

# KKR & CO. INC.

## **FORM 8-K** (Current report filing)

Filed 09/09/15 for the Period Ending 09/09/15

Address	9 WEST 57TH STREET, SUITE 4200 NEW YORK, NY, 10019
Telephone	212-750-8300
CIK	0001404912
Symbol	KKR
SIC Code	6282 - Investment Advice
Industry	Investment Management & Fund Operators
Sector	Financials
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 9, 2015

**KKR & CO. L.P.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-34820**  
(Commission  
File Number)

**26-0426107**  
(IRS Employer  
Identification No.)

**9 West 57th Street, Suite 4200**  
**New York, New York**  
(Address of principal executive offices)

**10019**  
(Zip Code)

**(212) 750-8300**  
(Registrant's telephone number, including area code)

**NOT APPLICABLE**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### Item 3.02 Unregistered Sale of Equity Securities

On September 9, 2015, in connection with the contemplated acquisition of a 24.9% equity interest in Marshall Wace LLP and its affiliates (“Marshall Wace” or “MW”), a subsidiary (the “Purchaser”) of KKR & Co. L.P. (“KKR”) agreed to deliver at the closing of such acquisition newly issued KKR common units (“Common Units”) in excess of 1% of the currently outstanding number of Common Units in a private transaction exempt from registration in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended. At closing, subject to the satisfaction or waiver of customary closing conditions, including regulatory approvals, the Purchaser will subscribe for a 24.9% equity interest in MW Group (GP) Ltd. (the “Company”), the general partner of MW Group LP, the proposed new holding entity of MW, and KKR will issue approximately 7.4 million Common Units (assuming no changes in foreign exchange rates) in partial consideration for the acquired Marshall Wace equity interest. The Common Units will be subject to a three-year restriction on transfer, subject to certain customary exceptions (including to fund the payment of certain taxes). In addition to the Common Units, KKR will deliver cash at closing, the majority of which will be required to be invested in funds managed by Marshall Wace for a minimum period of time.

Further, subject to the exercise of a put option by the Company or a call option by the Purchaser, at subsequent closings to occur in the second, third and fourth years following the initial closing described above, and subject to satisfaction or waiver of certain closing conditions, including regulatory approvals, the Purchaser may at each such closing subscribe (or be required to subscribe) for an incremental 5% equity interest, for ultimate aggregate ownership of 39.9% of Marshall Wace. The purchase price in respect of each of these subsequent subscriptions (a “Future Price”) will be based on the future financial performance of MW and will be paid in cash unless the Purchaser elects in its sole discretion to pay all or a portion in Common Units. 50% of the Future Price must be either reinvested into investment funds managed by MW or held in Common Units, in either case for a period of three years, subject to certain customary exceptions (including to fund the payment of certain taxes).

This Current Report on Form 8-K contains forward-looking statements, including with respect to the consummation of the subscription, the initial and subsequent closings described herein and the issuance of Common Units. The forward-looking statements are based on KKR’s current beliefs, assumptions and expectations, which can change as a result of many possible events or factors, not all of which are known to KKR or are within its control. No assurance can be had that the subscription, closings or issuances of Common Units described above will be consummated or, if they are consummated, regarding the timing of such transactions. All forward looking statements speak only as of the date of this Current Report on Form 8-K. KKR does not undertake any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date of this Current Report on Form 8-K, except to the extent required by law.

### Item 7.01 Regulation FD Disclosure.

On September 9, 2015, KKR & Co. L.P. issued a press release announcing an agreement to acquire a minority interest in Marshall Wace, a leading global equity long/short and liquid alternatives manager.

The press release is furnished as Exhibit 99.1 to this Report.

As provided in General Instruction B.2 of Form 8-K, the information in this Item 7.01 and the exhibit furnished hereunder shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

### Item 9.01 Financial Statements and Exhibits.

#### (d) Exhibits

Exhibit No.	Description
Exhibit 99.1	Press release of KKR & Co. L.P., dated September 9, 2015, announcing an agreement to acquire a minority interest in Marshall Wace (This exhibit is furnished and not filed)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KKR & CO. L.P.

