

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
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| OMB Number: | 3235-0287 |
| Estimated average burden hours per response: | 0.5 |

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|---|---------|----------|---|--|--|---|--|--|
| 1. Name and Address of Reporting Person* <u>Taylor Donald R Jr</u> | | | 2. Issuer Name and Ticker or Trading Symbol <u>Benefitfocus, Inc. [BNFT]</u> | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Chief Technology Officer</u> | | |
| (Last) | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) <u>05/20/2014</u> | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person | | |
| <u>100 BENEFITFOCUS WAY</u> | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | | | | | |
| (Street) <u>CHARLESTON SC 29492</u> | | | | | | | | |
| (City) (State) (Zip) | | | | | | | | |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 05/20/2014 | | M | | 6,300 | A | \$3.5 | 19,001 | D | |
| Common Stock | 05/20/2014 | | s | | 6,300 | D | \$34 | 12,701 | D | |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-------|--|-----------------|---|--|--|---|--|-------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | | Title |
| Stock Option (Right to Buy) | \$3.5 | 05/20/2014 | | M | | | 6,300 | (1) | 12/31/2016 | Common Stock | 6,300 | \$0.00 | 0 | D | |
| Stock Option (Right to Buy) | \$3.09 | | | | | | | (1) | 03/31/2017 | Common Stock | 40,000 | | 40,000 | D | |
| Stock Option (Right to Buy) | \$3.14 | | | | | | | (1) | 02/01/2018 | Common Stock | 41,600 | | 41,600 | D | |
| Stock Option (Right to Buy) | \$3.8 | | | | | | | (1) | 06/30/2019 | Common Stock | 50,000 | | 50,000 | D | |
| Stock Option (Right to Buy) | \$5.38 | | | | | | | (2) | 06/30/2020 | Common Stock | 35,000 | | 35,000 | D | |
| Stock Option (Right to Buy) | \$10.3 | | | | | | | (3) | 10/01/2022 | Common Stock | 7,000 | | 7,000 | D | |
| Stock Option (Right to Buy) | \$13.53 | | | | | | | (4) | 05/07/2023 | Common Stock | 5,000 | | 5,000 | D | |

Explanation of Responses:

- This option is fully vested.
- This option was granted on July 1, 2010 and vests over a four-year period with one-fourth (1/4) of the option granted vesting on July 1, 2011, the first anniversary of the vesting commencement date, and the balance of the option granted vesting ratably on a monthly basis over the following 36 months.
- This option was granted on October 1, 2012 and vests over a four-year period with one-fourth (1/4) of the option granted vesting on October 1, 2013, the first anniversary of the vesting commencement date, and the balance of the option granted vesting ratably on a monthly basis over the following 36 months.
- This option was granted on May 8, 2013 and vests over a four-year period with one-fourth (1/4) of the option granted vesting on May 8, 2014, the first anniversary of the vesting commencement date, and the balance of the option granted vesting ratably on a monthly basis over the following 36 months.

Remarks:

/s/ Donald R. Reynolds,
Attorney-in-Fact

05/22/2014

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.