

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

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§ 240.13d-2(a)

(Amendment No. 3)¹

Benefitfocus, Inc.
(Name of Issuer)

Common Stock, par value \$0.001 per share
(Title of Class of Securities)

08180D106
(CUSIP Number)

Joan Jiang
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(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

March 16, 2021
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

¹ The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAME OF REPORTING PERSON Indaba Capital Management, L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 3,097,800
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 3,097,800
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 3,097,800	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.5% (1)	
14	TYPE OF REPORTING PERSON IA, PN	

(1) Based on 32,504,073 shares of common stock of Benefitfocus, Inc. (the "Issuer") outstanding as of March 2, 2021, as reported in the Issuer's Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 10, 2021.

1	NAME OF REPORTING PERSON IC GP, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 3,097,800
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 3,097,800
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 3,097,800	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.5% (1)	
14	TYPE OF REPORTING PERSON OO, HC	

(1) Based on 32,504,073 shares of common stock of the Issuer outstanding as of March 2, 2021, as reported in the Issuer's Form 10-K filed with the SEC on March 10, 2021.

1	NAME OF REPORTING PERSON Derek C. Schrier	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States of America	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 3,097,800
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 3,097,800
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 3,097,800	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.5% (1)	
14	TYPE OF REPORTING PERSON IN, HC	

(1) Based on 32,504,073 shares of common stock of the Issuer outstanding as of March 2, 2021, as reported in the Issuer's Form 10-K filed with the SEC on March 10, 2021.

AMENDMENT NO. 3 TO SCHEDULE 13D

The following constitutes Amendment No. 3 (“Amendment No. 3”) to the Schedule 13D filed with the Securities and Exchange Commission (“SEC”) by Indaba Capital Management, L.P. (the “Investment Manager”), IC GP, LLC (“IC GP”) and Derek C. Schrier (collectively, “Indaba” or the “Reporting Persons”) on December 15, 2020, as amended by Amendment No. 1 filed on January 4, 2021, and Amendment No. 2 filed on February 11, 2021. This Amendment No. 3 amends and supplements the Schedule 13D as specifically set forth herein.

All capitalized terms contained herein but not otherwise defined shall have the meanings ascribed to such terms in the Schedule 13D, as amended. Information given in response to each item shall be deemed incorporated by reference in all other items, as applicable.

Item 4. Purpose of Transaction

Item 4 of the Schedule 13D is hereby supplemented and superseded, as the case may be, as follows:

On March 16, 2021, the Fund delivered a letter to the Issuer nominating a slate of two highly-qualified director candidates, Ronald P. Mitchell and Nicholas K. Pianim (collectively, the “Nominees”), for election to the Issuer’s Board of Directors (the “Board”) at the Issuer’s 2021 annual meeting of shareholders (the “Annual Meeting”). The Reporting Persons believe the Nominees have the requisite experience and skill sets to serve on the Board, which are described in more detail in their biographies below. As previously disclosed, each of the Nominees was privately suggested to the Board as a director candidate during Indaba’s prior attempts to constructively engage with the Issuer. However, following the Board’s continued dismissiveness towards Indaba’s earnest attempts to reach an amicable resolution, Indaba believes that nominating the Nominees for election to the Board at the Annual Meeting is the best course of action to maximize value for all shareholders of the Issuer.

Also on March 16, 2021, Indaba issued a press release and public letter to the shareholders of the Issuer (together with the press release, the “March 16 Letter”) disclosing that the Fund had nominated the Nominees for election to the Board at the Annual Meeting. In the March 16 Letter, Indaba argues that there is urgent need for meaningful, shareholder-driven change on the Board and that the Issuer’s continued financial and share price stagnation are driven by, among other things, costly strategic mistakes and dreadfully poor corporate governance practices, including concerning conflicts of interest, related party transactions, and a lack of diversity and independence on the Board.

The foregoing description of the March 16 Letter does not purport to be complete and is qualified in its entirety by reference to the full text of the March 16 Letter, which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The Nominees are:

