

Financial Engines, Inc.  
Form DEF 14A  
April 10, 2017  
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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 Pursuant to §240.14a-12

Financial Engines, Inc.

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

1050 Enterprise Way, 3rd Floor

Sunnyvale, California 94089

(408) 498-6000

April 10, 2017

Dear Stockholder:

You are cordially invited to attend our 2017 Annual Meeting of Stockholders (the "Annual Meeting"). The Annual Meeting will be held at 10:00 a.m. Pacific Time, on Tuesday, May 23, 2017, at our offices located at 1050 Enterprise Way, 3<sup>rd</sup> Floor, Sunnyvale, CA 94089.

The formal notice of the Annual Meeting and the Proxy Statement has been made a part of this invitation.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the Annual Meeting. After reading this Proxy Statement, please promptly vote and submit your proxy by dating, signing and returning the enclosed proxy card in the enclosed postage-prepaid envelope, or by voting by telephone or via the Internet. Your shares cannot be voted unless you submit your proxy or attend the Annual Meeting in person.

The Board of Directors and management look forward to seeing you at the Annual Meeting.

Sincerely,

Lewis E. Antone, Jr.

General Counsel and Secretary

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## LETTER FROM THE BOARD CHAIR

To my fellow stockholders,

The past year produced landmark developments for our company with the acquisition and integration of a nationwide team of financial advisors. Financial Engines can now offer our independent discretionary portfolio management services to individuals within and outside of the workforce. People who have previously been unable to access individual help can now receive our advice through their employer, by phone, online or meet face-to-face with one of our advisors in more than 130 locations.

A corollary to the independent financial advisory services provided to our clients is the commitment to strong corporate governance by an independent board on behalf of our stockholders. I am proud to chair a diverse group of directors who possess a deep knowledge of the financial services industry, business strategy, retiree benefits, regulatory matters, and compliance regimes. We review the composition of our board annually to make certain that the combined expertise and judgment of our directors remains a key resource to management and provides vigilant oversight on behalf of our stockholders.

Our board reviews and guides the company's risk management, strategic focus, and executive compensation, among other duties. In 2016 and early 2017, we have overseen changes to the executive team and reporting structure to optimize the organization going forward. Executive succession planning and sensible executive compensation programs that drive performance to create long-term stockholder value remain a priority for our board.

We have enacted both director and executive stock ownership and holding guidelines to further align the board and management with our stockholders, as well as an executive clawback policy to increase accountability. We recognize the trust that our investors place in us, and value and request feedback from our stockholders.

Whether or not you plan to attend the meeting in person, please read this proxy and vote your shares.

- In Proposal 1, you will see Blake R. Grossman, Robert A. Huret and Lawrence M. Raffone nominated for election as Class I directors to serve until the 2020 Annual Meeting of Stockholders.
- In Proposal 2, we request your ratification of the appointment of KPMG LLP as our independent registered

public accountants.

- In Proposal 3, we request your approval on our advisory vote on executive compensation.
- In Proposal 4, we request your approval on a frequency of one year for holding an advisory vote on executive compensation.

Your vote matters to us and to Financial Engines' business, and we thank you for your continued support.

Sincerely,

Blake Grossman

Chairman of the Board

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FINANCIAL ENGINES, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 23, 2017

To Our Stockholders:

Financial Engines, Inc. will hold its Annual Meeting at 10:00 a.m., Pacific Time, on Tuesday, May 23, 2017, at our offices located at 1050 Enterprise Way, 3<sup>rd</sup> Floor, Sunnyvale, CA 94089. We are holding this Annual Meeting:

- to elect Class I directors to serve until the 2020 annual meeting of stockholders or until their successors are duly elected and qualified;
- to ratify the appointment of KPMG LLP as our independent registered public accountants;
- to hold an advisory vote to approve executive compensation;
- to hold an advisory vote on the frequency of holding an advisory vote on our executive compensation; and
- to transact such other business as may properly come before the Annual Meeting and any adjournments or postponements of the Annual Meeting.

Only stockholders of record at the close of business on March 27, 2017 are entitled to notice of, and to vote at this Annual Meeting and any adjournments or postponements of the Annual Meeting. For ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available at the Secretary's office at 1050 Enterprise Way, 3<sup>rd</sup> Floor, Sunnyvale, California 94089.

It is important that your shares are represented at this Annual Meeting. Even if you plan to attend the Annual Meeting, we hope that you will promptly vote and submit your proxy by dating, signing and returning the enclosed proxy card, or vote by telephone or via the Internet. This will not limit your rights to attend or vote at the Annual Meeting.

By Order of the Board of Directors,

Lewis E. Antone, Jr.

General Counsel and Secretary

Sunnyvale, California

April 10, 2017

Important Notice Regarding the Availability of Proxy Materials

for the Stockholder Meeting to Be Held on May 23, 2017.

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Our Proxy Statement for our 2017 Annual Meeting, along with the proxy card, our Annual Report to Stockholders for the fiscal year ended December 31, 2016 and our Annual Report on Form 10-K are available on our website at [www.financialengines.com](http://www.financialengines.com).

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FINANCIAL ENGINES, INC.

1050 Enterprise Way, 3rd Floor

Sunnyvale, California 94089

(408) 498-6000

## PROXY STATEMENT

### INFORMATION CONCERNING VOTING AND SOLICITATION

This Proxy Statement is being furnished to you in connection with the solicitation by the Board of Directors of Financial Engines, Inc., a Delaware corporation, of proxies to be used at our 2017 Annual Meeting, referred to as the Annual Meeting, and any adjournments or postponements thereof. Our Annual Meeting will be held at our office located at 1050 Enterprise Way, 3<sup>rd</sup> Floor, Sunnyvale, CA 94089. This Proxy Statement and the accompanying form of proxy card are being mailed to stockholders on or about April 10, 2017.

#### Appointment of Proxy Holders

Our Board asks you to appoint Lawrence M. Raffone, Raymond J. Sims and Lewis E. Antone, Jr. as your proxy holders to vote your shares at the Annual Meeting. You may make this appointment by voting the enclosed proxy card using one of the voting methods described below.

If appointed by you, the proxy holders will vote your shares as you direct on the matters described in this Proxy Statement. In the absence of your direction, they will vote your shares as recommended by our Board.

Unless you otherwise indicate on the proxy card, you also authorize your proxy holders to vote your shares on any matters not known by our Board at the time this Proxy Statement was printed and which, under our Bylaws, may be properly presented for action at the Annual Meeting.

#### Who Can Vote

Only stockholders who owned shares of our common stock at the close of business on March 27, 2017, the record date for the Annual Meeting, can vote at the Annual Meeting. As of the close of business on March 27, 2017, we had 62,804,544 shares of common stock outstanding and entitled to vote. Each holder of common stock is entitled to one vote for each share held as of March 27, 2017. There is no cumulative voting in the election of directors.

#### How You Can Vote

You may vote your shares at the Annual Meeting either by telephone, via the Internet, by mail or in person as described below. Our Board recommends that you vote by telephone, via the Internet or by mail as it is not practical for most stockholders to attend the Annual Meeting. Giving a proxy will not affect your right to vote your shares if you attend the Annual Meeting and want to vote in person. Stockholders holding shares through a bank or broker should follow the voting instructions on the voting instruction card received.

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Voting by Telephone or via the Internet. You can vote by proxy over the telephone or via the Internet. Please follow the instructions provided on the proxy card or voting instruction card you received.

Voting by Mail. You may vote by proxy by dating, signing and returning your proxy card in the enclosed postage-prepaid return envelope.

Voting at the Annual Meeting. You may vote in person at the Annual Meeting. If you hold shares through a bank or broker, you must obtain a proxy, executed in your favor, from the bank or broker to be able to vote at the Annual Meeting. Voting by telephone, via the Internet or by mail will not limit your right to vote at the Annual Meeting, if you decide to attend in person.

If you submit your proxy, but do not mark your voting preference, the proxy holders will vote your shares FOR the election of the nominees for director, FOR the ratification of the appointment of independent registered public accountants, FOR the advisory vote on our executive compensation and FOR holding the stockholders' advisory vote on our executive compensation every year.

#### Revocation of Proxies

Stockholders can revoke their proxies at any time before they are exercised in any of three ways:

- by voting in person at the Annual Meeting;
- by submitting written notice of revocation to the Secretary prior to the Annual Meeting; or
- by submitting another properly executed proxy of a later date prior to the Annual Meeting.

#### Required Vote

Directors are elected by a plurality vote, which means that the three nominees for Class I 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 Bylaws provide that such director will voluntarily tender his or her resignation for consideration by the nominating and corporate governance committee. Our Board will determine whether to accept the resignation of such director, taking into account the recommendation of the nominating and corporate governance committee. 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.

A quorum, which is a majority of the outstanding shares as of March 27, 2017, must be present to hold the Annual Meeting. A quorum is calculated based on the number of shares represented by the stockholders attending in person and by their proxy holders. If you indicate an abstention as your voting preference, your shares will be counted toward a quorum but they will not be voted on the matter.

Abstentions on any matters are treated as shares present or represented and entitled to vote on that matter and have the same effect as a vote against such matter.

If your shares are held in street name and you do not instruct your broker on how to vote your shares, your broker, in its discretion, may either leave your shares unvoted or vote your shares on routine matters. Only Proposal 2 (ratification of the appointment of independent registered public accountants) is considered a routine matter. Proposal 1 (election of directors), Proposal 3 (advisory vote on Executive Compensation) and Proposal 4 (frequency for holding an advisory vote on Executive Compensation) are not considered routine matters, and without your instruction, your broker cannot vote your shares. If your broker returns a proxy card but does not vote your shares, this results in a "broker non-vote." Broker non-votes will be counted as present for the purpose of determining a quorum. However, as brokers do not have discretionary authority to vote on Proposals 1, 3 or 4, broker non-votes will not be counted for the purpose of determining the number of votes cast on Proposals 1, 3 or 4.

#### Solicitation of Proxies

We will pay the cost of printing and mailing proxy materials. In addition to the solicitation of proxies by mail, solicitation may be made by our directors, officers and other employees by personal interview, telephone or facsimile. No additional compensation will be paid to these persons for solicitation. At this time we have not engaged a proxy solicitor. If we do engage a proxy solicitor we will pay the customary costs associated with such engagement. We will reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation materials to beneficial owners of our common stock.

#### Important

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Please promptly vote and submit your proxy by signing, dating and returning the enclosed proxy card in the postage-prepaid return envelope, or vote by telephone or via the Internet so that your shares can be voted. This will not limit your rights to attend or vote at the Annual Meeting.

## PROPOSAL 1

### ELECTION OF DIRECTORS

#### Directors and Nominees

Our Bylaws provide for a Board of Directors consisting of not fewer than seven (7) nor more than eleven (11) members with the authorized number of directors set from time to time by resolution of our Board. The authorized number of directors is currently set at nine (9) members.

Our Board is divided into three classes: Class I, Class II and Class III. The members of each class of directors serve staggered three-year terms:

• Our Class I directors are Blake R. Grossman, Robert A. Huret and Lawrence M. Raffone, and their terms will expire at the Annual Meeting.

• Our Class II directors are E. Olena Berg-Lacy, John B. Shoven and David B. Yoffie and their terms will expire at the annual meeting of the stockholders to be held in 2018.

• Our Class III directors are Heidi Kunz, Joseph A. Grundfest and Michael E. Martin and their terms will expire at the annual meeting of stockholders to be held in 2019.

Our Board, upon the recommendation of the nominating and corporate governance committee, selected Blake R. Grossman, Robert A. Huret and Lawrence M. Raffone as nominees for election as Class I directors at the Annual Meeting. The proxies given to the proxy holders will be voted or not voted as directed and, if no direction is given, will be voted FOR the three nominees. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, an event not now anticipated, proxies will be voted for any nominee designated by our Board to fill the vacancy.

In accordance with Securities and Exchange Commission, or SEC, regulations, the names of the nominees and certain biographical information about the nominees, including the director's business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the nominating and corporate governance committee to recommend that the nominee should serve on our Board, are set forth below.

Blake R. Grossman has served as our Chairman since February 2016 and as a director since May 2011. Mr. Grossman has served as managing partner of the private investing firms ThirdStream Partners LLC since October 2014 and of CHJ Capital Management LLC since May 2011. Previously, Mr. Grossman held executive positions with BlackRock, Inc., an investment management, risk management and advisory services provider, through 2010, including Vice Chairman and Head of Scientific Investments. Previously, Mr. Grossman served as the Global Chief Executive Officer, a director and a member of the Executive Committee of Barclays Global Investors (BGI), until it was acquired by BlackRock in December 2009. From 1985 to 2009, Mr. Grossman held various executive positions with BGI and its predecessor organizations, including Chief Investment Officer from 1992 to 2002. He currently serves as a director of CamberView Partners LLC, Hillcrest Asset Management LLC and Vista Capital Advisors, which are private companies. The Financial Analysts Journal awarded Mr. Grossman a Graham and Dodd Award for his research on the investment implications of divestment decisions, co-authored with William F. Sharpe, in 1986. Mr. Grossman graduated Phi Beta Kappa from Stanford University, where he received a master's and a bachelor's degree in Economics.

Mr. Grossman's extensive experience with financial products and the strategies used to build portfolios and identify investments are skills essential to understanding the fundamentals of our Company and to advising our growth strategy. Our Board also values the perspective gained from his previous work with our co-founder, Mr. Sharpe. Mr. Grossman's long tenure as an executive in the financial industry demonstrates his leadership skills and judgment.



Robert A. Huret has served as a director since January 2011. He is a founding partner of FTV Capital, a multi-stage private equity firm whose limited partners include many of the world's foremost financial institutions. Previously, he was a senior consultant to Montgomery Securities. He also served as Senior Vice President Finance and Planning and Trust Executive Officer at the Bank of California and was Vice President of Planning and Mergers and Acquisitions at First Chicago Corporation/The First National Bank of Chicago. Since 1990, his financial and professional emphasis has focused on technology companies that develop products and services for the financial services industry. He has served as Trustee of Cornell University and San Francisco University High School. Concurrently with his investment banking and venture capital career, he serves as the Chairman of Huret, Rothenberg & Co., a private investment firm. Previously, he has been a founder and Vice Chairman of Newell Associates and a founder and director of Third Age Media. He currently serves as a director of Cloudmark, Inc. and Bank of Hawaii Corporation (NYSE: BOH). Mr. Huret received his bachelor's of science degree in Industrial and Labor Relations from Cornell University and his MBA with distinction from the Harvard Business School.

Mr. Huret previously served on our Board from 2002 to 2009. Mr. Huret left our Board in 2009 in accordance with his firm's policies requiring resignation when a portfolio company files with the SEC for an initial public offering. Our Board determined that it would benefit from Mr. Huret resuming a director position, and as his firm's policies permitted him to return to our Board, Mr. Huret accepted his appointment to our Board in January 2011. Mr. Huret's status as a financial expert under SEC guidelines and experience in the private equity arena and financial industry bring to our Board leadership, management and sophisticated financial expertise. His extensive knowledge of technology companies and their applications in the financial services industry provides key insights for our Company.

Lawrence M. Raffone has served as our President and Chief Executive Officer and as a director since January 2015, and previously served as our President from November 2012 through December 2014. Prior to November 2012, Mr. Raffone held the position of Executive Vice President, Distribution and Institutional Services from January 2001 until November 2012. Prior to joining us, Mr. Raffone served as the executive vice president of Fidelity Investments Institutional Brokerage Group, a division of Fidelity Investments. Mr. Raffone received an MBA from Babson College and a bachelor's degree in Marketing from Bryant University.

Mr. Raffone's tenure at Financial Engines in our sales, distribution and institutional services organization, as President leading our services and marketing organizations, and now as our President and Chief Executive Officer brings to our Board a unique and extensive understanding of the clients we serve, our Company, the strategic choices we have made and our long-term strategy.

Mr. Raffone possesses an in-depth knowledge of our industry as well as leadership, corporate development and operational experience. We also believe it is important that our Chief Executive Officer serve on our Board and that his membership helps to achieve our objective of a Board composed of experienced and dedicated individuals with a diversity of backgrounds, skills and perspectives.

#### Required Vote

The three nominees for director receiving the highest number of affirmative votes will be elected as directors. However, if the majority of the votes cast for a director are withheld, then notwithstanding the valid election of such director, our Bylaws provide that such director will voluntarily tender his or her resignation for consideration by the nominating and corporate governance committee. Our Board will determine whether to accept the resignation of such director, taking into account the recommendation of the nominating and corporate governance committee. Unless marked to the contrary, proxies received will be voted "FOR" the nominees.

Our Board recommends a vote FOR the election of



Blake R. Grossman, Robert A. Huret and Lawrence M. Raffone as

Class I directors of Financial Engines.

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Executive Officers and Directors

The following table shows information about our executive officers and directors as of March 1, 2017. Mr. Gamble is not included in the table below as he was not an executive officer on March 1, 2017.

Name	Age	Position
Lawrence M. Raffone	53	Chief Executive Officer, President and Director
Raymond J. Sims	66	Executive Vice President, Chief Financial Officer
John B. Bunch	50	Executive Vice President, Chief Operating Officer and President, Financial Engines Advisors L.L.C.
Christopher L. Jones	49	Executive Vice President, Investment Management and Chief Investment Officer
Kelly S. O'Donnell	49	Executive Vice President, Chief Administrative Officer and Chief Risk Officer
Michael J. Campbell	49	Executive Vice President, Product and Technology
Lewis E. Antone, Jr.	55	Executive Vice President, General Counsel and Secretary
Gina M. Cruse	52	Executive Vice President, Human Resources
Jeffrey C. Grace	54	Vice President, Controller and Principal Accounting Officer
Blake R. Grossman(2)	54	Chairman of the Board
Michael E. Martin(2)	61	Director
E. Olena Berg-Lacy(3)	67	Director
Heidi Kunz(1)(4)	62	Director
Joseph A. Grundfest(1)(3)(4)	65	Director
Robert A. Huret(1)(2)(4)	72	Director
John B. Shoven(2)(3)	69	Director
David B. Yoffie(3)	62	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

(4) Determined by our Board to be an “audit committee financial expert” as defined by SEC rules.

