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): May 1, 2012

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 May 1, 2012 (the "Original Form 8-K") in connection with the merger of its wholly owned subsidiary with and into Tamarac, Inc., a Washington corporation ("Tamarac"). 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 Tamarac are being filed as exhibits to this amendment and are incorporated by reference herein:

Exhibit 99.1 — Tamarac's audited consolidated financial statements, including the independent auditors' report, as of and for the year ended December 31, 2011.

Exhibit 99.2— Tamarac's unaudited condensed consolidated financial statements as of March 31, 2012 and December 31, 2011 and for the three months ended March 31, 2012 and 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 March 31, 2012, for the three months ended March 31, 2012 and for the year ended December 31, 2011.

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 Tamarac, the expected benefits and costs of the Tamarac 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 Tamarac 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, 2011.

(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 BDO USA, LLP, Independent Auditors.
99.1	Audited consolidated financial statements of Tamarac, Inc. as of and for the year ended December 31, 2011 and Independent Auditors' Report thereon.
99.2	Unaudited condensed consolidated financial statements of Tamarac, Inc. as of March 31, 2012 and December 31, 2011 and for the three months ended March 31, 2012 and 2011.
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet as of March 31, 2012, for the three months ended March 31, 2012 and for the year ended December 31, 2011.

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: July 12, 2012

EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-169050) of Envestnet, Inc. of our report dated June 4, 2012, relating to the consolidated financial statements of Tamarac, Inc., which appears in this Form 8-K/A.

/s/ BDO USA, LLP

Seattle, Washington
July 12, 2012

Exhibit 99.1

TAMARAC, INC.

Consolidated Financial Statements
Year Ended December 31, 2011

TAMARAC, INC.

Contents

Independent Auditors' Report

Board of Directors
Tamarac, Inc.
Seattle, Washington

We have audited the accompanying consolidated balance sheet of Tamarac, Inc. (the "Company") as of December 31, 2011, and the related consolidated statement of operations, redeemable preferred stock and stockholders' deficit, 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tamarac, Inc. as of December 31, 2011, 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/ BDO USA, LLP

June 4, 2012

TAMARAC, INC.

Consolidated Balance Sheet

December 31,	2011
Assets	
Current Assets	
Cash and cash equivalents	$ 2,597,492
Accounts receivable	211,628
Prepaid expenses and other current assets	180,649
Total Current Assets	2,989,769
Property and equipment, net	268,726
Internal-use software, net	1,711,354
Total Assets	$ 4,969,849
Liabilities, Redeemable Preferred Stock, and Stockholders' Deficit	
Current Liabilities	
Accounts payable	$ 167,966
Accrued expenses	1,220,351
Deferred revenue	3,889,360
Total Current Liabilities	5,277,677
Long-term deferred revenue	19,867
Warrant liability	719,125
Long-term debt	1,876,389
Total Liabilities	7,893,058
Commitments (Note 6)	
Redeemable Preferred Stock	
Series A convertible preferred stock, $.001 par value, authorized 17,500,000 shares; 9,711,175 shares issued and outstanding (aggregate liquidation preference $9,225,616)	8,764,738
Series B convertible preferred stock, $.001 par value, authorized 5,000,000 shares; 3,465,344 shares issued and outstanding (aggregate liquidation preference $3,499,997)	3,499,997
Series C convertible preferred stock, $.001 par value, authorized 3,500,000 shares; 1,625,111 shares issued and outstanding (aggregate liquidation preference $1,641,362)	1,620,013
Series C-1 convertible preferred stock, $.001 par value, authorized 2,000,000 shares; 1,738,695 shares issued and outstanding (aggregate liquidation preference $3,112,264)	3,033,410
Total Redeemable Preferred Stock	16,918,158
Stockholders' Deficit	
Common stock, $.001 par value, authorized 56,000,000 shares; 1,879,904 shares issued and outstanding	1,880
Additional paid-in capital	236,551
Accumulated deficit	(20,079,798)
Total Stockholders' Deficit	(19,841,367)
Total Liabilities, Redeemable Preferred Stock and Stockholders' Deficit	$ 4,969,849

See accompanying notes to consolidated financial statements.

TAMARAC, INC.

Consolidated Statement of Operations

Year ended December 31,	2011
Revenues	**$ 9,426,010**
Cost of revenue	**4,453,683**
Gross profit	**4,972,327**
Operating Expenses	
Sales and marketing	**3,019,259**
Research and development	**2,305,587**
General and administrative	**2,483,820**
Total Operating Expenses	**7,808,666**
Loss from Operations	**(2,836,339)**
Other Income (Expense), net	
Interest income	**3,016**
Change in fair value of warrant liability	**(669,125)**
Interest expense	**(206,667)**
Net Loss	**$ (3,709,115)**

See accompanying notes to consolidated financial statements.

TAMARAC, INC.

Consolidated Statement of Redeemable Preferred Stock and Stockholders' Deficit

	Redeemable Preferred Stock												
	Series A		Series B		Series C		Series C-1		Common Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
Balances, January 1, 2011	9,711,175	$8,764,738	3,465,344	$3,499,997	1,625,111	$1,620,013	—	$ —	1,861,093	$ 1,861	$253,373	$(16,370,683)	$ (16,115,449)
Issuance of common stock									18,811	19	12,020		12,039
Issuance of Series C-1 Preferred Stock, net of issuance costs of $78,861	—	—	—	—	—	—	1,738,695	3,033,410	—	—	—	—	—
Reclassification of preferred stock warrants to liabilities	—	—	—	—	—	—	—	—	—	—	(50,000)	—	(50,000)
Share-based compensation	—	—	—	—	—	—	—	—	—	—	21,158	—	21,158
Net loss	—	—	—	—	—	—	—	—	—	—	—	(3,709,115)	(3,709,115)
Balances, December 31, 2011	9,711,175	$8,764,738	3,465,344	$3,499,997	1,625,111	$1,620,013	1,738,695	$3,033,410	1,879,904	$ 1,880	$236,551	$(20,079,798)	$ (19,841,367)

See accompanying notes to consolidated financial statements.

TAMARAC, INC.

Consolidated Statement of Cash Flows

Year ended December 31,	2011
Operating Activities	
Net loss	$ (3,709,115)
Adjustments to reconcile net loss to net cash used in operating activities:	
Share-based compensation	21,158
Stock issued in lieu of cash bonus	12,039
Amortization of debt discount	16,667
Depreciation and amortization	670,627
Noncash warrant liability expense	669,125
Changes in operating assets and liabilities:	
Accounts receivable	341,135
Prepaid expenses and other current assets	(69,711)
Accounts payable	26,216
Deferred revenue	584,694
Accrued expenses	404,945
Net Cash Used in Operating Activities	(1,032,220)
Investing Activities	
Capital expenditures for internal-use software	(1,204,152)
Collection of notes receivable	144,375
Capital expenditures for property and equipment	(195,904)
Net Cash Used in Investing Activities	(1,255,681)
Financing Activities	
Proceeds from issuance of preferred stock	3,033,410
Net Cash Provided by Financing Activities	3,033,410
Net Increase in Cash and Cash Equivalents	745,509
Cash and Cash Equivalents, beginning of year	1,851,983
Cash and Cash Equivalents, end of year	$ 2,597,492
Supplemental Disclosures of Cash Flow Information	
Cash paid for interest	$ 190,000

See accompanying notes to consolidated financial statements.