Ronald P. Mitchell, age 50, has served as Managing Partner of Low Post Ventures LLC, a strategic advisor and investor in the education and workforce technology sector, since 2005. Mr. Mitchell served as Chief Executive Officer Virgil Holdings Inc. (“Virgil”), a company that owns and operates technology-enabled human capital solutions and the parent of Hcareers Inc. and Virgil Careers Inc., from July 2015 to May 2020. Mr. Mitchell served as Chief Executive Officer of Hcareers Inc., a hospitality recruitment company, from May 2018 to May 2020. Prior to that, he served as Chief Executive Officer of CareerCore Inc. (“CareerCore”), an enterprise SaaS platform enabling organizations to scale professional development, from founding the company in 2007 to December 2017. Previously, he served as Chief Executive Officer of Alumni Sports Enterprises, LLC, a company that served collegiate athletes and operated a networking company for NCAA athletes, from founding the company in 2002 to 2007. Earlier in his career, Mr. Mitchell served as general partner at Provender Capital Group, LLC, a merchant banking fund investing in media, financial services and specialty retail companies, Interim Chief Executive Officer of PacPizza LLC, a restaurant operating company, and Chief of Staff at Mitchell & Titus, LLP, an accounting and consulting firm. Mr. Mitchell has served as a member of the board of directors of WeSolar Inc., a company focused on getting under-resourced communities affordable access to local community solar power and to assist commercial properties with energy efficiency, since August 2020. Previously, Mr. Mitchell served on the boards of directors of Virgil, from May 2018 to May 2020, CareerCore, from 2006 to May 2018, and PacPizza LLC, from 1999 to 2002. Mr. Mitchell received his Bachelor of Arts from Harvard University and he received his Masters of Business Administration from Harvard Business School.

Nicholas K. Pianim, age 53, has served as a Managing Director at DAG Ventures LLC, a mid-stage venture capital firm, since 2007. Previously, Mr. Pianim served as Vice President of Corporate Development at Juniper Networks, Inc. (NYSE: JNPR), a company that develops and markets networking products, from 2004 to 2007. Prior to that, Mr. Pianim served as Chief Financial Officer and Vice President of Corporate Development at Ensemble Communications, Inc., a developer of wireless infrastructure equipment for high-speed local broadband access applications, from 2003 to 2004, and served as Chief Executive Officer of iAsiaWorks Inc. (formerly NASDAQ: IAWK), a datacenter and managed services company, from 2001 to 2002. Mr. Pianim has extensive private company board experience having served on the boards of directors of nine private portfolio companies. He currently serves on the board of directors of Clickatell Corporation, a private Communications and Commerce Platform company where he leads the compensation committee, since April 2016. Mr. Pianim received a Master of Business Administration from Stanford Graduate School of Business and Bachelor of Science in Electrical Engineering from Tufts University.

Item 5. Interest in Securities of the Issuer

Item 5 of the Schedule 13D is hereby amended and restated as follows:

(a) – (b) The responses of the Reporting Persons to Rows (7) through (13) of the cover pages of this Schedule 13D are incorporated herein by reference. As of the date hereof, the Reporting Persons beneficially own an aggregate of 3,097,800 shares of Common Stock, which shares of Common Stock may be deemed to be beneficially owned by each of the Investment Manager, IC GP and Mr. Schrier, and which represent approximately 9.5% of the outstanding shares of Common Stock. All percentages set forth herein are based on 32,504,073 shares of Common Stock of the Issuer outstanding as of March 2, 2021, as reported in the Issuer's Form 10-K filed with the SEC on March 10, 2021.

In addition, the Fund holds \$50,681,000 aggregate principal amount of the Issuer's 1.25% convertible senior notes due December 15, 2023 (the "Senior Notes"). As the Issuer has the option, at its discretion, to settle conversions of the Senior Notes in cash, shares of Common Stock or a combination of cash and shares of Common Stock, the Reporting Persons are not deemed to be beneficial owners of any shares of Common Stock underlying the Senior Notes as the Reporting Persons do not have the right to acquire such underlying shares of Common Stock.

Pursuant to an Investment Management Agreement (the "Investment Management Agreement"), the Fund and its general partner have delegated all voting and investment power over the securities of the Issuer directly held by the Fund to the Investment Manager. As a result, each of the Investment Manager, IC GP, as the general partner of Investment Manager, and Mr. Schrier, as Managing Member of IC GP, may be deemed to exercise voting and investment power over the securities of the Issuer directly held by the Fund. The Fund and its general partner specifically disclaim beneficial ownership of the securities of the Issuer directly held by the Fund by virtue of their inability to vote or dispose of such securities as a result of such delegation to the Investment Manager.

(c) Except as previously disclosed in this Schedule 13D, as amended, none of the Reporting Persons has entered into any transactions in securities of the Issuer during the past sixty days.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 of the Schedule 13D is hereby supplemented and superseded, as the case may be, as follows:

On March 16, 2021, the Investment Manager entered into letter agreements (the "Indemnification Agreements") with each of the Nominees, pursuant to which the Investment Manager has agreed to indemnify the Nominees against claims arising from the Solicitation (as defined below) and any related transactions. A form of the Indemnification Agreement is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

