

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

|  |   |   |
|--|---|---|
| 1. Name and Address of Reporting Person*<br><u>Restivo James P</u><br><br>(Last) (First) (Middle)<br>100 BENEFITFOCUS WAY<br><br>(Street)<br>CHARLESTON SC 29492<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>Benefitfocus, Inc. [ BNFT ]</u> | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><u>Chief Technology Officer</u> |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br>04/01/2019                    |   |
| 4. If Amendment, Date of Original Filed (Month/Day/Year)   |   |   |

**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                    | 04/01/2019                           |  | M                              |   | 3,277 <sup>(1)</sup>  | A          | \$0.00                 | 65,660  | D  |   |
| Common Stock                    | 04/01/2019                           |  | M                              |   | 17,219 <sup>(2)</sup>   | A          | \$0.00                 | 82,879  | D  |   |
| Common Stock                    | 04/01/2019                           |  | A                              |   | 2,034 <sup>(3)</sup>  | A          | \$0.00                 | 84,913  | D  |   |
| Common Stock                    | 04/01/2019                           |  | A                              |   | 5,338 <sup>(4)</sup>  | A          | \$0.00                 | 90,251  | D  |   |
| Common Stock                    | 04/01/2019                           |  | S                              |   | 5,079   | D          | \$47.12 <sup>(5)</sup> | 85,172  | D  |   |
| Common Stock                    | 04/01/2019                           |  | S                              |   | 1,207   | D          | \$47.8 <sup>(6)</sup>  | 83,965  | D  |   |
| Common Stock                    | 04/01/2019                           |  | S                              |   | 1,231   | D          | \$49.04 <sup>(7)</sup> | 82,734  | D  |   |
| Common Stock                    | 04/01/2019                           |  | S                              |   | 98  | D          | \$49.68 <sup>(8)</sup> | 82,636  | D  |   |
| Common Stock                    | 04/01/2019                           |  | S                              |   | 1,031   | D          | \$47.02 <sup>(9)</sup> | 81,605  | 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 |
| Performance Restricted Stock Units         | (1)  | 04/01/2019                           |  | M                              |   |  | 3,277  | (1)  | 04/01/2019      | Common Stock  | 3,277                                      | \$0.00   | 335   | D  |       |
| Performance Restricted Stock Units         | (10)   | 04/01/2019                           |  | D                              |   |  | 335    | (10)   | 04/01/2019      | Common Stock  | 335  | \$0.00   | 0   | D  |       |
| Performance Restricted Stock Units         | (2)  | 04/01/2019                           |  | M                              |   |  | 17,219 | (2)  | 04/01/2022      | Common Stock  | 17,219                                     | \$0.00   | 4,564   | D  |       |
| Performance Restricted Stock Units         | (10)   | 04/01/2019                           |  | D                              |   |  | 4,564  | (10)   | 04/01/2022      | Common Stock  | 4,564                                      | \$0.00   | 0   | D  |       |
| Performance Restricted Stock Units         | (11)   | 04/01/2019                           |  | A                              |   | 3,002  |        | (11)   | 04/01/2020      | Common Stock  | 3,002                                      | \$0.00   | 3,002   | D  |       |
| Performance Restricted Stock Units         | (12)   | 04/01/2019                           |  | A                              |   | 16,014   |        | (12)   | 04/01/2023      | Common Stock  | 16,014                                     | \$0.00   | 16,014  | D  |       |

Explanation of Responses:

1. Shares earned upon the vesting of a percentage of the performance restricted stock units ("PRsUs") granted to the Reporting Person on March 29, 2018. Each PRsU represented a contingent right to receive one share of Issuer common stock upon the Issuer's achievement of annual revenue goal, an adjusted EBITDA goal, and a net new bookings goal, during the period of January 1, 2018 through December 31, 2018.
2. Shares earned upon the vesting of a percentage of the PRsUs granted to the Reporting Person on March 29, 2018. Each PRsU represented a contingent right to receive one share of Issuer common stock upon the Issuer's achievement of annual recurring revenue bookings percentage growth goals during the period of January 1, 2018 through December 31, 2018. One-fourth of the shares are vested, with the remaining shares to vest in three equal annual installments beginning on April 1, 2020.
3. Represents common stock of the Issuer resulting from the vesting of restricted stock units granted in connection with the achievement of performance metrics in 2018.
4. Represents restricted stock units which vest in four equal annual installments beginning on April 1, 2020, subject to continued employment.
5. The sale was effected to satisfy the reporting person's tax withholding obligation upon the vesting of previously granted equity awards. The sale was executed in multiple trades at prices ranging from \$46.54 to \$47.53. The price reported in Column 4 is a weighted average price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transactions were effected.
6. The sale was effected to satisfy the reporting person's tax withholding obligation upon the vesting of previously granted equity awards. The sale was executed in multiple trades at prices ranging from \$47.54 to \$48.50. The price reported in Column 4 is a weighted average price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transactions were effected.
7. The sale was effected to satisfy the reporting person's tax withholding obligation upon the vesting of previously granted equity awards. The sale was executed in multiple trades at prices ranging from \$48.54 to \$49.53. The price reported in Column 4 is a weighted average price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transactions were effected.
8. The sale was effected to satisfy the reporting person's tax withholding obligation upon the vesting of previously granted equity awards. The sale was executed in multiple trades at prices ranging from \$49.55 to \$49.80. The price reported in Column 4 is a weighted average price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transactions were effected.
9. The sale was effected to satisfy the reporting person's tax withholding obligation upon the vesting of previously granted equity awards. The sale was executed in multiple trades at prices ranging from \$46.80 to \$47.18. The price reported in Column 4 is a weighted average price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transactions were effected.
10. Represents the portion of PRsUs that were forfeited to the Issuer after determining the percentage of PRsUs that vested.
11. Each PRsU represents a contingent right to receive one share of Issuer common stock. The maximum number of PRsUs is presented in the table. A percentage of the PRsUs will vest upon the achievement of an annual revenue goal and an adjusted EBITDA goal, during the period of January 1, 2019 through December 31, 2019. Vesting of the target level PRsUs will accelerate upon death or disability during the performance period in an amount equal to the proportion of days in the performance period worked. Vesting of the target PRsUs may also accelerate in certain circumstances if there is a change in control of the Issuer during the performance period.
12. Each PRsU represents a contingent right to receive one share of Issuer common stock. The maximum number of PRsUs is presented in the table. The PRsUs will vest upon the achievement of net annual recurring revenue bookings growth goals during the period of January 1, 2019 through December 31, 2019, such vesting to occur in four equal annual installments beginning on April 1, 2020, if the performance metrics are met. Vesting of the target level PRsUs will accelerate upon death or disability during the performance period in an amount equal to the proportion of days in the performance period worked. Vesting will also accelerate as to the next tranche of vesting units in the event of death or disability after the performance period. Vesting of the target PRsUs may also accelerate in certain circumstances if there is a change in control of the Issuer during the performance period.

**Remarks:**

/s/ S. Halle Vakani, Attorney- 04/03/2019  
in-Fact

\*\* 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.

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