

ENVESTNET, INC.
Form DEF 14A
April 13, 2015

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

Envestnet, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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April 13, 2015
Chicago, Illinois

Dear Stockholder:

It is with great pleasure that we invite you to our 2015 Annual Meeting of Stockholders. The meeting will be held on May 13, 2015 at 35 East Wacker Drive, Suite 260, Chicago, Illinois at 10:00 a.m. Central time.

Our formal agenda for this year's meeting is to vote on the election of directors, to vote, on an advisory basis, on 2014 executive compensation, to ratify the selection of independent auditors for 2015 and to approve an amendment to our 2010 Long-Term Incentive Plan. In addition, we will report to you the highlights of 2014 and discuss the outlook for our business in 2015. We will also be available to answer any questions you may have. Representatives of our independent auditors will be in attendance at the meeting and will be available to answer appropriate questions from our stockholders as well.

Whether or not you plan to attend the meeting, your vote on these matters is important to us. Stockholders of record can vote their shares via the Internet, by using a toll-free telephone number or by requesting and completing a proxy card and mailing it in the return envelope provided. If you hold shares through your broker or other intermediary, that person or institution will provide you with instructions on how to vote your shares.

If you are a beneficial holder of our shares, we urge you to give voting instructions to your broker so that your vote can be counted. This is especially important since the New York Stock Exchange does not allow brokers to cast votes with respect to the election of directors or the advisory vote on executive compensation unless they have received instructions from the beneficial owner of shares.

We look forward to seeing you at the meeting.

Sincerely,

Judson Bergman
Chairman and Chief Executive Officer

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NOTICE OF ANNUAL MEETING

April 13, 2015
Chicago, Illinois

TO THE STOCKHOLDERS OF ENVESTNET, INC.:

The 2015 Annual Meeting of Stockholders of Envestnet, Inc. will be held on May 13, 2015, at 10:00 a.m. Central time at 35 East Wacker Drive, Suite 260, Chicago, Illinois, for the following purposes:

1. To elect one Class I director to hold office until the 2017 Annual Meeting and three Class II directors to hold office until the 2018 Annual Meeting or until their successors are duly elected and qualified;
2. To vote, on an advisory basis, on executive compensation;
3. To ratify the appointment of KPMG LLP as Envestnet's independent auditors for the fiscal year ending December 31, 2015;
4. To approve an amendment to Envestnet's 2010 Long-Term Incentive Plan; and
5. To transact such other business, if any, as lawfully may be brought before the meeting.

Only stockholders of record, as shown by the transfer books of Envestnet, at the close of business on March 23, 2015, are entitled to notice of, and to vote at, the Annual Meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON AND REGARDLESS OF THE NUMBER OF SHARES YOU OWN, PLEASE VOTE AS PROMPTLY AS POSSIBLE VIA THE INTERNET OR BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS IN YOUR PROXY MATERIALS. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT. FOR FURTHER INFORMATION CONCERNING THE INDIVIDUALS NOMINATED AS DIRECTORS, THE PROPOSALS BEING VOTED UPON, USE OF THE PROXY AND OTHER RELATED MATTERS, YOU ARE URGED TO READ THE ATTACHED PROXY STATEMENT.

By Order of the Board of Directors,

Shelly O'Brien
Secretary

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ENVESTNET, INC.
35 East Wacker Drive
Suite 2400
Chicago, Illinois 60601
April 13, 2015

PROXY STATEMENT

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why has this proxy statement been made available?

Our board of directors is soliciting proxies for use at our Annual Meeting of Stockholders to be held on May 13, 2015, and any adjournments or postponements of the meeting. The meeting will be held at 10:00 a.m. Central time at 35 East Wacker Drive, Suite 260, Chicago, Illinois. This proxy statement and the accompanying form of proxy are being mailed to stockholders on or about April 13, 2015.

This proxy statement summarizes the information you need to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares.

What proposals will be voted on at the Annual Meeting?

The following proposals are scheduled to be voted on at the Annual Meeting:

The election of one Class I director and three Class II directors.

An advisory vote on executive compensation.

The ratification of the selection of KPMG LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending December 31, 2015.

The approval of an amendment to the Envestnet, Inc. 2010 Long-Term Incentive Plan (the "2010 Long-Term Incentive Plan").

Envestnet's Board recommends that you vote your shares **"FOR"** each of the nominees to the Board, **"FOR"** the advisory vote on executive compensation, **"FOR"** the ratification of the selection of KPMG LLP as our independent auditors for 2015, and **"FOR"** the approval of the amendment to the 2010 Long-Term Incentive Plan.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 13, 2015

Are proxy materials available on the Internet?

Yes. Our proxy statement for the 2015 Annual Meeting, form of proxy card and 2014 Annual Report are available at www.envestnet.com.

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Who is entitled to vote?

March 23, 2015 is the record date for the Annual Meeting. If you owned our common stock at the close of business on March 23, 2015, you are entitled to vote. On that date, we had 35,053,649 shares of our common stock outstanding and entitled to vote at the Annual Meeting. Our common stock is our only outstanding class of stock. The closing price of our common stock on March 23, 2015 on the New York Stock Exchange was \$56.45.

How many votes do I have?

You have one vote for each share of our common stock that you owned at the close of business on March 23, 2015.

The proxy card indicates the number of shares of common stock you are entitled to vote.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Many of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those owned beneficially.

Stockholder of Record

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are considered, with respect to those shares, the stockholder of record and these proxy materials are being sent to you directly. As the stockholder of record, you have the right to grant your voting proxy directly or to vote in person at the Annual Meeting. You may also vote by telephone or via the Internet as described below under the heading "Information About the Annual Meeting and Voting May I vote by telephone or via the Internet?" or you may vote your proxy card by mail.

Beneficial Owner

If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name," and our proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker or nominee on how to vote your shares and are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may only vote these shares in person at the Annual Meeting if you follow the instructions described below under the heading "Information About the Annual Meeting and Voting How do I vote in person at the Annual Meeting?" Your broker or nominee has provided a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares. If you would like to vote by telephone or on the Internet, you should read the information described below under the heading "Information About the Annual Meeting and Voting May I vote by telephone or via the Internet?"

How do I vote by proxy if I am a stockholder of record?

If you are a stockholder of record, you must properly submit your proxy card (by telephone, via the Internet or by mail) so that it is received by us in time to vote. Your "proxy" (one of the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy

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card (including electronic signatures in the case of Internet or telephonic voting) but do not make specific choices, your proxy will vote your shares as recommended by the Board:

"FOR" the election of the Class I director and each Class II director;

"FOR" the approval of the advisory vote on executive compensation;

"FOR" the ratification of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2015; and

"FOR" the approval of the amendment to the 2010 Long-Term Incentive Plan.

