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)— **April 1, 2019**

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of exchange on which registered
Common Stock, par value $0.005 per share	ENV	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 the Current Report on Form 8-K originally filed by Envestnet with the Securities and Exchange Commission ("SEC") on April 4, 2019 (the "Original Form 8-K") in connection with the completion of the acquisition by Tamarac Inc., a subsidiary of Envestnet, of the PortfolioCenter Business ("PortfolioCenter") of Performance Technologies, Inc., a subsidiary of the Charles Schwab Corporation. As indicated in the Original Form 8-K, this Current Report on 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 the PortfolioCenter Business are being filed as an exhibit to this amendment and are included herein:

Exhibit 99.1 — PortfolioCenter Business of Performance Technologies, Inc. audited abbreviated financial statements, including the independent auditors' report, as of and for the years ended December 31, 2018 and 2017.

Pursuant to a letter dated March 14, 2019, from the staff of the Division of Corporation Finance of the Securities and Exchange Commission, the staff stated that it would not object to the filing of the Abbreviated Combined Financial Statements in satisfaction of Rule 3-05 of Regulation S-X as described in Note 1 to the Abbreviated Combined Financial Statements.

(b) Unaudited pro forma financial information.

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

Exhibit 99.2 — Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet, Inc. as of and for the year ended December 31, 2018.

(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 and Touche, LLP, Independent Auditors.
99.1	Audited abbreviated financial statements of the PortfolioCenter Business of Performance Technologies, Inc. as of and for the years ended December 31, 2018 and 2017, and Independent Auditors' Report thereon.
99.2	Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet, Inc. as of and for the year ended December 31, 2018.

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 hereunto duly authorized.

Dated: June 7, 2019

ENVESTNET, INC.

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

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-169050, 333-181071, 333-204858 and 333-208107) on Form S-8 of our report dated May 15, 2019, relating to the abbreviated financial statements of PortfolioCenter Business (formerly of Performance Technologies, Inc.) (the “Business”), a Business of The Charles Schwab Corporation (“Schwab”) prior to April 1, 2019, appearing in this Amendment No. 1 to Current Report on Form 8-K/A of Envestnet, Inc. filed on June 7, 2019.

/s/ Deloitte & Touche LLP

San Francisco, California

June 7, 2019

PortfolioCenter Business of Performance Technologies, Inc.

(A business of The Charles Schwab Corporation)

Abbreviated Financial Statements

December 31, 2018 and 2017

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Deloitte & Touche LLP
555 Mission Street
Suite 400
San Francisco, CA 94105
USA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Envestnet, Inc.

We have audited the accompanying abbreviated financial statements of PortfolioCenter Business (formerly of Performance Technologies, Inc.) (the "Business"), a business of The Charles Schwab Corporation ("Schwab") prior to April 1, 2019, which comprise the Statements of Assets Acquired and Liabilities Assumed as of December 31, 2018 and 2017, and the related Statements of Revenue and Direct Expenses for the years then ended, and the related notes to the abbreviated financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these abbreviated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these abbreviated financial statements based on our audits. We conducted our audits 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 abbreviated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the abbreviated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the abbreviated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Business's preparation and fair presentation of the abbreviated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Business's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the abbreviated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the abbreviated financial statements referred to above present fairly, in all material respects, the financial position of the Business as of December 31, 2018 and 2017, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

May 15, 2019

Statements of Assets Acquired and Liabilities Assumed
(in thousands)

As of December 31,		**2018**		**2017**
Assets acquired				
Current assets:				
Fees receivable	$	394	$	372
Total current assets		**394**		**372**
Intangible assets, net		-		10
Goodwill		3,229		3,229
Total assets acquired	**$**	**3,623**	**$**	**3,611**
Liabilities assumed				
Current liabilities:				
Deferred revenue	$	3,965	$	4,444
Total current liabilities		**3,965**		**4,444**
Total liabilities assumed	**$**	**3,965**	**$**	**4,444**
Assets acquired and liabilities assumed, net	**$**	**(342)**	**$**	**(833)**

The accompanying notes are an integral part of these abbreviated financial statements.

