
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) December 19, 2018

BENEFITFOCUS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-36061
(Commission File Number)

46-2346314
(IRS Employer Identification No.)

100 Benefitfocus Way, Charleston, South Carolina 29492
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (843) 849-7476

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this Chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this Chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

In connection with the recently announced intention of Benefitfocus, Inc. (the “Company”) to offer, subject to market conditions and other factors, \$200 million aggregate principal amount of its convertible senior notes due 2023 (the “Notes”) (as described in Item 8.01 below), on December 19, 2018, the Company and certain of its subsidiaries entered into the Eighth Amendment Agreement (the “Eighth Amendment”), to the Credit Agreement, dated as of February 20, 2015, as amended on June 16, 2015, December 18, 2015, March 24, 2016, October 28, 2016, December 12, 2016, April 26, 2017 and March 29, 2018, with Silicon Valley Bank, a lender and the administrative agent and collateral agent, and several other lenders party thereto. The Eighth Amendment, among other things, amends the definitions of “Capital Stock” and “Swap Agreement” to allow for (1) indebtedness pursuant to the issuance of the Notes (the “Permitted Convertible Indebtedness”) and (2) certain investments anticipated to be made in connection with planned privately negotiated capped call transactions related to the planned sale of the Notes (the “Hedge Investments”). The Eighth Amendment also amends Section 7.2 to allow for Permitted Convertible Indebtedness of up to \$300.0 million and the Hedge Investments. Additionally, Section 7.6 is amended to, among other things, allow the Company to acquire shares of its common stock upon exercise and settlement of the capped call transactions, and, subject to pro forma compliance with the financial covenants under the Credit Agreement and certain limits, to repurchase or redeem the Notes, or to make cash payments upon conversion of the Notes. In addition, Section 8.1(e) is amended to, among other things, provide that an event of default under the Credit Agreement will not include the conversion of the Notes into cash, common stock or a combination thereof that is not a result of a breach of the Indenture expected to be entered into upon the issuance of the Notes and that will govern the Notes.

The foregoing description of the Eighth Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Eighth Amendment, a copy of which will be filed as an exhibit to the Company’s Annual Report on Form 10-K for the year ending December 31, 2018.

Item 8.01. Other Events.

On December 19, 2018, the Company issued a press release announcing the Company’s intention to offer, subject to market conditions and other factors, \$200 million aggregate principal amount of Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On December 20, 2018, the Company issued a press release announcing that it had priced the offering of \$200 million aggregate principal amount of the Notes. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated December 19, 2018.
99.2	Press release dated December 20, 2018.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 21, 2018

BENEFITFOCUS, INC.

/s/ Jonathon E. Dussault

Jonathon E. Dussault
Chief Financial Officer

Benefitfocus Announces \$200 Million Convertible Notes Offering

CHARLESTON, S.C., December 19, 2018 — Benefitfocus, Inc. (NASDAQ: BNFT), a leading cloud-based benefits management platform and services provider, today announced its intention to offer, subject to market conditions and other factors, \$200 million aggregate principal amount of convertible senior notes due 2023 (the “notes”) in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Act”). Benefitfocus also expects to grant the initial purchasers of the notes an option to purchase, within a 13-day period beginning on, and including, the date on which the notes are first issued, up to an additional \$40 million aggregate principal amount of the notes.

The notes will be senior, unsecured obligations of Benefitfocus, and interest will be payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2019. The notes will be convertible into cash, shares of Benefitfocus’ common stock, or a combination thereof, at Benefitfocus’ election. The notes will mature on December 15, 2023, unless earlier converted, redeemed or repurchased. Benefitfocus may not redeem the notes prior to December 20, 2021; on or after December 20, 2021, Benefitfocus may redeem the notes, at its option and subject to certain conditions. The interest rate, initial conversion rate and other terms of the notes are to be determined upon pricing of the offering.