1. Nature of Business and Significant Accounting Policies

Nature of Business

Tamarac, Inc. ("the Company") was incorporated in 2000, and is headquartered in Seattle, Washington. The Company provides investment portfolio management technology that enables investment managers to provide customized, tax-efficient, individual account management to a multitude of clients. The Company's technology assists investment management firms in managing clients through automation of investment management, modeling, tax-efficiency, trading, and compliance functions of their business. The Company also provides outsourced portfolio accounting services, customer relationship management ("CRM"), and proprietary performance reporting software that enables investment advisors to generate customizable reports on daily portfolio performance.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Tamarac Advisor Services, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents for purposes of the statements of cash flows. The Company regularly has cash and cash equivalents in excess of federally insured limits.

Accounts Receivable

Accounts receivable amounts are stated at their face amounts less any allowance. Provisions for doubtful accounts are estimated based on assessment of the probable collection from specific customer accounts, the aging of the accounts receivable, analysis of credit memo data, bad debt write-offs, and other known factors. If an account was determined to be uncollectible (payment has not been made in accordance with contract terms), it would be written off against the allowance. As of December 31, 2011, management determined no allowance for doubtful accounts was required.

The Company typically bills customers in advance for accounts receivable as recorded upon commencement of the license term.

Internal-Use Software

The Company accounts for costs related to internal-use software in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350 (formerly AICPA Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*). The Company incurs costs to develop software for internal use. The Company expenses all costs that relate to the planning, pre-development and post-implementation phases of development. Costs incurred in the development phase are capitalized and amortized over the product's estimated useful life, which the Company has determined to be three years.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the related assets, which are generally three to five years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Share-based Compensation

The Company accounts for share-based payments (primarily stock options and warrants) under the guidance of ASC 718 (formerly ("SFAS") No. 123(R),*Share-Based Payment*) which requires measurement of compensation cost for all share-based payment awards at fair value on the date of grant and recognition of compensation cost over the requisite service period (typically the vesting period) for awards expected to vest. The fair value of stock options and warrants is determined using the Black-Scholes valuation model.

Revenue Recognition

The Company generates revenue from (1) subscriptions fees from customers accessing its online software hosted by the Company ("online subscription fees"), (2) implementation and consulting services ("services"), and (3) bundled online subscription fees and services.

Effective January 1, 2011, the Company adopted Accounting Standards Update 2009-13 ("ASU 2009-13"),*Revenue Arrangements with Multiple Deliverables,* on a prospective basis. ASU 2009-13 requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices. The new accounting pronouncement requires an entity to allocate revenue in an arrangement using the estimated selling price ("ESP") of deliverables if it does not have vendor-specific objective evidence ("VSOE") or third-party evidence ("TPE") of selling price. The adoption of ASU 2009-13 did not have a material impact on the Company's consolidated financial statements.

VSOE is the price charged when the same or similar product or service is sold separately. Many of the Company's contracts renew automatically at the same rate as the original contract. The Company defines VSOE as the renewal rates of the standalone transactions.

TPE is determined based on the prices charged by the Company's competitors for a similar deliverable when sold separately. However, due to the difficulty in obtaining sufficient information on competitor pricing and differences in the Company's product offerings when compared with those of the Company's peers, the Company generally is unable to reliably determine TPE.

ESP is the Company's best estimate of the selling price of an element in a transaction involving multiple deliverables. If the Company is unable to establish selling price using either VSOE or TPE, the Company uses ESP in the allocation of arrangement consideration. The objective of ESP is to determine the price at which the Company would transact business if the product or service were sold on a standalone basis. The Company determines ESP based on revenue price drivers applied within a narrow range. ESP for services is established using standard hourly rates for services performed.

For multiple element arrangements, the consideration allocated to online subscription fees is recognized on a straight line basis over the initial contract period, which typically ranges from one to five years and commences with the completed implementation date for the related product. The Company generally recognizes revenue for consideration allocated to implementation and consulting services in a multiple element arrangement as services are performed because these services have standalone value separate from the online subscription fees.

Single element arrangements typically consist of renewals for online subscription fees or consulting services. Under these single element arrangements, revenue from subscription fees is recognized over the related renewal period and revenue from consulting services is recognized as services are performed.

The Company recognizes revenue when all of the following criteria are met:

- Persuasive evidence of an arrangement exists
- Delivery has occurred
- The fee is fixed and determinable; and
- Collectability is reasonably assured.

Deferred revenue consists of subscription fee payments received in advance from customers.

There was no material change to the pattern or timing of revenue recognition for either online subscription fees or services as a result of adopting ASU 2009-13.

Cost of revenue

The Company classifies payroll costs related to the Company's professional services to cost of revenue and also classifies costs directly attributable to providing its hosted software solutions to its customers as cost of revenue.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense incurred during the year ended December 31, 2011 totaled $31,861.

Income Taxes

The Company accounts for income taxes under an asset and liability approach that requires recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax laws or rates. The Company establishes a valuation allowance to the extent that it is more likely than not that deferred tax assets will not be utilized against future taxable income.

Liquidity and Acquisition

On May 1, 2012, Envestnet Inc. ("Envestnet") completed the merger of the Company (the "Merger") pursuant to a merger agreement (the "Agreement") dated February 16, 2012. As a result of the Merger, the Company will continue as a wholly owned subsidiary of Envestnet. Under the terms of the Agreement, all outstanding shares of the Company were purchased for approximately $54 million in cash, subject to certain post-closing adjustments.

2. Property and Equipment, net

Property and equipment consist of the following:

December 31,	2011
Computer equipment	$ 427,035
Furniture and other equipment	240,508
Software	60,454
	727,997
Less: accumulated depreciation and amortization	(459,271)
	$ 268,726

Depreciation expense for property and equipment totaled $146,615 for the year ended December 31, 2011.

3. Internal-Use Software

Internal use software consists of the following:

December 31,	2011
Internal-use software	$2,408,418
Less: accumulated depreciation and amortization	(697,064)
	$1,711,354

Amortization expense for internal-use software totaled $524,012 for the year ended December 31, 2011.

4. Long-Term Debt

In April and May 2008, the Company entered into loan agreements for a total of $1,500,000 in notes payable. The notes bear interest at 10.00% per annum and are secured by substantially all assets of the Company. The notes are payable in interest with only monthly payments until the due date, at which time the principal amount and any accrued interest are due in full. On April 1, 2011 the Company entered into an Amended Secured Promissory Note Agreement that extended the due date of these notes payable to May 31, 2014.

In May 2010, the Company entered into further loan agreements for notes payable with a face value of $400,000. The notes bear interest at 10.00% per annum and are secured by substantially all assets of the Company. The notes are payable in interest with only monthly payments until May 2013, at which time the principal amount and any accrued interest are due in full. The Company issued warrants to purchase 99,008 shares of its Series C convertible preferred stock as additional consideration for the loan agreement. Upon issuance of the notes, the fair value of the warrants was determined to be $50,000 which was recognized as a discount on the notes.

	Carrying value at January 1,	Amortization of debt discount	Carrying value at December 31,
2011			
Notes Payable	$ 1,900,000	$ —	$ 1,900,000
Discount on debt	(40,278)	16,667	(23,611)
Carrying value	$ 1,859,722	$ 16,667	$ 1,876,389

5. Income Taxes

The Company is liable for taxes in the United States. For the year ended December 31, 2011, the Company did not have any income for income tax purposes and, therefore, no tax liability or expense has been recorded in these financial statements. For the year ended December 31, 2011, the primary difference between the federal rate and statutory rate relates to the change in valuation allowance on the deferred tax assets.

