

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

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**This brochure provides information about the qualifications and business practices of KR Capital Partners I, LP (the “Company” or “KR Capital Partners”). If you have any questions about the contents of this brochure, please contact us at (212) 888-6300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any securities authority.**

**Additional information about KR Capital Partners is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**KR Capital Partners may refer to itself as a registered investment adviser with the SEC or indicate that it is registered as an investment adviser with the SEC. These references do not imply that KR Capital Partners has a certain level of skill or training.**

Item 2 Material Changes

**Material Changes since the Last Update**

The Company has made no material changes since its last annual update which occurred in March of 2011.

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#### Item 4 Advisory Business

##### **Firm Description and Principal Owners**

KR Capital Partners was formed in May 1992 and registered as an adviser with the SEC in August of 1992. KR Capital Partners is a Delaware limited partnership whose general partner is KR Capital Advisors, Inc. (øKR Capital Advisorsø), an SEC registered investment adviser that is a privately held Delaware corporation whose principal shareholders (owning a combined 98% of the outstanding shares) are Edward D. Klein, Chairman/Chief Executive Officer/Portfolio Manager, and Martin E. Kaplan, President/Treasurer/Portfolio Manager. KR Capital Partnersø limited partners are Edward D. Klein, Martin E. Kaplan and members of their immediate families. KR Capital Partners serves as general partner of KR Capital Partners Fund I, L.P., a Delaware investment limited partnership (the øFundö).

##### **Types of Advisory Services**

KR Capital Partners provides continuous investment advisory services to the Fund. The Fundø investment objective is to seek superior investment returns by focusing on significant changes (actual or potential) occurring within industries or specific companies. The Fund invests primarily in equity securities issued by United States or foreign companies that are traded on national or international securities exchanges or in the over-the-counter market. KR Capital Partners has full discretion and authority to manage, invest and reinvest assets of the Fund, subject to any investment guidelines or restrictions that may be established by the Fund.

##### **Tailored Relationships**

The Fund is KR Capital Partnersø sole client. The detailed investment strategy of KR Capital Partnersø Fund client is set forth in the Fundø offering documents. Investors investing in KR Capital Partnersø Fund client cannot generally place investment restrictions on KR Capital Partners.

##### **Wrap Fee Programs**

KR Capital Partners does not participate in a wrap fee program.

##### **Client Assets**

As of December 31, 2011 KR Capital Partners had \$80.76 million of assets under management.

## Item 5 Fees and Compensation

### **Description**

KR Capital Advisors, the general partner of and a related person of KR Capital Partners, receives a quarterly fee from the Fund for its provision of administrative services in the amount of 0.25% of the Fund's limited partners' net asset value at the end of each fiscal quarter (1.0% per annum) (the "Administrative Fee"). KR Capital Advisors also bears all expenses incurred in the administration of the Fund (the "Administrative Expenses"), other than compensation to professionals for performing legal and accounting services for the Fund (which the Fund itself bears). The Administrative Fee may exceed the amount of Administrative Expenses.

See Item 6 for a description of the performance-based compensation KR Capital Partners is entitled to receive from the Fund.

### **Fees Deducted/Timing**

The Administrative Fee charged to the Fund is billed in arrears and deducted directly from Fund assets on a quarterly basis. For periods shorter than a full quarter the Administrative Fee is pro-rated.

### **Other Client Expenses**

The Fund bears its brokerage commissions, taxes, custodial fees and such other expenses that KR Capital Partners reasonably determines should not properly be considered Administrative Expenses of the Fund. (See Item 12.6 Brokerage Practices)

### **Compensation for the Sale of Securities**

KR Capital Partners does not accept compensation for the sale of securities or other investment products. (See Item 12.6 Brokerage Practices).

Except with respect to certain securities that are "new issues" pursuant to FINRA Rule 5130, at the end of each accounting period of the Fund, any net capital appreciation or depreciation will be allocated to the partners of the Fund (including KR Capital Partners) in proportion to their respective capital accounts. On each December 31, there will be reallocated to the account of KR Capital Partners (the "Special Allocation"): (i) an amount equal to 15% of the cumulative net capital appreciation (after deduction of cumulative net capital depreciation) allocated to the capital accounts of the Fund's limited partners (before giving effect to any Special Allocation to KR Capital Partners), such amount to be reduced (but not below zero) by (ii) the amount of Special Allocations previously made to KR Capital Partners. No Special Allocation will be made with respect to certain limited partners of the Fund that are principals or employees of, or are associated with, KR Capital Partners or its affiliates (including members of their families and trusts for their benefit) and that have been designated by KR Capital Partners as affiliated partners. The Special Allocation is not negotiable.