On March 16, 2021, the Reporting Persons entered into a Joint Filing and Solicitation Agreement (the “Joint Filing and Solicitation Agreement”) with the Fund, its general partner and the Nominees, in which, among other things, (a) the parties agreed to solicit proxies or written consents for the election of the Nominees, or any other person(s) nominated by the Fund, to the Board at the Annual Meeting (the “Solicitation”), (b) the Nominees agreed not to undertake or effect any purchase, sale, acquisition or disposal of any securities of the Company without the prior consent of the Reporting Persons, and (c) the parties agreed that the Reporting Persons have the right to pre-approve all expenses incurred in connection with the Solicitation and agreed to pay directly all such pre-approved expenses. The Joint Filing and Solicitation Agreement is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

Each of the Nominees has granted Mr. Schrier and Alex Lerner powers of attorney (the “POAs”) to execute certain SEC filings and other documents in connection with the Solicitation. A form of Power of Attorney is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

Item 7. Material to Be Filed As Exhibits

Item 7 of the Schedule 13D is hereby supplemented to add the following Exhibits:

Exhibit	Description
99.1	March 16 Letter
99.2	Form of Indemnification Agreement
99.3	Joint Filing and Solicitation Agreement, dated March 16, 2021
99.4	Form of Power of Attorney

SIGNATURES

After reasonable inquiry and to the best of his or its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: March 16, 2021

INDABA CAPITAL MANAGEMENT, L.P.

By: IC GP, LLC, its general partner

By: /s/ Derek C. Schrier

Name: Derek C. Schrier

Title: Managing Member

IC GP, LLC

By: /s/ Derek C. Schrier

Name: Derek C. Schrier

Title: Managing Member

By: /s/ Derek C. Schrier

DEREK C. SCHRIER

Indaba Capital Nominates Two Highly-Qualified Candidates for Election to the Board of Directors of Benefitfocus

Issues Letter Detailing the Need for Meaningful, Shareholder-Driven Change in the Boardroom

Introduces Two Strong Director Candidates Who Are Committed to Bringing Fresh Perspectives and Open Minds to the Board

Lays Out the Current Board's History of Presiding Over Hundreds of Millions of Dollars in Value Destruction and Exceedingly Poor Governance, Including Concerning Conflicts and Related Party Transactions

Urges Benefitfocus to Make its Board Declassification Proposal the First Agenda Item at the 2021 Annual Meeting in Order to Allow Shareholders to Vote on the Company's Directors

SAN FRANCISCO--(BUSINESS WIRE)--Indaba Capital Management, L.P. (together with its affiliates, "Indaba" or "we"), which collectively with the other participants in its solicitation beneficially owns approximately 9.5% of the outstanding common shares of Benefitfocus, Inc. (NASDAQ: BNFT) ("Benefitfocus" or the "Company"), today issued the below letter to shareholders regarding its decision to nominate two highly-qualified and independent candidates for election to the Company's Board of Directors (the "Board") at the 2021 Annual Meeting of Shareholders (the "2021 Annual Meeting"). Indaba also holds approximately 22.9% of the outstanding issue of the Company's 1.25% convertible senior notes.

Fellow Shareholders,

Indaba is a significant holder of the common shares and convertible senior notes issued by Benefitfocus. We invested in the Company because it is an attractive, established business that operates in a growing, high-potential market. Unfortunately, despite these tailwinds, Benefitfocus has stagnated for years due, in our view, to an overtly self-interested Board that has consistently flouted the tenets of sound corporate governance. We believe the current Board has fostered an anti-shareholder culture that has been defined by excessive related party transactions, insufficient boardroom diversity and independence, and unjustifiable corporate waste.

In order to facilitate meaningful governance enhancements and help stem the tide of value destruction at Benefitfocus, Indaba initiated a private dialogue with the Company's leadership in December 2020. We subsequently spent eight weeks trying to convince Benefitfocus to fix its broken governance and refresh the Board with diverse, experienced individuals identified by Indaba. Regrettably, our conversations have been unproductive as the Company's leadership continues to resist shareholder representation and instead recently chose to unilaterally announce a subset of basic governance changes that we had been advocating for months.

In our view, the incremental changes adopted by Benefitfocus fall woefully short of the substantive enhancements that shareholders deserve. This is why we have nominated two highly-qualified, independent director candidates for election to the Board at the 2021 Annual Meeting: Ronald P. Mitchell and Nicholas K. Pianim. If Benefitfocus takes the appropriate step of making its declassification proposal the first item on the agenda at the 2021 Annual Meeting, shareholders will be able to vote to de-stagger the Board and vote to elect two new directors to represent common shareholders with diverse backgrounds and more relevant sector experience.

Messrs. Mitchell and Pianim would bring fresh perspectives and strong independence to the boardroom. In addition to possessing demonstrated integrity, they also have deep experience in technology, software and enterprise solutions. They can help the Board identify operational improvements, evaluate new business channels and explore strategies for repairing relations with the broker community. We firmly believe that Messrs. Mitchell and Pianim are the right director candidates for this pivotal moment in time.