If any other matter is presented, your proxy will vote in accordance with the best judgment of the individuals named on the proxy card. As of the date of printing this proxy statement, we knew of no matters that needed to be acted on at the Annual Meeting, other than those discussed in this proxy statement.

How do I give voting instructions if I am a beneficial owner?

If you are a beneficial owner of shares, the broker will ask you how you want your shares to be voted. If you give the broker instructions, the broker will vote your shares as you direct. If your broker does not receive instructions from you about how your shares are to be voted, one of two things can happen, depending on the type of proposal. Pursuant to rules of the New York Stock Exchange, which we refer to as the NYSE, brokers have discretionary power to vote your shares with respect to "routine" matters, but they do not have discretionary power to vote your shares on "non-routine" matters. Brokers holding shares beneficially owned by their clients do not have the ability to cast votes with respect to the election of directors unless they have received instructions from the beneficial owner of the shares. **It is therefore important that you provide instructions to your broker if your shares are beneficially held by a broker so that your vote with respect to directors and on the advisory vote on executive compensation, and any other matters treated as non-routine by the NYSE, is counted.**

May I vote by telephone or via the Internet?

Yes. If you are a stockholder of record, you have a choice of voting over the Internet, voting by telephone using a toll-free telephone number or voting by requesting and completing a proxy card and mailing it in the return envelope provided. We encourage you to vote by telephone or over the Internet because your vote is then tabulated faster than if you mailed it. Please note that there are separate telephone and Internet arrangements depending on whether you are a stockholder of record (that is, if you hold your stock in your own name), or whether you are a beneficial owner and hold your shares in "street name" (that is, if your stock is held in the name of your broker or bank).

If you are a stockholder of record, you may vote by telephone, or electronically via the Internet, or by following the instructions provided on the proxy card.

If you are a beneficial owner and hold your shares in "street name," you will need to contact your bank or broker to determine whether you will be able to vote by telephone or electronically through the Internet.

The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders'

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instructions have been recorded properly. If you vote via the Internet, you may incur costs, such as usage charges from Internet access providers and telephone companies. You will be responsible for those costs.

Whether or not you plan to attend the Annual Meeting, we urge you to vote. Voting by telephone or over the Internet or returning your proxy card by mail will not affect your right to attend the Annual Meeting and vote.

May I revoke my proxy or my voting instructions?

Yes. If you change your mind after you vote, if you are a stockholder of record, you may revoke your proxy by following any of the procedures described below. To revoke your proxy:

Send in another signed proxy with a later date or resubmit your vote by telephone or the Internet;

Send a letter revoking your proxy to Envestnet's Corporate Secretary at 35 East Wacker Drive, Suite 2400, Chicago, Illinois, 60601; or

Attend the Annual Meeting and vote in person.

If you are a beneficial owner and hold your shares in "street name," you will need to contact your bank or broker to determine how to revoke your voting instructions.

If you wish to revoke your proxy or voting instructions, you must do so in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken.

How do I vote in person at the Annual Meeting?

You may vote shares held directly in your name as the stockholder of record in person at the Annual Meeting. If you choose to vote your shares in person at the Annual Meeting, please bring proof of identification. Shares held in "street name" may be voted in person by you only if you obtain a signed proxy from the stockholder of record giving you the right to vote the shares. If your shares are held in the name of your broker, bank or other nominee, you must bring to the Annual Meeting an account statement or letter from the broker, bank or other nominee indicating that you are the owner of the shares and a signed proxy from the stockholder of record giving you the right to vote the shares. The account statement or letter must show that you were beneficial owner of the shares on March 23, 2015.

Even if you plan to attend the Annual Meeting, Envestnet recommends that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

What votes need to be present to hold the Annual Meeting?

To have a quorum for our Annual Meeting, the holders of a majority of our shares of common stock outstanding as of March 23, 2015 must be present in person or represented by proxy at the Annual Meeting.

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What vote is required to approve each proposal?

Directors are elected by a plurality vote, which means that the nominee for Class I director and the three nominees for Class II directors receiving the most affirmative votes will be elected. However, if the majority of the votes cast for a director are withheld, then notwithstanding the valid election of such director, our by-laws provide that such director will voluntarily tender his resignation for consideration by our Board of Directors ("Board"). Our Board will determine whether to accept the resignation of such director. All other matters submitted for stockholder approval require the affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote.

How are votes counted?

In the election of Envestnet directors, your vote may be cast "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. Your vote may be cast "FOR" or "AGAINST" or you may "ABSTAIN" with respect to the proposals relating to the advisory vote on executive compensation, the ratification of Envestnet's independent auditors and the approval of the amendment to the 2010 Long-Term Incentive Plan. If you sign (including electronic signatures in the case of Internet or telephonic voting) your proxy card with no further instructions, your shares will be voted in accordance with the recommendations of the Board. If you sign (including electronic signatures in the case of Internet or telephonic voting) your broker voting instruction card with no further instructions, your shares will be voted in the broker's discretion with respect to routine matters but will not be voted with respect to non-routine matters. As described in "How do I give voting instructions if I am a beneficial holder?" the election of directors and the advisory vote on executive compensation are considered non-routine matters. We will appoint one or more inspectors of election to count votes cast in person or by proxy.

What is the effect of broker non-votes and abstentions?

A broker "non-vote" occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

Common stock owned by stockholders electing to abstain from voting with respect to any proposal will be counted towards the presence of a quorum. Common stock that is beneficially owned and is voted by the beneficiary through a broker will be counted towards the presence of a quorum, even if there are broker non-votes with respect to some proposals, as long as the broker votes on at least one proposal. Broker "non-votes" will not be considered present and voting with respect to elections of directors or other matters to be voted upon at the Annual Meeting. Therefore, broker "non-votes" will have no direct effect on the outcome of any of the proposals. Abstentions will be considered present and voting and will have the impact of a vote against a proposal.

Are there any voting agreements with respect to our common stock?

No.

What are the costs of soliciting these proxies and who will pay them?

Envestnet will pay all the costs of soliciting these proxies. Our directors and employees may also solicit proxies by telephone, by fax or other electronic means of communication, or in person. We

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will reimburse banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy materials to you.

Where can I find the voting results?

We will publish the voting results in a Form 8-K that we will file with the U.S. Securities and Exchange Commission ("SEC"), within four business days after the Annual Meeting. You can find the Form 8-K on our website at www.investnet.com.

Will Investnet's independent auditors attend the Annual Meeting?

Representatives of KPMG LLP will attend the Annual Meeting and will have the opportunity to make a statement if they wish and will be available to respond to appropriate questions from stockholders.