Statements of Revenues and Direct Expenses
(in thousands)

Years ended December 31,		**2018**		**2017**
Revenues	$	18,790	$	19,635
Direct expenses:				
Cost of revenues		3,812		4,396
Compensation and benefits		6,425		8,049
General and administration		1,816		2,006
Total direct expenses		12,053		14,451
Revenues less direct expenses	**$**	**6,737**	**$**	**5,184**

The accompanying notes are an integral part of these abbreviated financial statements.

(1) Description of the Transaction, Description of the Business, and Basis of Presentation

Description of the transaction

On February 21, 2019, Performance Technologies, Inc., a wholly-owned subsidiary of The Charles Schwab Corporation ("Schwab"), entered into an Asset Purchase Agreement (the "Agreement") with Envestnet, Inc. and Tamarac Inc. to sell certain assets and liabilities of its portfolio management and reporting technology solution business (the "PortfolioCenter Business" or the "Business") to Tamarac Inc.

Description of the Business

The PortfolioCenter Business is a solution set owned by Performance Technologies, Inc. The PortfolioCenter Business provides investment advisors and investment advisory service providers with desktop, hosted and outsourced multicustodial software solutions. These solutions provide data-management and performance-measurement tools, as well as customizable accounting, reporting, and billing functions delivered through the commercial software application products known as PortfolioCenter Desktop, PortfolioCenter Hosted, PortfolioServices and Service Bureau (collectively the "PortfolioCenter Products"). The PortfolioCenter Business operates in the United States.

Basis of presentation

The accompanying abbreviated financial statements were prepared to present the assets acquired and liabilities assumed and revenues and direct expenses for the Business in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The statements of assets acquired and liabilities assumed and statements of revenues and direct expenses were prepared for the purpose of complying with the rules and regulations of Rule 3-05 of Regulation S-X of the U.S. Securities and Exchange Commission and are not intended to be a complete presentation of the Business' assets, liabilities, revenues and expenses.

Historically, stand-alone financial statements related to the Business have not been prepared, as Schwab did not maintain separate discrete financial information for the Business. Therefore, it is not practical to provide complete financial statements. These abbreviated financial statements represent the PortfolioCenter Business subject to sale under the Agreement, and were derived from the accounting records of Schwab. The abbreviated financial statements include the assets acquired and liabilities assumed in accordance with the Agreement. The abbreviated financial statements also include certain allocations of direct expenses from Schwab, such as software, infrastructure, certain compensation-related costs for product development and application maintenance, other compensation-related costs for employees directly supporting the Business, and certain general and administration costs, which are directly associated with the revenue-generating activities of the Business. Direct expenses are allocated by Schwab to the Business primarily based on specific identification, relative proportion of Business costs to Schwab costs, and headcount on a full-time equivalent basis. Management believes the direct expenses allocated and the methodologies used to allocate such direct expenses are reasonable and appropriate. The abbreviated financial statements do not include corporate overhead costs, such as executive management, risk management, accounting, tax, legal, compliance, human resources, information technology management, and other general support functions, as these costs are not directly associated with the revenue-generating activities of the Business. The financial information presented herein may not be indicative of the results that would have been achieved if the Business operated as a separate, stand-alone entity during the periods presented. In addition, the abbreviated financial statements may not be indicative of the financial condition or results of operations of the Business going forward.

The Business' cash activities have historically been comingled with Schwab's, and are therefore not separately identifiable. All cash flow requirements of the Business were historically funded by Schwab, and cash management functions were not performed at the PortfolioCenter Business level. The preparation of complete statements of cash flows was therefore not practicable, as the Business did not maintain a separate cash balance.

(2) Summary of Significant Accounting Policies

Use of estimates

The preparation of the abbreviated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the accompanying abbreviated financial statements and in the related disclosures. These estimates are based on information available as of the date of the abbreviated financial statements. While management makes its best judgment, actual amounts or results could differ from those estimates.

Revenue recognition

The Business' accounting policies for revenue recognition are discussed in Note 3.

Cost of revenues

Cost of revenues represents costs of technology and infrastructure used to provide the PortfolioCenter Products. These costs include direct compensation-related costs for product development and application maintenance, software costs and other infrastructure costs that are either specifically identifiable to the Business or allocated by Schwab based on relative proportion of specifically identified costs.

