UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 13, 2011

ENVESTNET, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-34835	20-1409613
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

35 East Wacker Drive, Suite 2400 Chicago, Illinois	**60601**
(Address of principal executive offices)	(Zip Code)

(312) 827-2800
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

Explanatory Note

This Amendment No. 1 to Current Report on Form 8-K/A is being filed by Envestnet, Inc. ("Envestnet") solely for the purpose of amending and supplementing Item 9.01 of that certain Current Report on Form 8-K originally filed by Envestnet with the Securities and Exchange Commission ("SEC") on December 13, 2011 (the "Original Form 8-K") in connection with the acquisition of all of the outstanding shares of stock of FundQuest Incorporated ("FundQuest") from BNP Paribas Investment Partners USA Holdings Inc. The acquisition by Envestnet of the stock of FundQuest closed on December 13, 2011. As indicated in the Original Form 8-K, this Form 8-K/A is being filed to provide the information required by Item 9.01(a) and (b) of Form 8-K, which was not previously filed with the Original Form 8-K as permitted by the rules of the SEC.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial statements of business acquired.*

The following financial statements of FundQuest are being filed as exhibits to this amendment and are incorporated by reference herein:

Exhibit 99.1 — FundQuest's audited financial statements, including the independent auditor's report, as of and for the year ended December 31, 2010.

Exhibit 99.2 — FundQuest's audited financial statements, including the independent auditor's report, as of and for the nine month period ended September 30, 2011.

(b) *Unaudited pro forma financial information.*

The following pro forma financial information is being filed as an exhibit to this amendment and is incorporated by reference herein:

Exhibit 99.3 — Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet as of September 30, 2011 and for the nine months ended September 30, 2011 and for the year ended December 31, 2010.

Forward-Looking Statements

Information in this Current Report on Form 8-K/A, together with the exhibits attached hereto, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, including, but not limited to, statements regarding the integration of Envestnet and FundQuest, the expected benefits and costs of the FundQuest acquisition; Envestnet's plans relating to the acquisition; the future financial and accounting impact of the acquisition; and any statements of expectation or belief or assumptions underlying any of the foregoing. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results and the timing of certain events to differ materially from the forward-looking statements, include, but are not limited to, the possibility that the expected costs and benefits of the acquisition may not materialize as expected; the possibility that preliminary financial reporting estimates and assumptions may prove to be incorrect; the failure of Envestnet to successfully integrate the FundQuest business or realize synergies; conditions in the capital and financial markets, general economic conditions and other risks that are described in Envestnet's Annual Report on Form 10-K for the year ended December 31, 2010.

(d) *Exhibits.*

The following exhibits are filed as part of this Current Report on Form 8-K/A.

Exhibit No.	Description
23.1	Consent of Deloitte & Touche LLP, Independent Auditors.
23.2	Consent of McGladrey & Pullen LLP, Independent Auditors.
99.1	Audited financial statements of FundQuest, Incorporated as of and for the year ended December 31, 2010 and Independent Auditors Report therein.
99.2	Audited financial statements of FundQuest, Incorporated as of and for the nine months ended September 30, 2011 and Independent Auditors Report therein.
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet as of September 30, 2011 and for the nine months ended September 30, 2011 and for the year ended December 31, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENVESTNET, INC.

By:	/s/ Peter D'Arrigo
Name:	Peter D'Arrigo
Title:	Chief Financial Officer

Date: February 27, 2012

EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement No. 333-169050 on Form S-8 of our report dated December 16, 2011, relating to the financial statements of FundQuest, Incorporated as of and for the year ended December 31, 2010, appearing in this Current Report on Form 8-K/A of Envestnet, Inc.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 27, 2012

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (No. 333-169050) on Form S-8 of Envestnet, Inc., of our report dated February 27, 2012, relating to our audit of the financial statements of FundQuest, Incorporated as of and for the nine month period ended September 30, 2011 included in the Current Report on Form 8-K/A.

/s/ McGladrey & Pullen LLP
February 27, 2012

Exhibit 99.1

FundQuest, Incorporated
(A BNP Paribas Company)

Financial Statements as of and for the
Year Ended December 31, 2010, and
Independent Auditors' Report

FUNDQUEST, INCORPORATED

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
FundQuest, Incorporated:

We have audited the accompanying statement of financial condition of FundQuest, Incorporated (the "Company") as of December 31, 2010, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
December 16, 2011

FUNDQUEST, INC.

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2010

ASSETS	
CURRENT ASSETS:	
Cash	$ 2,121,776
Accrued fees receivable	4,266,537
Progress fee receivable	666,667
Prepaid expenses and other current assets	602,061
Total current assets	7,657,041
Information technology and other equipment — net	178,944
OTHER ASSETS:	
Restricted cash	430,000
Security deposit	8,340
Deferred income taxes	117,170
Warrants	7,746,667
Total other assets	8,302,177
TOTAL	$16,138,162
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 2,370,400
Payable for platform fees	2,329,734
Deferred platform fee credits	1,937,180
Lease exit costs payable	685,936
Income taxes payable	117,170
Total current liabilities	7,440,420
LONG-TERM LIABILITIES:	
Deferred platform fee credits	10,331,623
Lease exit costs payable	1,284,292
Security deposit payable to sublessees	183,813
Total long-term liabilities	11,799,728
Total liabilities	19,240,148
COMMITMENTS AND CONTINGENCIES (Note 9)	
STOCKHOLDER'S EQUITY (DEFICIT):	
Common stock, par value $.01 per share, 25,000,000 shares authorized, 100 shares issued and outstanding	1
Additional paid-in capital	200,000
Accumulated deficit	(3,301,987)
Total stockholder's deficit	(3,101,986)
TOTAL	$16,138,162

See notes to financial statements.

FUNDQUEST, INC.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUES:	
Advisory fees	$ 19,647,653
Development fee	47,750
Total revenues	19,695,403
OPERATING EXPENSES:	
Compensation and employee-related expenses	13,635,606
Professional services	5,983,997
Occupancy and related expenses	1,907,044
Loss on disposal of fixed assets	3,258,826
General administrative and marketing	1,444,736
Information technology	1,024,484
Depreciation and amortization	829,994
Travel and entertainment	536,799
Total operating expenses	28,621,486
LOSS FROM OPERATIONS	(8,926,083)
OTHER INCOME AND EXPENSES:	
Interest income	9,398
Other income	4,694,121
Interest expense	(11,424)
Total other income	4,692,095
LOSS BEFORE INCOME TAX EXPENSE	(4,233,988)
INCOME TAX EXPENSE	456
NET LOSS	$ (4,234,444)

See notes to financial statements.

FUNDQUEST, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

	Number of Shares	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
BALANCE — January 1, 2010	100	$ 1	$ —	$ 932,457	$ 932,458
Net loss				(4,234,444)	(4,234,444)
Capital contribution			200,000		200,000
BALANCE — December 31, 2010	100	$ 1	$200,000	$(3,301,987)	$(3,101,986)

See notes to financial statements.