Do directors attend the Annual Meeting?

Directors are encouraged to attend all meetings of stockholders called by Investnet. Six of our seven directors, who were members of our Board at the time, attended the 2014 Annual Meeting of Stockholders.

Can a stockholder, employee or other interested party communicate directly with our Board? If so, how?

Our Board provides a process for stockholders, employees or other interested parties to send communications to our Board. Stockholders, employees or other interested parties wanting to contact the Board, the independent directors, the Chairman of the Board, the chairman of any Board committee or any other director, as to accounting or auditing matters or any other matters may send an email to corpsecy@investnet.com. Alternatively, stockholders, employees or other interested parties may send written communications to the Board c/o Corporate Secretary, 35 East Wacker Drive, Suite 2400, Chicago, Illinois, 60601, although mail is not as prompt as e-mail. Communication with the Board may be anonymous. The Secretary will forward all communications to the Board, to the Chairman of the Audit Committee or the Chairman of the Nominating and Governance Committee, who will then determine when it is appropriate to distribute such communications to other members of the Board or to management.

Whom should I call if I have any questions?

If you have any questions about the Annual Meeting or voting, please contact Shelly O'Brien, our Corporate Secretary, at (312) 827-2800 or at corpsecy@investnet.com. If you have any questions about your ownership of Investnet common stock, please contact Investor Relations at (312) 827-3940 or by email at investor.relations@investnet.com.

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CORPORATE GOVERNANCE

Overview

In General

Our Board has maintained corporate governance policies since we became a public company following our 2010 initial public offering, which we refer to as our IPO. We have reviewed internally and with the Board the provisions of the Sarbanes-Oxley Act of 2002, the rules of the SEC and the NYSE's listing standards regarding corporate governance policies and processes and are in compliance with the rules and listing standards. We have adopted Corporate Governance Guidelines covering issues such as executive sessions of the Board, director qualification standards, including independence, director responsibilities and Board self-evaluations. We have also adopted a Code of Business Conduct and Ethics for our employees and directors and charters for each of our Compensation Committee, Audit Committee and Nominating and Governance Committee. The full text of our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and each committee charter, are available on our website located at www.envestnet.com and you can view and print these documents by accessing our website, then clicking on "Investor Relations," followed by "Corporate Governance." In addition, you may request copies of the Corporate Governance Guidelines, the Code of Business Conduct and Ethics and the committee charters by contacting our Corporate Secretary via:

Telephone (312) 827-2800
Facsimile (312) 827-2801
E-mail corpsecy@investnet.com

Independent Director Meetings

Our independent directors meet at regularly scheduled executive sessions without the participation of management and our non-employee directors also meet periodically at executive sessions without the participation of management. Yves Sisteron, our lead independent director, is the presiding director for executive sessions of independent directors and non-employee directors.

**Other Corporate Governance
Highlights**

With the exception of one director, our Board consists of all non-employee, independent directors.

Only non-employee, independent directors may serve on our Audit, Compensation and Nominating and Governance Committees.

Our Audit Committee hires, determines the compensation of and decides the scope of services performed by our independent auditors. It also has the authority to retain outside advisors.

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No member of our Audit Committee simultaneously serves on the audit committees of more than two public companies.

Our Compensation Committee has the authority to retain independent consultants to assist it. Our Compensation Committee evaluates the performance of the Chief Executive Officer, to whom we refer as our CEO, based on corporate goals and objectives and, with the other independent directors, sets his compensation based on this evaluation.

The Board and each committee of the Board performed the annual self-evaluation required by the Corporate Governance Guidelines or the applicable committee charter.

We have adopted a Code of Business Conduct and Ethics applicable to all directors, officers and employees that sets forth basic principles to guide their day-to-day activities. The Code of Business Conduct and Ethics addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws and regulations, including insider trading laws, and reporting illegal or unethical behavior.

In addition to Envestnet's regular Board meetings that last approximately two days each, our Board has an annual business review meeting to assess specific areas of our operations and to learn about general trends affecting the wealth management industry. We also provide our directors with the opportunity to attend continuing education programs.

The Board of Directors

Our Board oversees our business and monitors the performance of management. The directors keep themselves up-to-date on the company by discussing matters with the CEO, other key executives and our principal external advisors, such as outside legal counsel, outside auditors, investment bankers and other consultants, by reading the reports and other materials that we send them regularly and by participating in Board and committee meetings.

The Board usually meets six times per year in regularly scheduled meetings, but will meet more often if necessary. From time to time, the Board has telephonic information sessions on various topics. The Board met twelve times, including these telephonic conferences, during 2014. All of our directors attended at least 75% of the aggregate number of meetings of the Board and committees of the Board of which they were a member held while they were in office during the year ended December 31, 2014.

Director Independence

In February 2015, our Board determined that the following directors are independent under the listing standards of the NYSE: Ross Chapin, Cynthia Egan, James Fox, James Johnson, Charles Roame, Yves Sisteron and Gregory Smith. These independent directors constitute substantially more

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than a majority of Envestnet's Board. In making its determination of independence, the Board applied the categorical standards for director independence set forth in the NYSE's rules and therefore determined that no other material relationships existed between us and these directors. The Board also considered the other directorships held by the independent directors and determined that none of these directorships constituted a material relationship with us.

The Committees of the Board

The Board has established an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

The Audit Committee

The Audit Committee provides oversight of the integrity of our financial statements and financial reporting process, our compliance with legal and regulatory requirements, the system of internal controls, the audit process, the performance of our internal audit program and the performance, qualification and independence of the independent auditors.

The Audit Committee is composed entirely of directors who are independent of us and our management, as defined by the NYSE listing standards.

The members of the Audit Committee are Mr. Johnson (Chairman), Mr. Chapin, Mr. Fox and Mr. Smith.

The Board has determined that each member of the Audit Committee satisfies the financial literacy requirements of the NYSE and that Messrs. Chapin, Johnson, Fox and Smith are each audit committee financial experts, as that term is defined under SEC Rules. For additional information about the qualifications of the Audit Committee members, see their respective biographies set forth in "Proposal No. 1: Election of Directors."

The Audit Committee held seven meetings during 2014.

The Compensation Committee

The Compensation Committee has responsibility for evaluating the performance of the CEO and senior management and determining executive compensation in conjunction with the independent directors. The Compensation Committee also works with the Nominating and Governance Committee and the CEO on succession planning.

The Compensation Committee is composed entirely of directors who are independent of us and our management, as defined by the NYSE listing standards.

The members of the Compensation Committee are Mr. Sisteron (Chairman), Mr. Chapin and Ms. Egan.

The Compensation Committee held six meetings during 2014.