We Believe Benefitfocus Needs Meaningful, Shareholder-Driven Change in the Boardroom

Benefitfocus is at a crossroads after years of prolonged underperformance and value destruction. The Company's share price deterioration began well before the COVID-19 pandemic hit and has spent most of the past year hovering near all-time lows, leading us to conclude that the investment community has lost a significant amount of confidence in the Board and management team. We suspect that shareholder confidence will continue to erode as long as Benefitfocus lingers on its current path and rejects the input of its shareholders.

It is important for shareholders to understand that the current Board, which refused to proactively add two of our director candidates, is responsible for the following:

- **Years of Value Destruction:** Benefitfocus has *negative* total shareholders returns over one-year (-34.0%), three-year (-46.4%) and five-year periods (-60.2%) through December 31, 2020. In addition, the Company has dramatically underperformed its human capital management peers and all relevant indices over those same periods. These results have persisted despite the backdrop of the longest bull market in history.
- **A Punishing Trading Price Discount:** The Company's shares trade far below its self-identified peer group average based on 2020 sales and forward sales estimates for 2021.¹ We suspect this persistent gap stems from the fact that Benefitfocus dramatically lags its peers when it comes to top-line growth and perpetuates poor corporate governance.
- **Costly Strategic Mistakes:** The Company's attempt to disintermediate brokers through the launch of BenefitStore was a colossal failure. The Board approved the concept despite the fact that brokers are the primary source of leads and customer adoption of benefits administration products. Subsequently, Benefitfocus further alienated the broker community by entering into an unsuccessful strategic partnership with Mercer LLC. While both of these initiatives have been unwound, the broker community has not forgotten and continues to direct revenue away to competitors. We cannot help but wonder whether a more engaged, independently-minded Board would have rejected these poorly-conceived initiatives.
- **Highly-Concerning Management Turnover:** Benefitfocus has had *three* Chief Executive Officers and *six* Chief Financial Officers since 2015. We believe this instability falls squarely on the Board, which has failed in its basic duty to identify and retain qualified executives. We also suspect that retaining Mason Holland Jr. as Executive Chairman for years made it harder to attract qualified external candidates for the Chief Executive Officer role.

¹ Publicly traded peer group constituents, as identified in the Company's 2020 Proxy Statement filed April 29, 2020: AppFolio, Inc., Castlight Health, Inc., ChannelAdvisor Corporation, Cornerstone OnDemand, Inc., Evolent Health, Inc., Five9, Inc., HealthEquity, Inc., HealthStream, Inc., Inovalon Holdings, Inc., LivePerson, Inc., NIC Inc., Paylocity Holding Corporation, Q2 Holdings, Inc., SPS Commerce, Inc., Upland Software, Inc., Workiva, Inc.

Egregious Related Party Transactions: The Board has rubber stamped a litany of related party transactions over the years, including several involving Mr. Holland. Benefitfocus is party to three lease agreements with entities controlled by Mr. Holland and former Chief Executive Officer Shawn Jenkins. The Company has spent tens of millions of dollars on these agreements. Equally troubling is the fact that the Company's preferred stock agreement with BuildGroup LLC ("BuildGroup") initially included a voting agreement between Mr. Holland and Lead Independent Director A. Lanham Napier. The requirement that BuildGroup vote to elect Mr. Holland or his designees to the Board and that Mr. Holland vote to elect Mr. Napier or his designees to the Board was only eliminated after Indaba raised concerns.

Capital Structure Mismanagement: Benefitfocus had \$115 million in cash on its balance sheet as of May 2020. Despite maintaining this stable position and having the ability to prepay millions of dollars in lease payments to Mr. Holland's entities in March 2020, Benefitfocus chose to raise \$80 million via a convertible preferred stock deal with BuildGroup. The terms include an 8% coupon, the right to convert into common equity at \$15 per share for a total of 5.3 million shares (13% of the total outstanding shares) and the right to vote with common shareholders on all matters, including the election of directors, in addition to separately electing two directors to the Board. We are confounded by this decision given that Benefitfocus would go on to revise its free cash flow guidance upward by \$30 million at the end of Q3 2020 and also repurchase almost \$19 million in the Company's 1.25% convertible senior notes. The Board's apparent lack of judgement when it comes to financing and capital allocations is truly alarming.

