

The New York Times | <http://nyti.ms/1BH1PWF>

DealB%k WITH FOUNDER
ANDREW ROSS SORKIN

Private Equity Firm HGGC Raises \$1.3 Billion for New Fund

By **MICHAEL J. de la MERCED** MARCH 4, 2015

The men whose names were once on prominent display at HGGC may no longer work there. But the private equity firm has still managed to raise a second investment fund without them.

HGGC plans to announce on Wednesday that it has closed its second private equity fund at \$1.33 billion, which surpassed both its projected target of \$1 billion and its first \$1.1 billion fund.

The closing comes two years after Robert Gay, the firm's co-founder and first chief executive, left what was then known as Huntsman Gay Global Capital to take up a position at the Church of Jesus Christ of Latter-Day Saints. The other half of that name, Jon Huntsman Sr., is the chairman of the chemical maker Huntsman.

But even after the departure of Mr. Gay, the middle-market private equity firm has continued to operate with the remaining professionals who have been with the investment concern since its founding in 2007. And in the yearlong fund-raising effort, executives sought to answer potential investors' questions about what the changeover has meant.

HGGC's answer, according to Rich Lawson, the firm's current chief executive: Not much.

Instead, Mr. Lawson and his colleagues — including Steve Young, the Hall of Fame former professional football quarterback — pointed to the firm's performance. It has already returned \$1.2 billion in capital to investors, or more than the entirety of the first fund, with several hundred million dollars in remaining investments left to sell.

Moreover, the firm's executives are the single largest group of investors in HGGC funds, giving them the same incentives as outside investors, Mr. Lawson said.

The firm has also struck some lucrative deals. It sold Hybris, an e-commerce services company, for over \$1 billion, much more than it paid. HGGC is betting that it can continue to find that kind of success by focusing on middle-market deals with purchase prices below \$1 billion.

“Deep down, what we're doing here is resonating with people,” Mr. Lawson said in an interview.

And there's more work to be done. Though the second HGGC fund has officially closed, the firm has already struck four deals from that investment vehicle, with an estimated six left to go.

Correction: March 4, 2015

An earlier version of this article misspelled the given name of a co-founder of HGGC. He is Jon Huntsman Sr., not John.