
COMPANIES THE AMERICAS

KKR loses leadership candidates

By James Politi in New York

The future leadership of Kohlberg Kravis Roberts was thrown open yesterday after two senior executives widely viewed as leading candidates to succeed the founders announced that they would leave the US buy-out group.

Ned Gilhuly and Scott Stuart will leave at year-end to start a new fund focused on long term equity investing.

Their departures come at a time of generational change at many private equity groups whose founding partners are nearing retirement.

At KKR, Henry Kravis and George Roberts, the co-founders who shaped the firm into one of the world's largest and most successful buy-out groups, have been reluctant to relinquish control. However, the departures of Mr Gilhuly and Mr

Stuart appear not to have been acrimonious. KKR agreed to be an investor in and partial owner of the new fund, citing the "cross-fertilisation of ideas that emerge from different investment strategies".

"George and Henry are still very involved in the business and at some point that probably became fairly tiresome," said one New York-based investment banker who works with private equity groups.

Mr Gilhuly and Mr Stuart, room-mates at Stanford University, joined KKR in 1986 and served on the firm's investment committee. Mr Gilhuly is credited with setting up KKR's European business in the late 1990s, making it one of the earliest US buy-out groups to make a successful foray overseas.

Mr Stuart is one of the firm's most well-regarded US

dealmakers, and was also responsible for overseeing KKR Financial, the firm's real estate investment unit that recently went public.

"KKR is losing two men of high calibre intellectual capacity," said another banker. "But I think the firm will be able to move on because it has such a strong infrastructure."

A KKR spokeswoman echoed those words, saying the firm was "well-positioned to thrive under the leadership of a deep bench of talent."

In a statement, Mr Kravis and Mr Roberts thanked Mr Gilhuly and Mr Stuart for their "contributions": "As entrepreneurs ourselves, we understand and respect the desire to start a new enterprise and want to wish them well in the future."