KR Capital Partners's right to receive performance-based compensation may create an incentive for KR Capital Partners to cause the Fund to make investments that are riskier or more speculative than would be the case if KR Capital Partners did not receive such compensation.

**Types of Clients**

At this time, KR Capital Partners provides investment advice to the Fund only.

**Suitability and Minimum Investment Requirements for Fund Investors**

All investors investing in the Fund must be accredited investors as that term is defined by Regulation D of the Securities Act of 1933, as amended, qualified clients within the meaning of the Investment Advisers Act of 1940, as amended, as well as meet certain sophistication requirements. The minimum investment amount in the Fund is \$500,000 per limited partner, subject to the discretion of KR Capital Partners to accept contributions in lesser amounts.

### **Method of Analysis**

KR Capital Partners will emphasize fundamental analysis in determining suitable investments for its clients. Through a careful study of fundamental factors such as cash flows, earnings, asset values, financial prospects, quality of management, competitive position in the industry, outlook for the industry and the economy, etc., KR Capital Partners will seek to evaluate the earnings potential of an investment and, in turn, its intrinsic value, and to determine whether the intrinsic value is above or below the actual price of the investment. KR Capital Partners, also considers various techniques of technical and monetary analysis to be valuable tools in the decision making process and in determining the timing of purchases and sales, although secondary in importance to fundamental analysis.

The sources of information to be used by KR Capital Partners in evaluating investments will vary with the particular investment. However, generally KR Capital Partners will use financial data services, financial newspapers and magazines, publicly available company prepared information (annual reports, prospectuses and press releases) and research materials prepared by others. In addition, to supplement this information, KR Capital Partners will attend company-sponsored meetings and visit various companies. Industry organizations and governmental agencies may also be consulted.

### **Investment Strategy**

KR Capital Partners' investment strategy, through its general partner, KR Capital Advisors, is primarily that of a bottom up large capitalization value equity investment manager. KR Capital Partners may also invest the Fund's assets in bonds or other fixed income securities. Additionally, when KR Capital Partners considers it appropriate, the Fund may utilize leverage, short sales and repurchase and reverse repurchase agreements in its investment program. Also, KR Capital Partners may have the Fund engage in hedging transactions, including the purchase of index options. KR Capital Partners will limit the number of positions in the Fund's portfolio in order to preserve the flexibility required to exploit a dynamic environment.

### **Risks**

*Risk of Loss.* An investment in the Fund entails a high degree of risk. There can be no assurance that the Fund will achieve its investment objective or that the strategies described in its offering documents will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Fund.

*Risks of Derivatives.* The Fund may trade derivatives, which includes options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) systemic risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that the Fund faces when it has performed its obligations under a contract but has not yet received value from its counterparty).



**Risks (continued)**

*Short Selling and Leverage.* The Fund's investment program may include such investment techniques as short selling and leverage which practices can, in certain circumstances, maximize the adverse impact to which the Fund's investments may be subject.

*Short Selling.* The Fund may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Fund may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the Fund's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

*Leverage.* The Fund expects to use leverage in its investment program when deemed appropriate by the General Partner and subject to applicable regulations. At times, the amount of such leverage may be substantial. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Fund purchases securities on margin and the value of those securities falls, the Fund may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Fund are collateralized with portfolio securities that decrease in value, the Fund may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Fund, in their sole discretion, may change the leverage limits that they extend to the Fund.

*Option Trading.* In seeking to enhance performance or hedge capital, the Fund may purchase and sell call and put options on both securities and stock indexes. Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e. a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments that are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

**Risks (Continued)**

*Fixed Income.* The Fund may invest in bonds or other fixed income securities, including commercial paper and “higher yielding” (and, therefore, higher risk) debt securities, when KR Capital Partners believes that such securities offer opportunities for capital growth. These securities may be below “investment grade” and face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer’s inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue such securities often are highly leveraged and may not have available to them more traditional methods of financing. It is likely that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to pay principal and interest and could increase the incidence of default on such securities.

*Hedging.* While the Fund may engage in certain hedging transactions designed to minimize the Fund’s risk, such activities may reduce the Fund’s overall return from its principal investments.