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The Nominating and Governance Committee

The responsibilities of the Nominating and Governance Committee include identifying individuals qualified to become Board members, recommending director nominees to the Board and developing and recommending corporate governance guidelines. The Nominating and Governance Committee also has responsibility to review and make recommendations to the full Board regarding director compensation. In addition to general corporate governance matters, the Nominating and Governance Committee assists the Board and the Board committees in their self-evaluations.

The Nominating and Governance Committee is composed entirely of directors who are independent of us and our management, as defined by the NYSE listing standards.

The members of the Nominating and Governance Committee are Mr. Roame (Chairman), Ms. Egan, Mr. Fox, Mr. Johnson and Mr. Smith.

The Nominating and Governance Committee held five meetings during 2014.

How are directors compensated?

Each non-employee director receives an annual retainer of \$60,000 with an additional meeting attendance stipend of \$5,000 for each board meeting attended in person, including all coinciding committee meetings. The chairperson of our Audit Committee receives an additional annual retainer of \$15,000. The chairpersons of our other committees receive an additional annual retainer of \$10,000. The lead director receives an additional annual retainer of \$15,000. All non-chairperson committee members receive an additional annual retainer of \$5,000 for each committee on which they serve. Directors receive 33% of such amounts in cash and may receive 67% in either restricted stock or in options to acquire shares of our common stock at the discretion of the company. Cash amounts paid to directors are paid quarterly with respect to the pro rata portion of fees earned during that quarter. Equity amounts paid to directors are granted once a year no later than March 31 for the amounts earned during the previous year.

We also reimburse all of our directors for their reasonable expenses incurred in attending meetings of our Board or committees. Equity grants to our non-employee directors vest monthly over a four-year period, except that the shares that would otherwise vest over the first 12 months do not vest until the first anniversary of the grant. All equity grants to our non-employee directors are made pursuant to our 2010 Long-Term Incentive Plan. See " Compensation Discussion and Analysis 2010 Long-Term Incentive Plan."

Finally, we made an equity award of 327 restricted stock units on July 30, 2014 to Mr. Roame with respect to his participation as a director representative at our annual advisor summit. One half of the restricted stock units will vest on the first anniversary of the date of grant and the remaining

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restricted stock units will vest on the second anniversary of the date of grant. The following table sets forth our 2014 independent director compensation:

Director Compensation

| Name¹ | Fees Earned or Paid in Cash (\$) | Option Awards (\$)(*) | Total (\$) |
|-------------------------|---|--------------------------------------|-----------------------|
| Ross Chapin | 31,350 | 60,281 | 91,631 |
| Cynthia Egan | 28,050 | 28,787 | 56,837 |
| Gates Hawn | 33,000 ² | 63,627 | 96,627 |
| James Johnson | 34,650 | 66,974 | 101,624 |
| Charles Roame | 31,350 | 58,953 | 90,303 |
| Yves Sisteron | 31,350 | 70,337 | 101,687 |

*
Option awards were granted on February 28, 2014, in connection with 2013 service.

¹
James Fox and Gregory Smith were appointed to the Board in February 2015. They will receive their first option award in 2016.

²
Mr. Hawn retired from the Board in February 2015. In addition, in March 2015, Mr. Hawn received 72,292 in cash in lieu of receiving an option award.

Outstanding Unvested Awards

As of December 31, 2014, the following unvested awards were outstanding for each director.

| | |
|---------------|----------------------------|
| Ross Chapin | 9,543 options |
| Cynthia Egan | 1,712 options |
| Gates Hawn | 10,306 options |
| James Johnson | 10,920 options |
| Charles Roame | 8,583 options |
| | 610 restricted stock units |
| Yves Sisteron | 11,516 options |

What is our Board leadership structure?

The Nominating and Governance Committee of our Board evaluates the Board's leadership structure on a regular basis.

While the Board does not have a policy with respect to combining or separating the Chairman and Chief Executive Officer positions, under the current Board leadership structure, the positions of Chairman and Chief Executive Officer are combined into one role. Mr. Bergman has served as our Chairman and Chief Executive Officer since 1999. The independent directors of the Board have designated one lead director. The lead director's responsibilities include, among other things, presiding over all executive sessions of the non-employee directors, where non-employee directors meet outside the presence of the management directors, presiding at all other meetings of the Board at which the Chairman is not present, serves as a liaison between the Chairman and the independent directors,

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discusses with the Chairman all information sent to the Board and discusses with the Chairman the meeting agendas of the Board. The other responsibilities of the lead director are determined by the Board from time to time. Yves Sisteron has been designated the lead director.

In considering its leadership structure, the Board takes a number of factors into account. Based on its most recent review of the leadership structure, the Board believes that the current structure is appropriate for our company because it allows for effective evaluation and execution of our strategies and operations management. In addition, a number of Board and Committee processes and procedures, including regular executive sessions of non-employee directors and annual performance evaluations, provide substantial independent oversight of our Chairman and Chief Executive Officer's performance.

How does the Board oversee risk?

Envestnet's policies and procedures relating to risk assessment and risk management are overseen by our Board. The Board takes an enterprise-wide approach to risk management that is designed to support our business plans at a reasonable level of risk. A fundamental part of risk assessment and risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for our company. The Board annually approves our business plan, giving consideration to risk management. The involvement of the Board in setting our business strategy is a key part of its assessment of management's risk tolerance and also a determination of what constitutes an appropriate level of risk for our company.

The Audit Committee of the Board reviewed our policies and practices with respect to risk assessment and risk management, including discussing with management our major financial risk exposures and the steps that have been taken to monitor and control such exposures.

The Compensation Committee reviewed compensation risk. The Compensation Committee assessed our executive compensation programs to ascertain any potential material risks that may be created by the compensation program.

In conducting this assessment, the Compensation Committee focused on our incentive compensation programs in order to identify any general areas of risk or potential for unintended consequences that exist in the design of our compensation programs and to evaluate our incentive plans relative to our enterprise risks to identify potential areas of concern, if any.

The Compensation Committee considered the findings of this assessment of compensation policies and practices and determined that our compensation programs are designed and administered with the appropriate balance of risk and reward in relation to our overall business strategy. Envestnet's policies and practices are not structured to encourage executives to take unnecessary or excessive risks, and therefore do not create risks reasonably likely to have a material adverse effect on our company.

How do directors evaluate their performance?

The Board and each committee of the Board conducts annual self-evaluations to assess the business skills, experience and background represented on the Board and to determine whether the Board and its committees are functioning effectively. During the year, the Nominating and Governance Committee receives input on the Board of Director's performance from directors and discusses the input with the full Board and oversees the full Board of Director's review of its performance. Each committee also discusses the input with respect to the committee and the review of its performance.