Compensation and benefits

Compensation and benefits includes direct compensation and employee benefits for employees of the Business, excluding certain compensation-related costs for product development and application maintenance. Such costs are either specifically identifiable to the Business or allocated by Schwab primarily based on headcount. Compensation and benefits includes certain employee benefits provided by Schwab, which are described below.

Stock option plan

Schwab grants stock options to employees for the purchase of shares of common stock. Options are granted at an exercise price not less than market value on the date of grant, and expire ten years from the date of grant. Options generally vest annually over a one- to four-year period from the date of grant.

Restricted stock units

Restricted stock units are awards that entitle the holder to receive shares of Schwab's common stock following a vesting period. Restricted stock units are restricted from transfer or sale and generally vest annually over a one- to four-year period.

Compensation expense related to the stock option plan and restricted stock units amounted to $228 and $82 for the years ended December 31, 2018 and 2017, respectively. These costs are based on grant date fair values. Since the underlying stock is Schwab's and not the Business' stock, the Business settles the allocated amounts in cash through the process of payment and settlement with Schwab or its affiliates.

Retirement plan

Schwab sponsors a qualified retirement plan, the SchwabPlan® Retirement Savings and Investment Plan, in which certain employees of the Business participate. Schwab may match certain employee contributions or make additional contributions to this plan at its discretion.

Compensation expense related to the retirement plan amounted to $230 and $269 for the years ended December 31, 2018 and 2017, respectively.

General and administration

General and administration represents direct expenses for bank card processing charges, professional services charges for offshore support, travel and entertainment, communication, and other general and administration expenses which were either specifically identifiable to the Business or allocated by Schwab primarily based on headcount.

Intangible assets

Finite-lived intangible assets are amortized over their useful lives in a manner that best reflects their economic benefit. All intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Intangible assets for customer lists at cost were $1,307 as of December 31, 2018 and 2017, and related accumulated amortization was $1,307 and $1,297 as of December 31, 2018 and 2017, respectively.

Goodwill

Goodwill represents the fair value of acquired businesses in excess of the fair value of the individually identified net assets acquired. Goodwill is not amortized but is tested for impairment annually or whenever indications of impairment exist. Impairment exists when the carrying amount of goodwill exceeds its implied fair value, resulting in an impairment charge for this excess. The Business can elect to qualitatively assess goodwill for impairment if it is more likely than not that the fair value of a reporting unit exceeds its carrying value.

If the Business elects to bypass qualitatively assessing goodwill, or it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, management estimates the fair value of each reporting unit (defined as the businesses for which financial information is available and reviewed regularly by management) and compares it to the carrying values. The Business performed the annual impairment analysis as of December 31, 2018. The Business concluded it has one reporting unit. The estimated fair value of the reporting unit is established using a market approach wherein management estimates the fair value based on market multiples of revenues and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit and recent market transactions. The Business did not recognize any goodwill impairment in any of the years presented.

(in thousands)

New accounting standards

Standard	Description	Date of adoption	Effects on the abbreviated financial statements or other significant matters
Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)" and related ASUs	Clarifies that revenue from contracts with clients should be recognized in a manner that depicts the timing of the related transfer of goods or performance of services at an amount that reflects the expected consideration. Adoption allows either full or modified retrospective transition. Full retrospective transition requires a cumulative effect adjustment to retained earnings as of the earliest comparative period presented. Modified retrospective transition requires a cumulative effect adjustment to retained earnings as of the beginning of the reporting period in which the entity first applies the new guidance.	January 1, 2018	The Business adopted the new revenue recognition guidance using the full retrospective method, which applies the new revenue recognition standard to each prior reporting period presented. There were no significant impacts to the timing, recognition, or presentation of the Business' revenue upon adoption of this guidance.

(3) Revenue Recognition

Disaggregated revenue

The following table presents the Business' revenue by major source.

Years ended December 31,		**2018**		**2017**
PortfolioCenter Desktop	$	7,982	$	9,173
Service Bureau		4,491		3,957
PortfolioCenter Hosted		3,176		2,881
PortfolioServices		2,960		3,290
Other		181		334
Total revenues	**$**	**18,790**	**$**	**19,635**

PortflioCenter Desktop

The PortfolioCenter desktop application is offered as desktop software and related maintenance services, including support and unspecified updates and upgrades. The desktop software license is a separate performance obligation to the customer, which is satisfied at the point in time the customer takes control of the software license. The maintenance services are a separate performance obligation, which is satisfied ratably over the annual service period. The Business earns a fixed fee for the license and maintenance services, which is billed annually and collected in advance and does not contain a significant financing component. The Business allocates the total transaction price to the license and maintenance based upon standalone selling price, which is equal to the stated list price.