The tax effects of significant items comprising the Company's deferred taxes are as follows:

December 31,	2011
Deferred income tax assets:	
Net operating loss carry forwards	$ 6,709,327
Accrued expenses and reserves	335,403
Deferred income tax assets	7,044,730
Deferred income tax liabilities:	
Basis difference in fixed assets	552,411
Net deferred tax assets before valuation allowance	6,492,319
Less: valuation allowance	(6,492,319)
Net deferred tax assets	$ —

ASC 740 requires that the tax benefit of net operating losses, temporary differences and credit carry forwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carry forward period. Because of the

Company's recent history of operating losses, management believes that recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently not likely to be realized and, accordingly, has provided a valuation allowance. The deferred tax asset valuation allowance increased by $1,033,389 from 2010 to 2011.

At December 31, 2011, the Company had net operating loss carry-forwards that are available to offset future taxable income of approximately $19,733,316. The tax net operating losses expire in 2020 through 2031.

The Company follows the provisions of ASC 740, *Accounting for Income Taxes* with respect to uncertain tax positions. The guidance specifies how tax benefits for uncertain tax positions are to be recognized, measured, and recorded in financial statements; requires certain disclosures of uncertain tax matters, specifies how reserves for uncertain tax position should be classified on the statement of financial position, and provides transition and interim period guidance, among other provisions. Interest and penalties related to any tax contingencies would be included in income tax expense. The Company has no uncertain tax positions at December 31, 2011.

6. Commitments

The Company entered into an operating lease agreement for office space that serves as the current headquarters of the Company with an original term of August 1, 2006 through November 30, 2011. During 2011, the Company extended the lease through May 31, 2012. On July 1, 2011, the Company entered into an operating lease agreement for office space in Raleigh, North Carolina. It serves as an auxiliary customer service office.

Rent expense was $200,838 for the year ended December 31, 2011.

The following is a schedule of future minimum rental payments due under non-cancelable leases with initial or remaining terms in excess of one year:

Year ending December 31,	
2012	$ 410,355
2013	421,410
2014	529,116
2015	634,678
2016	783,425
Thereafter	5,143,842
	$7,922,826

The schedule above includes amounts related to the Company's new lease for its headquarters in Seattle, Washington, which was executed on February 16, 2012 and has a term of June 1, 2012 through May 31, 2023.

7. Fair Value Measurements

Generally accepted accounting principles (GAAP) have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to observable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The only financial instrument the Company had outstanding were warrant liabilities, which are discussed in further detail in Note 9. The warrants are carried at fair value and are classified as Level 3 fair value measurements due to the use of significant inputs. There are no financial instruments for which Level 1 or Level 2 fair value measurements were applied.

8. Stockholders' Deficit

Preferred Stock

Series A, Series B, Series C, and Series C-1 Preferred Stock

The Company completed a private placement authorizing the issuance and sale of a total of 1,738,695 shares of Series C-1 convertible preferred stock ("Series C-1") at $1.79 per share in 2011.

Pertinent rights, preferences, and privileges of Series A convertible preferred stock ("Series A"), Series B convertible preferred stock ("Series B"), Series C convertible preferred stock ("Series C"), and Series C-1 are as follows:

<u>Dividends</u>

Holders of Series A, Series B, Series C, and Series C-1 have preferential rights to dividends at the rate of $0.076, $0.081, $0.081, and $0.143, respectively, per share per annum, when and if declared, over common stockholders, if approved by the Board of Directors. The right to receive dividends is not cumulative.

<u>Conversion</u>

At any time after the date of issuance, each share of Series A, Series B, Series C, and Series C-1, at the option of the holders, shall be converted to common stock of the Company using the formula provided in the Company's Articles of Incorporation (currently at an initial conversion price of $0.95, $0.71, $0.71, and $1.26, respectively, subject to adjustment), or automatically upon the closing of an initial public offering with an aggregate offering price to the public of greater than $20 million of the Company's common stock, or upon the approval of the holders of a majority of the outstanding shares of Series A, Series B, Series C, and Series C-1 preferred stock, or upon conversion of two-thirds of preferred shares originally issued.

Liquidation Preference

In the event of any liquidation, dissolution, or winding up of the Company, the holders of Series A, Series B, Series C, and Series C-1 have preferential rights over common stockholders to liquidation payments in the amount of $0.95, $1.01, $1.01, and $1.79, respectively, per share plus all declared but unpaid dividends on such shares, if any. Upon completion of such a distribution, the remaining assets of the Company shall be distributed among the holders of Series A, Series B, Series C, Series C-1, and common stock pro rata based on the number of shares of common stock held by each (assuming the conversion of all shares of Series A, Series B, Series C, and Series C-1 into shares of common stock at the conversion prices provided). Series C-1 has liquidation preference over Series C, Series B, and Series A preferred stock.

Voting

Holders of Series A, Series B, Series C, and Series C-1 are entitled to the number of votes equal to the number of shares of common stock into which their stock could be converted and have voting rights equal to holders of common stock. So long as any shares of the Series A, Series B, Series C, and Series C-1 are outstanding, the holders of a majority of Series A, Series B, Series C, and Series C-1, voting as a separate class, are entitled to elect two members of the Board of Directors.

9. Stock Options and Warrants

2000 Plan

The Company has a 2000 Stock Plan to compensate employees and non-employees for services rendered and has reserved 1,475,000 shares of common stock for option grants or stock purchase rights under this plan. In general, options are granted with exercise prices equal to the estimated fair value of the underlying common stock on the grant date and expire ten years from the date of grant.

As of December 31, 2011, there were 11,489 options outstanding and exercisable under the 2000 Stock Plan with a weighted-average exercise price of $0.42 and a weighted average remaining contractual term of 0.37 years.

Options under this plan were granted prior to the Company's implementation of ASC 718 and grants are no longer being made under this plan. No options were granted under this plan in 2011.

2007 Plan

The Company has a 2007 Stock Plan to compensate employees and non-employees for services rendered and has reserved 2,000,000 shares of common stock for option grants or stock purchase rights under this plan. In general, options are granted with exercise prices equal to the estimated fair value of the underlying common stock on the grant date and expire ten years from the date of grant. Exercise prices for stock options granted under this plan are equal to the fair value of the underlying common stock at the date of grant.

A summary of stock option activity under the 2007 Stock Plan is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Options outstanding at December 31, 2010	1,362,002	$ 0.17	6.73
Granted	200,000	0.64	3.8
Options outstanding at December 31, 2011	1,562,002	$ 0.23	5.06
Options exercisable at December 31, 2011	1,098,324	$ 0.16	6.75

All options outstanding at December 31, 2011 are expected to vest in full.

Of the 1,562,002 options outstanding, 766,166 options vest based on a formula that is based on certain revenue thresholds being achieved and are eligible to vest over a 4 year period. The Company recognizes an expense at the time vesting is probable. The remaining 795,836 options vest over a 4 year service period. All options have a 10 year contractual term. The only exceptions are the 200,000 options granted in 2011, which have a 4 year contractual term. In connection with the Merger, all outstanding options became fully vested and exercisable as of the closing of the Merger on May 1, 2012.

The Company determines the fair value of its stock options using the Black-Scholes valuation model. The following assumptions were used to estimate the fair value of options granted:

Year ended December 31,	2011
Average risk-free interest rate	0.77%
Volatility	38.45%
Expected term (in years)	4.00
Dividend Rate	—

For the year ended December 31, 2011, compensation cost charged to operations for stock option grants was $21,158. The weighted average grant date fair value of stock options granted during the year ended December 31, 2011 was $0.20. This expense was included in general and administrative expenses. As of December 31, 2011, there was $64,200 total unrecognized compensation cost related to non-vested stock options which is expected to be recognized over a weighted average period of 4.0 years.