Concerning and Opaque Governance: Prior to Indaba sharing its views with Benefitfocus this winter, the Board was committed to a duplicative leadership structure by preserving the Executive Chairman position and Chief Executive Officer position, as well as a number of other anti-shareholder policies. It seems apparent that the Board first established the Executive Chairman position solely for Mr. Holland so that he could exert undue influence on the Board's decision-making process. In late January, after suggesting that Mr. Holland will be stepping entirely off of the Board, Benefitfocus took the unusual step of subsequently entering into an advisory agreement with Mr. Holland that transitioned him from Executive Chairman to Chairman Emeritus, a paid Board advisory role, which would permit Mr. Holland to continue attending Board and committee-level meetings after the 2021 Annual Meeting. Shortly after announcing Mr. Holland's new position that would allow him to maintain his strong grip on the Board, Benefitfocus walked the concerning maneuver back by announcing on its 4Q20 earnings call that the Company will in fact not move forward with Mr. Holland's advisory agreement. We question why the Company is allowing Mr. Holland to hold onto the Executive Chairman position and his seat as a director on the Board until the 2021 Annual Meeting? In our view, these questionable decisions are an affront to Benefitfocus' shareholders and demonstrate not only incredibly poor judgement but also reflect disrespectful governance and a larger scheme by the Company to ensure Mr. Holland remains in control of the Board. Following our urging, Benefitfocus has announced plans to de-stagger its Board, establish a majority voting standard for all director elections and reduce Mr. Holland's role. These steps, however, must be the start – not the finish – of major governance changes at Benefitfocus. The Company has not specified when it plans to de-stagger its Board, has opted not to form a special committee to assess past related party transactions involving Mr. Holland and still does not have sufficient diversity on its Board.

Although the aforementioned issues only scratch the surface of the problems plaguing Benefitfocus, it should be clear that the current Board cannot be trusted to carry out a credible director refreshment program and implement shareholder-friendly governance policies. The Board appeared quite content prioritizing its insider agenda prior to Indaba's engagement. If qualified shareholder representatives do not enter the boardroom, we fear there will be a repeat of history.

We Believe Indaba's Director Candidates Represent the Right Solution at the Right Time

The first step toward stabilizing Benefitfocus is putting the right people in the right positions. Given the Board's indefensible history, it needs to be refreshed with individuals who possess integrity, independence and value-additive experience. These individuals also need to be respected and trusted by shareholders.

Given Indaba's sizable investment in Benefitfocus, we devoted considerable energy and time to identifying exceptional director candidates who would advocate for shareholders' best interests in the boardroom. We believe shareholders can have faith in our two nominees based on their backgrounds and track records:

- **Ronald P. Mitchell has spent two decades building and leading technology-enabled consumer and enterprise SaaS businesses.** He has overseen the delivery of an array of career education and workforce solutions. Mr. Mitchell currently serves as the Managing Partner of Low Post Ventures LLC ("LPV"), a company that has developed, financed and grown many of the most innovative solutions in the EdTech and WorkforceTech ecosystem. Prior to his work in the technology space, Mr. Mitchell spent several years as an investment banker and private equity professional, including as a General Partner of Provender Capital Group, LLC, a merchant banking fund making principal investments in media, financial services and specialty retail. He earned his BA from Harvard University and MBA from Harvard Business School, where he served as President of his class.
- **Nicholas K. Pianim is a Managing Director at DAG Ventures, a mid-stage venture capital firm with more than \$1.8 billion in assets under management, where he focuses primarily on enterprise software/SaaS, infrastructure, financial technology and security.** Prior to joining the firm, Mr. Pianim was Vice President of Corporate Development at Juniper Networks, where he was responsible for acquisitions, commercial transactions and venture investments. Previously, Nick was Chief Executive Officer of iAsiaWorks, a NASDAQ-listed datacenter and managed services company, and Chief Financial Officer for Ensemble Communications, where he oversaw corporate development. He also worked with Enterprise Partners Venture Capital and with Morgan Stanley International. Mr. Pianim has extensive private company board experience after serving on the boards of directors of nine private portfolio companies. He has a B.Sc. in Electrical Engineering from Tufts University, and an MBA from the Stanford Graduate School of Business.

In addition, if elected, Messrs. Mitchell and Pianim will help Benefitfocus take an important and long-overdue step toward achieving racial diversity on the Board, as they are both African American.

In light of our director candidates' strong qualifications and diverse backgrounds, we are puzzled by the Company's unwillingness to invite them on to the Board. We are left to question whether Benefitfocus is concerned about allowing truly independent directors in the boardroom. Rather than fighting necessary change and wasting shareholders' resources on high-priced external advisors, we hope the Board finally abandons its intransigent position and resumes a constructive dialogue with us. We remain ready and willing to discuss an outcome that benefits shareholders.

In the meantime, we look forward to sharing additional information with shareholders about our nominees over the upcoming weeks. They are both firmly committed to entering the boardroom with open minds and no preconceived notions. Their sole focus would be acting in shareholders' best interests and working collaboratively with the other members of the Board.

Derek Schrier
Managing Partner
Indaba Capital Management, L.P.

Alex Lerner
Partner
Indaba Capital Management, L.P.