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The self-assessments focus on whether the Board is operating effectively and on areas in which the Board or management believes that the Board or any of its committees could improve.

How are directors nominated?

In accordance with its charter, the Nominating and Governance Committee identifies potential nominees for directors from various sources. The Nominating and Governance Committee reviews the qualifications of these persons to determine whether they might be a good candidate for membership on the Board. The Nominating and Governance Committee includes a review of the person's judgment, experience, independence, understanding of our business or other related industries and such other factors as the Nominating and Governance Committee determines are relevant in light of the needs of the Board and our company. The Nominating and Governance Committee will select qualified candidates and review its recommendations with the Board, which will decide whether to nominate the person for election to the Board at an annual meeting. Between annual meetings, the Board, upon the recommendation of the Nominating and Governance Committee, can approve additions to the Board.

Envestnet does not have a formal Board diversity policy. However, the Board considers diversity in professional experience and professional training in recommending nominees. The Nominating and Governance Committee works with the Board on an annual basis to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Board and the Nominating and Governance Committee take into account factors such as the individual's general understanding of marketing, finance and other disciplines relevant to the success of a publicly traded company; understanding of our business; education and professional background, including current employment and other Board memberships; reputation for integrity; and any other factors they consider to be relevant. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the business and represent stockholder interest through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Nominating and Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board. The Nominating and Governance Committee annually reviews its own performance. In connection with such self-evaluation, the Nominating and Governance Committee assesses whether it effectively nominates candidates for director in accordance with the above described standards specified by the corporate governance guidelines. See each nominee's and director's biography appearing later in this proxy statement for a description of the specific experiences that each such individual brings to our Board.

The Nominating and Governance Committee will consider a stockholder's recommendation for directors, but the Nominating and Governance Committee has no obligation to recommend such candidates for nomination by the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Nominating and Governance Committee will evaluate those candidates by following substantially the same process and applying substantially the same criteria as for candidates recommended by other sources. If a stockholder has a suggestion for candidates for election, the stockholder should mail it to: Corporate Secretary, Envestnet, Inc., 35 East Wacker Drive, Suite 2400, Chicago, Illinois, 60601. No person recommended by a stockholder will become a nominee for director and be included in a proxy statement unless the Nominating and Governance Committee recommends, and the Board approves, such person.

If a stockholder desires to nominate a person for election as director at a stockholders' meeting, that stockholder must comply with Section 5.2 of our By-laws, which requires notice not more than 120 days nor less than 90 days in advance of the anniversary of the date of the proxy statement

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provided in connection with the previous year's annual meeting of stockholders. This time period has passed with respect to the 2015 Annual Meeting. With respect to the 2016 Annual Meeting, Envestnet must receive such written notice between December 12, 2015 and January 11, 2016. Such notice must describe the nomination in sufficient detail to be summarized on the agenda for the meeting and must set forth:

As to each person whom the stockholder proposes to nominate for election or re-election as a director:

The name, age, business address and residence address of the person,

The principal occupation or employment of the person,

The class, series and number of shares of Envestnet common stock that are owned beneficially by the person,

Any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Exchange Act, and

The nominee's written consent to serve, if elected, and

As to the stockholder giving the notice:

The name and record address of the stockholder,

The number of shares of Envestnet common stock that are owned beneficially by the stockholder, and

A description of all arrangements or understandings between such stockholder and each person the stockholder proposes for election or reelection as a director pursuant to which such proposed nomination is being made.

Compensation Committee interlock and insider participation

The Compensation Committee of Envestnet's Board has responsibility for determining the compensation of our executive officers. None of the members of the Compensation Committee is a current or former officer or employee of our company. None of our executive officers serves on the compensation committee of any company that employs any member of the Compensation Committee.

What is our Related Party transactions approval policy and what procedures do we use to implement it?

Our Board has adopted a written Related Party transactions policy. This policy applies to any transaction, arrangement or relationship, which we refer to as a Related Party Transaction, in which we (including any of our subsidiaries) were, are, or will be a participant, the amount involved exceeds \$120,000 and in which any director, officer, 5% or greater stockholder or certain other related parties or entities, each of which we refer to as a Related Party, has a direct or indirect material interest. We refer to these transactions as Related Party Transactions. Under the policy, the Audit Committee considers all of the relevant facts and circumstances in determining whether to approve a Related Party Transaction, including:

The benefits to us of the proposed Related Party Transaction;

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The impact on a director's independence in the event the Related Party is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer;

The creation of an actual or apparent conflict of interest;

The availability of other sources for comparable products or services;

The terms of the proposed Related Party Transaction;

The Related Party's interest in the transaction; and

The terms available to unrelated third parties or to employees generally.

The Audit Committee will approve only those Related Party Transactions that are in, or are not inconsistent with, the best interests of our company and our stockholders, as the Audit Committee determines in good faith.

The following types of transactions do not require approval or ratification under this policy:

Transactions involving the purchase or sale of products or services in the ordinary course of business, not exceeding \$120,000;

Transactions in which the Related Party's interest derives solely from his or her service as a director of another corporation or organization that is a party to the transaction;

Transactions in which the Related Party's interest derives solely from his or her ownership of less than 10% of the equity interest in another person (other than a general partnership interest) which is a party to the transaction;

Transactions in which the Related Party's interest derives solely from his or her service as a director, trustee or officer (or similar position) of a not-for-profit organization or charity that receives donations from us;

Compensation arrangements of any executive officer (other than an individual who is an immediate family member of a Related Party) that have been approved by the Compensation Committee of our Board and that are reported in our annual meeting proxy statement or would be reported if the executed officer were a named executive officer; and

Director compensation arrangements that have been approved by our Board and that are reported in our annual meeting proxy statement.

What Related Party transactions do we have?

Registration Rights

On March 22, 2004, we entered into a registration rights agreement with certain holders of our common stock, or the registration rights agreement, pursuant to which these holders of our common stock are entitled to demand registration rights, Form S-3 registration rights and piggyback registration rights with respect to the registration of their shares of our common stock under the Securities Act of

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1933, as amended, or the Securities Act. We refer to shares of our common stock that are subject to the registration rights agreement as "registrable securities."

In connection with our IPO, The EnvestNet Group, Inc., Envestnet's 41% shareholder prior to the IPO (the "Envestnet Shareholder"), merged with and into Envestnet, with Envestnet being the surviving entity. Upon consummation of the merger of the Envestnet Shareholder with and into Envestnet, certain stockholders of the Envestnet Shareholder are entitled to become a party to the registration rights agreement and to receive each of the registration rights described below.

Demand Registration Rights. The holders of registrable securities have rights, at their request, to have their shares registered for resale under the Securities Act. Holders of at least 50% of registrable securities may demand the registration of their shares on up to two occasions within any 12-month period if the gross proceeds from the registration of their shares would exceed \$15,000,000.