FUNDQUEST, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (4,234,444)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	829,994
Loss on disposal of fixed assets	3,258,826
Unrealized gain on warrants	(4,486,412)
Deferred rent	(1,017,921)
Deferred income tax benefit	(117,170)
Noncash expenses paid by Parent	200,000
Changes in operating assets and liabilities:	
Accrued fees receivable	(501,101)
Progress fee receivable	(666,667)
Prepaid expenses and other current assets	(287,977)
Accounts payable and accrued expenses	(430,861)
Deferred revenue	(138,200)
Payable for platform fees	2,329,734
Deferred platform fee credits	9,008,548
Lease exit costs payable	1,970,228
Income taxes payable	117,170
Net cash provided by operating activities	5,833,747
CASH FLOWS FROM INVESTING ACTIVITY — Purchases of technology and equipment	(73,352)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of credit facility	(5,000,000)
Proceeds from credit facility	1,000,000
Security deposits received from subleases	183,813
Net cash used in financing activities	(3,816,187)
NET INCREASE IN CASH	1,944,208
CASH — Beginning of year	177,568
CASH — End of year	$ 2,121,776
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING TRANSACTIONS:	
During the year ended December 31, 2010, the Company received warrants with a grant-date fair value of $3,260,255 pursuant to the outsourcing agreement (see notes 1 and 9)	
Noncash capital contribution received by the Company from Parent in the form of expenses paid by Parent on behalf of the Company of $200,000	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Interest paid during the year ended December 31, 2010	$ 28,839

See notes to financial statements.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

FundQuest, Incorporated (the “Company”) is a Delaware Corporation that manages and administers assets in fee-based investment programs for institutions and retail clients. The Company is registered with the Securities and Exchange Commission, as a registered investment adviser. Effective on October 1, 2010, the Company became a 100% direct subsidiary of BNP Paribas Investment Partners USA Holdings, Inc. (“Parent”) (formerly known as Charter Atlantic Corporation), a wholly owned subsidiary of Paribas North America, Inc.

On February 8, 2010, the Company entered into a seven-year Outsourcing Agreement with a third party whereby the Company is utilizing the third party’s platform technology system to service its customer base (“Outsourcing Agreement”). As a result, the Company is no longer directly providing middle and back-office services to its clients, but continues to provide management and advisory services to its clients. See Note 9 for further discussion and accounting related to the Outsourcing Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition — Advisory fees are derived from money management, administration, and reporting services to institutional and retail clients. The Company records revenue (advisory fees) based on the terms of the advisory agreement, as a stated percentage of assets under management and advisory fees are recognized in revenue as earned.

The Company has contractual arrangements with clients to provide certain services, including subadvisory and distribution-related services. Management’s determination of whether revenue should be reported gross, based on the amount paid by the clients, or net of payments to third party service providers is based on management’s assessment of whether the Company is acting as the principal service provider or is acting as an agent. The primary factors considered in assessing the nature of the Company’s role include: (1) whether the Company is responsible for the fulfillment of the obligation, including the acceptability of the services provided; (2) whether the Company has reasonable latitude to establish the price of the service provided; (3) whether the Company has the discretion to select the service provider; and (4) whether the Company assumes credit risk in the arrangement.

Interest income earned on cash balances is accrued as earned.

During the year ended December 31, 2010, the Company’s five largest clients represented approximately 21.3%, 9.6%, 9.6%, 8.6%, and 7.8%, respectively, of total advisory fees.

Cash — Cash consists of demand deposits and term deposits with an original maturity of three months or less.

Information Technology and Other Equipment — Information technology and other equipment are carried at cost less accumulated depreciation. Both information technology and other equipment are depreciated using the double-declining method over the assets' estimated useful lives, which range from three to eight years.

Warrants — The Company holds warrants in a public company, as more fully described in Notes 3 and 9, which are accounted for as a derivative instrument at December 31, 2010, and recognized in the statement of financial condition at fair value with the corresponding unrealized gain recorded in other income, as such derivative instrument has not been designated as a hedging instrument.

Income Taxes — The Company is included in the consolidated federal and state income tax return filed by Paribas North America, Inc. The Company's income tax provision is determined on a separate legal entity-basis based on the results of operations of the Company.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company follows the provisions of Accounting Standards Codification (ASC) 740, *Accounting for Uncertainty in Income Taxes*. Under this guidance, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company presently does not have any unrecognized tax benefits recorded in the accompanying financial statements.

The Company's major tax jurisdictions are federal and the Commonwealth of Massachusetts. The earliest tax year that remains subject to examination by these jurisdictions is 2007. The Company's policy is to record interest and penalties associated with uncertain tax positions in income tax expense.

New Accounting Pronouncements —

Fair Value Measurements — In January 2010, the FASB issued guidance on improving disclosures about fair value measurements. The guidance requires additional disclosure on transfers in and out of Levels 1 and 2 in the fair value hierarchy and the reasons for such transfers. In addition, for fair value measurements using significant unobservable inputs (Level 3), the reconciliation of beginning and ending balances shall be presented on a gross basis, with separate disclosure of gross purchases, sales, issuances, and settlements and transfers in and transfers out of Level 3. The new guidance also requires enhanced disclosures on the fair value hierarchy to disaggregate disclosures by each class of assets and liabilities. In addition, an entity is required to provide further disclosures on valuation techniques and inputs used for fair value measurements that fall in either Level 2 or Level 3. The guidance is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010. The Company adopted the guidance, excluding the reconciliation of Level 3 activity, with the issuance of its December 31, 2010, financial statements. Adoption did not have a material impact on the Company's financial statements.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Company has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets in active markets
- quoted prices for identical or similar assets in inactive markets
- inputs other than quoted prices that are observable for the asset
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

At December 31, 2010, the Company holds non-publically traded warrants, as more fully described in Note 9, to purchase shares of a public company (this company completed an initial public offering (IPO) on July 29, 2010). The warrants have been valued using a Black-Scholes option-pricing model with the following significant inputs:

Number of warrants	1,388,889
Exercise price (120% of IPO price of $9.00)	$10.80 per share
Stock price	$16.38 per share

The Company's assets at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2010, are as follow:

	Level 1	Level 2	Level 3	Total
Warrants	$ —	$7,746,667	$ —	$7,746,667
Total	$ —	$7,746,667	$ —	$7,746,667

4. INFORMATION TECHNOLOGY AND OTHER EQUIPMENT

At December 31, 2010, information technology and other equipment consisted of the following:

Information technology and other equipment	$ 491,018
Less accumulated depreciation	(312,074)
Information technology and other equipment — net	$ 178,944

5. INCOME TAXES

The Company's effective tax rate of 0.011% differs from the federal statutory tax rate of 35% largely due to nondeductible expenses and the application of a valuation allowance against its net deferred tax asset.

Significant components of the income tax provision as of December 31, 2010, are as follows:

Income tax:	
Current tax expense:	
Federal	$ 117,170
State	456
Total current tax expense	117,626
Deferred tax benefit:	
Federal	(117,170)
State	—
Total deferred tax benefit	(117,170)
Total income tax expense	$ 456

Deferred tax assets and liabilities of the Company are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws expected to be in force when the differences reverse. The deferred tax assets are primarily composed of federal and Massachusetts net operating loss carry forwards of $2,297,087 and $150,210, respectively, as well as platform fee credits of $3,761,400. Unused federal net operating losses will expire between 2021 and 2029 and unused Massachusetts net operating losses will expire between 2012 and 2014.

Components of the Company's net deferred tax assets as of December 31, 2010, are as follows:

Deferred tax assets:	
Professional fees	$ 80,725
Depreciation	30,549
Accrued expenses	867,619
State and Federal net operating losses	2,447,297
Platform fee credits	3,761,400
Alternative minimum tax credit	117,170
Total deferred tax assets	7,304,760
Deferred tax liabilities:	
Section 481(a) adjustment	185,869
Deferred income	269,084
Unrealized gain on warrants	620,233
Total deferred tax liabilities	1,075,186
Valuation allowance	(6,112,404)
Net deferred tax assets	$ 117,170

A valuation allowance totaling $6,112,404 has been applied against the Company's net deferred tax assets as the Company has determined that it is more likely than not that the net operating loss deferred tax assets will expire prior to use.