Service Bureau

The Business licenses the PortfolioCenter software system to third-party service providers (service bureaus) who wish to utilize the software to offer their own customers outsourced data management, performance reporting, and billing in a hosted solution. The Service Bureau contract contains a time-based software license and related maintenance services, including support and unspecified updates and upgrades. The software license is a separate performance obligation to the customer, which is satisfied at the point in time the customer takes control of the software license. The Business earns a fixed fee for this solution which is billed and collected at the beginning of the service period and recognized upfront. The Business also receives ongoing usage-based royalties for the use of the license, which is collected and recognized monthly as the usage occurs. The maintenance services are a separate performance obligation which is satisfied ratably over the service period. The Business earns a fixed quarterly fee for providing these maintenance services, which is billed and collected in advance and recognized ratably over the service period. The Business allocates the total transaction price to the license and maintenance based upon standalone selling price, which is equal to the stated list price.

PortfolioCenter Hosted

PortfolioCenter Hosted is offered as a hosted online solution. The hosting arrangement is a single performance obligation to the customer, which is satisfied over time. The Business earns a fixed fee for this solution, which is billed and collected monthly in advance. The fixed fee is recognized ratably over the service period.

PortfolioServices

PortfolioServices is a web-based portfolio management and performance reporting solution that is managed for customers by a dedicated service team at the PortfolioCenter Business. The professional services are a single performance obligation to the customer, which is satisfied over time. The Business earns a quarterly fee for providing these professional services based on the number of accounts for each customer, which is billed and collected in advance and recognized ratably over the service period.

Fees receivable

Fees receivable is comprised of billed and unbilled receivables from customers primarily related to Service Bureau contracts. The Business evaluates the need for an allowance for doubtful accounts for potentially uncollectible fees receivable. In establishing the amount of the allowance, if any, customer-specific information is considered related to delinquent accounts, including historical loss experience and current economic conditions. As of December 31, 2018, and 2017, there was no allowance for doubtful accounts recorded.

Deferred revenue

The Business records deferred revenue when cash payments are received in advance of contract performance. For the majority of its arrangements, the Business requires advance payments before services are delivered to the customer. Substantially all deferred revenue relates to performance obligations in which the contract term is twelve months or less. The amount of revenue recognized that was included in the opening deferred revenue balance was $4,431 and $5,389 for the years ended December 31, 2018 and 2017, respectively.

(in thousands)

(4) Related Party Transactions

Schwab may offer discounts to certain customers of the Business for services provided by the Business as a result of existing relationships between Schwab and those customers. The Business provides the discounts to its customers at the direction of Schwab. Schwab in turn reimburses the Business for those discounts provided, and the discount reimbursement is included within revenues in the statements of revenues and direct expenses. Reimbursements from Schwab for these discounts are detailed below:

Years ended December 31,		**2018**		**2017**
PortfolioCenter Desktop	$	997	$	1,058
PortfolioCenter Hosted		273		258
PortfolioServices		181		249
Other		5		158
Total reimbursement from Schwab included in revenues	**$**	**1,456**	**$**	**1,723**

(5) Contingencies and Concentration Risks

The Business may get involved in claims that arise from time to time in the ordinary course of its business. The Business records a provision when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. There were no outstanding claims that warranted expense recognition or disclosure in the abbreviated financial statements for the periods presented.

Revenues from one customer, Tamarac Inc., represented greater than 10% of total revenues in the years ended December 31, 2018 and 2017. Tamarac Inc. is the buyer of the PortfolioCenter Business under the Agreement. No other customer represented more than 10% of total revenues.