Warrants

In 2010, the Company issued warrants to purchase up to 99,008 shares of Series C in conjunction with the May 2010 loan and security agreements described in Note 3. The exercise price of the warrants is $1.01 per share and they are exercisable through May 12, 2020.

The Company also has warrants outstanding allowing the holders to purchase up to 374,999 shares of Series B. The exercise price of these warrants is $1.01 per share and they are exercisable through May 12, 2018.

In the Company's previously issued financial statements for the years ended December 31, 2010 and 2009, the Company accounted for the warrants as a component of stockholders' equity (deficit). In 2011, the Company concluded that the warrants should have been classified as liabilities, with changes in their fair value being recorded in the statement of operations, because the underlying preferred stock contains contingent redemption features that are outside of the Company's control. Therefore, the Company reclassified the warrants from stockholders' equity to warrant liabilities in the accompanying consolidated financial statements. A total expense of $669,125 was recorded in 2011, included in other income (expense), of which $181,167 was attributable to the change in the fair value of the warrant liabilities for the year ended December 31, 2010. This amount was not considered to be material. The Company determined the fair value of the preferred stock warrants using the Black-Scholes valuation model.

The fair value of the Company's preferred stock warrants measured on a recurring basis is as follows:

December 31, 2011	Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liabilities	$719,125	$—	$—	$719,125

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities:

December 31,	2011
Fair value – beginning of period (as reported)	$ —
Reclassification from stockholders' equity to liabilities	50,000
Change in fair value of Level 3 liabilities	669,125
Fair value – end of period	$719,125

The following assumptions were used to estimate the fair value of the warrants as of December 31, 2011:

Year ended December 31,	2011
Average risk-free interest rate	1.46%
Volatility	39.40%
Expected term (in years)	7.42
Dividend Rate	—

10. Related Party Transaction

During the year ended December 31, 2011, the Company paid consulting fees of $7,500 each, for $15,000 in total, to two related parties, which are Board members.

11. Concentrations

As of December 31, 2011, the Company had outstanding balances from three customers that individually were more than 10% of total accounts receivable. These amounts represented 28%, 19%, and 17% of total accounts receivable. The Company did not recognize revenue from any customer that accounted for more than 10% of total revenue in 2011.

12. Subsequent Events

Under ASC 855, the Company performed an analysis of subsequent events through June 4, 2012 when the financial statements were available to be issued.

Exhibit 99.2

TAMARAC, INC.

Unaudited Condensed Consolidated Financial Statements

As of March 31, 2012 and December 31, 2011 and for the Three Month Periods Ended March 31, 2012 and 2011

TAMARAC, INC.

Contents

Unaudited Condensed Consolidated Financial Statements As of March 31, 2012 and December 31, 2011 and for the Three Month Periods Ended March 31, 2012 and 2011

TAMARAC, INC.

Unaudited Condensed Consolidated Balance Sheets

	March 31, 2012	*December 31,* 2011
Assets		
Current Assets		
Cash and cash equivalents	$2,197,624	$2,597,492
Accounts receivable	197,089	211,628
Prepaid expenses and other current assets	437,204	180,649
Total Current Assets	2,831,917	2,989,769
Property and equipment, net	264,444	268,726
Internal-use software, net	1,956,929	1,711,354
Long-term deposits and advances	192,037	—
Total Assets	$5,245,326	$4,969,849

See accompanying notes to unaudited condensed consolidated financial statements.

TAMARAC, INC.

Unaudited Condensed Consolidated Balance Sheets

	March 31, 2012	*December 31,* 2011
Liabilities, Redeemable Preferred Stock, and Stockholders' Deficit		
Current Liabilities		
Accounts payable	$ 436,757	$ 167,966
Accrued expenses	1,405,846	1,220,351
Deferred revenue	4,422,336	3,889,360
Total Current Liabilities	6,264,938	5,277,677
Long-term deferred revenue	8,264	19,867
Warrant liability	720,808	719,125
Long-term debt	1,880,556	1,876,389
Total Liabilities	8,874,566	7,893,058
Commitments (Note 6)		
Redeemable Preferred Stock		
Series A convertible preferred stock, $.001 par value, authorized 17,500,000 shares; 9,711,175 shares issued and outstanding at March 31, 2012 and December 31, 2011 (aggregate liquidation preference $9,225,616)	8,764,739	8,764,739
Series B convertible preferred stock, $.001 par value, authorized 5,000,000 shares; 3,465,344 shares issued and outstanding at March 31, 2012 and December 31, 2011 (aggregate liquidation preference $3,499,997)	3,499,997	3,499,997
Series C convertible preferred stock, $.001 par value, authorized 3,500,000 shares; 1,625,111 shares issued and outstanding at March 31, 2012 and December 31, 2011 (aggregate liquidation preference $1,641,362)	1,620,013	1,620,013
Series C-1 convertible preferred stock, $.001 par value, authorized 2,000,000 shares; 1,892,326 and 1,738,695 shares issued and outstanding at March 31, 2012 and December 31, 2011 (aggregate liquidation preference $3,387,264 and $3,112,264, respectively)	3,308,408	3,033,410
Total Redeemable Preferred Stock	17,193,156	16,918,158
Stockholders' Deficit		
Common stock, $.001 par value, authorized 56,000,000 shares; 2,131,547 and 1,879,904 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	2,132	1,880
Additional paid-in capital	243,437	236,551
Accumulated deficit	(21,067,964)	(20,079,798)
Total Stockholders' Deficit	(20,822,395)	(19,841,367)
Total Liabilities, Redeemable Preferred Stock and Stockholders' Deficit	$ 5,245,326	$ 4,969,849

See accompanying notes to unaudited condensed consolidated financial statements.

TAMARAC, INC.

Unaudited Condensed Consolidated Statements of Operations

Three months ended March 31,	2012	2011
Revenues	$3,182,073	$ 1,983,097
Cost of revenue	1,556,592	914,397
Gross profit	1,625,481	1,068,701
Operating Expenses		
Sales and marketing	729,586	694,772
Research and development	552,329	650,953
General and administrative	1,280,031	608,581
Total Operating Expenses	2,561,945	1,954,306
Loss from Operations	(936,465)	(885,605)
Other Income (Expense), net		
Interest income	996	995
Change in fair value of warrant liability	(1,683)	(229,943)
Interest expense	(51,016)	(51,016)
Net Loss	$ (988,168)	$(1,165,569)

See accompanying notes to unaudited condensed consolidated financial statements.

TAMARAC, INC.

Unaudited Condensed Consolidated Statements of Cash Flows

Three months ended March 31,	2012	2011
Operating Activities		
Net loss	$ (988,168)	$(1,165,569)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	7,137	5,289
Amortization of debt discount	4,167	4,167
Depreciation and amortization	229,425	136,518
Noncash warrant liability expense	1,683	229,943
Changes in operating assets and liabilities:		
Accounts receivable	14,539	497,691
Prepaid expenses, deposits, and other current assets	(256,555)	(59,185)
Accounts payable	268,791	46,505
Deferred revenue	521,373	(171,128)
Accrued expenses	185,495	(403,658)
Net Cash Used in Operating Activities	(12,114)	(879,428)
Investing Activities		
Capital expenditures for internal-use software	(438,728)	(167,474)
Collection of notes receivable	—	145,300
Long-term security deposits	(192,037)	—
Capital expenditures for property and equipment	(31,989)	(77,951)
Net Cash Used in Investing Activities	(662,753)	(100,125)
Financing Activities		
Proceeds from issuance of preferred stock	275,000	—
Net Cash Provided by Financing Activities	275,000	—
Net Decrease in Cash and Cash Equivalents	(399,867)	(979,552)
Cash and Cash Equivalents, beginning of period	2,597,492	1,851,983
Cash and Cash Equivalents, end of period	$2,197,624	$ 872,431

See accompanying notes to unaudited condensed consolidated financial statements.