By: KKR Management LLC,  
its general partner

Date: September 9, 2015

By: /s/ David J. Sorkin  
Name: David J. Sorkin  
Title: General Counsel and Secretary

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## EXHIBIT INDEX

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## KKR and Marshall Wace to Form Long-Term Strategic Partnership

- **KKR to acquire a 24.9% strategic interest upon close, with the option to increase ownership over time**
- **Partnership based on shared vision of serving clients' evolving needs and will significantly scale KKR's presence in liquid alternatives**
- **Transaction expected to be immediately accretive to key KKR financial metrics**

NEW YORK & LONDON--(BUSINESS WIRE)--September 9, 2015--KKR & Co. L.P. (NYSE: KKR), a leading global investment firm, and Marshall Wace LLP and its affiliates, a leading global liquid alternatives manager, today announced a long-term strategic partnership. Under the terms of the agreement, KKR will acquire at closing a 24.9% interest in Marshall Wace through a combination of cash and common units. In addition, KKR and Marshall Wace have the option to grow KKR's ownership interest over time to 39.9%.

Founded in 1997 by Paul Marshall and Ian Wace, Marshall Wace has over \$22 billion of assets under management as of August 1, 2015, predominantly in equity long/short strategies. Marshall Wace has an excellent 17-year track record of innovation and investment success, consistently delivering attractive risk-adjusted returns that have low correlation to the overall markets. In addition, the firm has a growing marketplace lending business called MW Eaglewood that specializes in direct lending and peer-to-peer investment strategies.

The strategic partnership is predicated on the firms' strong traditions of investing expertise, innovation and entrepreneurship and cultural alignment. The collaboration will enhance the firms' existing product suites and, over time, enable the joint development of innovative new products to better serve clients.

Ian Wace, Chief Executive of Marshall Wace, said, "Over the last few years, we have been approached by several firms looking to invest in our business, but KKR offered something different: a true, long-term partnership. While our core operations and investment process will not change, we believe we will be able to build on the complementary relationships and skills of both firms to meet our clients' evolving investment requirements."

Commenting on the partnership, Scott Nuttall, Member of KKR and Head of Global Capital and Asset Management, said, "We believe Marshall Wace has built a premier franchise within the liquid alternatives space, and the firm has an entrepreneurial DNA and a culture that is similar to KKR's. This is an important step for both of our firms and the beginning of a long-term partnership."

Hedge fund assets, now at \$3 trillion globally, are the largest part of the alternative asset management industry. The more liquid component of the hedge fund market, or liquid alternatives, is now \$1.4 trillion and has grown at a 17% annualized rate since 1990, according to data from Hedge Fund Research, and this growth is expected to continue. Combining KKR and Marshall Wace's investment acumen, distribution network and geographic footprints will allow for innovative product development and enable both firms to further meet client needs in this high-growth area.

Johannes Huth, Member and Head of KKR Europe, Africa and Middle East, said, "Marshall Wace has an excellent track record, delivering time and again for investors. Combining the skills of both firms will enhance our ability to deliver for new and existing clients."

Upon close, the existing management team of Marshall Wace will continue to manage its business independently as it does today. All capital partners have signed long-term agreements, and Marshall Wace's investment strategies will remain unchanged. In addition, the vast majority of the proceeds received by the sellers at closing will be reinvested in Marshall Wace's funds and held in KKR common units.

Substantially all of Marshall Wace's \$22 billion in assets are subject to management and incentive fees. The transaction is expected to be immediately accretive to KKR's after-tax Total Distributable Earnings per unit and after-tax Economic Net Income per unit.

The transaction is expected to close later this year and is subject to regulatory approvals and other customary closing conditions.

## About KKR

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE:KKR), please visit KKR's website at [www.kkr.com](http://www.kkr.com) or on Twitter @KKR\_Co.

## About Marshall Wace

Founded in 1997 by Paul Marshall and Ian Wace, Marshall Wace is one of Europe's foremost hedge fund managers specializing in global long/short equity strategies and has approximately \$22bn under management as of August 1, 2015. With investment management offices in London, New York and Hong Kong, Marshall Wace has an excellent 17 year track record of innovation and investment success, consistently delivering risk-adjusted returns in two flagship products (Eureka and TOPS) in line with or above hedge fund and equity benchmarks, and with low correlation to the overall markets.

Through a range of products, investors can select funds offering variable sources of alpha and beta, in different combinations, from equity markets around the world. Marshall Wace brings together two distinct but complementary approaches to asset management. First, traditional, fundamental long/short investing grounded in stock-specific analytical research and secondly, Marshall Wace TOPS, the pioneering, and proprietary, systematic strategy. Marshall Wace also has a growing lending business called MW Eaglewood that specializes in direct lending and peer-to-peer investment strategies. Marshall Wace was also instrumental in the creation of the Hedge Fund Standards Board, which established a set of best practice standards for hedge fund managers related to disclosure, valuation, risk management, fund governance and shareholder conduct.

### CONTACT:

#### **Investor Contact**

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