Registration on Form S-3. In addition to the demand registration rights discussed above, holders of at least 20% of the registrable securities may require that we register their shares of our common stock for public resale on Form S-3 or similar short-form registration statement if the gross proceeds from the registration of their shares of our common stock would exceed \$5,000,000 and our company is eligible to use Form S-3.

Piggyback Registration Rights. The holders of approximately 2.6 million shares of registrable securities have rights to have their shares of our common stock registered for resale under the Securities Act if we register any of our securities, either for our own account or for the account of other stockholders, subject to the right of the underwriters involved in any such transaction to limit the number of shares of our common stock included in an underwritten offering.

The following Related Parties are currently party to the registration rights agreement: Judson Bergman (our Chairman and Chief Executive Officer and one of our directors), William Cramer (our President), Scott Grinis (our Chief Technology Officer), Brandon Thomas (our Chief Investment Officer), and Gates Hawn, a former director and James Johnson, a current director. Holders of our registrable securities are entitled to the registration rights described above. Collectively, these Related Parties hold approximately 1.4 million shares covered by the registration rights agreement as of March 23, 2015.

Indemnification of Directors and Executive Officers

We have entered into agreements to indemnify our directors and certain of our officers in addition to the right to indemnification provided to such persons in our certificate of incorporation and by-laws. These agreements will, among other things, require us to indemnify these individuals to the fullest extent permitted under Delaware law, including for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by such person in any action or proceeding, including any action by or in our right, on account of services by any such person as a director or officer of our company or as a director or officer of any of our subsidiaries, or as a director or officer of any other company or enterprise if any such person serves in such capacity at our request. We also intend to enter into indemnification agreements with our future directors and executive officers.

Did our insiders comply with Section 16(a) beneficial ownership reporting in 2014?

Our executive officers and directors are subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. We believe that all of our executive officers and directors complied with all filing requirements imposed by Section 16(a) of the Exchange Act on a timely basis during fiscal year 2014.

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PROPOSAL NO. 1: ELECTION OF DIRECTORS

General

Our by-laws divide our Board into three classes with the terms of office of each class ending in successive years. Our by-laws provide for a minimum of 5 and a maximum of 11 directors and empower our Board to fix the exact number of directors and appoint persons to fill any vacancies on the Board until the next Annual Meeting.

Following the recommendation of the Nominating and Governance Committee, our Board has nominated James Fox as a director of Envestnet to serve a two-year term to expire at the Annual Meeting in 2017 and James Johnson, Charles Roame and Gregory Smith as directors of Envestnet to each serve a three-year term to expire at the Annual Meeting in 2018 or, in each case, until their respective successors shall have been elected and shall have qualified. Each nominee is currently serving as a director of Envestnet. Our Nominating and Governance Committee has been working with our directors and management over the last few years to identify qualified individuals to serve on our Board. Ms. Egan and Messrs. Fox, Roame and Smith were identified through this process. Mr. Johnson has informed us of his desire to retire from the Board. However, Mr. Johnson has agreed to stand for re-election and to serve until the Board is able to transition another director into the role of Chair of the Audit Committee. Following Mr. Johnson's resignation, it is not expected that a new director will be appointed to serve the remainder of his term.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THESE NOMINEES AS DIRECTORS OF ENVESTNET.

It is the intention of the persons named as proxies, subject to any direction to the contrary, to vote in favor of the candidates nominated by the Board. We know of no reason why any nominee may be unable to serve as a director. If any nominee is unable to serve, your proxy may vote for another nominee proposed by the Board, or the Board may reduce the number of directors to be elected. If any director resigns, dies or is otherwise unable to serve out his or her term, or the Board increases the number of directors, the Board may fill the vacancy until the Annual Meeting.

We have set forth below information with respect to the nominees for election as directors and the other directors whose terms of office as directors will continue after the Annual Meeting. There are no arrangements or understandings between any director and any other person pursuant to which any director was or is selected as a director or nominee.

Nominee for election for term expiring in 2017 (Class I)

James Fox

Mr. Fox, age 63, has served as a director of our company since February 2015. Mr. Fox most recently retired as Non-Executive Chairman of FundQuest, Inc., upon its acquisition by the Company, effective December 2011 after serving in that role since September 2010 and prior to that, as President and Chief Executive Officer starting in October 2005. Mr. Fox has over 30 years of senior executive experience with The BISYS Group, Inc. and First Data Corporation starting in 1989 and currently serves on two additional boards in different industries. He is a Director and Chairman of the Audit Committee for kgb, Inc. and a Director of Ultimus Financial Solutions, LLC. Mr. Fox has previously served as a board member of several public and private companies.

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He participated in the Advanced Management Program at the Wharton School of the University of Pennsylvania he earned his MBA in Finance from Suffolk University and his BA in Economics from the State University of New York.

Mr. Fox's qualifications to serve on our Board include his extensive experience in the business and financial services industry, financial reporting and his knowledge gained from service on the boards of various other companies.

Nominees for election for terms expiring in 2018 (Class II)

James Johnson

Mr. Johnson, age 77, has served as a director of our company since 2000. Mr. Johnson is a General Partner and Founder of Apex Venture Partners, or Apex, a private equity firm, which he founded in 1988. Prior to founding Apex, Mr. Johnson was one of three founding partners of Knightsbridge Partners, a private investment firm. Prior to Knightsbridge, Mr. Johnson served in senior management roles with Beatrice Foods, including corporate Chief Financial Officer and Senior Vice President of the \$6 billion U.S. Foods subsidiary. Mr. Johnson received an MBA from Northwestern University and a BS from Loyola University.

Mr. Johnson has experience with a broad range of companies and industries acquired as a result of the review and analysis of investments by Apex and Knightsbridge Partners. The Board also benefits from Mr. Johnson's experience in senior financial and management roles at Beatrice Foods and his education in business administration.

Charles Roame

Mr. Roame, age 49, has served as a director of our company since 2011. Mr. Roame has served as Managing Partner of Tiburon Strategic Advisors, a provider of research, strategy consulting, and other related services primarily to financial services firms, since 1998. Mr. Roame has previously served on the boards of a variety of public, private and start-up ventures. Mr. Roame earned his MBA from the University of Michigan and a BA from Michigan State University.

Mr. Roame's qualifications to serve on our Board are primarily based on his industry experience.

