

Subject: FW: EOY Progress [I]  
From: Paul Morris <[REDACTED]>  
Date: Mon, 21 Dec 2015 11:44:32 -0500  
To: Chip Packard <[REDACTED]>  
Bcc: [REDACTED],  
[REDACTED]

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Chip, good to spend a few minutes together Friday, I appreciate the time. As I mentioned, I've never been more committed to the Private Bank and we are excited for 2016. I'm sure you saw the pipeline and KCP attachments which are both pretty incredible and the franchise impact is hard to measure by revenues alone. As we discussed, we are working with the ISG team daily at this point and I'm confident we will be leaders in their success over the coming years as well as for KCP. I know we have been talking about ISG for a long time so we are happy to see some tangible progress. GMIS revenues should be in the \$1.8-2.0 range a significant \$ and % delta over last year and NNA will end up strong despite some meaningful outflows we are losing to other firms, and not to benchmark other firms too much but this would put you in top quartile at JP I believe. Thanks again for all the help and support and have a wonderful and restful holiday. Merry Christmas and Happy New Year! See you in January.

From: Paul Morris  
Sent: Wednesday, December 09, 2015 12:47 PM  
To: Chip Packard  
Cc: Andrew Gallivan; Stewart Oldfield  
Subject: EOY Progress [I]

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Chip,

Just wanted to give you a quick performance and pipeline update as we get to the end of the year. Happy to discuss in more detail if you like. We've given Andrew the same info as well.

- With over \$100mm of NNA and multiple new accounts opened, we've met or exceeded our objectives there. We view these metrics as the key foundation for future revenues. NNA has come from ultra-high net worth families which will be users of the whole platform across investments and lending.

- On the revenue side, we will exit the year with run rate revenues close to (but probably slightly behind) our aggressive objective. Our focus on KCP and private markets transactions will make revenues fairly lumpy in the short term, and there are a couple of major transactions in the pipeline that will close in 1Q2016 rather than this year. Still, we are in a great place and have spent the second half of this year competing for and executing new business rather than just pitching.

- There have been a few disappointments this year, most of which we have already discussed. We continue to work through these and try to be part of the solution to build a better franchise.

- o KCP capital markets – They have not converted on new and existing account opportunities (including \$300mm of investment assets that are here). One of these new opportunities is Leon Black and his family where accounts are all set up and having him as a supportive client would be extremely valuable for our expanding Financial Leaders Practice. Hopefully ISG can help close this gap since we have the assets in house and clients who want to trade and invest more. This could easily be worth \$1mm+ of annual revenue.

- o KCP private markets – We are a good partner to the team and have been actively showing their deals to our top clients (see attached summary). Clients are consistently asking to see more opportunities so we have done a good job building an audience. More deal flow and having a couple of opportunities hit will dramatically increase our revenue. We could easily see \$2mm+ based on the existing pipeline.

- o Lending – We've brought in a few important lending opportunities (like Adam Lindemann and 54 Madison) and been unable to convert. We are certain we aren't putting our best foot forward here and would ask for help converting new opportunities as they arise. With a fragmented lending team across AWM and the investment bank, it is hard for new bankers (who haven't traditionally been lenders) to get business done. This has likely cost us several million dollars in revenue and the opportunity to build better relationships. We are still working on a couple of structured situations that could generate more than \$10mm.

Overall we feel like we're closing out the year on a strong note and are hugely optimistic about 2016. Improvements in KCP, the build out of ISG and a focus on lending will put us in a great position to outperform next year.

Thanks for your support

Stew & Paul