6. OTHER INCOME

In 2010, the Company received proceeds of $207,709 from an insurance claim, which has been recorded in other income. In addition, within this line item is unrealized gain on derivative transaction in the amount of $4,486,412, which is the mark to market adjustment of the warrants described in Note 3, as of December 31, 2010. See Note 9 for further description of the accounting for the warrants.

7. RELATED PARTIES

The Company provides information management, and other professional and administrative services to its stockholder, affiliated investment partnerships, and other entities, which are related parties. Amounts recorded related to such services were $128,040 for the year ended December 31, 2010.

The Company had a credit facility with an affiliate for $4,000,000, which was paid in full and terminated during 2010. Total interest expense on the credit facility during 2010 was $11,424, which was based on LIBOR (defined as London Interbank Offered Rate), plus a margin.

8. COMMITMENTS AND CONTINGENCIES

From matters arising in the ordinary course of business, the Company at times may be subject to actual, pending or threatened litigation, claims, or assessments. Based on the most recent information available, the Company periodically assesses the contingencies related to such matters and considers the need to record reserves in the event it is deemed probable that a liability has been incurred and the amount of its contingent loss, net of any applicable insurance coverage, can be reasonably estimated. As additional information becomes available, the Company adjusts its assessment and estimates of such liabilities. Based on management's assessment, litigation is not expected to have a material impact on the financial statements.

The Company has an operating lease for its office space which is subject to escalations based on increases in the lessors' operating costs and property taxes. The Company subleases all of its premises to third parties. The future minimum lease commitments, excluding escalations, as well as the committed sublease income, as of December 31, 2010, listed below:

Year	Total	Sublease Income	Net Lease Commitments
2011	$1,113,709	$ 637,087	$ 476,622
2012	1,144,014	768,952	375,062
2013	1,174,319	788,293	386,026
2014	1,204,625	804,419	400,206
2015	303,050	201,610	101,440
Total	$4,939,717	$3,200,361	$ 1,739,356

Rent expense for the year ending December 31, 2010 was $305,857 and is included within the occupancy and related expenses in the statement of operations.

The Company has a $430,000 Irrevocable Standby Letter of Credit as security for a seven-year office lease. The letter of credit has an annual response date for automatic extension which was renewed in June 2011 and a final expiration date of no later than June 30, 2015. The letter of credit is collateralized by a $430,000 certificate of deposit which is recorded as restricted cash in the statement of financial condition.

9. OUTSOURCING AGREEMENT

On February 8, 2010, the Company entered into a seven year agreement with a third party to outsource its technology platform services business effective April 30, 2010. Pursuant to this agreement, the Company pays platform fees at an agreed upon rate applied to those assets under management to which this agreement relates. These platform fees are recorded as an expense within Professional Services on the statement of operations. In addition, the Company has received and will receive considerations from the third party as an inducement to enter into the agreement as further described below.

Upfront Payment — The Company received an upfront payment in the amount of $10,300,000 which is amortized on a straight line basis over the life of the agreement as a reduction of the costs of services the third party is providing to the Company. A credit in the amount of $980,952 has been reflected in Professional Services on the statement of operations for the year ended December 31, 2010 and the remaining $9,319,048 has been deferred and is reflected as Deferred Platform Fee Credits within the statement of financial condition.

Progress Payments — The Company is also receiving progress payments of $1,000,000 annually over the first five years of the agreement. Such amounts are recognized as they become due and have been recorded in the financial statements as Progress Fee Receivable and a credit to Professional Services within the statement of operations.

Deferred Payment — Within 60 days after the fifth anniversary of the effective date of the agreement, the third party will pay the Company (the "deferred payment"), an amount calculated as the difference between the average annual revenues earned by the third party under the agreement over the five year period times 2.3 and the Upfront Payment. Such deferred payment can never be a negative amount. The Company has not recognized any amounts in the financial statements related to the deferred payment as realization cannot be assured beyond a reasonable doubt at this time.

Warrants — The Company also entered into a separate agreement with this same third party on February 8, 2010, whereby this third party granted to the Company warrants ("Warrants") to purchase common stock. The exercise date of the Warrants was July 29, 2010, which is the date the third party completed an IPO, the par value is $.001, the warrant price is 120% of the IPO price, and the expiration date is 42 months after initial exercise date. The Warrants are nontransferable unless transfer is made to a party approved by the third party and there are no voting rights nor are they entitled to receive dividends. The fair value of the Warrants upon issuance was $3,260,255 and is accounted for as additional consideration related to the agreement and is recognizing as a reduction of the costs of the services the third party provides the Company within Professional Services within the statement of operations over the term of the agreement (fair value on issuance was $3,260,255 of which $310,500 has been reflected in the current year income statement). The gain from issuance date through December 31, 2010 has been recognized in Other Income on the statement of operations in the amount of $4,486,412.

The reserves for restructuring costs related primarily to the above Outsourcing Agreement as of December 31, 2010, and include the following activity:

	Severence (1)	Lease Exit Costs Payable (2)	Professional Services (3)	Information Technology (4)	Total
Balance — beginning of the year	$ —	$ —	$ —	$ —	$ —
Provision	4,334,322	2,056,733	1,293,966	82,854	7,767,875
Payments	(4,055,930)	(86,505)	(1,293,966)	(76,354)	(5,512,755)
Balance — end of year	$ 278,392	$1,970,228	$ —	$ 6,500	$ 2,255,120

(1) Ending severance accrual is included within accounts payable and accrued expenses and provision is included within compensation and employee-related expenses.
(2) Cash payments are net of sublease income. Provision is included within occupancy and related expenses.
(3) Professional services primarily related to parallel processing and legal services.
(4) Information technology provision is included within information technology and the ending accrual is included in accounts payable and accrued expenses.

In addition, expenses were recorded in 2010 primarily related to outsourcing transaction to dispose of fixed assets no longer in use in the amount of $3,258,826.

10. SUBSEQUENT EVENTS

Management has reviewed and evaluated all significant events and transactions that occurred after December 31, 2010 and through December 16, 2011, the date that these financial statements were available to be issued. This evaluation was made for all recognized and unrecognized subsequent events. The following subsequent events were identified:

On August 5, 2011, the Company's Parent entered into a Stock Purchase Agreement to sell all of the issued and outstanding shares of capital stock of the Company to the same party with whom the Company entered into an Outsourcing Agreement as discussed in Note 9. The expected closing of the deal is December 2011.

On August 15, 2011, the Company sold the warrants discussed in Notes 3 and 9, to an unrelated third party. Additionally, the board of FundQuest unanimously approved a dividend to its parent BNP Paribas Investment Partners USA Holding, Inc. for an amount equal to the proceeds on the sale of the Warrants.

* * * * * *

Exhibit 99.2

FUNDQUEST, INCORPORATED
(a BNP paribas company)

Financial Statements as of and for the
Nine Months Ended September 30, 2011
Independent Auditors' Report

FUNDQUEST, INCORPORATED

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
FundQuest, Incorporated

We have audited the accompanying statement of financial condition of FundQuest, Incorporated (the "Company") as of September 30, 2011, and the related statements of operations, changes in stockholder's equity and cash flows for the nine month period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2011, and the results of its operations and its cash flows for the nine month period then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9 to the financial statements, on December 13, 2011, BNP Paribas Investment Partners USA Holdings, Inc. sold all of the issued and outstanding shares of capital stock of FundQuest, Inc. to Envestnet, Inc.