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Gregory Smith

Mr. Smith, age 51, has served as a director of our company since February 2015. Mr. Smith currently is an Executive-in-Residence and Lecturer at the University of Wisconsin-Milwaukee's Lubar School of Business, as well as Managing Partner of Barnett Management Advisors, LLC. Prior to joining the University of Wisconsin-Milwaukee, Mr. Smith served as Senior Vice President and Chief Financial Officer of the Marshall & Ilsley Corporation and M&I Bank from 2006 until the company's sale to BMO Harris Bank in 2011. Prior to joining Marshall & Ilsley, Mr. Smith held progressively senior roles during a 16 year Wall Street investment banking career, including six years as a Managing Director. Mr. Smith is an honors graduate of both Princeton University and The University of Chicago Booth Graduate School of Business.

Mr. Smith's extensive experience in accounting, liquidity, budgeting and forecasting, treasury, capital management, tax and mergers and acquisitions and his knowledge gained from service on the boards of various other companies contribute to his qualifications to serve on our Board.

Directors whose terms of office will continue after this meeting

Directors whose terms expire in 2016 (Class III)

Judson Bergman

Mr. Bergman, age 58, is the founder of our company and has served as our Chairman, Chief Executive Officer and a director since 1999. Prior to founding our company, Mr. Bergman was Managing Director at Nuveen Investments, Inc., a diversified investment manager. Mr. Bergman serves as a trustee of RS Investment Trust and RS Variable Products Trust, registered investment companies. Mr. Bergman earned his MBA in finance and accounting from Columbia University and received a BA from Wheaton College.

Mr. Bergman has extensive familiarity with the financial services industry acquired through his years with the company and his experience at Nuveen as well as his education in finance and accounting.

Yves Sisteron

Mr. Sisteron, age 60, has served as a director of our company since 2004. Mr. Sisteron has been a Managing Partner and Co-Founder of Upfront Ventures, a private investment firm, since 2000. Mr. Sisteron holds a JD and an LLM from the University of Law (Lyon) and an LLM degree from the New York University School of Law.

Mr. Sisteron has experience with a broad range of companies and industries acquired as a result of the review and analysis of investments by Upfront Ventures. The Board also benefits from Mr. Sisteron's experience serving on the boards of directors of other companies and his education in law.

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Directors whose terms expire in 2017 (Class II)

Ross Chapin

Mr. Chapin, age 62, has served as a director of our company since 2001. Mr. Chapin is a Managing Director of Parametric Portfolio Associates LLC, a provider of structured portfolio management, which he joined as a senior executive in October 2005. Prior to Parametric, Mr. Chapin co-founded Orca Bay Partners, a private equity firm in 1998. Mr. Chapin received an MBA from Columbia University in finance and accounting, and an undergraduate degree from Denison University.

Mr. Chapin has broad knowledge of the financial services industry and financial products acquired through his experience at Parametric. In addition, the Board benefits from Mr. Chapin's experience with a broad range of companies and industries acquired as a result of the review and analysis of investments by Orca Bay Partners and his education in finance and accounting.

Cynthia Egan

Ms. Egan, age 59, has served as a director of our company since 2013. Ms. Egan has recently served as a senior advisor to the U.S. Department of the Treasury in support of retirement programs. She had previously worked as President, Retirement Plan Services for T. Rowe Price Group, an investment firm, from 2007 to 2012. While at T. Rowe Price Group, she also served as a member of the T. Rowe Price Operational Steering Committee and the T. Rowe Price Trust Company Board, Staff Compensation Committee, Diversity Roundtable and as the founding Chair of the T. Rowe Price Women's Roundtable. Ms. Egan progressed to President, Fidelity Charitable Gift Fund and head of Fidelity Institutional Service Company in a career starting in 1989 through 2007. Ms. Egan received a BA from Boston College.

Ms. Egan has experience with the financial services industry and financial products through her association with T. Rowe Price and Fidelity. In addition she has served as a board member of the Employee Benefits Research Institute and received industry recognition for her work with retirement income products and services. Ms. Egan is also a director and member of the Audit and Regulatory Compliance Committees of Unum Group (NYSE: UNM).

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The following table sets forth information, as of March 23, 2015, regarding the beneficial ownership of our common stock by our current directors and executive officers whose compensation is reported in the compensation tables that appear later in this proxy statement, to whom we refer as our named executive officers, and by our directors and executive officers as a group. Unless otherwise indicated, the named individual has sole voting and investment power over the common stock under the column "Common Stock Beneficially Owned." Directors, executive officers and employees are prohibited from engaging in any short sales involving our securities.

| | Shares Held | Options Exercisable within 60 Days (1) | Unvested Restricted Common Stock | Total Beneficial Ownership | Beneficial Ownership Percentages |
|--|--------------------|---|---|---|---|
| Jud Bergman (2) | 594,214 | 727,989 | 21,212 | 1,343,415 | 3.8% |
| Bill Crager (3) | 136,300 | 425,102 | 15,414 | 576,816 | 1.6% |
| Scott Grinis | 219,462 | 110,594 | 7,707 | 337,763 | 1.0% |
| Pete D'Arrigo | 4,393 | 311,998 | 10,090 | 327,331 | * |
| Joshua Mayer (4) | 2,488 | 42,617 | 7,707 | 52,812 | * |
| Yves Sisteron (5) | 171,423 | 14,138 | | 185,561 | * |
| Ross Chapin | 37,438 | 12,189 | | 49,627 | * |
| Jim Johnson | 1,774 | 14,347 | | 16,121 | * |
| Charles Roame (6) | 4,306 | 7,266 | 610 | 12,182 | * |
| Gregory Smith | 1,000 | | | 1,000 | * |
| Cynthia Egan | | | | | * |
| James Fox | | | | | * |
| All Directors and Executive Officers as a Group | 1,415,315 | 1,953,387 | 77,030 | 3,439,199 | 9.3% |

*

Denotes beneficial ownership of less than one percent.

- (1) Includes options vested and exercisable within 60 days of March 31, 2015.
- (2) Includes 132,500 shares held as security in a margin account.
- (3) Includes 100 shares indirectly held by Mr. Crager's wife.
- (4) Includes 42 shares indirectly held by Mr. Mayer's wife.
- (5) Includes 12,000 shares held by Mr. Sisteron individually, and 159,423 shares held by entities controlled by Mr. Sisteron.
- (6) Includes 4,306 shares held by a trust in which Mr. Roame is the trustee.