(6) Subsequent Event

On April 1, 2019, Tamarac Inc. completed the acquisition of the PortfolioCenter Business.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(*unless otherwise indicated, all numbers are in thousands except share and per share information)*

On April 1, 2019, pursuant to an asset purchase agreement (the "Merger Agreement"), dated as of February 21, 2019, between Envestnet Inc. ("Envestnet"), Tamarac, Inc. ("Tamarac"), a wholly owned subsidiary of Envestnet, Performance Technologies, Inc. ("Seller"), a wholly owned subsidiary of The Charles Schwab Corporation ("Schwab"), and Schwab, Tamarac completed the acquisition (the "Acquisition") of certain assets, primarily consisting of intangible assets, and the assumption of certain liabilities, of the Sellers' PortfolioCenter Business (the "PortfolioCenter Business"). The PortfolioCenter Business provides investment advisors and investment advisory service providers with desktop, hosted and outsourced multicustodial software solutions. These solutions provide data-management and performance-measurement tools, as well as customizable accounting, reporting, and billing functions delivered through the commercial software application products known as PortfolioCenter Desktop, PortfolioCenter Hosted, PortfolioServices and Service Bureau. The PortfolioCenter Business operates in the United States.

In connection with the Acquisition, Tamarac paid $17,500 in cash and assumed certain liabilities. Tamarac funded the Acquisition with available cash resources. The Seller is also entitled to an earn-out payment ("contingent consideration") that will be based on certain PortfolioCenter Business' customer revenues for the twelve-month period beginning on April 1, 2020.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2018 combines the historical consolidated balance sheets of Envestnet and the PortfolioCenter Business, giving effect to the Acquisition as if it had occurred on December 31, 2018**.**

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018 combines the historical consolidated statements of operations of Envestnet and the PortfolioCenter Business, giving effect to the Acquisition as if it had occurred on January 1, 2018.

The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (i) directly attributable to the Acquisition, (ii) factually supportable, and (iii) with respect to the condensed combined statement of operations, expected to have a continuing impact on the combined company's results. The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on, and should be read in conjunction with:

- the audited consolidated financial statements and related notes of Envestnet contained in Envestnet's Annual Report on Form 10-K for the year ended December 31, 2018;

- the audited abbreviated financial statements and related notes of the PortfolioCenter Business of Performance Technologies, Inc. as of and for the years ended December 31, 2018 and 2017, which are included as Exhibit 99.1 to the Current Report on Form 8-K/A to which these unaudited pro forma condensed combined financial statements are filed as an exhibit.

Prior to the Acquisition, the Seller did not maintain separate discrete financial information for the PortfolioCenter Business necessary to prepare complete financial statements. As a result, the audited abbreviated financial statements omitted certain costs not directly involved in the revenue producing activities of the PortfolioCenter Business. These omitted costs include costs related to corporate overhead, such as executive management, risk management, accounting, tax, legal, compliance, human resources, information technology management and other general support functions. Therefore, the audited abbreviated financial statements are not intended to be a complete presentation of the PortfolioCenter Business' assets or liabilities, nor of its revenue and expenses. Accordingly, the historical operating results of the PortfolioCenter Business may not be indicative of the results that might have been achieved had the PortfolioCenter Business been a stand-alone entity. As a result, the unaudited pro forma condensed combined financial statements are not indicative of the financial condition or results of operations of the acquired business going forward due to potential changes in the business and the omission of various operating expenses.

The unaudited pro forma condensed combined financial information has been prepared by Envestnet using the acquisition method of accounting in accordance with U.S. generally accepted accounting principles ("GAAP"). Envestnet has been treated as the acquirer in the Acquisition for accounting purposes. The acquisition accounting, including certain valuation and other studies, is in progress and is not yet at the point where there is sufficient information for a definitive measurement. The assets and liabilities of PortfolioCenter Business have been measured based on various preliminary estimates using assumptions that Envestnet believes are reasonable based on information that is currently available to it. Differences between these preliminary estimates and the final acquisition accounting may occur, and those differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements prepared in accordance with the rules and regulations of the Securities and Exchange Commission.

Envestnet will finalize the acquisition accounting as soon as reasonably practicable within the required measurement period prescribed by Accounting Standards Codification ("ASC") 805, *Business Combinations,* but no later than one year following the completion of theAcquisition.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Envestnet and the PortfolioCenter Business would have achieved had the companies been combined during the periods presented in the unaudited pro forma condensed combined financial statements and is not intended to project the future results of operations that the combined company may achieve after the Acquisition. The unaudited pro forma condensed combined financial information does not reflect any potential cost savings that may be realized as a result of the Acquisition and also does not reflect any restructuring or integration-related costs, if any, to achieve those potential cost savings. The PortfolioCenter Business has historically provided certain services to Tamarac. These transactions have been eliminated in the unaudited pro forma condensed combined financial statements.