Notes to Unaudited Condensed Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies

Nature of Business

Tamarac, Inc. (“the Company”) was incorporated in 2000, and is headquartered in Seattle, Washington. The Company provides investment portfolio management technology that enables investment managers to provide customized, tax-efficient, individual account management to a multitude of clients. The Company’s technology assists investment management firms in managing clients through automation of investment management, modeling, tax-efficiency, trading, and compliance functions of their business. The Company also provides outsourced portfolio accounting services, customer relationship management (“CRM”), and proprietary performance reporting software that enables investment advisors to generate customizable reports on daily portfolio performance.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Tamarac Advisor Services, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements as of March 31, 2012 and for the three months ended March 31, 2012 and 2011 have not been audited by an independent registered public accounting firm. These unaudited condensed consolidated financial statements reflect all normal recurring adjustments which are, in the opinion of management, necessary to present fairly the Company’s financial position as of March 31, 2012 and its results of operations and cash flows for the periods presented herein. The unaudited condensed consolidated balance sheets do not include all disclosures, including notes required by accounting principles generally accepted in the United States of America (“U.S. GAAP”). The results of operations for the periods presented are not necessarily indicative of the operating results to be expected for other interim periods or for the full fiscal year.

The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in Exhibit 99.1.

The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in these unaudited condensed consolidated financial statements and accompanying notes. Significant estimates in these unaudited condensed consolidated financial statements include estimating uncollectible receivables, costs capitalized for internally developed software, valuations and assumptions used for impairment testing of long-lived assets, fair value of stock and stock options issued, realization of deferred tax assets and valuation. Actual results could differ materially from those estimates under different assumptions or conditions.

Revenue Recognition

The Company generates revenue from (1) subscriptions fees from customers accessing its online software hosted by the Company ("online subscription fees"), (2) implementation and consulting services ("services"), and (3) bundled online subscription fees and services.

Effective January 1, 2011, the Company adopted Accounting Standards Update 2009-13 ("ASU 2009-13"),*Revenue Arrangements with Multiple Deliverables,* on a prospective basis. ASU 2009-13 requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices. The new accounting pronouncement requires an entity to allocate revenue in an arrangement using the estimated selling price ("ESP") of deliverables if it does not have vendor-specific objective evidence ("VSOE") or third-party evidence ("TPE") of selling price. The adoption of ASU 2009-13 did not have a material impact on the Company's consolidated financial statements.

VSOE is the price charged when the same or similar product or service is sold separately. Many of the Company's contracts renew automatically at the same rate as the original contract. The Company defines VSOE as the renewal rates of the standalone transactions.

TPE is determined based on the prices charged by the Company's competitors for a similar deliverable when sold separately. However, due to the difficulty in obtaining sufficient information on competitor pricing and differences in the Company's product offerings when compared with those of the Company's peers, the Company generally is unable to reliably determine TPE.

ESP is the Company's best estimate of the selling price of an element in a transaction involving multiple deliverables. If the Company is unable to establish selling price using either VSOE or TPE, the Company uses ESP in the allocation of arrangement consideration. The objective of ESP is to determine the price at which the Company would transact business if the product or service were sold on a standalone basis. The Company determines ESP based on revenue price drivers applied within a narrow range. ESP for services is established using standard hourly rates for services performed.

For multiple element arrangements, the consideration allocated to online subscription fees is recognized on a straight line basis over the initial contract period, which typically ranges from one to five years and commences with the completed implementation date for the related product. The Company generally recognizes revenue for consideration allocated to implementation and consulting services in a multiple element arrangement as services are performed because these services have standalone value separate from the online subscription fees.

Single element arrangements typically consist of renewals for online subscription fees or consulting services. Under these single element arrangements, revenue from subscription fees is recognized over the related renewal period and revenue from consulting services is recognized as services are performed.

The Company recognizes revenue when all of the following criteria are met:

- Persuasive evidence of an arrangement exists
- Delivery has occurred
- The fee is fixed and determinable; and
- Collectability is reasonably assured.

Deferred revenue consists of subscription fee payments received in advance from customers.

There was no material change to the pattern or timing of revenue recognition for either online subscription fees or services as a result of adopting ASU 2009-13.

Liquidity and Acquisition

On May 1, 2012, Envestnet Inc. ("Envestnet") completed the merger of the Company (the "Merger") pursuant to a merger agreement (the "Agreement") dated February 16, 2012. As a result of the Merger, the Company will continue as a wholly owned subsidiary of Envestnet. Under the terms of the Agreement, all outstanding shares of the Company were purchased for approximately $54 million in cash, subject to certain post-closing adjustments.

2. Property and Equipment, net

Property and equipment consist of the following:

	March 31, 2012	December 31, 2011
Computer equipment	$ 444,514	$ 427,035
Furniture and other equipment	252,695	240,508
Software	62,777	60,454
	759,986	727,997
Less: accumulated depreciation and amortization	(495,542)	(459,271)
	$ 264,444	$ 268,726

Depreciation expense for property and equipment totaled $36,270 and $36,692 for the three-month periods ended March 31, 2012 and 2011, respectively.

3. Internal-Use Software

Internal use software consists of the following:

	March 31, 2012	December 31, 2011
Internal-use software	$2,847,147	$2,408,418
Less: accumulated depreciation and amortization	(890,218)	(697,064)
	$1,956,929	$1,711,354

Amortization expense for internal-use software totaled $193,154 and $99,826 for the three-month periods ended March 31, 2012 and 2011, respectively.

4. Long-Term Debt

In April and May 2008, the Company entered into loan agreements for a total of $1,500,000 in notes payable. The notes bear interest at 10.00% per annum and are secured by substantially all assets of the Company. The notes are payable in interest with only monthly payments until the due date, at which time the principal amount and any accrued interest are due in full. On April 1, 2011 the Company entered into an Amended Secured Promissory Note Agreement that extended the due date of these notes payable to May 31, 2014.

In May 2010, the Company entered into further loan agreements with for notes payable with a face value of $400,000. The notes bear interest at 10.00% per annum and are secured by substantially all assets of the Company. The notes are payable in interest with only monthly payments until May 2013, at which time the principal amount and any accrued interest are due in full. The Company issued warrants to purchase 99,008 shares of its Series C convertible preferred stock as additional consideration for the loan agreement. Upon issuance of the notes, the fair value of the warrants was determined to be $50,000 which was recognized as a discount on the notes.

As of March 31, 2012 and December 31, 2011, the face amount of the notes outstanding was $1,900,000. The notes are presented on the balance sheets net of unamortized discounts of $19,444 and $23,611 as of March 31, 2012 and December 31, 2011, respectively.

5. Income Taxes

The Company is liable for taxes in the United States. For the three-month periods ended March 31, 2012 and 2011, the Company did not have any income for income tax purposes and, therefore, no tax liability or expense has been recorded in these financial statements. For the three-month periods ended March 31, 2012 and 2011, the primary difference between the federal rate and statutory rate relates to the change in valuation allowance on the deferred tax assets.

The Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 740 requires that the tax benefit of net operating losses, temporary differences and credit carry forwards be recorded as an asset to the extent that management assesses that realization is “more likely than not.” Realization of the future tax benefits is dependent on the Company’s ability to generate sufficient taxable income within the carry forward period. The Company has a substantial deferred tax asset resulting primarily from net operating loss carryforwards. Because of the Company’s recent history of operating losses, management believes that recognition of the deferred tax assets is currently not likely to be realized and, accordingly, has provided a valuation allowance against its deferred tax assets as of both March 31, 2012 and December 31, 2011.