About Indaba Capital

Indaba was founded in 2010 to invest opportunistically in corporate equity and debt. Based in San Francisco, Indaba currently has more than \$1.5 billion in assets under management. Learn more at www.indabacapital.com.

CERTAIN INFORMATION CONCERNING THE PARTICIPANTS

Indaba Capital Management, L.P. ("Indaba Capital") together with the other participants named herein (collectively, "Indaba"), intends to file a preliminary proxy statement and an accompanying proxy card with the Securities and Exchange Commission ("SEC") to be used to solicit votes for the election of its slate of director nominees at the upcoming 2021 annual general meeting of shareholders of Benefitfocus, Inc., a Delaware corporation (the "Company").

INDABA STRONGLY ADVISES ALL SHAREHOLDERS OF THE COMPANY TO READ THE PROXY STATEMENT AND OTHER PROXY MATERIALS WHEN AND AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY MATERIALS WILL BE AVAILABLE AT NO CHARGE ON THE SEC'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://WWW.SEC.GOV). IN ADDITION, THE PARTICIPANTS IN THIS PROXY SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE, WHEN AVAILABLE, UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS' PROXY SOLICITOR.

The participants in the proxy solicitation are anticipated to be Indaba Capital, Indaba Capital Fund, L.P. ("Indaba Fund"), Indaba Partners, LLC ("Indaba Partners"), IC GP, LLC ("IC GP"), Derek C. Schrier, Ronald P. Mitchell And Nicholas K. Pianim.

As of the date hereof, Indaba Fund held 3,097,800 shares of the Company's Common Stock, par value \$0.001 per share (the "Common Stock"), but by virtue of a certain Investment Management Agreement, Indaba Fund and Indaba Partners have delegated all voting and investment power over the securities of the Company directly held by Indaba Fund to Indaba Capital. Accordingly, Indaba Fund and Indaba Partners, as the general partner of Indaba Fund, do not beneficially own any securities of the Company. Each of Indaba Capital, IC GP, as the general partner of Indaba Capital, and Mr. Schrier, as the managing member of IC GP, may be deemed to beneficially own the 3,097,800 shares of Common Stock held directly by Indaba Fund. In addition, as of the date hereof, Indaba Fund holds \$50,681,000 aggregate principal amount of the Company's 1.25% Convertible Senior Notes due December 15, 2023.

Contacts

Profile
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INDABA CAPITAL MANAGEMENT, L.P.
One Letterman Drive, Building D, Suite DM700
San Francisco, CA 94129

March __, 2021

Re: Benefitfocus, Inc.

Dear _____:

Thank you for agreeing to serve as a nominee for election to the Board of Directors of Benefitfocus, Inc. (the "Company") in connection with the proxy solicitation that Indaba Capital Management, L.P. and certain of its affiliates (collectively, the "Indaba Group") is considering undertaking to nominate and elect directors at the Company's 2021 annual meeting of stockholders, or any other meeting of stockholders held in lieu thereof, and any adjournments, postponements, reschedulings or continuations thereof (the "Indaba Group Solicitation"). Your outstanding qualifications, we believe, will prove a valuable asset to the Company and all of its stockholders. This letter (this "Agreement") will set forth the terms of our agreement.

The members of the Indaba Group agree to jointly and severally indemnify and hold you harmless against any and all claims of any nature, whenever brought, arising from the Indaba Group Solicitation and any related transactions, irrespective of the outcome; provided, however, that you will not be entitled to indemnification for claims arising from your gross negligence, willful misconduct, intentional and material violations of law, criminal actions, provision to the Indaba Group of false or misleading information (including false or misleading information on any questionnaire you are requested to complete by the Indaba Group) or material breach of the terms of this Agreement; provided further, that upon your becoming a director of the Company, this indemnification shall not apply to any claims made against you in your capacity as a director of the Company. This indemnification will include any and all losses, liabilities, damages, demands, claims, suits, actions, judgments, or causes of action, assessments, costs and expenses, including, without limitation, interest, penalties, reasonable attorneys' fees, and any and all reasonable costs and expenses incurred in investigating, preparing or defending against any litigation, commenced or threatened, any civil, criminal, administrative or arbitration action, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation asserted against, resulting, imposed upon, or incurred or suffered by you, directly or indirectly, as a result of or arising from the Indaba Group Solicitation and any related transactions (each, a "Loss").

In the event of a claim against you pursuant to the prior paragraph or the occurrence of a Loss, you shall give the Indaba Group prompt written notice of such claim or Loss (provided that failure to promptly notify the Indaba Group shall not relieve us from any liability which we may have on account of this Agreement, except to the extent we shall have been materially prejudiced by such failure). Upon receipt of such written notice, the Indaba Group will provide you with counsel to represent you. Such counsel shall be reasonably acceptable to you. In addition, you will be reimbursed promptly for all Losses suffered by you and as incurred as provided herein. The Indaba Group may not enter into any settlement of loss or claim without your consent unless such settlement includes a release of you from any and all liability in respect of such claim.