The following presents biographical information for each of our current executive officers, including our named executive officers, or NEOs, and directors listed above in the table, other than the director nominees whose information is on pages 3 and 4 of this Proxy Statement. In accordance with SEC regulations, the biographical information includes information regarding: the individual’s business experience and involvement in certain legal or administrative proceedings, if applicable, and, with respect to our directors, director position held currently or at any time during the last five years and the experiences, qualifications, attributes or skills that caused the nominating and corporate governance committee to recommend that the director should serve on our Board.

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Raymond J. Sims has served as our Executive Vice President, Chief Financial Officer since May 2016, as Executive Vice President, Chief Financial Officer and Chief Risk Officer from January 2014 until May 2016, and as our Executive Vice President and Chief Financial Officer since August 1999. Before joining us, Mr. Sims served at Raychem Corporation, a technology company, as Senior Vice President, Chief Financial Officer and Treasurer from 1993 to 1999, as Vice President and Treasurer from 1985 to 1993 and as Director, Internal Audit from 1982 to 1984. Mr. Sims is a Certified Public Accountant, Personal Financial Specialist and Chartered Global Management Accountant. He received an MBA from the Harvard Business School and a bachelor's degree in Business and Economics from Lehigh University.

John B. Bunch has served as our Executive Vice President and Chief Operating Officer and President, Financial Engines Advisors L.L.C. since February 2017, as our Executive Vice President, Financial Engines and as the President of both of our investment advisory subsidiaries, Financial Engines Advisors L.L.C. and The Mutual Fund Store, LLC, from February 2016 to February 2017. Prior to joining us, Mr. Bunch held the position of Chief Executive Officer at The Mutual Fund Store from February 2012 to January 2016. He also served as President, Retail Distribution at TD Ameritrade from June 2007 to February 2012 and as Head of Branches at TD Ameritrade from January 2006 to June 2007. From 2004 to January 2006, he served as the Executive Vice President of Branch Distribution for TD Waterhouse. Prior to this, he served as Divisional Senior Vice President at Charles Schwab & Co from 2002 to 2004 and held other leadership roles at Charles Schwab & Co. from 1993 to 2002. Mr. Bunch attended the University of Iowa and the University of Michigan's Ross School of Business.

Christopher L. Jones has served as our Executive Vice President, Investment Management and Chief Investment Officer since January 2006, as our Executive Vice President, Investment Management from May 2001 to January 2006, as our Vice President, Financial Research & Strategy, from January 1998 to May 2001, and as our Director of Financial Research from December 1996 to January 1998. Prior to joining us, Mr. Jones served as a consultant at Cornerstone Research, an economic and financial consulting firm. Mr. Jones received a master's degree in Business Technology and Engineering-Economic Systems and a bachelor's degree in Economics from Stanford University.

Paul A. Gamble served as Executive Vice President, Distribution and Institutional Services from April 2015 until February 2017. Prior to joining us, Mr. Gamble served as Managing Director, Head of F-Squared Institutional and Retirement Solutions from May 2013 to March 2015. Mr. Gamble previously served as Financial Engines' Executive Vice President, Distribution and Institutional Services from November 2012 to May 2013 and as Vice President, National Sales from April 2004 to November 2012. Prior to those roles, Mr. Gamble served as Financial Engines' National Director of Business Development from April 2002 to April 2004 and Regional Sales Director from June 2000 to April 2002. Prior to joining Financial Engines, Mr. Gamble served as Vice President of Institutional Retirement Sales at Scudder Investments from June 1998 to June 2000. From January 1996 to May 1998, he was Vice President of Institutional Retirement Sales at Fidelity Investments. Mr. Gamble received a bachelor's degree in Psychology from the College of Wooster.

Kelly S. O'Donnell has served as our Executive Vice President and Chief Administrative Officer and Chief Risk Officer since February 2017, as our Executive Vice President, Business Operations and Corporate Marketing and Chief Risk Officer from May 2016 to February 2017, as Executive Vice President, Business Operations and Corporate Marketing since March 2015, as Executive Vice President, Corporate and Institutional Marketing from September 2014 to March 2015, as our Executive Vice President of Marketing from January 2013 to September 2014 and as our Vice President of Marketing from July 2007 to January 2013. From October 2006 to June 2007, she served as our Senior Director of Channel Marketing and as our Director of Customer Acquisition and Retention from June 2003 to September 2006. Prior to joining us, she was Director of Consulting and an analyst for Cerulli Associates from June 1998 to June 2003. Ms. O'Donnell was also a litigation assistant at A. G. Edwards & Sons from May 1996 to July 1997 and a manager and associate at Coopers & Lybrand from August 1989 to May 1996. Ms. O'Donnell received a bachelor's degree in Accountancy from the University of Missouri.

Michael J. Campbell has served as our Executive Vice President, Product and Technology since February 2017, as our Executive Vice President, Technology from April 2014 to February 2017, as our Vice President, Software Development from November 2002 to April 2014, and as Director, Software Development from August 1999 to November 2002. Prior to joining us, Mr. Campbell served in various management and software development roles for the Aion product line, an expert systems development tool, at Platinum Technology. Mr. Campbell received a bachelor's degree in Symbolic Systems from Stanford University.

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Lewis E. Antone, Jr. has served as our Executive Vice President and General Counsel since May 2016. Mr. Antone previously served as Vice President and Deputy General Counsel from March 2009 to May 2016, and joined Financial Engines in 2004 as Senior Corporate Counsel. He has also previously served as the Company's Chief Compliance Officer. Prior to joining us, Mr. Antone handled investment company distribution and contractual matters as Senior Counsel with Columbia Management Group, the asset management business of the Bank of America Corporation. Mr. Antone also has experience in the retail broker/dealer and investment advisory business as Associate Counsel with LPL Financial Services, with emerging markets at ING, and has worked as an attorney with both the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA) Office of General Counsel. Mr. Antone received his bachelor's degree in politics and a J.D. from The Catholic University of America and an L.L.M. from the Georgetown University Law Center.

Gina M. Cruse has served as our Executive Vice President, Human Resources since March 2015. Prior to joining us, Ms. Cruse served as the Vice President of Human Resources at Saba, a cloud-based intelligent talent management solution company, from November 2011 until February 2015, and as the Group Director of Human Resources at Cadence Design Systems, a leader in global electronic design innovation, from December 1999 until October 2011. Ms. Cruse studied business at Mission College, Santa Clara, California.

Jeffrey C. Grace has served as our Vice President, Controller and Principal Accounting Officer since May 2010. Mr. Grace joined us in January 2010 as our Vice President and Corporate Controller. Prior to joining us, beginning in July 2007, Mr. Grace was Chief Financial Officer for Christensen & Giannini. He also held senior financial management positions, including Chief Financial Officer and Director for Language Line Services, Inc. from 2004 to 2007 and Vice President of Finance & Principal Accounting Officer for Excelligence Learning Corporation from 1997 to 2004. Mr. Grace began his career with Deloitte & Touche LLP. He is a Certified Public Accountant and received a bachelor's degree in Finance from California State University, Los Angeles.

Michael E. Martin is a Partner of Warburg Pincus & Co. and a Managing Director of the private equity firm Warburg Pincus LLC, where he is head of its financial services group and a member of its Executive Management Group. Prior to joining Warburg Pincus & Co. and Warburg Pincus LLC in March 2009, Mr. Martin was President of Brooklyn NY Holdings, LLC, a private investment company, from March 2006 to December 2008. Mr. Martin worked at UBS Investment Bank from March 2002 to March 2006, where he served as a Vice Chairman and Managing Director of UBS Investment Bank and a member of its Board of Directors and Global Executive Committee. He held senior positions at the investment bank Credit Suisse First Boston from August 1987 to March 2002 and from January 1983 to July 1987 he practiced corporate law at the law firm of Wachtell, Lipton, Rosen & Katz. Mr. Martin served on the Board of Directors of Triton Container International from February 2012 to July 2016, Aeolus Re from September 2009 to November 2015, National Penn Bancshares, Inc. from February 2011 to March 2015, Primerica, Inc. from April 2010 to May 2014, SLM Corporation from May 2008 to May 2012 and BPW Acquisition Corp. from March 2008 to March 2010. He is currently a Director of Ascentium Capital, DBRS, Mariner Finance and Source. Mr. Martin received a B.A. in economics from Claremont Men's College and a J.D. from Columbia University School of Law.

Mr. Martin's experience in the financial services industry as well as his service on private and public boards of directors provide extensive, relevant expertise to our Board.

E. Olena Berg-Lacy has served as a director since July 1998 and as a consultant from July 1998 until December 2007 and from October 2009 until December 2011. She has served as a director of Bentall Kennedy, a private real estate investment advisor company, from September 2012 to October 2015. Ms. Berg-Lacy was a partner with Fiduciary Benchmarks, Inc. from September 2007 to March 2008. Ms. Berg-Lacy was a member of the Board of Trustees for the GM/UAW Trust for Retiree HealthCare from March 2006 to January 2009 and the UAW Trust for Retiree Health Benefits from January 2009 to January 2012. She has been a director, chair of the finance committee, and a consultant

to the non-profit Pension Rights Center since 2000. She has served on the National Governing Board of Common Cause since 2013. Prior to this, she served as Assistant Secretary of the United States Department of Labor, a position she held from June 1993 to June 1998. Ms. Berg-Lacy served as a director of New Tower Trust since 2016. She received an MBA with honors from the Harvard Business School and a bachelor's degree in English Literature from California State University at Chico.

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Ms. Berg-Lacy was asked to join our Board due her extensive experience in retiree benefits and with the U.S. Department of Labor. Her viewpoint enables her to advise our Board and Company from the perspective of retirees as well as the regulatory bodies which govern the highly technical area of retirement benefits. Ms. Berg-Lacy is very familiar with our strategies, business and culture due to her years of service on our Board and has a long-established history of providing valuable counsel in her role as director.

Heidi Kunz has served as a director since November 2008. She was the Executive Vice President and Chief Financial Officer of Blue Shield of California from September 2003 until her retirement in December 2012. Prior to joining Blue Shield of California, she served as Executive Vice President and Chief Financial Officer of Gap, Inc. from 1999 to January 2003. From 1995 to 1999, Ms. Kunz served as the Chief Financial Officer of ITT Industries, Inc. She has also held senior financial management positions at General Motors Corporation, including Vice President and Treasurer during her 16-year tenure from 1979 to 1995. Ms. Kunz has served as a director of Halyard Health (NYSE: HYH) since 2014 and Agilent Technologies Inc. (NYSE: A) since 2000. Ms. Kunz received an MBA in Finance/Accounting from Columbia Business School and a bachelor's degree in Russian Language from Georgetown University.

Ms. Kunz's experience as a chief financial officer and her background of senior financial management positions with several large corporations brings to our Board in-depth knowledge of financial best practices as well as financial reporting requirements. In addition, she provides insight into how large employers view investment management services for their employees. Ms. Kunz' status as a financial expert under SEC guidelines and her sophistication with corporate finances offer valuable insight to our management and our Board in her position as chair of our audit committee.

Joseph A. Grundfest is one of our founders and has served as a director since our inception in June 1996. Mr. Grundfest has not been an employee of our Company and has no operational involvement with our Company. Mr. Grundfest joined the faculty of Stanford Law School in January 1990 where he is the William A. Franke Professor of Law and Business. He is also senior faculty of the Arthur and Toni Rembe Rock Center for Corporate Governance at Stanford University, and co-director of Director's College, a venue for the continuing professional education of directors of publicly traded corporations. Prior to joining Stanford Law School, Mr. Grundfest was a Commissioner of the U.S. Securities and Exchange Commission from 1985 to 1990. Mr. Grundfest, who serves on the board of KKR, LLC (the managing partner of KKR LP (NYSE: KKR), a publicly-traded entity), where he is also Chair of the Audit Committee, and is also currently the chairman of the board nominating committee of the NASDAQ Stock Market. Mr. Grundfest received a juris doctorate from Stanford Law School and a bachelor's degree in Economics from Yale University.

As a professor of law and business, as well as holding senior positions at the Arthur and Toni Rembe Rock Center for Corporate Governance at Stanford University and of Director's College, Mr. Grundfest brings to our Board significant corporate governance expertise. We also benefit greatly from Mr. Grundfest's status as a financial expert under SEC guidelines. In addition, as one of our co-founders, he has extensive knowledge of our strategies, business and culture and has a long-established history of providing valuable insight to our Board.

John B. Shoven, Ph.D., has served as a director since January 2010 and currently serves as the Charles R. Schwab Professor of Economics at Stanford University, where he has taught since 1973. Dr. Shoven has served as the Trione Director of the Stanford Institute for Economic Policy Research from 1999 to 2015, a position he previously held from 1989 to 1993. He served as Chairman of the Economics Department at Stanford University from 1986 to 1989, and as Dean of the School of Humanities and Sciences from 1993 to 1998. Dr. Shoven currently serves as a director on the board of directors of Exponent, Inc. (NASDAQ: EXPO), an engineering and scientific consulting firm, as well as chairman of the nominating and governance committee and a member of the audit committee and compensation committee. He also serves as chairman of the board of directors of Cadence Design Systems, Inc. (NASDAQ: CDNS), a developer of electronic design automation hardware and software, where he chairs the compensation committee and is a member of the nominating and governance committee as well as the audit and finance committee. Dr. Shoven also



serves as a director on the board of directors of American Century Funds, Mountain View Board, where he is chairman of the client experience oversight committee and a member of the governance committee. He is a Fellow of the American Academy of Arts and Sciences, a recipient of the Paul A. Samuelson Award for Outstanding Scholarly Writing on Lifelong Financial Security, an award-winning teacher at

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Stanford, and has published more than 100 professional articles and 20 books. Dr. Shoven received a Ph.D. in Economics from Yale University and a bachelor's degree in Physics from University of California, San Diego.

As a professor of economics and former director of the Stanford Institute for Economic Policy Research, Dr. Shoven has strong financial and corporate governance expertise, as well as strong expertise on Social Security claiming strategies and investment theory. Dr. Shoven's service on a number of public company boards of directors, including their various committees, also provides cross-board experience and insight into practices at other organizations.

David B. Yoffie, Ph.D., has served as a director since June 2011 and is the Max and Doris Starr Professor of International Business Administration at the Harvard Business School, where he has taught since 1981. Dr. Yoffie served as Chairman of Harvard Business School's Strategy department from 1997 to 2002, Chairman of the Advanced Management Program from 1999 to 2002, Senior Associate Dean and Chair of Executive Education from 2006-2012, and he currently chairs Harvard's World President's Organization program. He has also lectured and consulted in more than 30 countries. Dr. Yoffie is a Co-Chair of the Nominating and Governance Committee of Intel Corporation (NASDAQ: INTC) and served as a member of the board of directors of Charles Schwab Corporation (NYSE: SCHW) until 2007 and TiVO Inc. (NASDAQ: TIVO) until 2016 as Chair of the Nominating and Governance Committee. He is also on the board of the National Bureau of Economic Research, a nonprofit research organization since 1995. Dr. Yoffie received a master's degree and Ph.D. in Political Science from Stanford University, where he has been a Visiting Scholar, and a bachelor's degree in Politics from Brandeis University.

Dr. Yoffie provides a depth of knowledge regarding the development and operation of successful business enterprises. His service on other boards of directors provides our Board with cross-board experience. Dr. Yoffie also brings experience in strategy and management to his role as a director.

There are no family relationships among any of our directors or executive officers.

## CORPORATE GOVERNANCE

### Organization of our Board of Directors

Our Board oversees, counsels, and directs management in our long-term interests and those of our stockholders. Under our Corporate Governance Guidelines, which can be found on our Company website, our Board's responsibilities, including those of its committees, include:

- selecting, evaluating the performance of, and determining the compensation of the Chief Executive Officer and other senior executives;
- reviewing and approving our major financial objectives and strategic and operating plans, and other significant actions;
- overseeing the conduct of our business and the assessment of our business risks to evaluate whether the business is being properly managed;
- overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with law and ethics;
- establishing the appropriate "Tone at the Top" to actively cultivate a corporate culture that gives high priority to ethical standards, principles of fair dealing, professionalism, integrity, full compliance with legal requirements and ethically sound strategic goals;
- choosing the Chief Executive Officer, monitoring his or her performance and having a detailed succession plan for the Chief Executive Officer, including preparations in the event the Chief Executive Officer becomes unavailable or fails to meet performance expectations;
  - monitoring management's succession planning for other senior executives;
- planning for and dealing with crises, in particular crises where the tenure of the Chief Executive Officer is in question, where there has been a major disaster or risk management crisis, or where our Company's reputation is threatened by product failure or a socio-political issue;
- assuming a position of authority whenever there is a proposed transaction that creates a seeming conflict between the best interests of stockholders and those of management, including potential takeovers;
- determining our Company's reasonable risk levels and monitoring the management of risks within those parameters;
- approving our Company's annual operating plan and long-term strategy, monitoring performance and providing advice to management as a strategic partner;
- working with management to promote and balance our Company's short-term performance and long-term success;
- seeking, in conjunction with the duty to determine executive compensation, a balance of enabling our Company to recruit, retain and incentivize the most talented executives, while avoiding excessive compensation;
- closely following our investor relations to develop an understanding of stockholder perspectives on our Company;
- keeping abreast of current standards for compliance with legal and regulatory requirements, setting and monitoring compliance with such requirements and responding appropriately to compliance issues;
- interviewing and nominating director candidates, monitoring and evaluating our Board's own performance, seeking continuous improvement for Board performance, and reviewing director compensation annually; and
- taking into account the Board or committee chairperson's term of service, if the chairperson has served in such capacity for three consecutive terms, and determining if a rotation of the committee chair is appropriate or advisable.