/s/ McGladrey & Pullen LLP

Chicago, Illinois
February 27, 2011

FUNDQUEST, INCORPORATED

STATEMENT OF FINANCIAL CONDITION
AS OF SEPTEMBER 30, 2011

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 2,932,295
Accrued fees receivable	4,156,272
Progress fee receivable	416,667
Prepaid expenses and other current assets	116,440
Total current assets	7,621,674
Information technology, furniture and other equipment, net	465,026
OTHER ASSETS:	
Restricted cash	430,000
Security deposit	8,340
Deferred income taxes	117,170
Total other assets	555,510
TOTAL	$ 8,642,210
LIABILITIES AND STOCKHOLDER'S DEFICIT	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 3,042,588
Payable for platform fees	2,140,000
Deferred platform fee credits	1,937,180
Lease exit costs payable	471,829
Income taxes payable	117,679
Total current liabilities	7,709,276
LONG-TERM LIABILITIES:	
Deferred platform fee credits	8,878,739
Lease exit costs payable	958,123
Security deposit payable	183,813
Other long term liabilities	45,717
Total long-term liabilities	10,066,392
Total liabilities	17,775,668
COMMITMENTS AND CONTINGENCIES (Note 6)	
STOCKHOLDER'S EQUITY (DEFICIT)	
Common stock, par value $0.01, 25,000,000 shares authorized, 100 shares issued and outstanding	1
Additional paid-in capital	200,000
Accumulated deficit	(9,333,459)
Total stockholder's equity	(9,133,458)
TOTAL	$ 8,642,210

See notes to financial statements.

FUNDQUEST, INCORPORATED

STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

REVENUES:	
Advisory fees	$ 15,858,063
OPERATING EXPENSES:	
Professional services	8,242,043
Compensation and employee-related expenses	3,891,755
General administrative and marketing	960,431
Information technology	397,713
Travel and entertainment	292,515
Occupancy and related expenses	274,698
Depreciation and amortization	67,544
Total operating expenses	14,126,699
INCOME FROM OPERATIONS	1,731,364
NONOPERATING INCOME AND EXPENSES	
Interest income	1,995
Loss on sale of warrants	(5,351,946)
Interest expense	(17,707)
Total other nonoperating expense	(5,367,658)
LOSS BEFORE INCOME TAX EXPENSE	(3,636,294)
INCOME TAX EXPENSE	456
NET LOSS	$ (3,636,750)

See notes to financial statements.

FUNDQUEST, INCORPORATED

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

	Number of shares	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balance - January 1, 2011	100	$ 1	$ 200,000	$(3,301,988)	$(3,101,987)
Net loss	—	—	—	(3,636,750)	(3,636,750)
Dividends paid	—	—	—	(2,394,721)	(2,394,721)
Balance - September 30, 2011	100	$ 1	$ 200,000	$(9,333,459)	$(9,133,458)

See notes to financial statements.

FUNDQUEST, INCORPORATED

STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (3,636,750)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	67,544
Loss on sale of warrants	5,351,946
Deferred rent liability	45,717
Changes in operating assets and liabilities	
Accrued fees receivable	110,265
Progress fee receiveable	250,000
Prepaid expenses and other current assets	485,621
Accounts payable and accrued expenses	672,188
Payable for platform fees	(189,734)
Deferred platform fee credits	(1,452,884)
Lease exit costs payable	(540,276)
Income taxes payable	509
Net cash provided by operating activities	1,164,146
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of technology, equipment and furniture	(353,627)
Proceeds from sale of warrants	2,394,721
Net cash provided by investing activities	2,041,094
CASH FLOWS FROM FINANCING ACTIVITIES:	
Dividends paid	(2,394,721)
Net cash provided by financing activities	(2,394,721)
NET INCREASE IN CASH	810,519
CASH - Beginning of period	2,121,776
CASH - End of period	$ 2,932,295

See notes to financial statements.

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

FundQuest, Incorporated (the "Company") a 100% direct subsidiary of BNP Paribas Investment Partners USA Holdings, Inc. ("Parent") (formerly known as Charter Atlantic Corporation), a wholly owned subsidiary of Paribas North America, Inc., is a Delaware Corporation that manages and administers assets in fee-based investment programs for institutions and retail clients. The Company is registered with the Securities and Exchange Commission, as a registered investment adviser.

In 2010, the Company entered into a seven-year Outsourcing Agreement with a third party whereby the Company is utilizing the third party's platform technology system to service its customer base ("Outsourcing Agreement"). As a result, the Company is no longer directly providing middle and back-office services to its clients, but continues to provide management and advisory services to its clients. See Note 7 for further discussion and accounting related to the Outsourcing Agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition — Advisory fees are derived from money management, administration, and reporting services to institutional and retail clients. The Company records revenue (advisory fees) based on the terms of the advisory agreement, as a stated percentage of assets under management and advisory fees are recognized in revenue as earned.

The Company has contractual arrangements with clients to provide certain services, including subadvisory and distribution-related services. Management's determination of whether revenue should be reported gross, based on the amount paid by the clients, or net of payments to third party service providers is based on management's assessment of whether the Company is acting as the principal service provider or is acting as an agent. The primary factors considered in assessing the nature of the Company's role include: (1) whether the Company is responsible for the fulfillment of the obligation, including the acceptability of the services provided; (2) whether the Company has reasonable latitude to establish the price of the service provided; (3) whether the Company has the discretion to select the service provider; and (4) whether the Company assumes credit risk in the arrangement.

During the nine months ended September 30, 2010, the Company's four largest clients represented approximately 19.2%, 13.4%, 10.6% and 10.6%, respectively, of total advisory fees.

Cash and Cash Equivalents — Cash and cash equivalents consists of demand deposits and term deposits with an original maturity of three months or less. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, and deposits to the extent of the amounts recorded on the balance sheets exceed federal depository insurance limits when applicable. Risks associated with cash and cash equivalents are mitigated by banking with highly creditworthy institutions. Interest income earned on cash balances is accrued as earned.

Information Technology and Other Equipment — Information technology and other equipment are carried at cost less accumulated depreciation. Both information technology and other equipment are depreciated using the double-declining method over the assets' estimated useful lives, which range from three to eight years. Leasehold improvements are depreciated over the life of the lease or the asset, whichever is shorter. Repair and maintenance costs are expense as incurred.

Warrants — The Company accounts for warrants as a derivative instrument with gains and losses resulting from changes in fair value recorded in non operating income and expense on the accompanying statement of operations.

Income Taxes — The Company is included in the consolidated federal and state income tax return filed by Paribas North America, Inc. The Company's income tax provision is determined on a separate legal entity-basis based on the results of operations of the Company.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company follows the provisions of Accounting Standards Codification (ASC) 740, *Accounting for Uncertainty in Income Taxes*. Under this guidance, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company presently does not have any unrecognized tax benefits recorded in the accompanying financial statements.

The Company's major tax jurisdictions are federal and the Commonwealth of Massachusetts. The earliest tax year that remains subject to examination by these jurisdictions is 2008. The Company's policy is to record interest and penalties associated with uncertain tax positions in income tax expense.