Table of Contents***Which stockholders own more than 5% of our common stock?***

The following table shows all persons we know to be direct or indirect owners of more than 5% of our common stock as of the close of business on March 23, 2015, unless otherwise indicated. Our information is based on reports filed with the SEC by each of the firms listed in the table below. You may obtain these reports from the SEC.

| Name and Address of Beneficial Owner | Number of Shares Beneficially Owned | Percent of Class |
|--|--|-------------------------|
| Wells Fargo & Company (1) 420 Montgomery Street San Francisco, CA 94104 | 4,418,680 | 12.79% |
| Wellington Management Group LLP (<i>fka Wellington Management Company, LLP</i>) (2) 280 Congress Street Boston, MA 02210 | 2,621,379 | 7.59% |
| The Vanguard Group (3) 100 Vanguard Blvd. Malvern, PA 19355 | 1,953,526 | 5.65% |
| BlackRock Inc. (4) 55 East 52 nd Street New York, NY 10022 | 1,875,383 | 5.43% |

- (1) Based on Amendment #2 to Schedule 13G filed by Wells Fargo & Company and certain of its subsidiaries ("Wells Fargo") on February 5, 2015, reporting the amount of securities beneficially owned as of December 31, 2014. Wells Fargo reports sole voting power with respect to 33,545 shares, shared voting power with respect to 4,167,604 shares, sole dispositive power with respect to 33,545 shares and shared dispositive power with respect to 4,385,135 shares.
- (2) Based on Amendment #3 to Schedule 13G filed by Wellington Management Group, LLP (*fka Wellington Management Company, LLP*) on February 12, 2015 reporting the amount of securities beneficially owned as of December 31, 2014. Wellington reports shared voting power with respect to 2,470,808 shares and shared dispositive power with respect to 2,621,379 shares.
- (3) Based on a Schedule 13G filed by The Vanguard Group on February 11, 2015 reporting the amount of securities beneficially owned as of December 31, 2014. Vanguard reports sole voting power with respect to 44,157 shares, sole dispositive power with respect to 1,911,269 shares and shared dispositive power with respect to 42,257 shares.
- (4) Based on a Schedule 13G filed by BlackRock, Inc., on February 3, 2015 reporting the amount of securities beneficially owned as of December 31, 2014. BlackRock reported sole voting power with respect to 1,804,509 shares and shared dispositive power with respect to 1,875,383 shares.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

We operate in a highly competitive environment and our executive compensation program is designed to attract and retain talented executives who can execute our strategy. The discussion below describes the material elements of the 2014 compensation program for our named executive officers and the manner in which compensation decisions were made.

Philosophy and Objectives

Our executive compensation philosophy, as established by our Compensation Committee, is designed to:

Attract and retain skilled executive officers;

Support our business strategy and objectives; and

Align the interests of our executive officers with those of our stockholders through a pay-for-performance philosophy.

We do not utilize formulas to determine compensation amounts and have established a set of guiding principles that have provided the foundation for all compensation programs for executive officers and all other employees. These guiding principles are as follows:

Pay for performance in such a way as to drive our business strategy and objectives and create shareholder value, consistent with an acceptable risk profile and through legal and ethical means;

The amount of overall total compensation should be attractive to executive officers, affordable for the company, proportional to the executive officer's contribution, and fair to shareholders and employees, while providing payouts that are clearly aligned with actual performance;

Avoid controversial pay practices; and

Compensation should be transparent, understandable and effectively communicated to shareholders and employees.

We are committed to providing a comprehensive total rewards program to attract, retain, and reward highly qualified, diverse and productive employees. The total rewards program emphasizes alignment of employee efforts to support our corporate strategies. The components of the program include compensation, benefits, learning and development opportunities and recognition of employee performance. We strive to remain externally competitive in relevant labor markets while maintaining internal equity. The program also promotes fiscally responsible pay decisions, encourages efficient use of our resources and ensures compliance with applicable legal and contractual requirements.

To our employees, our compensation philosophy means fair pay based on their role in the company, a subjective determination of the market value of their job and their performance in that position. In addition, there is opportunity for additional rewards when we meet or exceed business objectives. Performance rewards provide employees with the opportunity to earn additional compensation beyond their base salary.

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Compensation for our executive officers consists of three primary elements. They receive a base salary which is paid in semi-monthly cash installments, they receive an annual incentive-based cash payment, which is typically paid in February of the subsequent year or in quarterly installments and they receive an annual grant of restricted stock and stock options. For details regarding why we pay each element and how the amounts are determined, see " Our 2014 Executive Compensation Program Base Salary," " Our 2014 Executive Compensation Program Annual Incentive-Based Cash Compensation," and " Our 2014 Executive Compensation Program Equity Awards." Although these sections discuss our practices employed in 2014, generally we plan to continue these practices in future years.

We do not have a specific policy that governs the allocation of compensation between cash and non-cash compensation or between long-term or current compensation. The allocations are driven primarily through a desire to pay what we view as competitive compensation, as determined solely by us based on our review of broad-based third party surveys and other generally available information, which we have historically used to obtain a general understanding of market compensation practices.

Role of Compensation Committee and Management

The Compensation Committee consists of three independent non-employee members of our Board. The Compensation Committee reviews and, as it deems appropriate, recommends to the Board policies, practices and procedures relating to the compensation of officers and other managerial employees and the establishment and administration of employee benefit plans.

The Compensation Committee determines, and recommends to the Board for approval, the Chief Executive Officer's compensation without the participation of the Chief Executive Officer. The Compensation Committee is also responsible for reviewing the performance of the Chief Executive Officer. Our Chief Executive Officer is the only executive officer that has a role in determining the compensation of our named executive officers other than himself. The Chief Executive Officer will provide the Compensation Committee with recommendations, which the Committee has the discretion to approve or disapprove, for (a) changes to base salary, (b) distribution of annual incentive-based cash compensation and (c) restricted stock and stock option grants.

Competitive Market Review

In March of 2014, the Compensation Committee retained an independent third-party compensation specialist, Compensation Advisory Partners ("CAP"), to assist in identifying and facilitating certain changes to our compensation and employee retention programs, including the amounts of compensation paid to our senior management, including the named executive officers, and consideration of employment agreements.

CAP was engaged to analyze the pay levels of and possible terms of employment agreements for senior management, including those of our named executive officers. In particular, CAP's engagement involved (a) reviewing draft employment agreements, (b) defining the roles and responsibilities of senior management, (c) identifying comparable firms within the relevant competitive marketplace and (d) assessing the comparability of senior management roles and compensation from those firms to our senior management.

Our 2014 Executive Compensation Program

Our 2014 executive compensation program had three primary components: base salary, annual incentive-based cash compensation and equity awards.

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Base Salary. Base salaries are intended to provide our executives with a degree of financial certainty and stability that does not depend on company performance. In determining the base salaries for our Chief Executive Officer and the other named executive officers, the Compensation Committee, at the beginning of each year, reviews the overall scope of each executive officer's responsibilities while taking into account the base salaries paid by companies with which we compete for talent. For 2014, base salary adjustments were based on a subjective determination of competitive market rates, individual performance, changes in job duties and responsibilities and our overall financial performance. We did not follow a specific formula or set of criteria in determining base salary adjustments in 201