Benefitfocus expects to use a portion of the net proceeds of the offering of the notes to pay the cost of the capped call transactions described below, and approximately \$39.2 million to repay, but not terminate its senior secured credit facility. The remainder of the net proceeds from the offering will be used for potential acquisitions and other general corporate purposes, including sales and marketing expenses, research and development expenses and general and administrative expenses.

In connection with the pricing of the notes, Benefitfocus expects to enter into capped call transactions with one or more of the initial purchasers and/or their respective affiliates (the “hedge counterparties”). The capped call transactions are expected generally to reduce potential dilution to Benefitfocus’ common stock upon any conversion of the notes and/or offset any cash payments Benefitfocus is required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions will be determined upon pricing of the notes. If the initial purchasers exercise their option to purchase additional notes, Benefitfocus expects to enter into additional capped call transactions with the hedge counterparties.

In connection with establishing their initial hedges of the capped call transactions, the hedge counterparties or their respective affiliates expect to purchase shares of Benefitfocus’ common stock and/or enter into various derivative transactions with respect to Benefitfocus’ common stock concurrently with, or shortly after, the pricing of the notes. These activities could increase (or reduce the size of any decrease in) the market price of Benefitfocus’ common stock or the notes at that time.

In addition, the hedge counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to Benefitfocus’ common stock and/or by purchasing or selling shares of Benefitfocus’ common stock or other securities of Benefitfocus in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period relating to a conversion of the notes). This activity could also cause or avoid an increase or a decrease in the market price of Benefitfocus’ common stock or the notes, which could affect the ability of noteholders to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of the notes, it could affect the number of shares and value of the consideration that noteholders will receive upon conversion of the notes.

The notes will be offered to qualified institutional buyers pursuant to Rule 144A under the Act. Neither the notes nor the shares of Benefitfocus’ common stock issuable upon conversion of the notes, if any, have been, nor will be, registered under the Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

About Benefitfocus

Benefitfocus (NASDAQ:BNFT) unifies the entire U.S. benefits industry on a single technology platform to protect consumers' health, wealth and lifestyle. Our powerful cloud-based software, data-driven insights and thoughtfully-designed services, enable employers, insurance brokers and carriers to simplify the complexity of benefits administration and deliver a world-class benefits experience.

Safe Harbor Statement

Except for historical information, all of the statements, expectations, and assumptions contained in this press release are forward-looking statements. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: risks regarding whether we can complete the offering and regarding its impact on the trading price of our common stock; potential volatility; risks associated with our business and the other risk factors set forth from time to time in our SEC filings, copies of which are available free of charge within the Investor Relations section of the Benefitfocus website at <http://investor.benefitfocus.com/sec-filings> or upon request from our Investor Relations Department. Benefitfocus assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

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Benefitfocus Announces Pricing of \$200 Million Convertible Notes Offering

CHARLESTON, S.C., December 20, 2018 — Benefitfocus, Inc. (NASDAQ: BNFT), a leading cloud-based benefits management platform and services provider, today announced the pricing of \$200 million aggregate principal amount of 1.25% convertible senior notes due 2023 (the “notes”) in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Act”). Benefitfocus also granted the initial purchasers of the notes an option to purchase, within a 13-day period beginning on, and including, the date on which the notes are first issued, up to an additional \$40 million aggregate principal amount of the notes.

The sale of the notes to the initial purchasers is expected to settle on December 27, 2018, subject to customary closing conditions, and is expected to result in approximately \$194.6 million in net proceeds to Benefitfocus after deducting the initial purchasers’ discount and estimated offering expenses payable by Benefitfocus (assuming no exercise of the initial purchasers’ option).

The notes will be senior, unsecured obligations of Benefitfocus and interest will be payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2019. The notes will mature on December 15, 2023, unless earlier converted, redeemed or repurchased. Benefitfocus may not redeem the notes prior to December 20, 2021; on or after December 20, 2021, Benefitfocus may redeem the notes, at its option and subject to certain conditions, as detailed below.

