. Isenberg	\$ 46,000	\$ 89,500
William H. Shea, Jr. ⁽²⁾	None	None
Interested Director		
Kevin S. McCarthy	None	None

* Less than 1% of class.

(1) As of November 30, 2007, the directors also oversee KYE, an investment company managed by KAFA.

(2) As of November 30, 2007, Mr. Shea had not yet been elected a director of the Company.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 30(h) of Investment Company Act of 1940 and Section 16(a) of the 1934 Act require our directors and executive officers, investment adviser, affiliated persons of the investment advisor and persons who own more than 10% of a registered class of our equity securities to file forms reporting their affiliation with us and reports of ownership and changes in ownership of our shares with the SEC and the New York Stock Exchange (the NYSE). Those persons and entities are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based on a review of those forms furnished to us, we believe that our directors and officers, KAFA and affiliated persons of KAFA have complied with all applicable Section 16(a) filing requirements during the last fiscal year. To

the knowledge of our management, no person owns beneficially more than 10% of a class of our equity securities.

COMMITTEES OF THE BOARD OF DIRECTORS

Our Board currently has three standing committees: the Audit Committee, the Valuation Committee and the Nominating Committee.

Audit Committee. Messrs. Good, Shea, and Isenberg serve on the Audit Committee. The Audit Committee operates under a written charter (the Audit Committee Charter), which was adopted and approved by the Board and established in accordance with Section 3(a)(58)(A) of the 1934 Act. The Audit Committee Charter conforms to the applicable listing standards of the NYSE. The Audit Committee Charter is available on our website (www.kaynefunds.com). The Audit Committee approves and recommends to the Board the election, retention or termination of independent auditors; approves services to be rendered by the auditors; monitors the auditors performance; reviews the results of our audit; determines whether to recommend to the Board that our audited financial statements be included in our Annual Report; and responds to other

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matters as outlined in the Audit Committee Charter. Each audit committee member is independent under the applicable NYSE listing standard.

Valuation Committee. Ms. Costin and Messrs. McCarthy and Isenberg serve on the Valuation Committee. The Valuation Committee is responsible for the oversight of our valuation procedures and the valuation of our securities in accordance with such procedures. The Valuation Committee operates under a written charter adopted and approved by the Board, a copy of which is available on our website (www.kaynefunds.com).

Nominating Committee. Ms. Costin and Messrs. Good and Isenberg are members of the Nominating Committee. None of the members of the Nominating Committee are interested persons of the Company as defined in the 1940 Act (other than as previously noted for Ms. Costin). The Nominating Committee is responsible for appointing and nominating Independent Directors to our Board. Each Nominating Committee member is independent under the applicable NYSE listing standards. The committee operates under a written charter adopted and approved by the Board, a copy of which is available on our website (www.kaynefunds.com). The Nominating Committee has not established specific, minimum qualifications that must be met by an individual for the Committee to recommend that individual for nomination as a director. The Nominating Committee expects to seek referrals for candidates to consider for nomination from a variety of sources, including current directors, our management, our investment adviser and counsel, and may also engage a search firm to identify or evaluate or assist in identifying or evaluating candidates. As set forth in the Nominating Committee Charter, in evaluating candidates for a position on the Board, the Committee considers a variety of factors, including, as appropriate:

the candidate's knowledge in matters relating to the investment company industry;

any experience possessed by the candidate as a di