Our Board and its committees met throughout the year at regularly-scheduled meetings, held special meetings, and acted by written consent from time to time as appropriate. Our Board held 8 meetings during 2016. Each director attended at least 75% of the total regularly-scheduled and special meetings held by our Board and the committees on which such director served during his or her tenure in 2016. Our non-management directors meet in regularly-scheduled sessions without the presence of management in executive sessions, over which the Chairman of the Board generally presides. We do not have a policy regarding directors' attendance at our annual meetings of stockholders, however, we encourage our directors to attend. All of our directors attended the 2016 annual meeting of stockholders, including Mr. Raffone.

**Board Leadership Structure.** Our Board has determined that having an independent director serve as Chairman of the Board is in the best interest of our stockholders at this time. An independent Chairman allows our Board to have an independent perspective, which works in tandem with the viewpoint of our Chief Executive Officer to provide robust review of our Company's business and strategies.

**Risk Oversight.** Our Board is actively involved in oversight of risks that could affect our Company. This oversight is also conducted through the committees of our Board, as disclosed in the descriptions of each of the committees below and in the charters of each of the committees. For example, strategic risks are overseen by the full Board; financial conduct, financial reporting, accounting matters, related person transactions and some enterprise risks are overseen by the audit committee; risks related to our governance structure are overseen by the nominating and corporate governance committee; and compensation risks are overseen by the compensation committee. In addition to the committees' attention to risk, our Board has retained responsibility for general risk oversight. Our Board satisfies this responsibility through full reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within our Company. This includes reports from the Chief Compliance Officer of our wholly-owned subsidiary, Financial Engines Advisors L.L.C., at least annually, and periodic reports from the Chief Compliance Officer of Financial Engines, Inc. In addition, we have an enterprise risk management program overseen by our Chief Risk Officer under which enterprise risks are identified and prioritized by our management. Our management regularly reports on enterprise risks to the relevant committee or our Board. Additional review or reporting on enterprise risks is conducted as needed or as requested by our Board or a committee. We believe that these processes are consistent with, and provide additional support for, the current Board leadership structure.

**Board Independence.** Our Corporate Governance Guidelines provide that a majority of our directors will be independent. Based on the review and recommendation by the nominating and corporate governance committee, our Board has determined that each of our directors other than Mr. Raffone, our President and Chief Executive Officer, qualifies as "independent" in accordance with the published listing requirements of The NASDAQ Stock Market. In addition, all compensation committee members are "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (which is referred to in this Proxy Statement as the Code), to allow our Company a tax deduction for certain employee compensation exceeding \$1,000,000 for an individual. All compensation committee members are also "non-employee directors" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 (which is referred to in this Proxy Statement as the Exchange Act) to allow our Company to exempt certain option grants and similar transactions from the short-swing profits prohibition of Section 16 of the Exchange Act. To facilitate this determination, each director completes a questionnaire annually that provides information about relationships that might affect the determination of independence. Management provides the nominating and corporate governance committee and our Board with relevant facts and circumstances of any relationship bearing on the independence of a director or nominee.

## Board Committees

Board Committees. Our Board has established three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. We believe that the composition of these committees meet the criteria for independence under, and the functioning of these committees complies with, the applicable requirements of, the Sarbanes-Oxley Act of 2002, the current rules of The NASDAQ Stock Market and SEC rules and regulations. We intend to comply with future requirements as they become applicable to us. Our Board has approved a charter for each of these committees, which can be found on our website at [www.financialengines.com](http://www.financialengines.com). Each committee has the composition and responsibilities described below:

## Audit Committee

Number of Members:	3
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Members:	Heidi Kunz, Chairperson Joseph A. Grundfest Robert A. Huret
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Number of Meetings in 2016:	6
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Functions:

Each of our audit committee members has been determined by our Board to be an “audit committee financial expert” as defined by SEC rules.

The audit committee assists our Board in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal accounting controls. The audit committee oversees the audit efforts of our independent accountants and takes actions as it deems necessary to satisfy itself that the accountants are independent of management. The audit committee is also responsible for monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters. In addition, the audit committee is responsible for oversight of our risks relating to financial conduct, financial reporting, accounting matters, related person transactions and some enterprise risks.

To satisfy these oversight responsibilities, the audit committee meets at regularly-scheduled meetings with our Controller and Principal Accounting Officer, our Chief Financial Officer and our Chief Risk Officer, as well as our General Counsel and other members of management, including our internal audit personnel and internal risk committee, and separately in executive sessions with our independent registered public accounting firm, to discuss and review our financial statements, internal controls, auditing, accounting and financial reporting processes, and the adequacy of the resources devoted to these functions. The audit committee receives regular reports at committee meetings regarding issues such as the status and findings of audits being conducted by the independent auditors, accounting changes that could affect our financial statements and proposed audit adjustments, if any.

## Compensation Committee

Number of Members:	4
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Members:	Michael E. Martin, Chairperson
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Blake R. Grossman

Robert A. Huret

John B. Shoven

Number of Meetings in 2016: 7

Functions:

The compensation committee is responsible for meeting the Board’s responsibilities with regard to oversight and determination of executive compensation and assesses whether our compensation structure establishes appropriate incentives for officers and employees. The compensation committee can form and delegate authority to subcommittees consisting of one or more members of the compensation committee and members of management. The compensation committee is responsible for risks relating to employment policies and our compensation and benefit plans. To assist it in satisfying these oversight responsibilities, the compensation committee has retained Semler Brossy Consulting Group, LLC, or Semler Brossy, as its independent compensation consultant and meets regularly with management to understand the financial, human resources and stockholder implications of compensation decisions being made. The compensation committee chairperson also meets as needed with management and the committee’s consultant.

The compensation committee reviews and makes recommendations to our Board with respect to our major compensation plans, policies and programs. In addition, the compensation committee establishes and modifies the terms and conditions of employment of our executive officers, and administers our Amended and Restated 2009 Incentive Stock Plan, our executive cash incentive plans and our employee cash incentive plans. Pursuant to its charter, the compensation committee has sole discretion and authority with respect to any action regarding compensation payable to the Chief Executive Officer or the other executive officers of the Company, including compensation that is intended to constitute “qualified performance-based compensation” for purposes of Section 162(m) of the Code or to be exempt from the short-swing profit recovery provisions under Section 16(b) of the Exchange Act.

Nominating and Corporate Governance Committee

Number of Members: 4

Members: Joseph A. Grundfest, Chairperson  
E. Olena Berg-Lacy  
John B. Shoven  
David B. Yoffie

Number of Meetings in 2016: 4

Functions:

The nominating and corporate governance committee is responsible for making recommendations to our Board regarding candidates for directorships, the size and composition of our Board and the compensation for non-employee directors. In addition, the nominating and corporate governance committee oversees our general corporate governance guidelines as well as our policies addressing regulatory and legal matters, and reports and makes recommendations to our Board concerning corporate governance matters.

The nominating and corporate governance committee is also responsible for oversight of risks relating to Board succession planning, our ethics policies and corporate governance practices. To satisfy these oversight responsibilities, the nominating and corporate governance committee receives regular reports from our officers responsible for each of these risk areas on matters such as progress against succession planning programs and goals, trends in corporate governance risk levels, and risk management activities.

Compensation Committee Interlocks and Insider Participation

None of the current members of the compensation committee is or has in the past served as an officer or employee of our Company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on, or proposed

to serve on, our Board or the compensation committee.

#### Director Nominations

Our Board nominates directors for election at each annual meeting of stockholders and elects new directors to fill vacancies when they arise. The nominating and corporate governance committee has the responsibility to identify, evaluate, recruit and recommend qualified candidates to our Board for nomination or election.



Director Criteria. The nominating and corporate governance committee has a policy regarding consideration of director candidates recommended by stockholders. The committee reviews suggestions for director candidates recommended by stockholders and considers such candidates based on the same criteria used for other candidates. Our Board has an objective that its membership be composed of experienced and dedicated individuals with diversity of backgrounds, perspectives and skills. We do not have a specific policy regarding diversity of candidates. The nominating and corporate governance committee selects candidates for director based on an appropriate balance of knowledge, experience and capability, and specifically based on their character, judgment, diversity of experience, business acumen, and his or her willingness and ability to devote sufficient time to effectively carry out his or her duties as a director. The nominating and corporate governance committee believes it appropriate for at least one, and, preferably, multiple, members of our Board to meet the criteria for an “audit committee financial expert” as defined by SEC rules, and for a majority of the members of our Board to meet the definition of “independent director” under the rules of The NASDAQ Stock Market. The nominating and corporate governance committee also believes it appropriate for our Chief Executive Officer to participate as a member of our Board.

Prior to each annual meeting of stockholders, the nominating and corporate governance committee identifies nominees first by reviewing the current directors whose terms expire at the annual meeting of stockholders and who are willing to continue in service. These candidates are evaluated based on the criteria described above, including as demonstrated by the candidates’ prior service as directors, and the needs of our Board with respect to the particular talents and experience of its directors. In the event that a director does not wish to continue in service, the nominating and corporate governance committee determines not to nominate the director, or a vacancy is created on our Board as a result of a resignation, an increase in the size of our Board or other event, the nominating and corporate governance committee will consider various candidates for Board membership, including those suggested by members of the nominating and corporate governance committee, by other members of our Board, by any executive search firm engaged by the nominating and corporate governance committee and by stockholders. A stockholder who wishes to suggest a prospective nominee for our Board should notify Financial Engines’ Secretary, any member of the nominating and corporate governance committee, or the persons referenced below in “Communications with our Board of Directors” in writing with any supporting material the stockholder considers appropriate.

Stockholders Agreement. Concurrently with the entry into the Agreement and Plan of Mergers (the “Merger Agreement”) for the acquisition of The Mutual Fund Store (the “Acquisition”), Financial Engines entered into a Stockholders Agreement, dated as of November 5, 2015, with (i) WP X Finance, L.P., a Delaware limited partnership, Warburg Pincus X Partners, L.P., a Delaware limited partnership (collectively, “Warburg”), and (ii) TMFS Holdings, Inc., a Nevada corporation, and Christopher R. Braudis (the “Stockholders Agreement”). The Stockholders Agreement sets forth arrangements regarding certain governance matters and contains various provisions described below relating to, among other things, board representation, the acquisition of additional equity interests in Financial Engines, prohibitions on certain actions and undertakings related to Financial Engines, certain transfer restrictions, and registration rights.

Under the terms of the Stockholders Agreement, Warburg is entitled to designate one individual for initial appointment to our Board with subsequent nomination rights. Mr. Michael E. Martin was appointed to our Board as the Warburg designee. The right of Warburg to designate a director to the Board will terminate when Warburg beneficially owns less than the lower of (i) 5% of all of the outstanding shares of our common stock and (ii) 50% of the number of shares of our common stock received by Warburg as consideration in the acquisition. See also “Certain Relationships and Related Person Transactions.”

Stockholder Nominees. In addition, our Bylaws contain provisions that address the process by which a stockholder may nominate an individual to stand for election to our Board at the annual meeting of stockholders. In order to nominate a candidate for director, a stockholder must give timely notice in writing to Financial Engines' Secretary and otherwise comply with the provisions of our Bylaws. To be timely, our Bylaws provide that we must have received the stockholder's notice not more than 120 days nor less than 90 days prior to the anniversary of the date our proxy statement was provided to stockholders in connection with previous year's annual meeting, which was April 4, 2016. However, if the date of the annual meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting, we must receive the stockholder's notice by the close of business on the later of 90 days prior to the annual meeting and the 10th day after the day we provided such public disclosure of the meeting date. Information required by our Bylaws to be in the notice include the name and contact information for the candidate and the person making the nomination and other information about the nominee that must be disclosed in proxy solicitations under Section 14 of the Exchange Act and the related rules and regulations under that Section.

Stockholder nominations must be made in accordance with the procedures outlined in, and include the information required by, our Bylaws and must be addressed to: Secretary, Financial Engines, Inc., 1050 Enterprise Way, 3rd Floor, Sunnyvale, California 94089. You can obtain a copy of our Bylaws by writing to the Secretary at this address.

#### Investor Outreach

Our Investor Relations team follows a program of engagement and responsiveness; reaching out to our investors to learn about issues of concern to them, and responding to those investors who contact us. In 2016, we were able to meet in person with the majority of our largest investors at their offices. We also strive to engage with the corporate governance personnel at our stockholders and to maintain open communication channels. In 2016, we proactively reached out to the majority of our largest stockholders' corporate governance personnel to offer the opportunity to engage with us on topics of interest to them. We aim to make sure that our Board and management are aware of the issues that are most important to our stockholders and we strive to provide them a forum where both parties can effectively address those topics.

#### Communications with our Board of Directors

Our Board recommends that stockholders and other interested persons initiate communications with our Board, the Chairman, or any committee of our Board in writing to the attention of our Secretary at 1050 Enterprise Way, 3rd Floor, Sunnyvale, California 94089. This process will assist our Board in reviewing and responding to stockholder communications in an appropriate manner. Our Board has instructed our Secretary to review such correspondence and, at her discretion, not to forward items if she deems them to be of a commercial or frivolous nature or otherwise inappropriate for our Board's consideration, such as spam, junk mail and mass mailings, product complaints, personal employee complaints, product inquiries, new product suggestions, resumes and other forms of job inquiries, surveys, business solicitations or advertisements.

## Corporate Governance Principles and Practices

We believe our corporate governance initiatives comply with the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC adopted thereunder. In addition, we believe our corporate governance initiatives comply with the rules of The NASDAQ Stock Market.

Our Board has adopted Corporate Governance Guidelines, as discussed above, as well as a Code of Business Conduct and Ethics that apply to our directors, officers and employees. Our Employment Policies Handbook outlines additional expectations and guidelines for our employees. Our codes and policies address various corporate governance topics, including:

- compliance with laws, rules and regulations;
- clawback of executive incentive pay in the case of financial restatement;
- corporate opportunities;
- competition and fair dealing;
- conflicts of interest;
- equal employment and working conditions;
- record keeping;
- confidentiality;
- protection and proper use of Company assets; and
- payments to government personnel.

Our Company has also adopted a Code of Ethics for Senior Financial Officers applicable to our Chief Executive Officer, President, Chief Financial Officer, Controller and other key management employees addressing ethical issues. The Corporate Governance Guidelines, Code of Business Conduct and Ethics and Code of Ethics for Senior Financial Officers are available in the Corporate Governance section of our website. We have also adopted an Insider Trading and Communications Policy which prohibits the following transactions: engaging in any form of hedging transactions in our stock, pledging our stock as collateral for a loan, trading in our securities on a short-term basis, purchases of our securities on margin, short sales of our securities and buying or selling puts or calls, or their equivalent positions, on our securities. The Insider Trading and Communications Policy further provides that we will not arrange for cashless exercises of stock options and sets forth the principle that any of our securities purchased in the open market by an employee should be held for a minimum of six months. We have implemented whistleblower procedures that establish formal protocols for receiving and handling complaints regarding questionable federal securities law matters, accounting and auditing matters from employees. Any concerns regarding accounting or auditing matters reported under these procedures will be communicated promptly to the audit committee.

## COMPENSATION OF DIRECTORS

Our Board and its committees are responsible for reviewing and establishing non-employee director compensation. Our nominating and corporate governance committee charter states that the committee will review non-employee director compensation and make annual recommendations to the Board regarding fees and other compensation to be paid to non-employee directors. Our compensation committee charter also provides that non-employee director equity shall be considered annually by the entire Board. In addition, our Corporate Governance Guidelines provide that the nominating and corporate governance committee will annually review the compensation of non-employee directors and is responsible for recommending to the Board changes in compensation for non-employee directors. The nominating and corporate governance committee has the ability to select and retain a consultant or advisor on this matter, and has engaged Semler Brossy in the past. In 2014, at the request of the Board, Semler Brossy reviewed the director cash retainers and equity compensation using the modified 2015 peer group that was also used for executive compensation.

Our non-employee directors are entitled to receive an annual retainer of \$40,000. The chairperson of the audit committee receives an additional annual retainer of \$15,000 and the chairpersons of the compensation committee and nominating and corporate governance committee each receive an additional annual retainer of \$10,000. The higher retainer for the audit committee chair reflects the additional meetings and specialized attention to our earnings releases and financials required of this committee chair. Directors who are employees of the Company shall receive no additional remuneration for serving on the Board.

In addition, non-employee directors receive nondiscretionary, automatic grants of nonstatutory stock options and restricted stock units, or RSUs, under our Amended and Restated 2009 Stock Incentive Plan, or the 2009 Stock Incentive Plan. A non-employee director is automatically granted an initial option to purchase 25,000 shares upon becoming a member of our Board. The initial option vests and becomes exercisable pursuant to the same schedule generally applicable to employees: vesting over four years, with 1/4th of the shares subject to the option vesting on the first anniversary of the date of grant and the remainder vesting in equal monthly installments thereafter over the subsequent three years. The options granted to non-employee directors will have a per-share exercise price equal to 100% of the fair market value of the underlying shares on the date of grant and will become fully vested if a change in control occurs.

In 2015 and previously, our non-employee director annual RSU grants vested over four years, with one-fourth vesting annually. In January 2016, our Board, at the recommendation of the nominating and corporate governance committee, approved a different vesting schedule for new annual non-employee director RSU grants. On the first business day following the 2016 Annual Meeting, each non-employee director was automatically granted an RSU award with a value of \$200,000, rounded up to the nearest whole share, provided the director had served on our Board for at least six months. The 2016 annual RSU grant vests over three years, with one-third vesting annually. The 2017 annual grant, to be made after the Annual Meeting, will vest over two years, with one-half vesting annually. The 2018 grant, and annual grants thereafter, will fully vest on the one-year anniversary of the vesting commencement date. The Board feels that this vesting schedule better compensates our non-employee directors for their service and aligns our Board's total compensation with that of our peers. The new vesting will be phased-in over three years in order to reduce the impact on the Company's financials. The RSUs will also become fully vested if a change in control occurs.