Financial instruments and fair value measurements — Fair Value Measurements are determined by the Company's adoption of ASC 820-10, *Fair Market Measurements and Disclosures*, with the exception of the application of the statement to nonrecurring, nonfinancial assets and liabilities as permitted. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal (or most advantageous market) for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs measuring fair value into three broad levels as follows:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities.

Level 2 – Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or the liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs reflecting the Company's own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

With the sale of the Warrant during 2011, at September 30, 2011, the Company did not hold financial instruments subject to fair value measurement.

New Accounting Pronouncements —

Comprehensive Income — In June 2011, the FASB issued guidance that requires all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements, and it eliminates the option to present components of other comprehensive income as a part of the statement of changes in stockholders' equity. In addition, this guidance requires an entity to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. These amendments are to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, early adoption is permitted. The Company does not anticipate the adoption of this guidance will have a material impact on the Company's financial statements.

NOTE 3. INFORMATION TECHNOLOGY AND OTHER EQUIPMENT

At September 30, 2011, information technology and other equipment consisted of the following:

Information technology, furniture and other equipment	$ 844,645
Less: accumulated depreciation	(379,619)
Information technology, furniture and other equipment, net	$ 465,026

NOTE 4. INCOME TAXES

The Company's effective tax rate differs from the federal statutory tax rate of 35% largely due to nondeductible expenses and the application of a valuation allowance against its net deferred tax asset.

Significant components of the income tax provision as of September 30, 2011, are as follows:

Income tax:	
Current tax expense:	
Federal	$ —
State	456
Total current tax expense	456
Deferred tax expense:	
Federal	164,163
State	61,959
Less: Valuation allowance	(226,122)
Total deferred tax expense	—
Total income tax expense	$ 456

Deferred tax assets and liabilities of the Company are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws expected to be in force when the differences reverse. The deferred tax assets are primarily composed of federal and Massachusetts net operating loss carry forwards as well as platform fee credits of $3,315,972. The net operating losses reflect the historic losses as incurred by the Company. However, the Company files a consolidated tax return with their parent. Under a tax sharing agreement, these net operating losses have been previously utilized.

Components of the Company's net deferred tax assets as of September 30, 2011, are as follows:

Deferred tax assets:	
Professional fees	$ 80,725
Accrued expenses	581,983
Federal and state net operating losses	2,887,960
Platform fee credits	3,315,972
AMT credit	117,170
Total deferred tax assets	6,983,810
Deferred tax liabilities:	
Section 481(a) adjustment	123,913
Depreciation	135,118
Deferred income	269,083
Total deferred tax liabilities	528,114
Valuation allowance	(6,338,526)
Net deferred tax asset	$ 117,170

A valuation allowance totaling $6,338,526 has been applied against the Company's net deferred tax assets as the Company has determined that it is more likely than not that the net operating loss deferred tax assets will not be utilized.

NOTE 5. RELATED PARTIES

The Company provides information management, professional and administrative services to its stockholder, affiliated investment partnerships, and other entities, which are related parties. Amounts recorded related to such services were $28,186 for the nine months ended September 30, 2011.

The Company receives certain back-office support services (i.e. Finance, Human Resources, marketing, Compliance, and Information Technology) from its Parent, BNP Paribas Investment Partners USA Holdings, Inc. Amounts recorded related to such services were $646,795 for the nine months ended September 30, 2011 and are included in Professional Services within the Statement of Operations. At September 30, 2011, the Company has accrued $385,482, included in accounts payable and accrued expenses on the accompanying statement of financial condition, for said services.

During 2011, the Company's Board of Directors unanimously approved a dividend to its parent, BNP Paribas Investment Partners USA Holding, Inc. in amount of $2,394,721.

The Company has also entered into a space sharing agreement with an affiliate, as further referenced in Note 6.

NOTE 6. COMMITMENTS AND CONTINGENCIES

From matters arising in the ordinary course of business, the Company at times may be subject to actual, pending or threatened litigation, claims, or assessments. Based on the most recent information available, the Company periodically assesses the contingencies related to such matters and considers the need to record reserves in the event it is deemed probable that a liability has been incurred and the amount of its contingent loss, net of any applicable insurance coverage, can be reasonably estimated. As additional information becomes available, the Company adjusts its assessment and estimates of such liabilities. Based on management's assessment, litigation is not expected to have a material impact on the financial statements.

The Company has an operating lease for its office space which is subject to escalations based on increases in the lessors' operating costs and property taxes. The Company subleases all of its premises to third parties. In 2011, the Company entered into a space sharing agreement with an affiliate. The agreed rent expense is for a flat amount of $384,000 per year for as long as the Company occupies the premises. The future minimum lease commitments, excluding escalations, as well as the committed sublease income, as of September 30, 2011, listed below:

Year	Total	Sublease Income	Net Lease Commitments
2011	$ 376,321	$ 190,722	$ 185,599
2012	1,528,014	768,952	759,062
2013	1,558,319	788,293	770,026
2014	1,588,624	804,418	784,206
2015	687,050	201,610	485,440
2016	384,000	—	384,000
2017	384,000	—	384,000
2018	384,000	—	384,000
2019	384,000	—	384,000
2020	384,000	—	384,000
2021	160,000	—	160,000
	$7,818,328	$2,753,995	$ 5,064,333

Rent expense for the nine months ended September 30, 2011 was $305,857 and is included within the occupancy and related expenses in the accompanying statement of operations.

The Company has a $430,000 Irrevocable Standby Letter of Credit as security for a seven-year office lease. The letter of credit has an annual response date for automatic extension which was renewed in June 2011 and a final expiration date of no later than June 30, 2015. The letter of credit is collateralized by a $430,000 certificate of deposit which is recorded as restricted cash in the accompanying statement of financial condition.

NOTE 7. OUTSOURCING AGREEMENT

Prior to the acquisition of the Company by Envestnet, Inc. (Note 9) the Company entered into a seven year agreement with a Envestnet, Inc. to outsource its technology platform services business effective April 30, 2010. Pursuant to this agreement, the Company pays platform fees at an agreed upon rate applied to those assets under management to which this agreement relates. These platform fees are recorded as an expense within Professional Services on the statement of operations. In addition, the Company has received and will receive considerations from the third party as an inducement to enter into the agreement as further described below.

Upfront Payment — The Company received an upfront payment in the amount of $10,300,000 which is amortized on a straight line basis over the life of the agreement as a reduction of the costs of services Envestnet, Inc. is providing to the Company. A reduction in the amount of $1,103,571 has been reflected in Professional Services on the statement of operations for the nine months ended September 30, 2011. As of September 30, 2011, $10,815,919 is reflected as deferred platform fee credits within the statement of financial condition.

Progress Payments — The Company is also receiving progress payments of $1,000,000 annually over the first five years of the agreement. Such amounts are recognized as they become due and have been recorded in the statement of financial condition as progress fee receivable and a credit to professional services within the statement of operations.

Deferred Payment — Within 60 days after the fifth anniversary of the effective date of the agreement, Envestnet, Inc will pay the Company (the “deferred payment”), an amount calculated as the difference between the average annual revenues earned by Envestnet, Inc under the agreement over the five year period times 2.3 and the Upfront Payment. Such deferred payment can never be a negative amount. The Company has not recognized any amounts in the financial statements related to the deferred payment as realization of such amounts cannot be assured beyond a reasonable doubt at this time.