*In view of the foregoing considerations, an investment with KR Capital Partners is suitable only for investors who are capable of bearing the relevant risks (including a total loss of investment) and conflicts of interest. To the extent that prospective investors would benefit from an independent review, such benefit is not available through KR Capital Partners or any of its affiliates. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the risks of the offering. In addition, as the Fund’s investment program develops and changes over time, an investment with KR Capital Partners may be subject to additional and different risks. Please refer to the Fund’s offering documents for more risks pertinent to an investment in the Fund.*

Item 9      Disciplinary Information

There are no legal or disciplinary, criminal or civil actions, administrative proceedings or self-regulatory proceeds that have been initiated against KR Capital Partners or any of KR Capital Partners' management persons (which includes anyone with the power to exercise, directly or indirectly, a controlling influence over KR Capital Partners' management or policies, or to determine the general investment advice given to KR Capital Partners' clients) currently or in the ten years prior to the date set forth hereof.

Item 10      Other Financial Industry Activities and Affiliations

**Broker-Dealer or Registered Representative**

Neither KR Capital Partners nor any of KR Capital Partners' management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person**

Neither KR Capital Partners nor any of KR Capital Partners' management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of any of the foregoing.

**Material Relationships**

As discussed in Item 4 of this brochure, KR Capital Advisors, a registered investment adviser, serves as the general partner of KR Capital Partners. As KR Capital Partners is the general partner and investment manager to the Fund, KR Capital Advisors indirectly provides services to the Fund.

**Recommend or Select Other Investment Advisers**

KR Capital Partners does not recommend or select other investment advisers for KR Capital Partners' clients.

**Code of Ethics**

As an investment adviser, KR Capital Partners stands in a position of trust and confidence with respect to the Fund. Accordingly, KR Capital Partners has a fiduciary duty to the Fund. It has adopted a Code of Ethics, which has been accepted by all of KR Capital Advisors (its general partner) employees. The Code of Ethics sets forth policies with respect to standards of business conduct, personal trading, conflicts of interest and prevention of insider trading. Employees may not (a) engage in transactions or practices that defraud or deceive a client or prospective client; (b) knowingly sell any security to or purchase any security from a client when acting as a principal for his or her own account; (c) trade securities while in possession of material, non-public information or improperly communicate that information to others; and (d) transact in client securities on the same day as those transactions are executed for clients unless the client receives the lowest price on a purchase or the highest price on a sale.

A copy of the Code of Ethics is available to any limited partner or any prospective limited partner of the Fund upon request.

**Participation or Interest in Client Transactions and Personal Trading**

It is possible that KR Capital Partners may recommend to the Fund the purchase or sale of securities in which KR Capital Partners or an advisory representative of KR Capital Partners or KR Capital Advisors, directly or indirectly, has a position or interest and that the timing or nature of action taken by KR Capital Partners or an advisory representative of KR Capital Partners or KR Capital Advisors for their own account with respect to such securities may differ from that recommended to the Fund. In order to identify and avoid possible conflicts of interest, KR Capital Partners' general partner monitors (A) investment recommendations made to the Fund with respect to securities in which KR Capital Partners or any advisory representative of KR Capital Partners or its General Partner has a position or interest and (B) transactions by KR Capital Partners or any advisory representative of KR Capital Partners or its General Partner with respect to securities recommended to the Fund. In addition, where a purchase or sale of any security occurs on the same day for the Fund and KR Capital Partners or an advisory representative of KR Capital Partners or its General Partner, the Fund will receive the lowest price on a purchase and the highest price on a sale where price differences occur. KR Capital Partners/advisory representative of KR Capital Partners or KR Capital Advisors trades may be aggregated with Fund trades producing an equivalent average price for both the Fund and KR Capital or advisory representatives of KR Capital Partners or KR Capital Advisors.

It is possible that KR Capital Partners may recommend to the Fund the purchase or sale of securities that have been issued by companies that may be advisory clients of KR Capital Advisors.

### **Brokerage**

KR Capital Partners generally determines the broker or brokers through whom securities transactions for client accounts are executed. KR Capital Partners' selection of a broker takes into account such relevant factors as price; the broker's facilities, reliability and financial responsibility; the ability of the broker to effect securities transactions, particularly with respect to such aspects as timing, order size and execution of orders; and the research services provided by the broker to KR Capital Partners and its General Partner, which are expected to enhance general portfolio management capabilities, notwithstanding that the particular client to whom the brokerage commission is charged may not be the direct or exclusive beneficiary of such services.