Envestnet, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet of Envestnet
and the PortfolioCenter Business of Performance Technologies, Inc.
As of December 31, 2018
(in thousands)

	Historical		Pro Forma		
	Envestnet	**PortfolioCenter**	**Adjustments**		**Combined**
Assets:					
Current assets:					
Cash and cash equivalents	$ 289,345	$ —	$ (17,500)	(a)	$ 271,845
Fees and other receivables, net	68,004	394	(348)	(b)	68,050
Prepaid expenses and other current assets	23,557	—	—		23,557
Total current assets	380,906	394	(17,848)		363,452
					—
Property and equipment, net	44,991	—	—		44,991
Internally developed software, net	38,209	—	—		38,209
Intangible assets, net	305,241	—	12,400	(c)	317,641
Goodwill	519,102	3,229	11,377	(d)	533,708
Other non-current assets	25,298	—	—		25,298
Total assets	$ 1,313,747	$ 3,623	$ 5,929		$ 1,323,299
Liabilities and Equity:					
Current liabilities:					
Accrued expenses	$ 133,298	$ —	$ —		$ 133,298
Accounts payable	19,567	—	(348)	(b)	19,219
Convertible Notes due 2019	165,711	—	—		165,711
Deferred revenue	23,988	3,965	(2,365)	(e)	25,588
Contingent Consideration	732	—	—		732
Total current liabilities	343,296	3,965	(2,713)		344,548
Convertible notes	294,725	—	—		294,725
Contingent consideration	—	—	8,300	(f)	8,300
Deferred revenue	6,910	—	—		6,910
Deferred rent and lease incentive	17,569	—	—		17,569
Deferred tax liabilities, net	640	—	—	(j)	640
Other non-current liabilities	18,005	—	—		18,005
Total liabilities	681,145	3,965	5,587		690,697
Equity:					
Total Stockholders' equity	633,700	(342)	342	(g)	633,700
Non-controlling interest	(1,098)	—	—		(1,098)
Total liabilities and equity	$ 1,313,747	$ 3,623	$ 5,929		$ 1,323,299

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

Envestnet, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations of Envestnet
and the PortfolioCenter Business of Performance Technologies, Inc.
Year Ended December 31, 2018
(in thousands, except share and per share information)

	Historical		Pro Forma		
	Envestnet	PortfolioCenter	Adjustments		Combined
Revenues	$ 812,363	$ 18,790	$ (5,376)	(h)	$ 825,777
Operating expenses:					
Cost of revenues	263,400	3,812	(3,920)	(h)	263,292
Compensation and benefits	317,188	6,425	(165)	(i)	323,448
General and administration	139,984	1,816	1,080	(f)	142,880
Depreciation and amortization	77,626	—	2,222	(c)	79,848
Total operating expenses	798,198	12,053	(783)		809,468
Income from operations	14,165	6,737	(4,593)		16,309
Other expense, net	(23,327)	—	—		(23,327)
Income (loss) before income tax benefit	(9,162)	6,737	(4,593)		(7,018)
Income tax provision (benefit)	(13,172)	—	410	(j)	(12,762)
Net income	4,010	6,737	(5,003)		5,744
Add: net loss attributable to non-controlling interest	1,745	—	—		1,745
Net income attributable to Envestnet, Inc.	$ 5,755	$ 6,737	$ (5,003)		$ 7,489
Net income per share:					
Basic	$ 0.13	—	—		$ 0.17
Diluted	$ 0.12	—	—		$ 0.16
Weighted average common shares outstanding:					
Basic	45,268,002	—	—		45,268,002
Diluted	47,384,085	—	—		47,384,085