Warrants — The Company also entered into a separate agreement with Envestnet, Inc. on February 8, 2010, whereby Envestnet, Inc. granted to the Company warrants (“Warrants”) to purchase common stock. The exercise date of the Warrants was July 29, 2010, which is the date Envestnet, Inc. completed an IPO, the par value was $.001, the warrant price was 120% of the IPO price, and the expiration date is 42 months after initial exercise date. The Warrants are nontransferable unless transfer is made to a party approved by Envestnet, Inc. The Warrants hold no voting rights nor are they entitled to receive dividends. The fair value of the Warrants upon issuance was $3,260,255 and was accounted for as additional consideration related to the agreement and is being recognized as a reduction of the costs of the services Envestnet, Inc. provides the Company. For the period ended September 30, 2011, the Company reduced cost of services in the amount of $349,313 within Professional Services on the accompanying statement of operations over the term of the agreement.

In 2011, the Company received proceeds of $2,394,721 in exchange for the sale of the Warrant to an unrelated third party. The sale resulted in a loss of $5,351,946 which has been recorded as a non operating expense on the accompanying Statement of Operations.

NOTE 8. RESTRUCTURING

In association with the Outsourcing Agreement, the Company, in 2010, closed certain locations, in order to more appropriately align and manage the Company’s resources.

The summary of activity in accrued restructuring charges is as follows:

	Severance	Lease exit costs payable (1)	Information technology	Total
Balance - January 1, 2011	$ 278,392	$ 1,970,228	$ 6,500	$2,255,120
Provision	—	17,707	—	17,707
Utilization	—	(557,983)	—	(557,983)
Payments	(278,392)	—	(6,500)	(284,892)
Balance - September 30, 2011	$ —	$ 1,429,952	$ —	$1,429,952

(1) Cash payments for utilization of provision are net of sublease income.

NOTE 9. SUBSEQUENT EVENTS

Management has reviewed and evaluated all significant events and transactions that occurred after September 30, 2011 and through February 27, 2012, the date that these financial statements were available to be issued. This evaluation was made for all recognized and unrecognized subsequent events. The following subsequent events were identified:

On December 13, 2011, pursuant to a Stock Purchase Agreement, the Company's Parent sold all of the issued and outstanding shares of capital stock of the Company to Envestnet, Inc. (Note 7.)

* * * * * *

Exhibit 99.3

Unaudited Pro Forma Financial Information

On August 5, 2011, Envestnet, Inc. (Envestnet") entered into a stock purchase agreement (the "Agreement"), with BNP Paribas Investment Partners USA Holdings, Inc. ("BNPP") to acquire all of the outstanding shares of FundQuest, Incorporated ("FundQuest"). Pursuant to the terms of the Agreement, on December 13, 2011, FundQuest was acquired by Envestnet and FundQuest became a wholly owned subsidiary of Envestnet (the "FundQuest Acquisition").

The following unaudited pro forma condensed combined balance sheet as of September 30, 2011 is derived from the unaudited condensed consolidated financial statements of Envestnet, filed in Envestnet's Form 10-Q for the quarterly period ended September 30, 2011, and the audited statement of financial condition of FundQuest as of September 30, 2011, included as Exhibit 99.2 to Envestnet's Current Report on Form 8-K/A filed on February 27, 2012 (the "Form 8-K/A").

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2010 is derived from the audited financial statements of Envestnet for the year ended December 31, 2010, as filed in Envestnet's Form 10-K for the year ended December 31, 2010, and the audited statement of operations of FundQuest for the year ended December 31, 2010, included as Exhibit 99.1 to this Current Report on Form 8-K/A.

The unaudited pro forma condensed combined statement of operations for the nine month period ended September 30, 2011 is derived from the unaudited condensed consolidated statement of operations of Envestnet for the nine month period ended September 30, 2011, as filed in Envestnet's Form 10-Q for the quarterly period ended September 30, 2011, and the audited statement of operations of FundQuest for the nine month period ended September 30, 2011, included as Exhibit 99.2 to this Current Report on Form 8-K/A.

The unaudited pro forma condensed combined financial information has been prepared pursuant to the requirements of Article 11 of Regulation S-X, to give effect to the completed FundQuest Acquisition, which has been accounted for as a purchase business combination in accordance with ASC 805 "*Business Combinations"*. The assumptions, estimates, and adjustments herein have been made solely for purposes of developing the unaudited pro forma condensed consolidated financial information and are based upon available information and certain assumptions that we believe are reasonable. The related purchase accounting should be considered preliminary.

The unaudited pro forma condensed combined balance sheet presented below is prepared as if the FundQuest Acquisition, which was completed on December 13, 2011, had been completed as of September 30, 2011, the end of Envestnet's third quarter of fiscal year 2011. The unaudited pro forma condensed combined statement of operations for the twelve month period ended December 31, 2010 and the nine month period ended September 30, 2011 is prepared as if the FundQuest Acquisition was completed on January 1, 2010, the first day of Envestnet's fiscal year 2010.

The unaudited pro forma condensed combined financial information, should be read in conjunction with (i) the audited consolidated financial statements and related notes of Envestnet, and "Management's Discussion and Analysis of Financial Condition and results of Operations" contained in Envestnet's Annual Report on Form 10-K for the year ended December 31, 2010, (ii) the unaudited condensed consolidated financial statements and related notes of Envestnet, and "Management's Discussions and Analysis of Financial Condition and results of Operations" contained in Envestnet's Quarterly report on

Form 10-Q for the nine month period ended September 30, 2011, (iii) the audited financial statements and related notes of FundQuest as of and for the year ended December 31, 2010, which are filed as Exhibit 99.1 to the Form 8-K/A, and (iv) the audited financial statements and related notes of FundQuest as of and for the nine month period ended September 30, 2011, which are filed as Exhibit 99.2 to the Form 8-K/A.

The unaudited pro forma condensed consolidated financial information is not intended to represent or be indicative of the consolidated results of operations or financial condition of Envestnet that would have been reported had the FundQuest Acquisition been completed as of the dates presented, and should not be construed as representative of the future consolidated results of operations or financial condition of the combined entity.

Envestnet, Inc.
Pro Forma Condensed Combined Balance Sheet of Envestnet and FundQuest
As of September 30, 2011
(In thousands)
(Unaudited)

	Historical		Pro Forma		
	Envestnet	FundQuest	Adjustments		Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 83,553	$ 2,932	(22,546)	h	$ 63,939
Fees receivable, net of allowance for doubtful accounts	8,591	4,573	(2,740)	a	10,424
Prepaid expenses and other current assets	2,898	117	—		3,015
Total current assets	95,042	7,622			77,378
Property and equipment, net	11,125	465	—		11,590
Internally developed software, net	3,565	—	—		3,565
Intangible assets, net	690	—	11,830	d	12,520
Goodwill	2,031	—	20,192	e	22,223
Deferred tax assets, net	11,015	117	—		11,132
Customer inducements	26,606	—	(26,606)	b	—
Other non-current assets	3,238	438	(100)	a	3,576
Total assets	$153,312	$ 8,642	(19,970)		$141,984
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	$ 15,313	$ 7,709	(4,285)	a,b	$ 18,737
Customer inducements payable	1,000	—	(1,000)	b	—
Deferred tax liabilities - net	53	—	—		53
Note payable - current	168	—	—		168
Deferred revenue	113	—	—		113
Total current liabilities	16,647	7,709			19,071
Deferred rent liability	1,350	—	—		1,350
Lease incentive liability	3,022	—	—		3,022
Customer inducements payable	18,415	—	(18,415)	b	—
Other non-current liabilities	816	10,066	(8,979)	a,b	1,903
Total liabilities	40,250	17,775			25,346
Total stockholders' equity (deficit)	113,062	(9,133)	12,709	a,b,f	116,638
Total liabilities and stockholders' equity	$153,312	$ 8,642	(19,970)		$141,984

See notes to the unaudited pro forma condensed combined financial statements.