On March 21, 2016, our Board, at the recommendation of the nominating and corporate governance committee, approved an amendment and restatement of our 2009 Stock Incentive Plan, which includes a limit on non-employee director equity awards made thereunder. Under the amended and restated plan, equity awards granted to a non-employee director as compensation for services as an outside director in any 12-month period may not exceed \$500,000 grant date fair value (as determined in accordance with ASC 718), provided that the 25,000 share initial option grant for new non-employee directors is excluded from such limit.

We also have paid or reimbursed our directors for reasonable out-of-pocket and travel expenses in connection with attendance at our Company events and Board and committee meetings.

## Director Stock Ownership and Holding Guideline

Our Board established a guideline, at the recommendation of the nominating and corporate governance committee, which became effective immediately following the 2014 annual meeting of stockholders, to better ensure that our non-employee directors each maintain an appropriate equity stake in our Company. Our guideline requires that each non-employee director own an equity stake in our Company equal in value to not less than five times the annual retainer, or \$200,000, and that each director hold 50% of the shares obtained from each annual RSU vesting event until the director meets the guideline. The guideline is similar to our guideline for executives, described below under “Executive Stock Ownership and Holding Guideline”.

## 2016 Director Compensation

The following table sets forth the compensation paid or accrued by us to our non-employee directors in 2016. The table excludes Mr. Raffone, who did not receive any additional compensation from us in 2016 for his role as a director because he was our Chief Executive Officer. Mr. Martin, who joined our Board in 2016, received a pro-rated retainer for his service from February 1, 2016 until the date of the 2016 Annual Meeting in addition to receiving the annual retainer after the 2016 Annual meeting.

Name	Fees Earned or Paid in		RSU Awards	Option Awards \$(2)	Total (\$)
	Cash (\$)	\$(1)(3)			
E. Olena Berg-Lacy	40,000	200,026	0		240,026
Heidi Kunz	55,000	200,026	0		255,026
Blake R. Grossman	40,000	200,026	0		240,026
Joseph A. Grundfest	50,000	200,026	0		250,026
Robert A. Huret	40,000	200,026	0		240,026
Michael E. Martin	61,720	0		269,806	331,526
John B. Shoven	40,000	200,026	0		240,026
David B. Yoffie	40,000	200,026	0		240,026

- (1) On May 18, 2016, we granted an RSU award of 7,551 shares to each of our non-employee directors, with the exception of Mr. Martin, with a fair market value of \$26.49 per share. The value of the stock awards is based on the fair value of the award as of the grant date calculated in accordance with Accounting Standards Codification 718, Stock Compensation (ASC 718), excluding any estimate of future forfeitures. See Note 5 of the Notes to Consolidated Financial Statements in Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2016, for the assumptions made in determining ASC 718 values. Regardless of the value on the grant date, the actual value that may be recognized by the directors will depend on the market value of our common stock on a date in the future when the RSU award vests.
- (2) On February 1, 2016, we granted a non-statutory stock option award of 25,000 shares to Mr. Martin as a new non-employee director, with a fair market value of \$27.01 per share. The value of the stock awards is based on the fair value of the award as of the grant date calculated in accordance with Accounting Standards Codification 718, Stock Compensation (ASC 718), excluding any estimate of future forfeitures. See Note 5 of the Notes to Consolidated Financial Statements in Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2016, for the assumptions made in determining ASC 718 values. Regardless of the value on the grant date, the actual value that may be recognized by the director will depend on the market value of our common stock on a date in the future when the option award vests.



(3)The following table lists all outstanding equity awards held by non-employee directors as of the end of 2016:

Name	Options (#)	RSU Awards (#)
E. Olena Berg-Lacy	5,625	14,982
Heidi Kunz	70,000	14,982
Blake R. Grossman	50,000	14,982
Joseph A. Grundfest	10,000	14,982
Robert A. Huret	50,000	14,982
Michael E. Martin	25,000	0
John B. Shoven	17,500	14,982
David B. Yoffie	21,000	14,982



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of March 10, 2017, as to shares of our common stock beneficially owned by: (i) each person who is known by us to own beneficially more than 5% of our common stock, (ii) each of our named executive officers listed in the 2016 Summary Compensation Table on page 40, (iii) each of our directors and our nominees for director and (iv) all of our current directors and executive officers as a group. Unless otherwise stated below, the address of each beneficial owner listed on the table is c/o Financial Engines, Inc., 1050 Enterprise Way, 3rd Floor, Sunnyvale, California 94089. The percentage of common stock beneficially owned is based on 62,796,877 shares outstanding as of March 10, 2017.

Name and Address of Beneficial Owner	Amount and Nature of	
	Beneficial Ownership Shares	Percentage
	Beneficially Beneficially	
	Owned(#)(1)	Owned(%) (1)(2)
<b>5% Stockholders:</b>		
Entities affiliated with Warburg Pincus(3)	4,109,128	6.6
Entities affiliated with Capital World Investors(4)	6,659,000	10.7
Entities affiliated with BlackRock, Inc.(5)	6,421,532	10.4
Entities affiliated with Baillie Gifford & Co.(6)	5,736,801	9.27
Entities affiliated with The Vanguard Group, Inc.(7)	4,456,073	7.19
Entities affiliated with Baron Capital Group, Inc.(8)	4,304,381	6.95
<b>Directors and Named Executive Officers:</b>		
Lawrence M. Raffone(9)	490,574	*
Raymond J. Sims(10)	105,633	*
John B. Bunch (11)	65,032	
Christopher L. Jones(12)	310,055	*
Paul A. Gamble(13)	62,800	*
E. Olena Berg-Lacy	10,606	*
Heidi Kunz(14)	77,481	*
Blake R. Grossman(15)	77,481	*
Joseph A. Grundfest(16)	182,481	*
Robert A. Huret(17)	62,481	*
Michael E. Martin(18)	4,116,940	6.6
John B. Shoven(19)	22,481	*
David B. Yoffie	12,481	*
All directors and executive officers as a group		
(17 persons)(20)	5,924,284	9.27

\* Amount represents less than 1% of our common stock.

(1) We have determined beneficial ownership in accordance with the SEC rules. To our knowledge, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws, where applicable, and the information contained

in the footnotes to this table.

- (2) For purposes of computing the percentage of outstanding shares held by each person or group of persons named above, shares which such person or group has the right to acquire within 60 days of March 10, 2017 are deemed to be outstanding, but are not deemed to be outstanding for the purposes of computing the percentage ownership of any other person.

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- (3) Based solely on a report on Schedule 13D/A filed on March 10, 2017 by Warburg Pincus Private Equity X, L.P., a Delaware limited partnership, or WP X, Warburg Pincus X Partners, L.P., a Delaware limited partnership (“WP X Partners”, and together with WP X, the “WP X Funds”), Warburg Pincus X, L.P., a Delaware limited partnership (“WP X LP”), Warburg Pincus X GP L.P., a Delaware limited partnership (“WP X GP”), WPP GP LLC, a Delaware limited liability company (“WPP GP”), Warburg Pincus Partners, L.P., a Delaware limited partnership (“WP Partners”), Warburg Pincus Partners GP LLC, a Delaware limited liability company (“WPP GP LLC”), Warburg Pincus & Co., a New York general partnership (“WP”), Warburg Pincus LLC, a New York limited liability company (“WP LLC”), and Messrs. Charles R. Kaye and Joseph P. Landy (“Messrs. Kaye and Landy, together with the WP X Funds, WP X LP, WP X GP, WPP GP, WP Partners, WPP GP LLC, WP, and WP LLC, “Warburg Pincus”). The principal business of the WP X Funds is that of making private equity and related investments. WP X LP is the general partner of the WP X Funds; WP X GP is the general partner of WP X LP; WPP GP is the general partner of WP X GP and certain other entities affiliated with WP LLC; WP Partners is the managing member of WPP GP and certain other entities affiliated with WP LLC, and the general partner of certain other funds affiliated with WP LLC; WPP GP LLC is the general partner of WP Partners and certain other entities affiliated with WP LLC; WP is the managing member of WPP GP LLC or ultimate general partner of certain other funds affiliated with WP LLC; WP LLC is the manager of the WP X Funds and certain other funds; and Messrs. Kaye and Landy are Managing General Partners of WP and Managing Members and Co-Chief Executive Officers of WP LLC. Warburg Pincus disclaims beneficial ownership with respect to the reported securities, except to the extent of its pecuniary interest therein. The principal business address of Warburg Pincus LLC is 450 Lexington Ave., New York, NY 10017.
- (4) Based solely on a report on Schedule 13G/A filed on February 6, 2017 by Capital World Investors, a division of Capital Research and Management Company (“CRMC”), which is deemed to be the beneficial owner of the shares as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. The principal business address of CRMC is 333 South Hope Street, Los Angeles, CA 90071.
- (5) Based solely on a report on Schedule 13G/A filed on February 8, 2017 BlackRock, Inc. is deemed to beneficially own the shares of common stock held in the accounts for which it serves as a parent holding company and holds the sole power to direct investments or to vote the securities. The principal business address of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10022.
- (6) Based solely on a report on Schedule 13G/A filed on January 20, 2017 by Baillie Gifford & Co. (“Baillie Gifford”), which is deemed to beneficially own the shares of common stock held by Baillie Gifford & Co. and/or one or more of its investment adviser subsidiaries, which may include Baillie Gifford Overseas Limited, on behalf of investment advisory clients, which may include investment companies registered under the Investment Company Act, employee benefit plans, pension funds or other institutional clients. The principal business address of Baillie Gifford is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, United Kingdom.
- (7) Based solely on a report on Schedule 13G/A filed on February 10, 2017. Shares beneficially owned by The Vanguard Group, Inc. (“Vanguard”), Vanguard Fiduciary Trust Company (“VFTC”), or Vanguard Investments Australia, Ltd. (“VIA”). The Vanguard Group is a beneficial owner as a result of having sole power to dispose of or to direct the disposition of 4,346,137 shares. VFTC, a wholly-owned subsidiary of Vanguard, is a beneficial owner as a result of its serving as investment manager of collective trust accounts with shared power to dispose or direct the disposition of 103,376 shares. VIA, a wholly-owned subsidiary of Vanguard, is a beneficial owner as a result of its serving as investment manager of Australian investment offerings with sole power to vote or direct the vote of 9,160 shares. The principal business address of Vanguard Group, Inc. VFTC and VIA is 100 Vanguard Blvd., Malvern, PA 19355.
- (8) Based solely on a report on Schedule 13G/A filed on February 14, 2017 by Baron Capital Group, Inc. (“BCG”), BAMCO Inc. (“BAMCO”), Baron Capital Management, Inc. (“BCM”), and Ronald Baron. BAMCO and BCM are subsidiaries of BCG and Ronald Baron owns a controlling interest in BCG. The principal business address of BAMCO, BCG, BCM and Mr. Baron is 767 Fifth Avenue, 49th Floor, New York, NY 10153.
- (9) Includes 443,456 shares subject to options that are exercisable within 60 days of March 10, 2017.
- (10) Includes 94,734 shares subject to options that are exercisable within 60 days of March 10, 2017.

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- (11) Includes 94,734 shares subject to options that are exercisable within 60 days of March 10, 2017.
- (12) Includes 227,940 shares subject to options that are exercisable within 60 days of March 10, 2017.
- (13) Includes 47, 271 shares subject to options that are exercisable within 60 days of March 10, 2017.

Mr. Gamble ceased to be an executive officer of the Company in February 2017.

- (14) Includes 70,000 shares subject to options that are exercisable within 60 days of March 10, 2017.

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- (15) Includes 50,000 shares subject to options that are exercisable within 60 days of March 10, 2017.
- (16) Includes 10,000 shares subject to options that are exercisable within 60 days of March 10, 2017, 210,000 shares held in trust by The Grundfest Living Trust U/T/A DD 8/25/97 and 7,504 shares held by Mr. Grundfest individually. Mr. Grundfest shares voting and dispositive power over these shares with Carol C. Grundfest.
- (17) Includes 50,000 shares subject to options that are exercisable within 60 days of March 10, 2017.
- (18) Includes 7,812 shares subject to options that are exercisable within 60 days of March 10, 2017 and 4,109,128 shares held by Warburg Pincus. Mr. Martin is affiliated with the Warburg Pincus entities and disclaims beneficial ownership with respect to the reported securities except to the extent of his pecuniary interest therein.
- (19) Includes 10,000 shares subject to options that are exercisable within 60 days of March 10, 2017.
- (20) Includes 1,016,406 shares subject to options that are exercisable and 2,618 shares with respect to RSUs that will vest within 60 days of March 10, 2017.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

In addition to the compensation arrangements with directors and executive officers, including those arrangements described elsewhere in this Proxy Statement, the following is a description of each transaction since January 1, 2016 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeds or will exceed \$120,000; and
- any of our directors, nominees for director, executive officers or beneficial holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals (other than tenants or employees), had or will have a direct or indirect material interest.

We have entered into indemnification agreements with each of our current directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

**Transactions Related to the Acquisition of The Mutual Fund Store.** At the closing of the Acquisition in February 2016, pursuant to the Merger Agreement, we issued approximately 9.9 million shares of our common stock and paid approximately \$250 million in cash, subject to certain closing and post-closing adjustments. Immediately following the closing of the Acquisition, entities affiliated with Warburg Pincus LLC together beneficially owned approximately 13% of our common stock.

Concurrently with entry into the Merger Agreement, Financial Engines entered into the Stockholders Agreement with Warburg, TMFS Holdings, Inc., a Nevada corporation, and Christopher R. Braudis. The Stockholders Agreement sets forth arrangements regarding certain governance matters and contains various provisions relating to, among other things, board representation, the acquisition of additional equity interests in Financial Engines, prohibitions on certain actions and undertakings related to Financial Engines, certain transfer restrictions, and registration rights.

Under the terms of the Stockholders Agreement, Warburg is entitled to designate one individual for initial appointment to our Board with subsequent nomination rights. The right of Warburg to designate a director to the Board will terminate when Warburg beneficially owns less than the lower of (i) 5% of all of the outstanding shares of our common stock and (ii) 50% of the number of shares of our common stock received by Warburg as consideration in the Acquisition. Pursuant to the Stockholders Agreement, upon the closing of the Acquisition, Mr. Michael Martin was appointed to our Board as the Warburg designee. See also “Corporate Governance — Director Nominations — Stockholders Agreement.”

Additionally, John B. Bunch, formerly an officer of The Mutual Fund Store, became an executive officer of Financial Engines. Under the terms of incentive units issued by The Mutual Fund Store, Mr. Bunch received approximately \$6 million in cash from the merger consideration paid by Financial Engines. In addition, as a result of the Acquisition, Mr. Bunch was entitled to receive approximately \$2 million in long term incentive payments from The Mutual Fund Store, of which approximately \$1 million was paid in connection with the closing of the Acquisition and the remainder of which is contingent on Mr. Bunch's continued employment with Financial Engines, with 50% payable by Financial Engines on each of the first two anniversaries of the closing. The amount of these incentive payments was deducted from the purchase price of the Acquisition.

#### Procedures for Approval of Related Party Transactions

We have a Related Person Transactions Policy which provides that the audit committee of our Board will review and, when appropriate, approve or ratify transactions with our Company valued at or more than \$120,000 in which any director, officer, 5% or greater stockholder or certain related persons or entities has a direct or indirect material interest, subject to such exceptions consistent with applicable SEC rules and regulations. Each of our directors and executive officers has primary responsibility for the administration of, and compliance with, this policy as it relates to them. Our audit committee reviews and considers any proposed related person transactions at its regularly-scheduled meetings (or sooner, as determined by the audit committee chairperson), and its review is based on all relevant facts and circumstances reasonably available to it.

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Summary

The following discussion provides information regarding our 2016 compensation program for our named executive officers, or our NEOs, who held the following titles in 2016:

- Lawrence M. Raffone, our President and Chief Executive Officer, or CEO
- Raymond J. Sims, our Chief Financial Officer, or CFO, who was also our Chief Risk Officer until May 2016
- John B. Bunch, our Executive Vice President, President Financial Engines Advisors L.L.C., who joined our company in February, 2016
- Christopher L. Jones, our Executive Vice President, Investment Management and Chief Investment Officer
- Paul A. Gamble, our Executive Vice President, Distribution and Institutional Services until February 1, 2017

### 2016 Company Performance and Strategic Context.

• We completed the acquisition and integration of The Mutual Fund Store, or TMFS, and have since expanded our ability to provide face-to-face investment advisor interaction and advice on a broader range of assets.

• The 2016 Executive Cash Incentive Plan (Executive CIP) was modified to include a scorecard that focused on key strategic objectives of the combined organization following the Acquisition, including the launch of a combined brand, testing of combined product offerings, and preparation for scalable deployment of the combined offering.

• As of December 31, 2016, we provided Professional Management services to 708 plan sponsors representing over 9.4 million participants and approximately \$1.05 trillion of assets in retirement plans, which we refer to as assets under contract, or AUC.

• The amount of assets in defined contribution plans for which we have made our Professional Management service available, which we refer to as assets under contract, or AUC, grew by 7% during 2016, due primarily to market performance, new employers making our services available and contributions, partially offset by cancellations and withdrawals.

• The amount of retirement plan assets that we manage as part of our Professional Management service, which we refer to as assets under management, or AUM, increased by 22% year over year, driven primarily by new assets from new and existing clients, AUM from the acquisition of TMFS and market performance, partially offset by cancellations and withdrawals.

• Our revenue increased 36% from 2015, driven primarily by \$103.8 million of revenue from acquisitions.

• In early 2017, the Company made several changes to the executive structure to enhance oversight of the Company's newly-combined business. NEO changes include the planned departure of Mr. Sims, our CFO, and Mr. Gamble, our EVP, Distribution and Institutional Services, and the appointment of Mr. Bunch as EVP, Chief Operating Officer.





We experienced solid growth in other key operational and financial measures, as demonstrated below.