You hereby agree to keep confidential and not disclose to any party, without the prior written consent of the Indaba Group, any confidential, proprietary or non-public information (collectively, "Information") of the Indaba Group, its affiliates or any members of any group formed by the Indaba Group pursuant to Rule 13d-1(k)(1)(iii) under the Securities Exchange Act of 1934, as amended ("13D Group") which you have heretofore obtained or may obtain in connection with your service as a nominee hereunder. Notwithstanding the foregoing, Information shall not include any information that is publicly disclosed by the Indaba Group, its affiliates or any members of any 13D Group or any information that you can demonstrate is now, or hereafter becomes, through no act or failure to act on your part, otherwise generally known to the public.

Notwithstanding the foregoing, if you are required by applicable law, rule, regulation or legal process to disclose any Information you may do so provided that you first promptly notify the Indaba Group so that the Indaba Group or any member thereof may seek a protective order or other appropriate remedy or, in the Indaba Group's sole discretion, waive compliance with the terms of this Agreement. In the event that no such protective order or other remedy is obtained or the Indaba Group does not waive compliance with the terms of this Agreement, you may consult with counsel at the cost of the Indaba Group and you may furnish only that portion of the Information which you are advised by counsel is legally required to be so disclosed and you will request that the party(ies) receiving such Information maintain it as confidential.

All Information, all copies thereof, and any studies, notes, records, analysis, compilations or other documents prepared by you containing such Information, shall be and remain the property of the Indaba Group and, upon the request of a representative of the Indaba Group, all such Information shall be returned or, at the Indaba Group's option, destroyed by you, with such destruction confirmed by you to the Indaba Group in writing.

This Agreement shall be governed by the laws of the State of New York, without regard to the principles of the conflicts of laws thereof.

* * *

If you agree to the foregoing terms, please sign below to indicate your acceptance.

Very truly yours,

INDABA CAPITAL MANAGEMENT, L.P.

By: IC GP, LLC, its general partner

By:

Name: Derek C. Schrier
Title: Managing Member

ACCEPTED AND AGREED:

[Nominee Name]

JOINT FILING AND SOLICITATION AGREEMENT

WHEREAS, certain of the undersigned are stockholders, direct or beneficial, of Benefitfocus, Inc., a Delaware corporation (the “Company”);

WHEREAS, Indaba Capital Fund, L.P., a Cayman Islands exempted limited partnership, Indaba Partners, LLC, a Delaware limited liability company, Indaba Capital Management, L.P., a Delaware limited partnership, IC GP, LLC, a Delaware limited liability company, Derek C. Schrier, (collectively, “Indaba”), Ronald P. Mitchell and Nicholas K. Pianim (collectively, the “Nominees”) wish to form a group for the purpose of seeking representation on the Board of Directors of the Company (the “Board”) at the 2021 annual meeting of stockholders of the Company (including any other meeting of stockholders held in lieu thereof, and any adjournments, postponements, reschedulings or continuations thereof, the “Annual Meeting”) and for the purpose of taking all other action necessary to achieve the foregoing.

NOW, IT IS AGREED, this 16 day of March 2021 by the parties hereto:

1. In accordance with Rule 13d-1(k)(1)(iii) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), each of the undersigned (collectively, the “Group”) agrees to the joint filing on behalf of each of them of statements on Schedule 13D, and any amendments thereto, with respect to the securities of the Company. Each member of the Group shall be responsible for the accuracy and completeness of his or its own disclosure therein, and is not responsible for the accuracy and completeness of the information concerning the other members, unless such member knows or has reason to know that such information is inaccurate.

2. So long as this agreement is in effect, each of the undersigned shall provide written notice to Olshan Frome Wolosky LLP (“Olshan”) of (i) any of their purchases or sales of securities of the Company; or (ii) any securities of the Company over which they acquire or dispose of beneficial ownership. Notice shall be given no later than 24 hours after each such transaction.

3. So long as this Agreement is in effect, each of the Nominees agrees to provide Indaba advance written notice prior to effecting any purchase, sale, acquisition or disposal of any securities of the Company which he or she has, or would have, direct or indirect beneficial ownership so that Indaba has an opportunity to review the potential implications of any such transaction in the securities of the Company and pre-clear any such potential transaction in the securities of the Company by any such Nominee. Each of the Nominees agrees that he or she shall not undertake or effect any purchase, sale, acquisition or disposal of any securities of the Company without the prior written consent of Indaba.