The Company follows the provisions of ASC 740, *Accounting for Income Taxes,* with respect to uncertain tax positions. The guidance specifies how tax benefits for uncertain tax positions are to be recognized, measured, and recorded in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax position should be classified on the statement of financial position, and provides transition and interim period guidance, among other provisions. Interest and penalties related to any tax contingencies would be included in income tax expense. The Company has no uncertain tax positions at March 31, 2012 or December 31, 2011.

6. Commitments

The Company entered into an operating lease agreement for office space that serves as the current headquarters of the Company with an original term of August 1, 2006 through November 30, 2011. During 2011, the Company extended the lease through May 31, 2012. On July 1, 2011, the Company entered into an operating lease agreement for office space in Raleigh, North Carolina. It serves as an auxiliary customer service office.

Rent expense was $63,470 and $38,655 for the three-month periods ended March 31, 2012 and 2011, respectively.

The following is a schedule of future minimum rental payments due under non-cancelable leases with initial or remaining terms in excess of one year:

2012 (April 1, 2012 through December 31, 2012)	$ 354,122
2013	421,410
2014	529,116
2015	634,678
2016	783,425
Thereafter	5,143,842
	$7,866,592

The schedule above includes amounts related to the Company's new lease for its headquarters in Seattle, Washington, which was executed on February 16, 2012 and has a term of June 1, 2012 through May 31, 2023.

7. Fair Value Measurements

U.S. GAAP have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to observable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The only financial instrument the Company had outstanding were warrant liabilities, which are discussed in further detail in Note 8. The warrants are carried at fair value and are classified as Level 3 fair value measurements due to the use of significant inputs. There are no financial instruments for which Level 1 or Level 2 fair value measurements were applied.

8. Preferred Stock, Stock Options and Warrants

Preferred Stock

In January 2012, the Company sold 153,631 shares of its Series C-1 Preferred Stock for total proceeds of $275,000.

2000 Plan

The Company has a 2000 Stock Plan to compensate employees and non-employees for services rendered and has reserved 1,475,000 shares of common stock for option grants or stock purchase rights under this plan. In general, options are granted with exercise prices equal to the estimated fair value of the underlying common stock on the grant date and expire ten years from the date of grant.

As of March 31, 2012, there were 9,991 options outstanding and exercisable under the 2000 Stock Plan with a weighted-average exercise price of $0.39 and a weighted average remaining contractual term of 0.18 years.

No options were granted under this plan during the three-month periods ended March 31, 2012 or 2011.

2007 Plan

The Company has a 2007 Stock Plan to compensate employees and non-employees for services rendered and had reserved 2,000,000 shares of common stock for option grants or stock purchase rights under this plan. In general, options are granted with exercise prices equal to the estimated fair value of the underlying common stock on the grant date and expire ten years from the date of grant. Exercise prices for stock options granted under this plan are equal to the fair value of the underlying common stock at the date of grant.

No options were granted or exercised during the three-month periods ended March 31, 2012 or 2011. As of March 31, 2012, there were 1,559,054 options outstanding with a weighted average exercise price of $0.23 and a weighted average remaining contractual term of 5.16 years. As of March 31, 2012, there were 1,191,603 options exercisable, with a weighted average exercise price of $0.18 and a weighted average remaining contractual term of 5.37 years. All options outstanding at March 31, 2012 are expected to vest in full.

Of the 1,559,054 options outstanding, 762,218 options vest based on a formula that is based on certain revenue thresholds being achieved and are eligible to vest over a 4 year period. The Company recognizes an expense at the time vesting is probable. The remaining 796,836 options vest over a 4 year service period. All options have a 10 year contractual term. The only exceptions are 200,000 options granted in 2011, which have a 4 year contractual term. In connection with the Merger, all outstanding options became fully vested and exercisable as of the closing of the Merger on May 1, 2012.

For the three-month periods ended March 31, 2012 and 2011, compensation cost charged to operations for stock option grants was $7,137 and $5,289, respectively. As of March 31, 2012, there was $57,063 total unrecognized compensation cost related to non-vested stock options.

Warrants

In 2010, the Company issued warrants to purchase up to 99,008 shares of Series C in conjunction with the May 2010 loan and security agreements described in Note 3. The exercise price of the warrants is $1.01 per share and they are exercisable through May 12, 2020.

The Company also has warrants outstanding allowing the holders to purchase up to 374,999 shares of Series B. The exercise price of these warrants is $1.01 per share and they are exercisable through May 12, 2018.

Prior to January 1, 2011, the Company accounted for the warrants as a component of stockholders' equity (deficit). In 2011, the Company concluded that the warrants should have been classified as liabilities, with changes in their fair value being recorded in the statement of operations, because the underlying preferred stock contains contingent redemption features that are outside of the Company's control. Therefore, the Company reclassified the warrants from stockholders' equity to warrant liabilities as of January 1, 2011. A total expense of $229,943 was recorded during the three months ended March 31, 2011, included in other income (expense), of which $181,167 was attributable to the change in the fair value of the warrant liabilities for the year ended December 31, 2010. This amount was not considered to be material. The Company determined the fair value of the preferred stock warrants using the Black-Scholes valuation model.

The fair value of the Company's preferred stock warrants measured on a recurring basis is as follows:

December 31, 2011	Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liabilities	$719,125	$ —	$ —	$719,125
March 31, 2012				
Liabilities:				
Warrant liabilities	$720,808	$ —	$ —	$720,808

The following tables set forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities for the three months ended March 31, 2012 and 2011:

Fair value – December 31, 2010	$ —
Change in fair value of Level 3 liabilities	229,943
Fair value – March 31, 2011	$229,943
Fair value – December 31, 2011	$719,125
Change in fair value of Level 3 liabilities	1,683
Fair value – March 31, 2012	$720,808

The following assumptions were used to estimate the fair value of the warrants:

	March 31, 2012	December 31, 2011
Risk-free interest rate	1.46%	1.46%
Volatility	39.40%	39.40%
Expected term (in years)	7.17	7.42
Dividend Rate	—	—

9. Related Party Transactions

During the three-month period ended March 31, 2012, the Company paid consulting fees of $2,500 each, for $5,000 in total, to two Board members.

10. Concentrations

As of December 31, 2011, the Company had outstanding balances from three customers that were individually more than 10% of total accounts receivable. These amounts represented 28%, 19%, and 17% of total accounts receivable as of December 31, 2011. As of March 31, 2012, the Company had an outstanding balance from one customer that individually was more than 10% of total accounts receivable. This amount represented 17% of total accounts receivable. The Company did not recognize revenue from any customer that accounted for more than 10% of total revenue in the three months ended March 31, 2012 or 2011.

11. Subsequent Events

Under ASC 855, the Company performed an analysis of subsequent events through July 12, 2012, when the financial statements were available to be issued.

Exhibit 99.3

Unaudited Pro Forma Financial Information

On May 1, 2012, pursuant to a merger agreement (the "Agreement"), dated February 16, 2012, with Tamarac, Inc., a Washington corporation ("Tamarac"), Envestnet, Inc. ("Envestnet") completed the merger of its wholly owned subsidiary with and into Tamarac (the "Merger"). As a result of the Merger, Tamarac became a wholly owned subsidiary of Envestnet.

The following unaudited pro forma condensed combined balance sheet as of March 31, 2012 is derived from the unaudited condensed consolidated financial statements of Envestnet, filed in Envestnet's Form 10-Q for the quarterly period ended March 31, 2012, and the unaudited condensed consolidated balance sheet of Tamarac as of March 31, 2012 included as Exhibit 99.2 to this Current Report on Form 8-K/A.