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

1. Description of Transaction

On April 1, 2019, pursuant to an asset purchase agreement (the "Merger Agreement"), dated as of February 21, 2019, between Envestnet, Tamarac, Inc. ("Tamarac"), a wholly owned subsidiary of Envestnet, Performance Technologies, Inc. ("Seller"), a wholly owned subsidiary of The Charles Schwab Corporation ("Schwab"), and Schwab, Tamarac completed the acquisition (the "Acquisition") of certain assets, primarily consisting of intangible assets, and the assumption of certain liabilities, of the Sellers' PortfolioCenter Business. The PortfolioCenter Business provides investment advisors and investment advisory service providers with desktop, hosted and outsourced multicustodial software solutions. These solutions provide data-management and performance-measurement tools, as well as customizable accounting, reporting, and billing functions delivered through the commercial software application products known as PortfolioCenter Desktop, PortfolioCenter Hosted, PortfolioServices and Service Bureau. The PortfolioCenter Business operates in the United States.

In connection with the Acquisition, Tamarac paid $17,500 in cash and assumed certain liabilities. Tamarac funded the Acquisition with available cash resources. The Seller is also entitled to contingent consideration which is based on certain PortfolioCenter Business' customer revenues for the twelve-month period beginning on April 1, 2020.

2. Basis of Presentation

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting and are based on the historical consolidated financial statements of Envestnet and the abbreviated financial statements of the Seller. The acquisition method of accounting is based on ASC 805, *Business Combinations*, and uses the fair value concepts defined in ASC 820, *Fair Value Measurements.*

ASC 805 requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, ASC 805 requires that the consideration transferred be measured at the time the Acquisition was completed at the then-current market price.

ASC 820 defines the term "fair value," sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, Envestnet may be required to record the fair value of assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect Envestnet's intended use of those assets. Many of these fair value measurements can be highly subjective, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Under the acquisition method of accounting, the assets acquired and liabilities assumed will be recorded, as of the completion of the Acquisition, primarily at their respective fair values and added to those of Envestnet. Financial statements of Envestnet issued after the completion of the Acquisition will reflect these values, but will not be retroactively restated to reflect the Seller's historical financial position or results of operations.

Under ASC 805, acquisition-related transaction costs (e.g., advisory, legal, valuation and other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which such costs are incurred. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2018 are required to exclude non-recurring costs and costs directly related to the Acquisition. Acquisition-related transaction costs incurred by Envestnet and the PortfolioCenter Business were not material.

The unaudited pro forma condensed combined balance sheet as of December 31, 2018 is required to include adjustments which give effect to events that are directly attributable to the Acquisition regardless of whether they are expected to have a continuing impact on the combined results or are non-recurring.

The unaudited pro forma condensed combined financial statements do not reflect any projected realization of cost savings following completion of the Acquisition. These cost savings opportunities are primarily related to administrative cost savings. Although Envestnet projects that cost savings will result from the Acquisition, there can be no assurance that these cost savings will be achieved. The unaudited pro forma condensed combined financial statements do not reflect any potential restructuring and integration-related costs associated with the projected cost savings. Such restructuring and integration-related costs, if any, will be expensed in the appropriate accounting periods after completion of the Acquisition.

3. Accounting Policies

At completion of the Acquisition, Envestnet reviewed the PortfolioCenter Business' accounting policies and did not identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements. Therefore, the unaudited pro forma condensed combined financial statements assume there are no differences in accounting policies.

4. Consideration Transferred

The following is a summary of preliminary consideration transferred to effect the acquisition of the PortfolioCenter Business:

Base consideration	$	17,500
Estimated contingent consideration (see footnote 6(f))		8,300
Total estimated fair value of consideration transferred	$	25,800

5. Estimate of Assets to be Acquired and Liabilities to be Assumed

The following is a preliminary estimate of the assets acquired and the liabilities assumed by Envestnet in the Acquisition:

Total tangible assets acquired	$	394
Total liabilities assumed		(1,600)
Identifiable intangible assets		12,400
Goodwill		14,606
Total estimated preliminary consideration allocation	$	25,800

Identifiable intangible assets are required to be measured at fair value, and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements and consistent with ASC 820's requirements for fair value measurements, it is assumed that all acquired assets will be used in a manner that represents the highest and best use of those acquired assets, but it is not assumed that any market participant synergies will be achieved.