2016 Company Performance(1)	Full year ending	Full year ending	Percent
	December 31, 2015	December 31, 2016	Change
Annual Revenues	\$310.7 million	\$423.9 million	36%
Assets Under Contract	\$987 billion	\$1.05 trillion	7%
Assets Under Management	\$113.4 billion	\$138.0 billion	22%
Professional Management Revenue	\$277.2 million	\$385.9 million	39%
Non-GAAP Adjusted EBITDA(1)	\$95.6 million	\$134.3 million	40%

(1) Please refer to our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2017 for additional information regarding the computation and components of these financial metrics, including a reconciliation of GAAP to Non-GAAP measures.

**Key Context for Pay Actions.** The compensation committee believes our executive compensation policies are effective in advancing our strategic plans and rewarding financial performance, appropriately reflect competitive market trends and practices, and encourage our NEOs to remain focused on delivering performance for our stockholders without taking unnecessary or excessive risks. In 2016, the compensation committee and management worked together to make changes to the executive team and enact compensation policies designed to reflect the combined business after the recent acquisition, including:

• **Appointed executive from TMFS:** Mr. Bunch, the former President of TMFS, was appointed to lead the combined investment advisor network as our EVP and President of our registered investment advisor subsidiary, FEA L.L.C.

• **Enhanced governance practices and process:** The compensation committee added new policies over the past year to further link the Company's compensation programs with the long-term interests of our stockholders: a robust clawback policy, and a stock ownership and holding guideline.

• **Updated compensation peer group:** The new peer group better reflects the size and strategic direction of the Company, and was used in setting 2017 compensation.

**Pay mix and focus on performance-based compensation.** Our compensation philosophy and programs are designed to incent our executives to focus on achievement of near- and long-term company performance. A significant portion of executive pay is at-risk pay with value derived from business performance and stock price performance over the long term. For 2016, the weighting of performance-based pay for our NEOs as a group was approximately 87%.

Strong governance and compensation policies. We continued to maintain strong compensation and governance related policies and practices, including:

- no material perquisites provided to any executive officer;
- no tax gross-ups;
- executive and director stock ownership and holding guidelines;
- clawback policy;
- double-trigger change in control provisions;
- prohibit hedging, pledging, and short sales of Company stock by employees and directors;
- regular compensation risk review; and
- employing an independent compensation consultant.

Stockholder Advisory Vote (Say on Pay).

Our stockholders cast advisory votes on our executive compensation practices in a “Say on Pay” vote at the 2011 and 2014 annual meetings of stockholders, with the following results:

• **Frequency of advisory vote:** In 2011, our stockholders approved of a frequency of advisory votes every three years with approximately 55% of the eligible stockholders voting in favor, as compared to approximately 43% for one year and approximately 1% for two years, based on the approximately 37 million shares that were voted or abstained on the proposal.

• **Executive compensation:** Our stockholders approved of our executive compensation as disclosed in our 2014 Proxy Statement with approximately 93% of our eligible stockholders voting in favor, approximately 6.7% against, and less than 1% abstaining. Our stockholders approved of our executive compensation as disclosed in our 2011 Proxy Statement with approximately 99% of our eligible stockholders voting in favor, and less than 1% against or abstaining. In each case, the foregoing percentage are calculated from the numbers of shares that were voted or abstained from voting on the proposal--approximately 37 million in 2011 and 46 million in 2014.

The compensation committee took these voting results into consideration during its review of our executives' compensation for 2016.

In November 2016, the compensation committee determined to hold an advisory vote every year. In keeping with current regulations, the advisory vote on the frequency of the vote on executive compensation is taking place at the Annual Meeting.

#### Compensation Philosophy and Objectives

The primary objectives of our compensation and benefits programs for executives are to attract and retain senior, skilled executive management, to motivate their performance toward achieving clearly defined corporate goals, and to align their long-term interests with those of our stockholders.

We have established a set of guiding principles that have provided the foundation for all compensation programs for executives and all employees. These principles include, but are not limited to, taking a total rewards approach (which includes all aspects of our compensation package, including cash compensation, equity, Company-provided benefits and intangibles such as our culture and environment), paying consistently within the markets in which we compete for talent, making individual compensation decisions based on overall performance, and offering pay programs that allow employees at all levels to share in our success in a form that is simple to explain and administer. We use these principles to guide us in our compensation recommendations and decisions.

Each year our Board approves a set of goals and objectives for our Company. Our executive incentive compensation is tied directly to the achievement of clearly defined financial objectives, and is designed to align executive incentives with our success. We strive to recognize and reward contributions of our executive officers to our performance without encouraging unnecessary risk-taking.

#### Role of the Compensation Committee and Committee Consultant

Our compensation committee determined the 2016 base salary, merit increases, incentive compensation targets and equity award grants of our executive officers, including our NEOs. For our CEO, the committee reviews analysis provided by the compensation consultant in order to establish compensation. For our other executive officers, our compensation committee considers input from our Chief Executive Officer, who provides evaluations of our executives and other relevant information to the compensation committee and makes recommendations regarding appropriate compensation for each executive, including base salary increases, changes to incentive compensation and grants of equity awards. The information and analysis provided by our compensation consultant is utilized by the compensation committee in evaluating appropriate compensation levels and by the CEO to inform his recommendations. Our Human Resources department and our management team, from time to time, provide market data and other information to assist the compensation committee in determining appropriate compensation levels for executives.

Under its charter, the compensation committee has the authority, without seeking the approval of our Board, to select, retain, terminate and approve, at the Company's expense, outside compensation, legal, accounting or other consultants to advise the compensation committee and to authorize or conduct investigations into any matters within the scope of its responsibilities and to approve related fees and retention terms. The Company pays the fees for the services provided by the consultant to the compensation committee.

The compensation committee directly retained the services of Semler Brossy as an independent compensation consultant to advise on executive compensation for 2016. In 2016, Semler Brossy supported the committee throughout the year on various topics relating to executive compensation, including selection of our peer group companies and other competitive references, review of our equity compensation program, competitive assessment of pay levels, review and structure our executive incentive compensation programs, and recommendations on executive pay actions.

The compensation committee conducted an independence review of Semler Brossy pursuant to SEC and The NASDAQ Stock Market requirements. The compensation committee determined that there was no conflict of interest

that would prevent Semler Brossy from being objective in its work for the compensation committee. In addition, Semler Brossy shared with the compensation committee the details of its policies and procedures in place to prevent conflicts of interest from arising, that the Semler Brossy advisors serving the compensation committee did

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not own any of our common stock, and that the lead advisor did not have any business or personal relationship with members of the compensation committee or our management.

#### Competitive Determinations

Consistent with our compensation philosophy and objectives outlined above, the compensation committee reviews each executive officer's target compensation levels at least annually. The compensation committee does not target executive officer compensation at a specific level or percentage relative to the competitive references. Instead, when determining target compensation for the executive officers, the compensation committee takes into account numerous factors, without prescribing particular weightings, including: Company performance, individual leadership and performance assessments, job scope, individual skills and experience, the relative importance of individual roles, internal pay equity, historical pay levels, and equity holdings.

Because of the unique characteristics of our Company as an investment services provider as well as a technology company, there are limited directly comparable companies of our segment and size. As a result, we use both technology and investment company comparables as sources to assess the competitiveness of compensation.

In selecting the actual companies, the compensation committee considered companies of comparable scale, business model and talent focus. In July 2015, the compensation committee approved a compensation peer group of 13 technology and 2 investment comparable companies to use when establishing 2016 compensation.

Bottomline Technologies	LogMeIn
Cornerstone OnDemand	NetSuite
CoStar Group	SolarWinds
CommVault Systems	Ultimate Software Group
Demandware	WisdomTree Investments
Ebix	WageWorks
Envestnet	Virtus Investment Partners
Guidewire Software	

In July 2016, the compensation committee updated the peer group used to establish 2017 compensation. The peer group for 2017 was shifted substantially toward investment comparables to better reflect the size and strategic focus of the combined organization and the expanded market in which we compete for talent. The 2017 peer group includes 6 investment management companies, 3 financial technology companies, 2 workplace benefit companies and 1 brokerage company. The information from the peer group is supplemented with survey information from the Radford Global Technology Survey and McLagan Surveys.

Investment Management	Workplace Benefits
SEI Investments Company	WageWorks
Artisan Partners Asset Management	Benefitfocus, Inc.
Virtus Investment Partners	
WisdomTree Investments	Other Fintech
Westwood Holdings Group	SS&C Technologies Holdings
Silvercrest Asset Management Group Inc.	Morningstar
	Envestnet
	Brokerage
	E*TRADE



Restructured Executive Team. Following the Acquisition, the Board of Directors and management made several changes to the Company's executive structure to enhance oversight of the Company's newly-combined business. This included changes to the titles and areas of responsibility for the NEOs as follows:

Mr. Bunch was appointed as our EVP, President FEA L.L.C., pursuant to an employment agreement, which provided base salary and a guaranteed bonus of \$625,000 for fiscal year 2016 as well as \$3,000,000 in inducement equity awards. In February 2017, he was appointed as EVP, Chief Operating Officer and is now in charge of the Company's institutional sales, services and marketing, and centralized and field office advisor services. He also continues to act as the President of our investment advisory subsidiaries. The material terms of his agreement are summarized below under the heading "Potential Payments Upon Termination or Change in Control—Employment and Consulting Agreements".

Mr. Sims, our CFO, will be departing the Company after a successor chief financial officer is hired. Mr. Sims has agreed to remain at the Company for a transition period into 2017 and will be entitled to his salary, amounts under the 2016 Executive Cash Incentive Plan and pursuant to his Executive Severance and Change in Control Agreement with the Company, and continued vesting of his equity awards, in each case as applicable and in accordance with the terms as previously disclosed.

Mr. Gamble, our EVP, Distribution and Institutional Services, will be departing the Company in 2017, and as of February 1, 2017 is no longer a Section 16 executive officer of the Company. Mr. Gamble has agreed to remain at the Company for a transition period through on or about May 31, 2017 and will be eligible to continue receiving his salary as well as benefits pursuant to his Executive Severance and Change in Control Agreement with the Company. The compensation committee has also approved a discretionary performance bonus for Mr. Gamble not to exceed \$265,000.

Other executive officers were appointed to new positions, and reporting structures were modified effective February 1, 2017.

#### Principal Elements of Executive Compensation

Our executive compensation program consists of three main elements:

- base salary,
- performance-based amounts earned under the Executive Cash Incentive Plan, or Executive CIP, and for our EVP, Distribution and Institutional Services, a sales performance program, and
- equity awards.

**Base Salaries.** Base salaries are intended to provide our executives with a degree of financial certainty and stability that does not depend on our performance. Base salary adjustments are based on market data, individual performance, individual experience, our overall financial results and performance, and our overall budget for base salary increases.

The 2016 base salaries for our four continuing NEOs were established by the compensation committee in February 2016 with the exception of Mr. Bunch, our EVP, President FEA, whose compensation was established pursuant to his employment agreement.



## 2016 Base Salary

Name	(effective April 1, 2016 or hire date)
Lawrence M. Raffone	\$500,000
Raymond J. Sims	\$340,000
John B. Bunch	\$525,000
Christopher L. Jones	\$420,000
Paul A. Gamble	\$350,000

Cash Incentive Plan. In 2016 all of our senior executive officers, including our NEOs with the exception of Mr. Bunch, our EVP, President FEA, were covered by our Executive CIP. The Executive CIP provided our continuing NEOs an annual incentive opportunity for fiscal 2016 performance of the Company with respect to the objective criteria described below, which, on an aggregated basis, is called the “Company Performance Factor.”

In February 2016, after discussion and consultation with Company management, our compensation committee determined participation, metrics and weighting for the 2016 Executive CIP.

Name	2016 Exec CIP Target  as a Percent of Base Salary
Lawrence M. Raffone	100%
Raymond J. Sims	66%
John B. Bunch	N/A (1)
Christopher L. Jones	185%
Paul A. Gamble	109%

(1) Mr. Bunch was not a participant in the 2016 Executive CIP as he received a guaranteed bonus pursuant to his employment agreement.

The compensation committee designed the 2016 Executive CIP such that 65% of the 2016 Executive CIP was based on our key business metrics:

- Adjusted EBITDA, defined as net income before interest, taxes, depreciation, amortization (internal use software, direct response advertising, and commissions), and stock compensation expense and acquisition-related expenses. This metric rewards performance because it reflects the elements of profitability that can be most directly impacted by employees.

NMFRR (New Management Fee Run Rate), defined as annualized fees generated from new 2016 enrollees into professional management. This metric rewards performance because it aligns our executive officers with the long-term strategy of growing plan sponsors and participants and increasing penetration with current participants. This metric minimizes the impact of market performance on the actual incentive payments to our executive officers.

CMFRR (Cancelled Management Fee Run Rate), defined as annualized fees attributable to all voluntary and involuntary cancellations, including sponsor terminations, of members who enrolled during and prior to 2016. This metric rewards performance because it focuses the team on retaining current plan sponsors and participants.

In addition, 35% of the 2016 Executive CIP was based on the successful integration and operation of The Mutual Fund Store, in order to incent and reward the performance of our NEOs in blending the acquired business with our ongoing operations. The two, new TMFS-related metrics were:

•NNA (Net new assets,) defined as assets generated from new enrollees into the TMFS retail business.

•TMFS Integration Scorecard, defined by the Board of Directors and management, including integration-related strategic measures. The scorecard assessed performance across four categories: (1) the onboarding and integration of The Mutual Fund Store, (2) the launch of a combined brand (3) a validation of marketing and product offerings via pilots, and (4) preparation for scalable deployment of the new service offerings for 2017.

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The 2016 Executive CIP was designed in a way intended to meet the requirements of Section 162(m) of the Internal Revenue Code to preserve the deductibility of payments. If the 2016 Adjusted EBITDA threshold performance level was met, then 150% of each NEO's individual target would be funded and available for award. Thereafter, the compensation committee would use negative discretion to adjust the actual bonus payment based on the results achieved on each of the five 2016 Executive CIP metrics listed above.

Cash incentive payments to our executive officers, including our continuing NEOs, for fiscal 2016 were calculated in 2017 based on the applicable officer's base salary and individual incentive target. For 2016, we set aggressive performance targets. We did not meet our NMFRR target but exceeded our Adjusted EBITDA target and our CMFRR target. Our goal was to achieve more NMFRR and Adjusted EBITDA, but to minimize CMFRR. Regarding the integration and operation of the combined Company post-acquisition, we did not meet our NNA threshold and achieved approximately 6% of our target. However, our integration goals were met at 92%.

In February 2017, the compensation committee certified the results shown below and the payouts for each NEO as listed in the 2016 Summary Compensation Table.

Executive CIP 2016 Achievement

Metric	Weight	2016 Program Design			2016 Program Results		
		Threshold	Target	Maximum	Actual	Against Target	Payout
		Values in \$ millions			Values in \$ millions		
Adjusted EBITDA	25%	\$94.7M	\$126.2M	\$189.3M	\$134.4M	106.5%	113.01%
TMFS Integration	25%	N/A	N/A	N/A	92%	92%	92%
Cancelled Management							
Fee Run Rate	20%	\$43.3M	\$34.6M	\$17.3M	\$32.0M	107.49%	114.98%
New Management Fee							
Run Rate	20%	\$29.7M	\$39.6M	\$59.4M	\$31.7M	80.17%	60.34%
TMFS NNA from new enrollees	10%	\$0	\$460.0M	\$690.0M	\$28.0M	6.06%	4.04%
Company Performance							
Factor Payout %							86.72%

2016 EVP Distribution and Institutional Services Sales Compensation Plan. Our EVP, Distribution and Institutional Services is also compensated by a cash performance program that rewards him twice per year based upon revenues expected to be generated from new sponsor contracts and the annualized fees generated from new enrollees into the Company's professional management program during the year. The plan has two metrics, weighted equally at 23.72%, with the 2016 Executive CIP making up the other 52.57% of Mr. Gamble's total variable compensation opportunity of 181% of base pay for Mr. Gamble in 2016. In March 2016, the compensation committee established annual goals for the CR and GYTDEMFR metrics, each of which will produce an incentive payout of \$150,000 annually if met at target. The metrics of the program are as follows:

Contract Revenue (CR), defined as the estimated aggregate net revenue to the Company expected in the first twelve months following the date services are available under the applicable contract, based upon projected managed account fees and/or platform fees and related fees, as applicable.

◆Gross YTD Enrollment MFRR (GYTDEMFR), defined as the annualized fees generated from new enrollees into the professional management program during the fiscal year, generated from campaigns, workplace integration and other ongoing enrollment, excluding cancellations with the exception of any member enrollment and cancellation occurring within the same campaign period, and excluding New MFRR generated from IRAs.

EVP Distribution and Institutional Services Sales Compensation Plan  
Achievement 2016

Metric	Performance Period	Target	Actual	Target Bonus	Earned Bonus
CR	First Half of Year	\$7,417,616	\$3,064,195	\$75,000	\$30,982
GYTDEMFR	First Half of Year	\$17,429,469	\$13,874,516	\$50,000	\$39,802
CR	Full Year	\$12,726,760	\$6,118,149	\$75,000	\$41,127
GYTDEMFR	Full Year	\$39,280,842	\$31,394,841	\$50,000	\$40,122
Total					\$152,033

EVP, President FEA Bonus. Pursuant to his employment agreement, Mr. Bunch received a guaranteed annual bonus of \$625,000 for the year ended December 31, 2016.

**Equity Awards.** We grant equity awards to our current and newly-hired executive officers, including NEOs, to enable them to share in our success and to reinforce a corporate culture that aligns employee interests with stockholder interests. Equity awards granted under our 2009 Stock Incentive Plan are a key element of our normal, ongoing compensation program.

**Current Ongoing Equity Grant Practices.** It has been our practice to periodically grant equity awards to employees, including executives, in recognition of performance, as an incentive tool and for retention purposes. Equity awards are determined as part of the total compensation awarded to employees, taking into account base salary and cash incentive plan payout potential.