The unaudited pro forma condensed combined statement of operations for the three month period ended March 31, 2012 is derived from the unaudited condensed consolidated statement of operations of Envestnet for the three month period ended March 31, 2012, as filed in Envestnet's Form 10-Q for the quarterly period ended March 31, 2012, and the unaudited condensed consolidated statement of operations of Tamarac for the three month period ended March 31, 2012 included as Exhibit 99.2 to this Current Report on Form 8-K/A.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2011 is derived from the audited financial statements of Envestnet for the year ended December 31, 2011, as filed in Envestnet's Form 10-K for the year ended December 31, 2011, and the audited consolidated statement of operations of Tamarac for the year ended December 31, 2011, included as Exhibit 99.1 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 Merger, 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 Merger, which was completed on May 1, 2012, had been completed as of March 31, 2012, the end of Envestnet's first quarter of fiscal year 2012. The unaudited pro forma condensed combined statements of operations for the twelve month period ended December 31, 2011 and the three month period ended March 31, 2012 are prepared as if the Merger was completed on January 1, 2011, the first day of Envestnet's fiscal year 2011.

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, 2011, (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 three month period ended March 31, 2012, (iii) the audited consolidated financial statements and related notes of Tamarac as of and for the year ended December 31, 2011, which are filed as Exhibit 99.1 to the Form 8-K/A, and (iv) the unaudited condensed consolidated financial statements and related notes of Tamarac as of March 31, 2012 and for the three month period ended March 31, 2012.

The unaudited pro forma condensed combined 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 Tamarac Merger 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 Tamarac
As of March 31, 2012
(In thousands)
(Unaudited)

	Historical		Pro Forma	
	Envestnet	Tamarac (1)	Adjustments	Combined
Assets				
Current assets:				
Cash and cash equivalents	$ 70,636	$ 2,198	$ (48,326)a	$ 24,508
Fees receivable, net of allowance for doubtful accounts	8,610	197	(49)b	8,758
Deferred tax assets, net	146	—	—	146
Prepaid expenses and other current assets	3,137	437	—	3,574
Total current assets	82,529	2,832		36,986
Property and equipment, net	10,667	264	—	10,931
Internally developed software, net	3,487	1,957	(1,957)c	3,487
Intangible assets, net	11,246	—	16,150 d	27,396
Goodwill	21,334	—	35,852 e	57,186
Deferred tax assets, net	6,726	—	957 f	7,683
Other non-current assets	3,165	192	—	3,357
Total assets	$139,154	$ 5,245	$ 2,627	$147,026
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$ 15,452	$ 1,842	$ 1,083 b, g	$ 18,377
Note payable - current	174	—	—	174
Deferred revenue	530	4,430	(471)h	4,489
Total current liabilities	16,156	6,272		23,040
Deferred rent liability	1,492	—	—	1,492
Lease incentive liability	2,844	—	—	2,844
Other non-current liabilities	618	2,602	(2,602)i	618
Total liabilities	21,110	8,874		27,994
Redeemable preferred stock	—	17,193	(17,193)j	—
Total stockholders' equity (deficit)	118,044	(20,822)	21,810 k	119,032
Total liabilities and stockholders' equity	$139,154	$ 5,245	$ 2,627	$147,026

(1) Certain reclassifications were made to conform to Envestnet's financial statement presentation.

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

Envestnet, Inc.
Proforma Condensed Combined Statement of Operations of Envestnet and Tamrac
Year Ended December 31, 2011
(In thousands, except share and per share information)
(Unaudited)

	Historical		Pro Forma	
	Envestnet	Tamrac (1)	Adjustments	Combined
Revenues:				
Assets under management or administration	$ 99,236	$ —	$ —	$ 99,236
Licensing and professional services	23,942	9,426	—	33,368
Total revenues	123,178	9,426	—	132,604
Operating expenses:				
Cost of revenues	42,831	643	—	43,474
Compensation and benefits	40,305	8,535	533 l	49,373
General and administration	21,856	2,414	—	24,270
Depreciation and amortization	6,376	670	1,586 d	8,632
Restructuring charges	434	—	—	434
Total operating expenses	111,802	12,262	2,119	126,183
Income (loss) from operations	11,376	(2,836)	(2,119)	6,421
Other income (expense):				
Interest income	77	3	—	80
Interest expense	(786)	(207)	207 i	(786)
Other income	1,100	—	—	1,100
Other expense	(1,183)	—	—	(1,183)
Change in fair value of warrant liability	—	(669)	669 i	—
Gain on investments	(4)	—	—	(4)
Total other income (expense)	(796)	(873)	876	(793)
Income (loss) before income tax provision	10,580	(3,709)	(1,243)	5,628
Income tax provision (benefit)	2,975	—	(500)m	2,475
Net income (loss)	$ 7,605	$ (3,709)	$ (743)	$ 3,153
Net income per share:				
Basic	$ 0.24			$ 0.10
Diluted	$ 0.23			$ 0.10
Weighted average common shares outstanding:				
Basic	31,643,390		232,151 n	31,875,541
Diluted	32,863,834		232,151 n	33,095,985

(1) Certain reclassifications were made to conform to Envestnet's financial statement presentation.

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

Envestnet, Inc.
Proforma Condensed Combined Statement of Operations of Envestnet and Tamarac
Three Month Period Ended March 31, 2012
(In thousands, except share and per share information)
(Unaudited)

	Historical		Pro Forma	
	Envestnet	Tamarac (1)	Adjustments	Combined
Revenues:				
Assets under management or administration	$ 28,263	$ —	$ —	$ 28,263
Licensing and professional services	4,379	3,182	(49)b	7,512
Total revenues	32,642	3,182	(49)	35,775
Operating expenses:				
Cost of revenues	11,526	301	(49)b	11,778
Compensation and benefits	10,685	2,616	132 l	13,433
General and administration	6,773	972	—	7,745
Depreciation and amortization	2,399	229	412 d	3,040
Restructuring charges	27	—	—	27
Total operating expenses	31,410	4,118	495	36,023
Income (loss) from operations	1,232	(936)	(544)	(248)
Other income (expense):				
Interest income	9	1	—	10
Interest expense	(3)	(51)	51 i	(3)
Change in fair value of warrant liability	—	(2)	2 i	—
Total other income (expense)	6	(52)	53	7
Income (loss) before income tax provision	1,238	(988)	(491)	(241)
Income tax provision (benefit)	498	—	(197)m	301
Net income (loss)	$ 740	$ (988)	$ (294)	$ (542)
Net income (loss) per share:				
Basic	$ 0.02			$ (0.02)
Diluted	$ 0.02			$ (0.02)
Weighted average common shares outstanding:				
Basic	31,857,598		232,151 n	32,089,749
Diluted	32,901,969		(812,220)n, o	32,089,749

(1) Certain reclassifications were made to conform to Envestnet’s financial statement presentation.

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

Notes to Pro Forma Condensed Combined Financial Statements

(Unaudited, in thousands, except shares)

Note 1: Basis of pro forma presentation

On May 1, 2012, pursuant to a merger agreement dated February 16, 2012, with Tamarac, Inc., a Washington corporation ("Tamarac"), Envestnet, Inc. ("Envestnet") completed the merger of its wholly owned subsidiary with and into Tamarac (the "Merger"). 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 Merger is as follows:

Cash consideration	$ 54,000
Non-cash consideration	101
Cash received	(2,533)
Working capital adjustment	(3,141)
Total estimated fair value of consideration transferred	$ 48,427

The unaudited pro forma condensed combined financial statements have been prepared by Envestnet pursuant to the rules and regulations of the Securities and Exchange Commission (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 March 31, 2012, and the unaudited condensed consolidated balance sheet of Tamarac as of March 31, 2012.

