

## Goldman Sachs Group

### Veteran dealmaker to retire from Goldman

Henny Sender in New York FEBRUARY 12, 2013

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Goldman Sachs is losing one of its best-known dealmakers with the retirement of Henry Cornell as vice-chairman of its merchant banking division, according to an internal memo distributed on Tuesday.

The departure of Mr Cornell, 56, comes as Goldman is responding to new US rules that limit the investments it can make with its capital. Mr Cornell declined to comment and his plans were not disclosed by Goldman.

Mr Cornell, who joined Goldman nearly 30 years ago, played a leading role in some of its most profitable investments on both sides of the Pacific – including those in [Industrial & Commercial Bank of China](#), Kinder Morgan and McJunkin Red Man.

“Henry is an exceptionally shrewd investor and because he gets along so well with people they would rather have him as a partner than anyone else,” said Steve Friedman, a retired Goldman chairman.

Mr Cornell thrived during an era when Goldman raised giant private equity funds that included sizeable contributions from the bank and its employees.

In 2006, for example, Goldman’s largest private equity fund, Goldman Sachs Capital Partners 6, had \$20bn under management – including \$8bn in the bank’s capital and \$1bn in funds from employees.

However, under the Dodd-Frank financial reform of 2010, banks are barred from investing more than 3 per cent of their tier one capital in any single hedge fund or private equity fund and cannot

own more than 3 per cent of one of their funds.

This has forced Goldman to change its strategy. Its latest private equity fund, which is focused on energy, has only about \$1bn under management.

During Mr Cornell's career, Goldman's investment efforts were also marked by its attempts to collaborate with big private equity firms. It joined with TPG to invest in Burger King and it invited Carlyle into the Kinder Morgan deal.

The ICBC deal reflected Goldman's experience in China. Long before most private equity firms planted their flags there, Goldman was investing in Chinese companies such as [Ping An](#), the insurer.

Many of the Goldman investments were so lucrative under Mr Cornell that bank executives joked that they amounted to college funds for their children.

Mr Cornell was one of Goldman's 221 partners at the time of its initial public offering in 1999. The overwhelming majority have since left.

*Additional reporting by Tracy Alloway and Tom Braithwaite in New York*

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