The compensation committee also takes into consideration the value of equity awards previously granted, existing equity ownership of each executive officer, total unvested value for each executive officer, and the potential dilution and accounting costs of long-term equity awards.

Annual grants consist of a mix of stock options and RSUs to our continuing executive officers, including the NEOs, as a way to balance risk and reward with retention. We believe that offering both stock options and RSUs has greater retentive value than either instrument issued separately and reduces the focus on short-term improvements in share price due to an over emphasis on stock options. We also continue to believe that stock options are an effective means to focus the NEOs on delivering long-term value to stockholders because options only have value to the extent that our stock increases in value from the grant date over time, while RSUs reward and retain the NEOs by offering them the opportunity to receive shares of our stock on the date the restrictions lapse. Our 2009 Stock Incentive Plan does not contain mandated vesting periods or minimum required vesting periods for employee or executive equity awards.

The non-qualified stock options have an exercise price equal to the closing price of the Company's common stock on the date of grant. The options will vest over four years, with 1/4th of the shares subject to the option vesting on the first anniversary of the vesting commencement date and the remainder vesting in equal monthly installments thereafter over the subsequent three years. The options will have a term of ten years and are subject to other terms set forth in the standard form of Stock Option Agreement. The restricted stock units will vest over four years, with 25% vesting annually on the anniversary of the vesting commencement date, subject to additional vesting and other terms that may apply as set forth in the standard form of RSU Agreement.

Beginning in November 2011, our standard stock option and RSU award agreements provide for accelerated vesting of a portion of the award upon the occurrence of specified events. Beginning with our May 2016 grants, our executive award agreements provide for full acceleration of vesting upon the occurrence of specified events. The circumstances under which our outstanding awards may accelerate vesting are described below under "Potential Payments Upon

Termination or Change in Control.”

EVP, President FEA Inducement Grants. Mr. Bunch received an initial sign-on award pursuant to his employment agreement, consisting of \$3,000,000 of incentive equity awards, delivered 50% in the form of non-statutory stock options and 50% in the form of RSUs, as further described in 2016 Grants of Plan-Based Awards

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table, which were granted as inducement awards. This award is intended to be larger than the annual ongoing equity award.

**2016 Equity Awards.** In February 2016, our compensation committee approved equity awards in the ratio of 50% RSUs and 50% options for each of our NEOs, with the exception of Mr. Bunch. Because we had insufficient shares remaining available for grant in our 2009 Stock Incentive Plan, these awards were approved contingent upon receiving stockholder approval of an increase in the number of shares reserved for issuance under our 2009 Stock Incentive Plan at the 2016 Annual Meeting. The awards were granted on May 20, 2016, following stockholder approval of the proposed share increase, and have a vesting commencement date of February 26, 2016. The actual awards granted to our NEOs are shown in the 2016 Grants of Plan-Based Awards table.

**2013-2017 Long-Term Incentive Program.** The 2013-2017 LTIP is a one-time program under which PSU grants were made in 2013 and 2014. The 2013-2017 LTIP is designed with aggressive performance metric targets to drive revenue growth and maximize profitability over a long-term period. Grants of 2013-2017 LTIP PSUs are eligible to be earned based on both (i) our Company performance; sixty percent (60%) based on performance during 2013-2015 (the 3-year period) and forty percent (40%) based on performance during 2013-2017 (the 5-year period) and (ii) the executive's continued service to the Company through the applicable performance period. The circumstances under which our outstanding 2013-2017 LTIP PSUs may accelerate vesting are described below under "Potential Payments Upon Termination or Change in Control." The percentage of the target PSU award earned for each of the 3-year and 5-year performance periods will be based on our achievement of the metrics below.

Market Adjusted MFRR is assigned a weighting of 67%, and is defined as annualized fees which would be generated from managed or advised assets or from financial planning services over the following 12 months, including fees from enrollees into the Professional Management program, and excluding platform fees, set up fees and consulting fees. The actual annualized fees will be market adjusted to eliminate the impact of market gain or loss. We believe that this metric motivates executives to drive revenue growth while adjusting for the effects of the market over time. It is weighted more heavily to reflect our priorities as a growth company. This metric differs from the NNMFRR measure used in the Executive CIP because it measures all assets and adjusts for market effects whereas the Executive CIP focuses solely on net new assets acquired during the year without adjusting for market changes. The target represents a magnitude of growth in excess of our Executive CIP targets and excludes any benefit from market increases over the performance periods.

Adjusted EBITDA Margin is assigned a weighting of 33% and is defined as net income before interest, taxes, depreciation, amortization (internal use software, direct response advertising, and commissions), and stock compensation expense for the applicable fiscal year, divided by revenue for that fiscal year. This metric reflects the elements of profitability that can be most directly impacted by employees. We believe that this metric motivates executives to focus on profitable growth. It differs from Adjusted EBITDA used in the Executive CIP because it requires increased profitability over a multi-year timeframe rather than a single, annual dollar target.

If the minimum performance percentages of the internally-established goals are not achieved, no PSUs will vest. In both the 3- and 5-year performance cycles, the minimum achievement for either metric produces a vesting potential of 60%, 100% achievement produces 100% vesting potential, increasing to a maximum of 140% vesting with 120% or more achievement.

On February 11, 2016 the compensation committee certified achievement under the 2013-2015 LTIP performance period. For the 3-year performance cycle, the minimum achievement percentage that produces a payout for Market Adjusted MFRR is 80%; actual achievement was 72.4%; resulting in no payout for this metric. The minimum achievement percentage that produces a payout for Adjusted EBITDA Margin is 85.7%; actual achievement was 88%; resulting in 66.4% payout for this metric. The PSUs allocated to the 3-year performance cycle vested on January 1, 2016 at 22.1% for plan participants, resulting in a grant of 14,164 shares for Mr. Raffone; 5,673 shares for Mr. Sims; and 7,281 shares for Mr. Jones. Mr. Gamble and Mr. Bunch are not LTIP participants.

Achievement under the full 5-year performance cycle will be calculated in 2018. For the 2013-2017 full performance cycle, the minimum achievement percentage for each of the Market Adjusted MFRR and Adjusted EBITDA Margin is 80% and the maximum achievement percentage is 120% for all participants, which produces the maximum of 140% vesting.



## 2017 NEO Compensation

In February 2017, the compensation committee reviewed pay levels and the three main elements of compensation, taking into consideration 2016 executive and business performance. The committee established base salaries, the 2017 Executive CIP design and bonus potential thereunder, as well as equity. The 2017 Executive CIP incentive targets became effective on January 1, 2017 for this coming year, equity awards were made on February 28, 2017, and base pay increases were effective March 1, 2017.

2017 Base Salaries. The 2017 NEO compensation reflects adjustments in the Company's pay philosophy for our NEOs; shifting to establish pay practices more reflective of the updated peer group, with a higher degree of incentive pay and less emphasis on equity awards.

Name	2016	2017	Total %	2016	2017
	Base			Exec	Exec
	Salary	Base	Increase	CIP	CIP
	(effective	Salary	Over	Target	Target
	April 1,	(effective	2016	as a	as a
	2016 or	March 1,	Base	Percent	Percent
	hire date)	2017)	Salary	of Base	of Base
				Salary	Salary
Lawrence M. Raffone	\$ 500,000	\$ 525,000	5%	100%	120%
Raymond J. Sims	\$ 340,000	\$ 340,000	0%	66%	N/A (2)
John B. Bunch	\$ 525,000	\$ 525,000	0%	N/A (1)	130%
Christopher L. Jones	\$ 420,000	\$ 420,000	0%	185%	200%
Paul A. Gamble	\$ 350,000	\$ 350,000	0%	95%	N/A (2)

(1) Mr. Bunch was not a participant in the 2016 Executive CIP.

(2) Per their transition arrangements with the Company, Messrs. Sims and Gamble are not participating in the 2017 Executive CIP.

2017 Application of the Executive CIP. Each year, our compensation committee evaluates the design of the Executive CIP and determines appropriate incentive compensation levels. In February 2017, the compensation committee set the plan design with the metrics and weighting shown below. The 2017 plan design retains performance-based funding upon achievement of the Adjusted EBITDA threshold and negative discretion applied to reach the final award levels. The metrics of Adjusted EBITDA, CMFRR and NMFRR are defined as they were in 2016. Management and the compensation committee have set four strategic business goals that comprise the Integrated Offer Scorecard, to be verified quarterly.

2017 Executive CIP Design	
Funding Measure	Weighting
Adjusted EBITDA Threshold Funds at	200%
	individual
	target
Adjustment Measures	Weighting
Adjusted EBITDA	25%
CMFRR	25%
NMFRR	25%
Integrated Offer Scorecard	25%

2017 Equity Awards. In February 2017, our compensation approved equity awards in the ratio of 50% RSUs and 50% options for three of our NEOs: Messrs. Raffone \$4.2 million, Bunch \$2 million, and Jones \$1.75 million. The awards were granted under the 2009 Stock Incentive Plan on February 28, 2017 and vest over four years in accordance with our standard terms and conditions.

#### Assessment of Risk

The compensation committee annually reviews the elements of NEO compensation to determine whether any portion of the overall program encourages excessive risk taking. In 2016, the compensation committee engaged in a thorough risk analysis of compensation plans, policies and practices, including review of a detailed report prepared by a cross-functional management compensation risk review team. The compensation committee believes that the design, governance and risk oversight process of the Company's incentive programs guard against imprudent risk taking that could have a material adverse effect on the Company. The compensation committee believes that the design of our compensation programs encourages our NEOs to remain focused on both short-term and long-term strategic goals. Safeguards integrated into the Company's compensation practices include: (1) the balance of short-term and long-term incentive compensation; (2) the use of time-based vesting criteria in long-term incentive awards to align holders' interests with the Company's prospects; (3) the use of multiple performance metrics in the annual cash incentive plan, each linked to overall Company progress as opposed to narrow targets; (4) the limitation of maximum payouts under both our short-term and our long-term performance-based awards programs; (5) the limitation on annual awards under the Company's equity incentive plan; and (6) the reservation of compensation committee negative discretion to reduce amounts payable under the short-term and long-term performance-based awards programs. In addition, in 2016 the compensation committee recommended, and the Board adopted, a clawback policy to further reinforce appropriate incentives for avoiding risk. This policy is further described under "Policy Regarding Clawbacks and Restatement."

#### Benefits

We provide the following benefits to our executives on the same basis as provided to all of our employees:

health, dental and vision insurance;  
life insurance;  
medical and dependent care flexible spending account;  
short-and long-term disability, accidental death and dismemberment;  
a 401(k) plan, with Company match and our Professional Management services; and  
employee assistance plan.

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## Executive Stock Ownership and Holding Guideline

Effective April 1, 2017, our compensation committee adopted a stock ownership and holding guideline covering our CEO and Executive Vice Presidents, including the NEOs. The guideline is similar to our guideline for non-employee directors, described above under “Director Stock Ownership and Holding Guideline”. It encourages executives to maintain a meaningful stake in the company and aligns their long-term interests with stockholders. Our guideline provides that the CEO and each Executive Vice President should own an equity stake in our Company equal in value to a multiple of base salary, depending upon position. With the exception of our CEO, whose ownership guideline is applicable immediately, each executive will have five years to meet the guideline from the time that it first becomes applicable to the individual. Four years after the guideline first becomes applicable to an executive, a holding requirement is imposed such that he or she will be required to hold 50% of the shares acquired through vesting or exercises of equity compensation awards, net of amounts required to pay taxes or exercise prices, until the equity stake guideline is met. As of the date that the compensation committee adopted the guideline, our executive officers listed below were in compliance with the guideline.

	Ownership Guidelines
Position	(Multiple of base salary)
CEO	5.0 x
CFO, Chief Operation Officer, Chief Investment Officer and Chief Administrative Officer	3.0 x
General Counsel, EVP of Technology and EVP of Human Resources	2.0 x

## Policy Against Hedging

Our Insider Trading and Communications Policy prohibits employees from engaging in any form of hedging transactions in our stock, pledging our stock as collateral for a loan, trading in our securities on a short-term basis, purchases of our securities on margin, short sales of our securities and buying or selling puts or calls, or their equivalent positions, on our securities. The Insider Trading and Communications Policy further provides that we will not arrange for cashless exercises of stock options and sets forth the principle that any of our securities purchased in the open market by an employee should be held for a minimum of six months.

## Policy Regarding the Timing of Equity Awards

The compensation committee and senior management manage our stock option grant policies to align with governing regulations and good corporate practice. Subsequent to our initial public offering, we have considered the timing of stock option grants to executive officers in relation to the release of material non-public information. We also consider the timing of stock option grants or other equity awards in relation to our compensation packages as a whole. Beginning in 2013, we have made and intend to make executive equity awards in the first quarter of the year, following the release of our previous year-end earnings, to better align the level of equity grants with full fiscal-year performance of our Company and the executive officers.

Absent any major corporate events, the annual equity grants for both non-executives and executives will occur during an open trading window for our Company stock under our Insider Trading and Communications Policy, although the compensation committee, in its sole discretion, may determine to make the grants at a different time. Stock option grants or other equity awards to executives and other employees may also be made at other times of the year as the compensation committee feels is necessary for competitive or retention purposes, or for newly-hired executives or employees.

Policy Regarding Clawbacks and Restatements

In November 2016, at the recommendation of our compensation committee, our Board of Directors adopted a policy regarding compensation adjustments, or “clawbacks”, in the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirements under applicable securities laws. The policy covers incentive compensation awarded, earned, vested or paid on or after January 1, 2017 as well as the 2013-2017 LTIP and looks back to the three completed fiscal years preceding a restatement event. The policy applies to all current and former officers of the Company, as

determined pursuant to Rule 16a-1(f) of the Securities Exchange Act of 1934. Our Board would have discretion on whether to pursue recoupment, from whom to pursue recoupment, the appropriate amount to recoup, and methods of recoupment taking into account the requirements of the Sarbanes-Oxley Act of 2002 and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

#### Tax and Accounting Treatment of Compensation

Section 162(m) of the Code limits deductions for certain executive compensation in excess of \$1,000,000 in any fiscal year. This deduction limitation does not apply to certain types of compensation that qualify as performance-based compensation under Section 162(m). As a public company, we will generally consider whether a form of compensation will be deductible under Section 162(m) in determining executive compensation, though other factors will also be considered. The compensation committee may authorize compensation payments that do not comply with the exemptions to Section 162(m) when we believe that such payments are appropriate to attract and retain executive talent.

COMPENSATION COMMITTEE REPORT

The following report of the compensation committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other filing by Financial Engines under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with Financial Engines' management. Based on this review and these discussions, the compensation committee recommended to the Board of Directors of Financial Engines that the Compensation Discussion and Analysis be included in Financial Engines' proxy statement on Schedule 14A and incorporated by reference into its Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Respectfully submitted on March 20, 2017, by the members of the compensation committee of the Board of Directors:

Mr. Michael E. Martin, Chairperson

Mr. Blake R. Grossman

Mr. Robert A. Huret

Dr. John B. Shoven

## EXECUTIVE COMPENSATION

## 2016 Summary Compensation Table

The following table sets forth compensation earned for services rendered in all capacities to us for the years ended December 31, 2016, 2015 and 2014 for our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers as of December 31, 2016, whom we refer to in this Proxy Statement as the NEOs.

Name & 2016 Principal Position	Year			Stock		Option		Non-Equity		Total
		Salary	Bonus	Awards(1)	Awards(1)	Incentive Plan Compensation(2)	All Other Compensation(3)			
Lawrence M. Raffone President and CEO	2016	\$487,499	—	\$2,257,148	\$2,010,198	\$422,760	\$10,600	\$5,188,205		
	2015	\$450,000	—	\$—	\$—	\$375,930	\$10,600	\$836,530		
	2014	\$343,750	—	\$1,725,171	\$3,252,420	\$177,895	\$7,800	\$5,507,036		
Raymond J. Sims Executive Vice President, Chief Financial Officer	2016	\$339,999	—	\$591,160	\$526,483	\$194,600	\$10,600	\$1,662,842		
	2015	\$340,000	—	\$—	\$—	\$187,464	\$10,600	\$538,064		
	2014	\$297,850	—	\$935,143	\$1,397,630	\$73,629	\$7,800	\$2,712,052		
John B. Bunch Executive Vice President, President Financial Engines Advisors, L.L.C. (4)	2016	\$467,116	\$625,000 (5)	\$1,500,015	\$1,723,627	—	\$9,650	\$4,325,408 (6)		
Christopher L. Jones Executive Vice President, Investment Management and Chief Investment Officer	2016	\$416,518	—	\$1,074,829	\$957,243	\$668,229	\$10,600	\$3,127,419		
	2015	\$405,000	—	\$—	\$—	\$592,090	\$10,600	\$1,007,690		
	2014	\$351,625	—	\$1,210,173	\$1,808,682	\$217,304	\$7,800	\$3,595,584		



Paul A. Gamble	2016	\$350,000	\$227,033	\$644,918	\$574,350	\$484,238	(9)	\$10,600	\$2,291,139
Executive Vice President, Distribution and Institutional Services (7)	2015	\$258,686	\$75,000	(8)\$863,849	\$824,849	\$363,879	(10)	\$10,347	\$2,396,610

(1) Consists of options, RSUs or PSUs. The value of the equity awards is based on the fair value of the award as of the grant date calculated in accordance with Accounting Standards Codification 718, Stock Compensation (ASC 718), excluding any estimate of future forfeitures. See Note 5 of the Notes to Consolidated Financial Statements in Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2016, for the assumptions made in determining ASC 718 values. Regardless of the value on the grant date, the actual value that may be recognized by the executive officers will depend on the market value of our common stock on a date in the future when a stock award vests or a stock option is exercised.

(2) Represents amounts paid pursuant to our Executive CIP, except for Mr. Gamble.

(3) Represents amounts paid as a 401(k) match.