Benefitfocus expects to use approximately \$27.5 million of the net proceeds of the offering of the notes to pay the cost of the capped call transactions described below, and approximately \$39.2 million to repay, but not terminate, its senior secured credit facility. The remainder of the net proceeds from the offering will be used for potential acquisitions and other general corporate purposes, including sales and marketing expenses, research and development expenses and general and administrative expenses.

The initial conversion rate for the notes is 18.8076 shares of Benefitfocus’ common stock per \$1,000 principal amount of notes (which is equivalent to an initial conversion price of approximately \$53.17 per share, representing a premium of approximately 30% above the last reported sale price of \$40.90 per share of Benefitfocus’ common stock on the Nasdaq Global Market on December 20, 2018). Prior to the close of business on September 14, 2023, the notes will be convertible at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods. Thereafter, until the close of business on the second scheduled trading day immediately preceding the maturity date, the notes will be convertible at the option of the noteholders at any time regardless of these conditions. Conversions of the notes will be settled in cash, shares of Benefitfocus’ common stock or a combination thereof, at Benefitfocus’ election.

Benefitfocus may redeem all or any portion of the notes, at its option, on or after December 20, 2021, at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest if the last reported sale price of Benefitfocus’ common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which Benefitfocus provides written notice of redemption.

Holders of notes may require Benefitfocus to repurchase their notes upon the occurrence of certain events that constitute a fundamental change under the indenture governing the notes at a purchase price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In connection with certain corporate events or if Benefitfocus issues a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their notes in connection with such corporate event or during the relevant redemption period.

In connection with the pricing of the notes, Benefitfocus entered into capped call transactions with one or more of the initial purchasers and/or their affiliates and/or other financial institutions (the “hedge counterparties”). The capped call transactions are expected generally to reduce potential dilution to Benefitfocus’ common stock upon any conversion of the notes and/or offset any cash payments Benefitfocus is required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions will initially be \$89.98 per share, which represents a premium of 120% over the last reported sale price of Benefitfocus’ common stock of \$40.90 per share on December 20, 2018, and is subject to certain adjustments under the terms of the capped call transactions. If the initial purchasers exercise their option to purchase additional notes, Benefitfocus expects to enter into additional capped call transactions with the hedge counterparties.

In connection with establishing their initial hedges of the capped call transactions, the hedge counterparties or their respective affiliates expect to purchase shares of Benefitfocus’ common stock and/or enter into various derivative transactions with respect to Benefitfocus’ common stock concurrently with, or shortly after, the pricing of the notes. These activities could increase (or reduce the size of any decrease in) the market price of Benefitfocus’ common stock or the notes at that time.

In addition, the hedge counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to Benefitfocus’ common stock and/or by purchasing or selling shares of Benefitfocus’ common stock or other securities of Benefitfocus in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period relating to a conversion of the notes). This activity could also cause or avoid an increase or a decrease in the market price of Benefitfocus’ common stock or the notes, which could affect the ability of noteholders to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of the notes, it could affect the number of shares and value of the consideration that noteholders will receive upon conversion of the notes.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction. Neither the notes nor the shares of Benefitfocus’ common stock issuable upon conversion of the notes, if any, have been, nor will be, registered under the Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

About Benefitfocus

Benefitfocus (NASDAQ:BNFT) unifies the entire U.S. benefits industry on a single technology platform to protect consumers’ health, wealth and lifestyle. Our powerful cloud-based software, data-driven insights and thoughtfully-designed services, enable employers, insurance brokers and carriers to simplify the complexity of benefits administration and deliver a world-class benefits experience.

Safe Harbor Statement

Except for historical information, all of the statements, expectations, and assumptions contained in this press release are forward-looking statements. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: risks regarding whether we can complete the offering and regarding its impact on the trading price of our common stock; potential volatility; the Company’s leverage and need to generate enough cash to service the interest on the notes as well as operate and grow its business; risks associated with our business and the other risk factors set forth from time to time in our SEC filings, copies of which are available free of charge within the Investor Relations section of the Benefitfocus website at <http://investor.benefitfocus.com/sec-filings> or upon request from our Investor Relations Department. Benefitfocus assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

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