Envestnet, Inc.
Proforma Condensed Combined Statement of Operations of Envestnet and FundQuest
Year Ended December 31, 2010
(In thousands, except share and per share information)
(Unaudited)

	Historical		Pro Forma		
	Envestnet	FundQuest	Adjustments		Combined
Revenues:					
Assets under management or administration	$ 75,951	$ 19,648	$ (4,638)	a,b	$ 90,961
Licensing and professional services	22,101	48	—		22,149
Total revenues	98,052	19,696	(4,638)		113,110
Operating expenses:					
Cost of revenues	31,444	4,690	(5,006)	a,b	31,128
Compensation and benefits	37,027	9,302	—		46,329
General and administration	21,607	2,773	—		24,380
Depreciation and amortization	5,703	830	3,387	d	9,920
Restructuring charges and fixed asset writeoffs	961	11,027	—		11,988
Total operating expenses	96,742	28,622	(1,619)		123,745
Income (loss) from operations	1,310	(8,926)	(3,019)		(10,635)
Other income (expense):					
Interest income	149	9	—		158
Interest expense	(564)	(11)	546	b	(29)
Other income	—	208	—		208
Gain on investments	12	4,486	(4,486)	c	12
Total other income (expense)	(403)	4,692	(3,940)		349
Income (loss) before income tax provision	907	(4,234)	(6,959)		(10,286)
Income tax provision (benefit)	1,533	—	(2,630)	g	(1,097)
Net loss	(626)	(4,234)	(4,329)		(9,189)
Less preferred stock dividends	(422)	—	—		(422)
Less net income allocated to participating preferred stock	—	—	—		—
Net loss attributable to common stockholders	$ (1,048)	$ (4,234)	$ (4,329)		$ (9,611)
Net loss per share attributable to common stockholders:					
Basic	$ (0.05)				$ (0.46)
Diluted	$ (0.05)				$ (0.46)
Weighted average common shares outstanding:					
Basic	20,805,911				20,805,911
Diluted	20,805,911				20,805,911

See notes to the unaudited pro forma condensed combined financial statements.

Envestnet, Inc.
Proforma Condensed Combined Statement of Operations of Envestnet and FundQuest
Nine Month Period Ended September 30, 2011
(In thousands, except share and per share information)
(Unaudited)

	Historical		Pro Forma		
	Envestnet	FundQuest	Adjustments		Combined
Revenues:					
Assets under management or administration	$ 74,669	$ 15,858	$ (5,783)	a,b	$ 84,744
Licensing and professional services	17,967	—	—		17,967
Total revenues	92,636	15,858	(5,783)		102,711
Operating expenses:					
Cost of revenues	32,474	8,242	(7,154)	a,b	33,562
Compensation and benefits	30,693	3,892	—		34,585
General and administration	15,809	1,925	—		17,734
Depreciation and amortization	4,676	68	1,927	d	6,671
Restructuring charges and fixed asset writeoffs	53	—	—		53
Total operating expenses	83,705	14,127	(5,227)		92,605
Income from operations	8,931	1,731	(556)		10,106
Other income (expense):					
Interest income	65	2	—		67
Interest expense	(621)	(18)	609	b	(30)
Other income	1,100	—	—		1,100
Loss on investments	(4)	(5,352)	5,352	c	(4)
Total other income (expense)	540	(5,368)	5,961		1,133
Income (loss) before income tax provision	9,471	(3,637)	5,405		11,239
Income tax provision	3,695	—	2,173	g	5,868
Net income (loss)	5,776	(3,637)	3,232		5,371
Net income (loss) per share:					
Basic	$ 0.18				$ 0.17
Diluted	$ 0.18				$ 0.16
Weighted average common shares outstanding:					
Basic	31,589,279				31,589,279
Diluted	32,937,601				32,937,601

See notes to the unaudited pro forma condensed combined financial statements.

Notes to Pro Forma Condensed Combined Financial Statements

(Unaudited, in thousands)

Note 1: Basis of pro forma presentation

On December 13, 2011, Envestnet, Inc. ("Envestnet") acquired from BNP Paribas Investment Partners USA Holdings, Inc. ("BNPP") all of the outstanding shares of stock of FundQuest, Incorporated ("FundQuest") (the "FundQuest Acquisition"). The estimated consideration transferred and estimated purchase price allocation, below, are presented for pro-forma information purposes only and are likely to vary from the unaudited pro forma amounts presented, as Envestnet finalizes its normal purchase accounting adjustments for the transaction.

The estimated consideration transferred in the FundQuest Acquisition is as follows:

Cash consideration	$ 24,390
Non-cash consideration	6,139
Cash received	(672)
Working capital adjustment	(1,172)
Total estimated fair value of consideration transferred	$ 28,685

The unaudited pro forma condensed combined financial statements have been prepared by Envestnet pursuant to the rules and regulations of the SEC.

The unaudited pro forma condensed consolidated balance sheet is derived from the unaudited condensed consolidated balance sheet of Envestnet, as filed in Envestnet's Form 10-Q for the quarterly period ended September 30, 2011, and the audited statement of financial condition of FundQuest as of September 30, 2011.

The unaudited pro forma condensed combined statement of operations for the twelve month period presented is derived from the audited consolidated statement of operations of Envestnet, as filed in Envestnet's Form 10-K for the year ended December 31, 2010, and the audited statement of operations of FundQuest for the year ended December 31, 2010. The unaudited pro forma condensed combined statement of operations for the nine month period presented is derived from the unaudited condensed consolidated statement of operations of Envestnet for the nine months ended September 30, 2011, as filed in Envestnet's Form 10-Q for the quarterly period ended September 30, 2011 and the audited statement of operations of FundQuest for the nine-month period ended September 30, 2011.

Prior to the FundQuest Acquisition, FundQuest was a wholly owned business unit of BNPP and as such was not a stand-alone entity; therefore the historical operating results of FundQuest may not be indicative of the results that might have been achieved, historically or in the future, if FundQuest had been a stand-alone entity.

Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") have been condensed or omitted pursuant to such rules and regulations. However, Envestnet believes that the disclosures provided herein, along with those included in Envestnet's Annual Report on Form 10-K for the year ended December 31, 2010, and in the audited financial statements of FundQuest as of and for the nine months ended September 30, 2011 and in the audited financial statements of FundQuest as of and for the year ended December 31, 2010 are adequate to make the information presented not misleading.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only and do not purport to be indicative of Envestnet's financial position or results of operations which would actually have been obtained had such transaction been completed as of the date or for the periods presented, or for the financial position or results of operations that may be obtained in the future.

Note 2: Purchase price allocation

Under the purchase method of accounting, the total consideration transferred will be allocated to FundQuest's assets acquired and liabilities assumed based on the estimated fair value of FundQuest's tangible and intangible assets and liabilities as of the beginning of business on December 13, 2011. The excess of the purchase price over the net tangible and intangible assets will be recorded as goodwill. Envestnet has made a preliminary allocation of the estimated purchase price based on the unaudited statement of financial position of FundQuest as of December 12, 2011 and using estimates as described in the introduction to these unaudited pro forma condensed consolidated financial statements as follows:

Estimated Preliminary Purchase Price Allocation

Total tangible assets acquired	$ 3,091
Total liabilities assumed	(6,428)
Identifiable intangible asset - customer list	11,830
Goodwill	20,192
Total estimated preliminary purchase price	$28,685

Included in the total liabilities assumed is a net deferred tax liability balance of $4,592, primarily comprised of the difference between the assigned values of the tangible and intangible assets acquired and the tax basis of those assets.