(4) Mr. Bunch was not employed by the Company in 2015 or 2014, so his compensation for those years is not shown. His 2016 salary represents amounts paid by the Company commencing with his employment on February 1, 2016.

(5) Represents a guaranteed 2016 bonus payment pursuant to Mr. Bunch's Employment Agreement.

(6) Does not include a \$1,091,821 payment earned in 2016 by Mr. Bunch under TMFS's Long Term Bonus Plan based on his service to TMFS through the date of the Acquisition, or any other merger proceeds he received in connection with the Acquisition. The Company assumed the obligations under the TMFS Long Term Bonus Plan, including payments to be made in 2016, 2017 and 2018, funded by TMFS via a purchase price adjustment in the Acquisition.

(7) Mr. Gamble was not employed by the Company in 2014, so his compensation for those years is not shown.

(8) Represents a \$75,000 cash retention bonus approved by the compensation committee in March 2015 as part of the employment offer to Mr. Gamble, paid in February 2016.

(9) Represents \$152,033 payment under the 2016 EVP, Distribution and Institutional Services Sales Compensation Plan and \$332,205 payment under the 2016 Executive CIP.

(10) Represents \$178,028 payment under the 2015 EVP, Distribution and Institutional Services Sales Compensation Plan and \$185,851 payment under the 2015 Executive CIP.

## 2016 Grants of Plan-Based Awards

Name and 2016 Position	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#) (2)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)				
Lawrence M. Raffone President and CEO	05/20/2016 (3)	\$225,000	\$450,000	\$900,000	85,401	202,378	\$26.43	\$4,267,347
Raymond J. Sims Executive Vice President, Chief Financial Officer	05/20/2016 (3)	\$112,000	\$224,400	\$448,000	22,367	53,004	\$26.43	\$1,117,643
John B. Bunch Executive Vice President, President, Financial Advisors L.L.C.	2/26/2016 (4)	N/A	N/A	N/A	61,001	176,264	\$24.59	\$3,223,642
Christopher L. Jones Executive Vice President, Investment Management and Chief Investment Officer	05/20/2016 (3)	\$354,000	\$709,000	\$1,418,000	40,667	96,371	\$26.43	\$2,032,072
Paul A. Gamble	05/20/2016 (3)	\$150,500	\$301,000	\$602,000	24,401	57,823	\$26.43	\$1,219,269

Executive Vice  
President

Distribution and

Institutional  
Services

- (1) Reflects the value of the potential payout targets at 50%, 100% and 200% of target incentive levels, pursuant to the annual award program under our Executive CIP. 2016 targets were set on February 11, 2016 for each NEO with the exception of Mr. Bunch who did not participate in the 2016 Executive CIP. Actual payout of these awards, if any, are determined by the compensation committee after the end of the performance period depending on whether the performance criteria were met. Please see "Compensation Discussion and Analysis" for disclosure regarding material terms of the Executive CIP. Actual payout amounts under this plan for 2016 are disclosed in the 2016 Summary Compensation Table.
- (2) Reflects awards under 2009 Stock Incentive Plan, with the exception of Mr. Bunch.
- (3) Represents equity compensation awards approved by the compensation committee on February 22, 2016, in the case of Mr. Raffone and on February 11, 2016 in the case of Messrs. Sims, Jones and Gamble, contingent upon receiving stockholder approval of an increase in the number of shares reserved for issuance under our 2009 Stock Incentive Plan. The awards were granted on May 20, 2016, following stockholder approval of the proposed share increase at the 2016 Annual Meeting, and have a vesting commencement date of February 26, 2016. The options have an exercise price equal to the closing price of our common stock on the grant date. The compensation committee approved a target equity value for each NEO. The number of RSUs was calculated by dividing the RSU target value by the closing price per share of our common stock on February 26, 2016. The number of shares subject to the options were determined by dividing the target value of the option, by the Black-Scholes value of the option as of the grant date.
- (4) Reflects inducement equity compensation awards, made outside of the 2009 Stock Incentive Plan, approved by the compensation committee on February 11, 2016, the value of which was specified in Mr. Bunch's Employment Agreement. The award included options with a Black Scholes value of \$1,500,000 and RSUs with a \$1,500,000 value on the date of grant of February 26, 2016. The awards vest over four years in accordance with the Company's standard terms for option and RSU vesting.

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Narrative to 2016 Summary Compensation Table and Grants of Plan-Based Awards

Please see “Compensation Discussion and Analysis” above for a complete description of compensation plans pursuant to which the amounts listed under the 2016 Summary Compensation Table and the 2016 Grants of Plan-Based Awards Table were paid or awarded and the criteria for such payment, including targets for payment of annual incentives, as well as performance criteria on which such payments were based. The Compensation Discussion and Analysis section also describes the equity awards. Except as otherwise noted, all option awards vest over four years with 1/4th of the shares subject to the option vesting on the first anniversary of the vesting commencement date of grant and the remainder vesting in equal monthly installments thereafter over the subsequent three years. The RSUs vest over four years, with 25% vesting annually.

2016 Outstanding Equity Awards at Fiscal Year End

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2016.

Name and 2016 Position	Option Awards(1)				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(4)
Lawrence M. Raffone President and CEO	49,640	—	\$ 6.51	11/11/2018				
	87,485	—	\$ 7.99	11/9/2019				
	39,420	—	\$ 21.39	11/18/2021				
	69,380	—	\$ 26.22	11/16/2022				
	23,154	9,534	\$ 55.96	2/26/2024				
	122,954	113,120	\$ 31.43	11/10/2024				
	—	202,378	\$ 26.43	5/20/2026	108,138 (5)	\$ 3,974,072	42,640	\$ 1,858,678
Raymond J. Sims	9,100	—	\$ 26.22	11/16/2022				
	14,578	6,004	\$ 55.96	2/26/2024				

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Executive Vice President, Chief Financial Officer	46,450 —	42,734 53,004	\$ 31.43 \$ 26.43	11/10/2024 5/20/2026	34,280 (5)	\$ 1,259,790	17,080	\$ 744,517
John B. Bunch Executive Vice President, President, Financial Advisors L.L.C.	—	176,264	\$ 24.59	2/25/2026	61,001 (5)	\$ 2,241,787	—	\$ —
Christopher L. Jones Executive Vice President, Investment Management and Chief Investment Officer	12,515 8,514 39,420 48,570 18,866 60,111 —	— — — 7,769 55,303 96,371	\$ 7.99 \$ 7.99 \$ 21.39 \$ 26.22 \$ 55.96 \$ 31.43 \$ 26.43	11/9/2019 11/9/2019 11/18/2021 11/16/2022 2/26/2024 11/10/2024 5/20/2026	56,083 (5)	\$ 2,061,050	21,990	\$ 955,493
Paul A. Gamble Executive Vice President, Distribution and Institutional Services	24,325 —	34,058 57,823	\$ 40.90 \$ 26.43	5/13/2025 5/20/2026	34,953 (6)	\$ 1,284,523	—	\$ —

(1) Except as otherwise noted, all option awards listed in the table vest over four years, with 1/4th of the shares subject to the option vesting on the first anniversary of the vesting commencement date of grant and the remainder vesting in equal monthly installments thereafter over the subsequent three years

(2) Calculated using the closing price of our common stock as of December 30, 2016 of \$36.75.

(3) Reflects the potential number of shares at the target level that are eligible to vest on January 1 following the end of the 5-year performance period, upon the achievement of specified performance conditions for 2013-2017

LTIP PSUs. The actual number of the shares issued under these awards, if any, is based upon achieving pre-determined performance conditions. Please see “Compensation Discussion and Analysis” for disclosure regarding material terms of the 2013-2017 LTIP.

- (4) Represents the grant date fair value of the target achievement level of 2013-2017 LTIP PSUs, which are eligible to vest on January 1 following the end of the 5-year performance period upon the achievement of specified performance conditions. The value of the equity awards is based on the fair value of the award as of the grant date, which is \$43.59 per share for each of our NEOs who hold these PSUs. See Note 5 of the Notes to Consolidated Financial Statements in Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2016, for the assumptions made in determining ASC 718 values. Regardless of the value on the grant date, the actual value that may be recognized by the executive officers will depend on the market value of our common stock on a future date when a stock award vests. The actual number of the shares issued under these awards, if any, is based upon achieving pre-determined performance conditions.
- (5) Reflects RSUs that vest over four years, with 25% vesting annually on the anniversary of the vesting commencement date.
- (6) Reflects 10,552 RSUs that vest over two years, with 50% vesting annually on the anniversary of the vesting commencement date, and 24,401 RSUs that vest over four years, with 25% vesting annually on the anniversary of the vesting commencement date.

#### 2016 Option Exercises and Stock Vested

The following table sets forth the number of shares acquired by each NEO during 2016 upon exercise of options and vesting of restricted stock units and the 2013-2017 LTIP PSUs.

Name and 2016 Position	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized
	Acquired on Exercise on	Exercise	Acquired on Vesting on	
	Exercise(#)(1)		Vesting(#)(2)	
Lawrence M. Raffone Chief Executive Officer and President	58,667	\$1,483,872	28,517	\$799,502
Raymond J. Sims Executive Vice President, Chief Financial Officer	16,420	\$221,152	13,569	\$383,890
John B. Bunch Executive Vice President, President, Financial Engines Advisors L.L.C.	—	—	—	—
Christopher L. Jones Executive Vice President, Investment Management and Chief Investment Officer	36,657	\$927,228	17,279	\$481,220
Paul A. Gamble Executive Vice President, Distribution and	—	—	10,553	\$276,489

Institutional Services

(1) Value realized is based on the market value of our common stock on the date of exercise minus the exercise price.

(2) Value realized is based on the market value of our common stock on the vesting date.

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## Potential Payments Upon Termination or Change in Control

### Employment and Consulting Agreements.

**Raffone Offer Letter.** Our offer letter to Mr. Raffone, our President and CEO, provided for certain change of control benefits if his employment is involuntarily terminated during the 12-month period commencing 30 days prior to a change in control. Under the terms of his offer letter, any unvested options held by him that would otherwise have vested during the one-year period following the date of termination will become vested on the termination date. As discussed further below, the change in control benefits under Mr. Raffone's offer letter do not apply with respect to options granted during 2016 or later, which options have separate change in control rights.

**Bunch Employment Agreement.** Effective February 1, 2016, in connection with the Acquisition, The Mutual Fund Store and the Company entered into an employment agreement with Mr. Bunch. The employment agreement has a term of four years with automatic renewal periods of one year unless terminated by either party with 60 days' written notice. The employment agreement provides that Mr. Bunch would be employed as the President of FEA, LLC upon the consummation of the Acquisition, with an aggregate annual base salary of \$525,000 and a guaranteed annual bonus of \$625,000 for the year ended December 31, 2016. For each subsequent fiscal year ending during the term of the employment agreement, Mr. Bunch shall be eligible under the Executive CIP (or its successor plan or program) to earn on an annual basis a cash bonus of up to \$625,000 for at target performance based on performance and the attainment of goals that are mutually agreed upon by Mr. Bunch and the Company. Mr. Bunch was also awarded \$3,000,000 of incentive equity awards, with \$1,500,000 granted in the form of non-statutory stock options and \$1,500,000 in the form of RSUs, which were granted as inducement awards. Pursuant to his employment agreement, if Mr. Bunch is involuntarily terminated at any time, he is entitled to 50% of his then-current salary and 100% of his prior year annual bonus. If Mr. Bunch's involuntary termination occurs during the period beginning two months prior to a change in control and ending 12 months thereafter, he will be entitled to the foregoing benefits as well as fully-accelerated vesting of his initial option and RSU grants. These severance benefits are contingent on Mr. Bunch entering into a release of claims and adherence to certain restrictive covenants.

**2009 Stock Incentive Plan.** Our NEOs' outstanding stock option and RSU awards are subject to certain equity vesting acceleration provisions under our form agreements. Under the form of Stock Option Agreement and the form of RSU Award Agreement, pursuant to which awards were made between November 2011 and 2016, if a NEO or any other employee holding such an outstanding grant is involuntarily terminated within 12 months following a change in control of our Company or upon the death or permanent and total disability (as defined in the 2009 Stock Incentive Plan) of the NEO or such other employee, then the vesting of the award will accelerate with respect to the number of shares that would have vested within the 12 months following the change in control, death or permanent and total disability, as the case may be. A change in control for these purposes is as defined in the 2009 Stock Incentive Plan. This acceleration is not conditioned upon a release of claims.

Pursuant to the awards made between November 18, 2011 and 2016, "Involuntary Termination" means, following a change in control and without the awardee's express written consent: a relative, material diminution of the awardee's authority, duties, position or responsibilities; a material reduction in the awardee's base salary or bonus opportunity; the relocation of the awardee's principal place of employment by more than fifty (50) miles; or any purported termination of the awardee's service which is not effected for cause. In the event of a termination under the conditions described above, other notice and remedy provisions also apply. A termination due to death or disability shall not be considered an Involuntary Termination.

For options and stock units granted on and after May 20, 2016, the form award agreements for all of our executive officers provide that in event of a termination without cause or resignation for good reason within 2 months prior to or 12 months after a change in control of the Company, then the executive may receive (i) 100% accelerated vesting of



all such outstanding equity awards (provided that target-level vesting shall continue for performance awards); and (ii) extended exercise rights for such outstanding stock option awards through the one-year anniversary of the termination or the remaining term of the option, if shorter, subject to a release of claims and other terms. In addition, the form award agreement for options and stock units granted on and after May 20, 2016 provide that, in the event of the executive's termination due to death or total and permanent disability, the vesting shall accelerate with respect to that number of shares that would have vested during the twelve (12) months following the termination.

Pursuant to the awards made on and after May 20, 2016, “good reason” to resign exists if there occurs, without the executive’s consent, a material diminution of the executive’s authority, duties or position, a material reduction in base salary (other than in connection with an across-the-board reduction applicable to all Section 16 executive officers of the Company), a material change in principal work location of at least fifty (50) miles, or any purported termination by the Company which is not effected for cause. Pursuant to such awards, the definition of “cause” includes executive’s breach of fiduciary duty owed to the Company, executive’s breach of restrictive covenant agreements (including confidentiality, non-competition and non-solicitation) with the Company, executive’s failure to use best efforts to promote the interests of the Company, executive’s insubordination, executive’s gross negligence, willful misconduct, fraud, embezzlement or material act of dishonesty relating to the affairs of the Company, executive’s conduct or statement that materially and negatively reflects upon the name, reputation or business interests of the Company, executive’s conviction of or plea of guilty or nolo contendere to any felony or to any misdemeanor relating to the affairs of the Company, involving actions causing material damage to the Company’s reputation or goodwill, executive’s abuse of substances in a manner that impedes work performance, or executive’s willful violation of any federal or state securities laws, rules or regulations. In certain cases, the definition of “cause” provides that the executive will have a limited opportunity to cure wrongdoings. In all cases, the definition of “good reason” requires that the Company be provided a limited opportunity to cure.

2013-2017 LTIP. PSU awards under the 2013-2017 LTIP are subject to potential vesting acceleration upon the occurrence of a change in control during the applicable NEO’s employment term. A change in control for these purposes is as defined in the 2009 Stock Incentive Plan. The target PSUs may vest based on the ratable percentage of the performance period that has passed as of the change in control date. To avoid penalizing executives as the result of a change in control, the 2013-2017 LTIP contains change in control thresholds and targets for the performance metrics that are lower than the achievement metrics for the plan under regular conditions. If the performance goals have not been met at the applicable metric threshold, the PSUs will be earned at 50% of the applicable target. PSU vesting above the level of 50% is subject to the achievement of certain pre-established performance thresholds and targets as of the last day of the fiscal year preceding the change in control. Any PSUs that could be earned upon a change in control would vest and be settled upon the change in control, subject to the participant’s continued employment through the closing of the change in control. Any PSUs that were not earned and vested upon the change in control would be automatically terminated without payment.

#### 2016 Executive Severance and Change in Control Policy

In May 2016, the Company entered into a Severance and Change in Control Agreement with each of our executive officers, including each of the NEOs, other than Mr. Bunch. If the NEO who is a party to the agreement is terminated by the Company without cause, or terminates his or her employment for good reason outside of the change in control period, he or she is entitled to the following benefits: (i) six months of base salary (12 months for the CEO, Mr. Raffone) and (ii) six months of Company-paid health benefits continuation from the termination date (12 months for the CEO, Mr. Raffone).

If the NEO who is a party to the agreement is terminated by the Company without cause, or terminates his or her employment for good reason within 2 months prior to or 12 months after a change in control of the Company he or she is entitled to the following benefits, in addition to the accelerated vesting and extended exercise equity terms: (i) 12 months of base salary (18 months for the CEO, Mr. Raffone); (ii) cash severance equal to 100% of his or her target bonus in the year of termination (150% for the CEO, Mr. Raffone); (iii) 12 months of Company-paid health benefits continuation from the termination date. The target bonus referenced above is intended to correspond to the target amounts under the Executive CIP. The definitions of cause and good reason in these agreements are the same as the definitions for the option and stock unit award agreements dated on and after May 20, 2016, as described above under “2009 Stock Incentive Plan.”

The foregoing benefits are contingent upon the execution by the executive officer of a full release of claims against the Company and any of its affiliates.

Termination and Change in Control Table

For each of the NEOs, the table below estimates the amount of compensation that would be paid in the event that the NEO terminated without cause or resigned for good reason without a change in control as well as in the event

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that a change in control of our Company occurred. The amounts shown assume that each of the terminations was effective December 31, 2016.

Potential payments are calculated using the closing price of our common stock of \$36.57 as of December 30, 2016, the last business day of our last completed fiscal year.