KR Capital Partners and its General Partner may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transactions, in recognition of the value of (a) brokerage or (b) research services provided by the broker ("soft dollar items").

KR Capital Partners does not use brokerage to pay for client referrals.

KR Capital Partners does not require, recommend, request or permit a client to direct KR Capital Partners to execute transactions through a specified broker-dealer.

### **Soft Dollar Items**

Soft dollar items may be utilized for the benefit of KR Capital Partners and its General Partner's accounts. KR Capital Partners' General Partner uses soft dollars to acquire soft dollar items that KR Capital Partners or its General Partner would otherwise be obligated to provide to, or acquire at their own expense for, client assets under management. Nonetheless, KR Capital Partners believes that such soft dollar items may provide clients with benefits by supplementing the research and services otherwise available to the client.

Research services provided by brokers include industry reports, company reports, technical analysis, political analysis as well as third party quotation and other electronic data services that are used to assist in the investment decision making process and trade execution (Advent Software, Bloomberg, Interactive Data, Markets.com, NYSE, Omgeo, Russell, Thomson Financial, Wall Street Source and Zacks). Some of these services have mixed (research/non-research) uses. KR Capital Partners' General Partner uses its best efforts to determine the non-research component of the service and bears that cost itself.

Research services furnished by brokers through whom KR Capital Partners and its General Partner effects securities transactions may be used in servicing all of KR Capital Partners and its General Partner's accounts and not all such services may be used by KR Capital Partners or its General Partner in connection with the accounts which paid commissions to the broker providing such services.

KR Capital Partners may use soft dollars to pay for expenses otherwise payable by the Fund such as fund administration, accounting, auditing, legal and other services.

When KR Capital Partners and its General Partner use client brokerage commissions to obtain research or other products or services, KR Capital Partners and its General Partner receive a benefit because they do not have to produce or pay for the research, products or services.

Furthermore, KR Capital Partners and its General Partner may have an incentive to select or recommend a broker-dealer based on KR Capital Partners and its General Partner's interest in receiving the research or other products or services, rather than on their clients' interest in receiving most favorable execution.

**Aggregation**

Generally, when KR Capital Partners' General Partner enters orders for trades executed on behalf of the Fund and one or more of its other clients for the same securities, the executed trades are aggregated to produce an average price for the Fund and the General Partner's clients. KR Capital Partners and its General Partner believe that this practice results in a more equitable execution price for its clients.

Item 13      Review of Accounts

The Fund's investment account is reviewed daily by the General Partner's two portfolio managers (who also serve as the General Partner's Chairman and President). The portfolio managers ensure that the portfolio is constructed properly by reviewing the portfolio holdings detail report, the unrealized gains and losses report and the performance data for the Fund. The General Partner furnishes written quarterly narrative reports to the Fund's limited partners discussing performance and market conditions.



Item 14      *Client Referrals and Other Compensation*

KR Capital Partners is not compensated for investment advice by non-clients and KR Capital Partners does not compensate anyone for client referrals.

Item 15      *Custody*

KR Capital Partners by virtue of its role as general partner of the Fund is deemed to have custody of the Fund's assets. KR Capital Partners uses the services of independent third party qualified custodians to maintain physical custody of the Fund's assets. An independent public accountant audits the books and records of the Fund annually and the audited financial statements are distributed to the investors in the Fund within 120 days after the Fund's fiscal year-end.

Item 16      Investment Discretion

KR Capital Partners was formed expressly to manage the business of and the investment account portfolio of the Fund. KR Capital Partners is granted investment discretion by operation of the limited partnership agreement and subscription agreement. The limited partnership agreement also sets forth any guidelines and restrictions imposed on KR Capital Partners.

Item 17      Voting *Client* Securities

The limited partnership agreement gives authority to KR Capital Partners to vote proxies on behalf of the Fund. KR Capital Advisors will review all proxy materials relating to securities owned by the Fund. KR Capital Advisors will vote proxies in the manner it believes will maximize the economic value of the applicable securities, and will serve the best interests of the Fund. The Fund does not have the ability to direct KR Capital Partners to vote in a particular solicitation. In the event of any conflicts of interest the Fund may appoint an independent client representative to give or withhold the consent of the Fund. Proxy voting policies and procedures and information on how KR Capital Partners has voted proxies are available upon request.

Item 18 Financial Information

KR Capital Partners is not required to furnish a balance sheet under this section of the brochure.

No financial conditions exist that would impair KR Capital Partners or its general partner's ability to fulfill its contractual commitments to the Fund.