Total amortizable identifiable intangible assets of $11,830 consist of customer list with an estimated useful life of 7 years.

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net tangible and identifiable intangible assets and represents the expected synergistic benefits of the transaction and the knowledge and experience of the workforce in place. Goodwill is subject to change based on finalization of the purchase accounting by Envestnet. In accordance with applicable accounting standards, goodwill will not be amortized but instead will be tested for impairment at least annually or more frequently if certain indicators are present. In the event that the management of the combined company determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

The goodwill resulting from the FundQuest Acquisition is not tax deductible.

Envestnet is in the process of finalizing valuations of accounts receivable, intangible assets, accounts payable and accrued liabilities, deferred income tax liabilities and estimates of other liabilities associated with the acquisition.

Note 3: Pro forma adjustments

The pro forma adjustments included in the unaudited pro forma condensed financial statements are as follows:

(a) To eliminate transactions between Envestnet and FundQuest for the historical periods presented:

	As of September 30, 2010		
	Envestnet	FundQuest	Total
Accounts receivable	$(2,187)	$ (553)	$(2,740)
Other non-current assets	(100)	—	(100)
Accounts payable and accrued expenses	—	(2,348)	(2,348)
Other non-current liabilities	—	(100)	(100)
Stockholders' equity	(2,287)	1,895	(392)

	For the Year Ended December 31, 2010		
	Envestnet	FundQuest	Total
Revenues	$ (7,815)	$ —	$ (7,815)
Cost of revenues	—	(7,815)	(7,815)

	For the Nine Months Ended September 30, 2011		
	Envestnet	FundQuest	Total
Revenues	$ (9,357)	$ —	$ (9,357)
Cost of revenues	—	(9,357)	(9,357)

(b) To eliminate the customer inducement assets, deferred platform fee credits, amortization of those amounts as well as the imputed interest on the amounts payable to FundQuest related to the platform services agreement between Envestnet and FundQuest. In February 2010, Envestnet signed a seven-year platform services agreement (the "PSA") with FundQuest, whereas Envestnet provided FundQuest and its clients platform technology and support services allowing FundQuest to eliminate its own technology platform.

In accordance with the PSA, Envestnet was required to make various payments to FundQuest during the contract term as defined in the PSA. These payments included:

- an up-front payment of $10.3 million upon completion of the conversion of FundQuest's clients' assets to Envestnet's technology platform (completed in May 2010);
- five annual payments of $1.0 million each (with the first payment due in May 2011);
- a payment after the fifth year of the PSA (to be calculated as the average annual revenues earned by Envestnet from FundQuest under the terms of the PSA during the first five years of the contract term multiplied by 2.3 less $10.3 million; and,
- Envestnet issued FundQuest a warrant to purchase 1,388,888 shares of Envestnet's common stock ("Envestnet Warrant") with an exercise price of $10.80 with an estimated fair value of $3.3 million.

Envestnet: The present value of all payments and the fair value of the Envestnet Warrant was accounted for as a customer inducement asset and was being amortized as a reduction to Envestnet's revenues from assets under management or administration on a straight-line basis over the contract term. The present value of all estimated future payments was accounted for as a customer inducement liability and imputed interest expense was being recognized on the present value of these future estimated payments.

FundQuest: The $10.3 million upfront payment was deferred and the current portion is reflected in accounts payable and accrued liabilities and the non-current portion is reflected in other non-current liabilities. This amount was being amortized on a straight line basis over the life of the PSA as a reduction to cost of revenues. The annual progress payment of $1.0 million was recognized as the payment became due and was recorded as accounts receivable and a credit to cost of revenues. The fair value of the Envestnet Warrant was deferred and the current portion was reflected in accounts payable and accrued expenses and the non-current portion was reflected in other non-current liabilities. This amount was being amortized on a straight line basis over the life of the PSA as a reduction to cost of revenues.

The adjusted amounts are as follows:

	As of September 30, 2010		
	Envestnet	FundQuest	Total
Customer inducements asset	$(26,606)	$ —	$(26,606)
Accounts payable and accrued expenses	—	(1,937)	(1,937)
Customer inducements payable	(1,000)	—	(1,000)
Customer inducements payable - non-curent	(18,415)	—	(18,415)
Other non-current liabilities	—	(8,879)	(8,879)
Stockholders' equity	(7,191)	10,816	3,625

	For the Year Ended December 31, 2010		
	Envestnet	FundQuest	Total
Revenues - Amortization of customer inducement asset	3,177	$ —	$ 3,177
Cost of revenues - Amortization of deferred platform fees, platform fee progress payments and other payments associated with the PSA	—	2,809	2,809
Imputed interest expense on customer inducements payable	546	—	546

	For the Nine Months Ended September 30, 2011		
	Envestnet	FundQuest	Total
Revenues - Amortization of customer inducement asset	$ 3,574	$ —	$ 3,574
Cost of revenues - Amortization of deferred platform fees, platform fee progress payments and other payments associated with the PSA	—	2,203	2,203
Imputed interest expense on customer inducements payable	609		609

(c) To adjust the change in fair value of the Envestnet warrant reflected in FundQuest's statement of operations in the year ended December 31, 2010 and the nine month period ended September 30, 2011 (in thousands):

	For the Year Ended December 31, 2010	For the Nine Months Ended September 30, 2011
	FundQuest	FundQuest
Gain (loss) on investments	$ (4,486)	$ 5,352

(d) To record the preliminary fair value of FundQuest's intangible assets and the resulting increase in amortization expense (in thousands):

	Preliminary Estimated Fair Value
Customer relationships	$ 11,830

	For the Year Ended December 31, 2010	For the Nine Months Ended September 30, 2011
Amortization of intangibles	$ 3,387	$ 1,927

Amortization expense associated with the acquired intangible asset is expected to be as follows for the years ended December 31:

2012	$ 3,387
2013	2,570
2014	1,937
2015	1,452
2016	1,086
Thereafter	1,398
	$11,830

(e) To record preliminary estimated fair value of goodwill for the FundQuest Acquisition.

(f) To eliminate FundQuest's historical stockholders equity.

(g) To record the pro forma tax effect for the twelve and nine month periods, respectively, on the adjustments to pro forma income (loss) before income taxes based on an estimated statutory rate of 37.8% and 40.2%, respectively. The pro forma combined provision for income taxes does not reflect the amounts that would have resulted had the Company and FundQuest filed consolidated income tax returns during the periods presented.

(h) To record the net cash consideration of $22,256.

Note 4: Restructuring Charges

As a result of the FundQuest Acquisition, the Company incurred restructuring charges of $381, primarily severance costs related to the termination of certain FundQuest and Envestnet employees. This amount is not reflected in the unaudited proforma condensed combined statement of operations for the year ended December 31, 2010 or the nine month period ended September 30, 2011.

Note 5: Stock Options

The Company issued 49,500 shares and 10,000 shares of Envestnet stock options and restricted stock, respectively, to certain former FundQuest employees on December 13, 2011.