Name and 2016 Position	Benefit	Termination Without Cause / Resignation for Good Reason; No Change in Control	Termination Without Cause / Resignation for Good Reason And Change in Control
Lawrence M. Raffone President and CEO	Salary	\$ 500,000	\$ 750,000
	Executive CIP	\$ —	\$ 750,000
	Equity Acceleration	\$ 731,762	\$ 6,653,438 (1)
	Benefits Continuation	\$ 24,895	\$ 24,895
	Total Value	\$ 1,256,657	\$ 8,178,333
Raymond J. Sims Executive Vice President, Chief Financial Officer	Salary	\$ 170,000	\$ 340,000
	Executive CIP	\$ —	\$ 224,400
	Equity Acceleration	\$ 337,498	\$ 1,984,721 (1)
	Benefits Continuation	\$ 8,014	\$ 16,028
	Total Value	\$ 515,512	\$ 2,565,149
John B. Bunch Executive Vice President, President, Financial Engines Advisors L.L.C.	Salary	\$ 262,500	\$ 262,500
	Annual Bonus	\$ 625,000	\$ 625,000
	Equity Acceleration	\$ —	\$ 2,703,817
	Benefits Continuation	\$ —	\$ —
	Total Value	\$ 887,500	\$ 3,591,317
Christopher L. Jones Executive Vice President, Investment Management and Chief Investment Officer	Salary	\$ 210,000	\$ 420,000
	Executive CIP	\$ —	\$ 777,000
	Equity Acceleration	\$ 436,760	\$ 3,282,921 (1)
	Benefits Continuation	\$ 9,997	\$ 19,994
	Total Value	\$ 656,757	\$ 4,499,915
Paul A. Gamble Executive Vice President, Distribution and Institutional Services	Salary	\$ 175,000	\$ 350,000
	Executive CIP	\$ —	\$ 381,500
	Equity Acceleration	\$ 387,768	\$ 1,881,256
	Benefits Continuation	\$ 14,038	\$ 28,076
	Total Value	\$ 576,806	\$ 2,640,832

(1) Including the hypothetical value of potential payouts under the change in control provisions of the 2013-2017 LTIP.

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## AUDIT COMMITTEE REPORT

The following report of the audit committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other filing by Financial Engines under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The audit committee provides assistance to the Board of Directors in fulfilling its legal and fiduciary obligations in matters involving Financial Engines' accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by Financial Engines' independent accountants and reviewing their reports regarding Financial Engines' accounting practices and systems of internal accounting controls as set forth in a written charter adopted by the Board of Directors. Financial Engines' management is responsible for preparing Financial Engines' financial statements and the independent registered public accountants are responsible for auditing those financial statements. The audit committee is responsible for overseeing the conduct of these activities by Financial Engines' management and the independent registered public accountants.

In this context, the audit committee has met and held discussions with management and the independent registered public accountants. Management represented to the audit committee that Financial Engines' consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the audit committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accountants.

The audit committee has discussed with the independent registered public accountants matters required to be discussed by Statement on Auditing Standards No. 1301, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the independent registered public accountants provided to the audit committee the written disclosures required by Public Company Accounting Oversight Board Rule 3526 (Communication with Audit Committees Concerning Independence) and the audit committee and the independent registered public accountants have discussed such accountants' independence from Financial Engines and its management, including the matters in those written disclosures. Additionally, the audit committee considered whether the provision of non-audit services was compatible with maintaining such accountants' independence. The audit committee has discussed with management the procedures for selection of consultants and the related competitive bidding practices and fully considered whether those services provided by the independent registered public accountants are compatible with maintaining such accountant independence.

The audit committee has discussed with Financial Engines' internal and independent registered public accountants, with and without management present, their evaluations of Financial Engines' internal accounting controls and the overall quality of Financial Engines' financial reporting.

In reliance on the reviews and discussions with management and the independent registered public accountants referred to above, the audit committee recommended to the Board of Directors, and the Board of Directors has approved, the inclusion of the audited financial statements in Financial Engines' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, for filing with the SEC.

Respectfully submitted on February 22, 2017 by the members of the audit committee of the Board of Directors:

Ms. Heidi Kunz, Chairperson

Mr. Joseph A. Grundfest

Mr. Robert A. Huret



## PROPOSAL 2

## RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED

## PUBLIC ACCOUNTANTS

The audit committee, which is composed entirely of independent directors, has selected KPMG LLP as independent accountants to audit our books, records and accounts and our subsidiaries for the fiscal year ending December 31, 2017. Our Board has endorsed this appointment. Ratification of the selection of KPMG LLP by stockholders is not required by law. However, as a matter of good corporate practice, such selection is being submitted to the stockholders for ratification at the Annual Meeting. If the stockholders do not ratify the selection, our Board and the audit committee will reconsider whether or not to retain KPMG LLP, but may retain KPMG LLP. Even if the selection is ratified, the audit committee in its discretion may change the appointment at any time during the year if it determines that such change would be in the best interests of Financial Engines and its stockholders. KPMG LLP previously audited our consolidated financial statements during the three fiscal years ended December 31, 2014, 2015 and 2016. Representatives of KPMG LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions.

## Required Vote

Ratification of the appointment of KPMG LLP requires the affirmative vote of a majority of the shares present and voting at the Annual Meeting in person or by proxy. Unless marked to the contrary, proxies received will be voted "FOR" ratification of the appointment.

Our Board recommends a vote FOR the ratification of KPMG LLP

as our independent registered public accountants.

## Principal Accounting Fees and Services

Aggregate fees for professional services rendered for us by KPMG LLP for the years ended December 31, 2015 and 2016, were as follows, all of which were approved by the audit committee:

Services Provided	2015	2016
Audit Fees	\$1,619,300	\$4,235,696
Audit-Related Fees	\$385,000	\$108,000
Tax Fees	—	—
All Other Fees	—	\$53,911
Total Fees	\$2,004,300	\$4,397,607

Audit Fees. The aggregate fees billed for the years ended December 31, 2015 and 2016 were for professional services rendered for the audits of our consolidated financial statements, reviews of our interim consolidated financial



statements, services rendered in connection with our SEC filings and other matters related to SEC rules and regulations. In addition, aggregate fees billed for the year ended December 31, 2016 includes audit services rendered in connection with our acquisitions.

**Audit-Related Fees.** The aggregate fees billed for the year ended December 31, 2015 were for professional services related to our Service Organization Controls 2 reports and diligence related to the acquisition of The Mutual Fund Store. The aggregate fees billed for the year ended December 31, 2016 were for professional services related to our Service Organization Controls 2 reports.

**Tax Fees.** For the fiscal years ended December 31, 2015 and 2016, there were no fees billed by KPMG LLP for professional services rendered under “Tax Fees” above.

All Other Fees. For the fiscal year ended December 31, 2015 there were no fees billed by KPMG LLP for professional services rendered under “All Other Fees” above. The aggregate fees billed for the fiscal year ended December 31, 2016 were for professional services related to the preliminary phase of reviewing Accounting Standards Update No. (ASU) 2014-09, Revenue from Contracts with Customers, which the Company is expected to adopt as of January 1, 2018.

#### Audit Committee Pre-Approval Policies and Procedures

The audit committee has implemented pre-approval policies and procedures related to the provision of audit and non-audit services. Under these procedures, the audit committee pre-approves both the type of services to be provided by KPMG LLP and the estimated fees related to these services.

During the approval process, the audit committee considers the impact of the types of services and the related fees on the independence of the registered public accountant. The services and fees must be deemed compatible with the maintenance of such accountants’ independence, including compliance with SEC rules and regulations.

Throughout the year, the audit committee will review any revisions to the estimates of audit and non-audit fees initially approved.

## PROPOSAL 3

### ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

At our 2011 annual meeting of stockholders, a majority of our stockholders voted in favor of holding an advisory vote to approve executive compensation every three years, which the compensation committee approved. Therefore, in accordance with that policy and in accordance with the requirements of Section 14A of the Securities Exchange Act of 1934, we are asking stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K.

As described in the Compensation Discussion and Analysis and Executive Compensation sections of this Proxy Statement, we design our NEO compensation programs to attract and retain senior, skilled executive management, to motivate their performance toward achieving clearly defined corporate goals that align with our business strategy, and to align their long-term interests with those of our stockholders by linking a significant portion of total cash compensation to achieving specific performance goals. Our compensation takes into account competitive practices and sound compensation governance principles. We are advised by our independent compensation committee as well as Semler Brossy, the consultant retained by the compensation committee.

Our Board asks that you indicate your support of the compensation of our NEO as disclosed in the Compensation Discussion and Analysis and Executive Compensation sections of this Proxy Statement. You are not being asked to approve the compensation paid to the members of our Board as disclosed above under “Compensation of Directors” or approve our policy regarding employee compensation as it related to our risk management as disclosed above under “Compensation Discussion and Analysis — Assessment of Risk”. Accordingly, we ask our stockholders to vote “FOR” the following resolution at the Annual Meeting:

“RESOLVED, the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussions is hereby approved, on an advisory basis.”

Although the vote is non-binding, our Board and the compensation committee will review the voting results. To the extent there is any significant negative vote on this proposal, we would attempt to consult directly with stockholders to better understand the concerns that influenced the vote. Our Board and the compensation committee would consider constructive feedback obtained through this process in making future decisions about executive compensation programs.

If the stockholders approve our Board’s recommendation in proposal 4, the next vote will occur in 2018.

#### Required Vote

The advisory vote to approve executive compensation as disclosed in the Compensation Discussion and Analysis and Executive Compensation sections of this Proxy Statement requires the affirmative vote of a majority of the shares present and voting at the Annual Meeting in person or by proxy. If you own shares through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares so that your vote can be counted on this proposal. Unless marked to the contrary, proxies received from stockholders of record will be voted “FOR” approval.

Our Board recommends a vote FOR this proposal.



PROPOSAL 4

APPROVAL OF FREQUENCY FOR HOLDING AN

ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934 (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act and the related rules of the SEC), we are asking stockholders to vote, on an advisory basis, on how frequently they would like to hold an advisory vote on our executive compensation (which is referred to in this Proxy Statement as a “say-on-pay vote”). By voting on this Proposal 4, stockholders may indicate whether they would prefer an advisory vote on our executive compensation once every one, two or three years.

After careful consideration, our Board recommends holding an advisory vote on our NEO compensation once every year. We believe that an annual advisory vote will provide our Board and the compensation committee with direct and regular input from our stockholders, as well as sufficient time to thoughtfully evaluate and respond to such input. We believe an annual advisory vote will thus be an appropriate and effective means for conducting and responding to a say-on-pay vote.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when you vote on the following resolution at the Annual Meeting:

“RESOLVED, that the Company’s stockholders hereby approve that the option of once every one year, two years or three years that received the highest number of votes cast for this resolution will be considered, on an advisory basis, to be the preferred frequency with which the Company is to hold a stockholder vote to approve the compensation of its named executive officers, as disclosed pursuant to the Securities and Exchange Commission’s compensation disclosure rules (which disclosure shall include the Compensation Discussion and Analysis, compensation tables and narrative discussions).”

Required Vote

The option receiving the highest number of votes will be considered to be the preferred frequency for holding an advisory vote on our executive compensation. However, because this vote is advisory and non-binding on our Board or us in any way, our Board may decide that it is in the best interests of our stockholders and us to hold an advisory vote on executive compensation more or less frequently than the option receiving the highest number of votes. If you own shares through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares so that your vote can be counted on this proposal. Unless marked to the contrary, proxies received from stockholders of record will be voted “FOR” approval.

Our Board recommends a vote for the approval of an advisory vote

on our executive compensation every ONE YEAR.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership on Forms 3, 4 and 5 with the SEC. Officers, directors and greater than 10% stockholders are required to furnish us with copies of all Forms 3, 4 and 5 they file.

Based solely on our review of the copies of such forms we have received and written representations from certain reporting persons that they filed all required reports, we believe that all of our officers, directors and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them with respect to transactions during fiscal year ended December 31, 2016.

## STOCKHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS

If a stockholder wishes to present a proposal to be included in our Proxy Statement for the 2018 annual meeting of stockholders, the proponent and the proposal must comply with the proxy proposal submission rules of the SEC. One of the requirements is that the proposal be received by the Secretary no later than December 11, 2017. Proposals we receive after that date will not be included in the Proxy Statement. We urge stockholders to submit proposals by Certified Mail — Return Receipt Requested.

A stockholder proposal not included in our proxy statement for the 2018 annual meeting of stockholders will be ineligible for presentation at the 2018 annual meeting of stockholders unless the stockholder gives timely notice of the proposal in writing to the Secretary of Financial Engines at the principal executive offices of Financial Engines. Under our Bylaws, in order for a matter to be deemed properly presented by a stockholder, timely notice must be delivered to, or mailed and received by, us not more than one hundred twenty (120) days nor less than ninety (90) days in advance of the one-year anniversary of the date of our proxy statement provided in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that we did not hold an annual meeting in the prior year or if the date of the annual meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting, we must receive the stockholder's notice by the close of business on the later of 90 days prior to the annual meeting and the 10th day after the day we provided such public disclosure of the meeting date.

The stockholder's notice must set forth, as to each proposed matter, the following: (a) a brief description of the business desired to be brought before the meeting and reasons for conducting such business at the meeting; (b) the name and address, as they appear on our books, of the stockholder proposing such business; (c) the class and number of shares of our securities that are beneficially owned by the stockholder; (d) any material interest of the stockholder in such business; and (e) any other information that is required to be provided by such stockholder pursuant to proxy proposal submission rules of the SEC. The presiding officer of the meeting may refuse to acknowledge any matter not made in compliance with the foregoing procedure.

STOCKHOLDERS SHARING THE SAME LAST NAME AND ADDRESS

To reduce the expense of delivering duplicate proxy materials to stockholders who may have more than one account holding Financial Engines stock but who share the same address, we have adopted a procedure approved by the SEC called “householding.” Under this procedure, certain stockholders of record who have the same address and last name will receive only one copy of our proxy materials until such time as one or more of these stockholders notifies us that they want to receive separate copies. This procedure reduces duplicate mailings and saves printing costs and postage fees, as well as natural resources. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If you receive a single set of proxy materials as a result of householding, and you would like to have separate copies of our annual report or proxy statement mailed to you, please submit a request to our Secretary at 1050 Enterprise Way, 3rd Floor, Sunnyvale, California 94089, or call our Investor Relations department at (408) 498-6040 and we will promptly send you what you have requested. You can also contact our Investor Relations department at the phone number above if you received multiple copies of the annual meeting materials and would prefer to receive a single copy in the future, or if you would like to opt out of householding for future mailings.

OTHER MATTERS

Our Board does not know of any other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, your proxy holders will vote on it as they think best unless you direct them otherwise in your proxy instructions.

Whether or not you intend to be present at the Annual Meeting, we urge you to submit your signed proxy promptly.

By Order of the Board of Directors,

Lewis E. Antone, Jr.

General Counsel and Secretary

Sunnyvale, California

April 10, 2017

Financial Engines' 2016 Annual Report to Stockholders has been mailed with this Proxy Statement. We will provide copies of our Annual Report on Form 10-K and exhibits thereto, but will charge a reasonable fee per page to any requesting stockholder. Stockholders may make such request in writing to Financial Engines, Inc. at 1050 Enterprise Way, 3rd Floor, Sunnyvale, California 94089, Attention: Investor Relations. The request must include a representation by the stockholder that as of March 27, 2017, the stockholder was entitled to vote at the Annual Meeting.





financial engines Shareowner Services P.O. Box 64945 St. Paul, MN 55164-0945 Vote by Internet, Telephone or Mail 24 Hours a Day, 7 Days a Week Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card. INTERNET/MOBILE – [www.proxypush.com/fngn](http://www.proxypush.com/fngn) Use the Internet to vote your proxy until 11:59 p.m. (Central Time) on May 22, 2017. PHONE – 1-866-883-3382 Use a touch-tone telephone to vote your proxy until 11:59 p.m. (Central Time) on May 22, 2017. 8) MAIL – Mark, sign and date your proxy card and return it in the postage-paid envelope provided. If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card. **TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.** The Board of Directors Recommends a Vote FOR Items 1, 2, 3 and 1 Year for Item 4. 1. Election 01 Blake R. Grossman 03 Lawrence M. Raffone Vote FOR all nominees Vote WITHHELD of directors: 02 Robert A. Huret (except as marked) from all nominees (Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.) 2. Ratification of the appointment of KPMG LLP as Financial Engines' independent registered public accountants. 3. Advisory vote to approve executive compensation. 4. An advisory vote on the frequency of holding an advisory vote on executive compensation. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof. **THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.** Address Change? Mark box, sign, and indicate changes below: Date Signature(s) in Box Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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FINANCIAL ENGINES, INC. ANNUAL MEETING OF STOCKHOLDERS Tuesday, May 23, 2017 10:00 a.m. Pacific Time Offices of Financial Engines, Inc. 1050 Enterprise Way, 3rd Floor Sunnyvale, CA 94089 Financial Engines 1050 Enterprise Way, 3rd Floor Sunnyvale, CA 94089 proxy This proxy is solicited by the Board of Directors for use at the Annual Meeting of Stockholders of Financial Engines, Inc. on May 23, 2017. The undersigned hereby constitute(s) and appoint(s) Lawrence M. Raffone, Raymond J. Sims and Lewis E. Antone, Jr., and each of them, proxy holders of the undersigned, with full power of substitution in each, to represent the undersigned and to vote all shares of common stock of Financial Engines, Inc. that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Financial Engines, Inc. to be held on May 23, 2017 and at any adjournments thereof, upon matters referred to in the Notice of the 2017 Annual Meeting of Stockholders of Financial Engines, Inc. and related Proxy Statement and in their discretion upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. You are encouraged to specify your choice by marking the appropriate box on the reverse side. Shares represented by this proxy will be voted as directed by the stockholder. IF NO SUCH DIRECTIONS ARE INDICATED, THE PROXIES WILL HAVE AUTHORITY TO VOTE FOR THE ELECTION OF DIRECTORS AND FOR PROPOSALS 2, 3 AND 1 YEAR FOR PROPOSAL 4, AND IN ACCORDANCE WITH THE DISCRETION OF THE PROXIES ON ANY OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING. The proxies cannot vote your shares unless you sign and return this card. See reverse for voting instructions.