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, 2011, and the audited consolidated statement of operations of Tamarac for the year ended December 31, 2011. The unaudited pro forma condensed combined statement of operations for the three month period presented is derived from the unaudited condensed consolidated statement of operations of Envestnet for the three months ended March 31, 2012, as filed in Envestnet's Form 10-Q for the quarterly period ended March 31, 2012, and the unaudited condensed consolidated statement of operations of Tamarac for the three month period ended March 31, 2012.

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, 2011, Envestnet's Form 10-Q for the quarterly period ended March 31, 2012, the audited consolidated financial statements of Tamarac as of and for the year ended December 31, 2011 and the unaudited condensed consolidated financial statements of Tamarac as of and for the three months ended March 31, 2012 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 Tamarac's assets acquired and liabilities assumed based on the estimated fair value of Tamarac's tangible and intangible assets and liabilities as of the beginning of business on May 1, 2012. The excess of the total consideration over the net tangible and intangible assets will be recorded as goodwill. Envestnet has made a preliminary allocation of the estimated total consideration based on the unaudited statement of financial position of Tamarac as of May 1, 2012 and using estimates as described in the introduction to these unaudited pro forma condensed consolidated financial statements as follows:

(Unaudited, in thousands, except shares)

Estimated Preliminary Consideration Allocation

Total tangible assets acquired	$ 9,309
Total liabilities assumed	(12,884)
Identifiable intangible assets:	
Customer relationships	8,680
Trade name	1,590
Proprietary technology	5,880
Goodwill	35,852
Total estimated preliminary consideration allocation	$ 48,427

Included in tangible assets acquired is a deferred tax asset of $7,100 primarily due to acquired tax benefits related to Tamarac's net operating loss carryforwards expected to be utilized in the future. Included in the total liabilities assumed is a deferred tax liability of $6,143, 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 total $16,150 and consist of customer relationships, trade name and proprietary technology with useful lives that range from five to 12 years.

Goodwill of $35,852 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 Merger is not tax deductible.

Envestnet is in the process of finalizing valuations of deferred tax assets, intangible assets, deferred revenue and the working capital adjustment associated with the merger.

Note 3: Pro forma adjustments

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

(a) To record net cash consideration of $48,326.

(b) To eliminate transactions between Envestnet and Tamarac for the historical periods presented:

	As of March 31, 2012		
	Envestnet	Tamarac	Total
Accounts receivable	$ (49)	$ —	$ (49)
Accounts payable and accrued expenses	—	(49)	(49)

	For the Three Months Ended March 31, 2012		
	Envestnet	Tamarac	Total
Revenues	$ (49)	$ —	$ (49)
Cost of revenues	—	(49)	(49)

There were no transactions in the year ended December 31, 2011.

Notes to Pro Forma Condensed Combined Financial Statements

(Unaudited, in thousands, except shares)

(c) To eliminate Tamarac capitalized internally developed software as the historical value is recognized in proprietary technology.

(d) To record the estimated fair value of Tamarac's intangible assets and the resulting amortization expense and to eliminate amortization expense for internal use software:

	Fair Value	Estimated Useful Life in Years	Amortization For the Year Ended December 31, 2011	Amortization For the Three Months Ended March 31, 2012
Customer relationships	$ 8,680	12	$ 1,099	$ 319
Trade name	1,590	5	271	81
Proprietary technology	5,880	8	740	205
Total intangible assets acquired	$16,150		2,110	605
Less:				
Tamarac internal use software amortization			(524)	(193)
			$ 1,586	$ 412

(e) To record the estimated fair value of goodwill.

(f) To record an estimated deferred tax asset in the amount of $7,100 related to the reversal of Tamarac's valuation allowance offset by estimated deferred tax liabilities of $6,143 comprised of the difference between the assigned values of the tangible and intangible assets acquired and the tax basis of those assets.

(g) To record estimated transaction costs totaling $1,132. These costs are not reflected in the pro forma condensed combined statement of operations as these costs are non-recurring and are directly related to the acquisition.

(h) To record the fair value adjustment to deferred revenues acquired from Tamarac. The fair value of deferred revenue represents an amount equivalent to the estimated cost plus a reasonable profit margin to perform services based on deferred revenue balances of Tamarac as of March 31, 2012. The fair value adjustment to deferred revenue will reduce revenues during a period of time following the merger; however this adjustment has not been included in the pro forma condensed combined statement of operations because it is non-recurring in nature.

(i) To eliminate the following amounts related to long-term debt and preferred stock warrants which were not assumed by Envestnet in the Merger:

	As of March 31, 2012		
	Envestnet	Tamarac	Total
Warrant liability	$ —	$ (721)	$ (721)
Long-term debt	—	(1,881)	(1,881)
Decrease in other non-current liabilities	$ —	$ (2,602)	$ (2,602)

	For the Year Ended December 31, 2011		
	Envestnet	Tamarac	Total
Interest expense	$ —	$ 207	$ 207
Change in fair value of warrant liability	—	669	669

	For the Three Months Ended March 31, 2012		
	Envestnet	Tamarac	Total
Interest expense	$ —	$ 51	$ 51
Change in fair value of warrant liability	—	2	2

Notes to Pro Forma Condensed Combined Financial Statements

(Unaudited, in thousands, except shares)

(j) To eliminate Tamarac's redeemable preferred stock which were not acquired in the Merger.

(k) To eliminate Tamarac's historical stockholders deficit and to record the effects of entries a through j.

(l) To eliminate stock-based compensation recorded by Tamarac for the year ended December 31, 2011 and the three months ended March 31, 2012 and to record stock-based compensation for stock options granted to Tamarac management net of estimated forfeitures for the year ended December 31, 2012 and the three months ended March 31, 2012 (Note 4):

	Elimination of Tamarac stock-based compensation	Stock-based compensation from acquisition	Total net adjustment
Compensation and benefits - For the year ended December 31, 2011	$ (21)	$ 554	$ 533
Compensation and benefits - For the three months ended March 31, 2012	(7)	139	132

Stock-based compensation from the acquisition does not include any expense related to the $7,000 in common stock granted to certain Tamarac members of management (Note 4) as the vesting of such stock is dependent on meeting future performance conditions.

(m) To record the pro forma tax effect for the twelve and three month periods, respectively, on the adjustments to pro forma loss before income taxes based on an estimated statutory rate of 40% for both periods. The pro forma combined income tax benefits do not reflect the amounts that would have resulted had Envestnet and Tamarac filed consolidated income tax returns during the periods presented.

(n) To record the issuance of common stock acquired by Tamarac management (Note 4).

(o) To eliminate the dilutive effects of stock options and warrants to purchase common stock.

Note 4: Management Incentive Plan

In connection with the Merger, the Company adopted the Envestnet, Inc. Management Incentive Plan for Envestnet | Tamarac Management Employees (the "2012 Plan"). The 2012 Plan provides for the grant of $7,000 in Envestnet common stock, totaling 559,552 shares, for the benefit of certain members of Tamarac management. Such shares were granted on May 1, 2012 and vest upon meeting certain performance conditions and then a subsequent two year service condition. In addition, at the closing of the Merger, members of Tamarac management used a portion of the Merger consideration received by them to acquire 232,151 shares of Envestnet common stock and the Company granted to Tamarac management 232,151 options to acquire Envestnet common stock.