4. Each of the undersigned agrees to form the Group for the purpose of (i) soliciting proxies or written consents for the election of the persons nominated by the Group to the Board at the Annual Meeting, (ii) taking such other actions as the parties deem advisable, and (iii) taking all other action necessary or advisable to achieve the foregoing.

5. Indaba shall have the right to pre-approve all expenses incurred in connection with the Group’s activities and agrees to pay directly all such pre-approved expenses.

6. Each of the undersigned agrees that any SEC filing, press release or stockholder communication proposed to be made or issued by the Group or any member of the Group in connection with the Group’s activities set forth in Section 4 shall be first approved by Indaba, or its representatives, which approval shall not be unreasonably withheld.

7. The relationship of the parties hereto shall be limited to carrying on the business of the Group in accordance with the terms of this Agreement. Such relationship shall be construed and deemed to be for the sole and limited purpose of carrying on such business as described herein. Nothing herein shall be construed to authorize any party to act as an agent for any other party, or to create a joint venture or partnership, or to constitute an indemnification. Nothing herein shall restrict any party's right to purchase or sell securities of the Company, as he, she or it deems appropriate, in his or its sole discretion, respectively, provided that all such transactions are made in compliance with the terms of this Agreement and all applicable securities laws.

8. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

9. In the event of any dispute arising out of the provisions of this Agreement or their investment in the Company, the parties hereto consent and submit to the exclusive jurisdiction of the Federal and State Courts in the State of New York.

10. Any party hereto may terminate his or its obligations under this Agreement on 24 hours' written notice to all other parties, with a copy by fax to Elizabeth Gonzalez-Sussman at Olshan, Fax No. (212) 451-2222.

11. Each party acknowledges that Olshan shall act as counsel for both the Group and Indaba and its affiliates relating to their investment in the Company.

12. Each of the undersigned parties hereby agrees that this Agreement shall be filed as an exhibit to a Schedule 13D pursuant to Rule 13d-1(k)(1)(iii) under the Exchange Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

Indaba Capital Fund, L.P.

By: Indaba Capital Management L.P., its investment manager

By: IC GP, LLC, its general partner

By: /s/ Derek C. Schrier

Name: Derek C. Schrier
Title: Managing Member

Indaba Partners, LLC

By: /s/ Derek C. Schrier

Name: Derek C. Schrier
Title: Senior Managing Member

Indaba Capital Management L.P.

By: IC GP, LLC, its general partner

By: /s/ Derek C. Schrier

Name: Derek C. Schrier
Title: Managing Member

IC GP, LLC

By: /s/ Derek C. Schrier

Name: Derek C. Schrier
Title: Managing Member

/s/ Derek C. Schrier

Derek C. Schrier

/s/ Ronald P. Mitchell

Ronald P. Mitchell

/s/ Nicholas K. Pianim

Nicholas K. Pianim

POWER OF ATTORNEY

Know all by these presents, that the undersigned hereby constitutes and appoints Derek C. Schrier and Alex Lerner, or either of them, the undersigned's true and lawful attorney-in-fact to take any and all action in connection with (i) the undersigned's beneficial ownership of, or participation in a group with respect to, securities of Benefitfocus, Inc., a Delaware corporation (the "Company"), directly or indirectly beneficially owned by Indaba Capital Management, L.P. or any of its affiliates (collectively, the "Group"), and (ii) any proxy solicitation of the Group to elect the Group's slate of director nominees to the board of directors of the Company at the 2021 annual meeting of stockholders of the Company (the "Solicitation"). Such action shall include, but not be limited to:

1. executing for and on behalf of the undersigned any Schedule 13D, and amendments thereto, filed by the Group that are required to be filed under Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules thereunder in connection with the undersigned's beneficial ownership of, or participation in a group with respect to, securities of the Company or the Solicitation;
2. if applicable, executing for and on behalf of the undersigned all Forms 3, 4 and 5 required to be filed under Section 16(a) of the Exchange Act in connection with the undersigned's beneficial ownership of, or participation in a group with respect to, securities of the Company or the Solicitation;
3. executing for and on behalf of the undersigned all Joint Filing and Solicitation Agreements or similar documents pursuant to which the undersigned shall agree to be a member of the Group;
4. performing any and all acts for and on behalf of the undersigned that may be necessary or desirable to complete and execute any such document, complete and execute any amendment or amendments thereto, and timely file such form with the United States Securities and Exchange Commission and any stock exchange or similar authority; and
5. taking any other action of any type whatsoever in connection with the Solicitation, including entering into any settlement agreement, that in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to such attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitutes, shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney-in-fact, in serving in such capacity at the request of the undersigned, is not assuming any of the undersigned's responsibilities to comply with Section 13(d), Section 16 or Section 14 of the Exchange Act.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer a member of the Group unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorney-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this ___ day of March 2021.

[NOMINEE]