The fair value of identifiable intangible assets is determined primarily using variations of the “income approach,” which is based on the present value of the future after-tax cash flows attributable to each identifiable intangible asset. Other valuation methods, including the market approach and cost approach, were also considered. Goodwill is calculated as the difference between the acquisition-date fair value of the total consideration transferred and the aggregate values assigned to the assets acquired and liabilities assumed.

As of the date of this Form 8-K/A filing, Envestnet has not finalized the calculation of the estimated fair values of PortfolioCenter Business' identifiable intangible assets. Some of the more significant assumptions inherent in the development of intangible asset values, from the perspective of a market participant, include, but are not limited to: the amount and timing of projected future cash flows (including revenue and profitability); the discount rate selected to measure the risks inherent in the determination of future cash flows; the assessment of the asset’s life cycle; and the competitive trends impacting the asset. For purposes of these unaudited pro forma condensed combined financial statements, the fair value of PortfolioCenter Business' identifiable intangible assets and their useful lives have been preliminarily estimated as follows:

(In thousands, except shares and per share amounts)

	Estimated Fair Value	Estimated Useful Life in Years
Customer list	$ 9,100	10
Proprietary technology	3,300	4
Total intangible assets acquired	$ 12,400	

These preliminary estimates of fair values and useful lives may be different from the amounts included in the final acquisition accounting, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements. Once Envestnet has completed the final valuation of PortfolioCenter Business' intangible assets, additional insight will be gained that could impact (i) the estimated total value assigned to identifiable intangible assets, (ii) the estimated allocation of value between finite-lived and indefinite-lived intangible assets (as applicable) and/or (iii) the estimated useful life of each category of intangible assets. The combined effect of any such changes to these estimated fair values could then also result in a significant increase or decrease to Envestnet's estimate of associated amortization expense.

6. Pro Forma Adjustments

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

(a) To reflect the cash consideration amount of$17,500 paid with available cash.

(b) To eliminate the historical intercompany receivable/payable of$348 related to services provided to Tamarac from the PortfolioCenter Business.

(c) To record the estimated fair value ofPortfolioCenter Business' intangible assets and the resulting amortization expense:

	Estimated Fair Value	Estimated Useful Life in Years	Amortization For the year ended December 31, 2018
Customer relationship	$ 9,100	10	$ 1,397
Proprietary technology	3,300	4	825
Total intangible assets acquired	$ 12,400		$ 2,222

Amortization expense related to customer relationships are amortized on a modified accelerated method and proprietary technology is amortized on a straight-line method. A five percent increase or decrease in each of the intangible asset fair values would result in an approximate increase or decrease of $111 in the estimated amortization expense for the year ended December 31, 2018.

(d) To record the estimated fair value of goodwill of$14,606 for the Acquisition and to eliminate PortfolioCenter Business' historic goodwill of $3,229.

(e) To record the fair value adjustment of$2,365 to deferred revenue acquired from PortfolioCenter Business in accordance with ASC 820. The fair value of deferred revenue represents the amount equivalent to the estimated cost plus a reasonable profit margin to perform services based on deferred revenue balances of PortfolioCenter Business as of December 31, 2018.

(f) To record the fair value of contingent consideration of$8,300 as of December 31, 2018 and accretion expense of$1,080 for the year ended December 31, 2018, using an assumed discount rate of 11.8%.

(g) To eliminate PortfolioCenter's historical accumulated deficit of $342.

(h)To eliminate 2018 intercompany revenue of $3,920 related to PortfolioCenter Business sales to Tamarac and to eliminate $1,456 of related party revenue between the PortfolioCenter Business and Schwab that will not continue subsequent to the date of the Acquisition.

(i) Envestnet issued restricted stock units to certain legacyPortfolioCenter employees in conjunction with the Acquisition. The restricted stock units vest one third on the first anniversary of the grant date and quarterly thereafter. To record stock-based compensation for the issuance of the restricted shares and to eliminate stock-based compensation recorded byPortfolioCenter Business for the historical periods presented:

	For the year ended December 31, 2018
Stock compensation expense for new RSU grants	$ 63
Less: Historical PortfolioCenter Business RSU stock compensation expense	(228)
Net	$ (165)

(j) Envestnet has a valuation allowance on its net deferred tax assets. As a result of the Acquisition, Envestnet will recognize tax expense related to state taxes and goodwill amortization which are not offset by the valuation allowance.