
**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) March 27, 2014

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))
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Item 2.02. Results of Operations and Financial Condition.

On March 27, 2014, Benefitfocus, Inc. posted on its website, www.benefitfocus.com (under the section entitled *–About–Investor Relations–Financial Information–Quarterly Results*), final financial results for the fourth quarter and full year ended December 31, 2013. A copy of the financial results is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

The information in this Item 2.02 (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Benefitfocus, Inc. financial results for the fourth quarter and full year ended December 31, 2013.

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.

BENEFITFOCUS, INC.

Date: March 28, 2014

/s/ Milton A. Alpern

Milton A. Alpern, Chief Financial Officer

Benefitfocus, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012 (Restated)	2013	2012 (Restated)
Revenue	\$ 30,256	\$ 22,208	\$ 104,752	\$ 81,739
Cost of revenue	19,473	11,881	62,411	44,400
Gross profit	10,783	10,327	42,341	37,339
Operating expenses:				
Sales and marketing	8,976	6,357	36,072	27,905
Research and development	6,708	3,520	23,532	14,621
General and administrative	2,790	1,990	10,974	7,494
Change in fair value of contingent consideration	—	(49)	(43)	121
Total operating expenses	18,474	11,818	70,535	50,141
Loss from operations	(7,691)	(1,491)	(28,194)	(12,802)
Other income (expense):				
Interest income	15	12	46	53
Interest expense	(552)	(507)	(2,149)	(1,976)
Other expense	(66)	(8)	(95)	(64)
Total other expense, net	(603)	(503)	(2,198)	(1,987)
Loss before income taxes	(8,294)	(1,994)	(30,392)	(14,789)
Income tax (benefit) expense	(12)	35	(31)	84
Net loss	\$ (8,282)	\$ (2,029)	\$ (30,361)	\$ (14,873)
Comprehensive loss	\$ (8,282)	\$ (2,029)	\$ (30,361)	\$ (14,873)
Net loss per common share:				
Basic and diluted	\$ (0.34)	\$ (0.42)	\$ (2.99)	\$ (3.09)
Weighted-average common shares outstanding:				
Basic and diluted	24,474,566	4,842,205	10,144,243	4,812,632

Benefitfocus, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	<u>As of December 31,</u>	
	<u>2013</u>	<u>2012</u>
		<u>(Restated)</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 65,645	\$ 19,703
Marketable securities	13,168	—
Accounts receivable, net	23,668	13,372
Prepaid expenses and other current assets	4,322	1,482
Total current assets	<u>106,803</u>	<u>34,557</u>
Property and equipment, net	27,444	20,456
Intangible assets, net	1,256	1,579
Goodwill	1,634	1,634
Other non-current assets	2,474	—
Total assets	<u>\$ 139,611</u>	<u>\$ 58,226</u>
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 4,354	\$ 1,726
Accrued expenses	3,911	2,453
Accrued compensation and benefits	14,183	9,661
Deferred revenue, current portion	15,158	11,165
Financing and capital lease obligations, current portion	4,288	1,228
Notes payable, current portion	—	2,420
Contingent consideration related to acquisition, current portion	—	328
Total current liabilities	<u>41,894</u>	<u>28,981</u>
Deferred revenue, net of current portion	65,063	46,355
Revolving line of credit	5,757	—
Financing and capital lease obligations, net of current portion	14,263	9,589
Notes payable, net of current portion	—	3,561
Other non-current liabilities	1,202	871
Total liabilities	<u>128,179</u>	<u>89,357</u>
Commitments and contingencies		
Redeemable convertible preferred stock:		
Convertible Series A preferred stock, no par value, no shares authorized, issued and outstanding at December 31, 2013; 14,055,851 shares authorized, issued and outstanding at December 31, 2012	—	105,505
Convertible Series B preferred stock, no par value, no shares authorized, issued and outstanding at December 31, 2013; 2,441,009 shares authorized, issued and outstanding at December 31, 2012	—	29,973
Total redeemable convertible preferred stock	<u>—</u>	<u>135,478</u>
Stockholders' equity (deficit):		
Preferred stock, par value \$0.001, 5,000,000 shares authorized, no shares issued and outstanding at December 31, 2013 and 2012	—	—
Common stock, no par value, no shares authorized issued and outstanding at December 31, 2013; 100,000,000 shares authorized, 20,125,063 shares issued and 4,792,347 shares outstanding at December 31, 2012	—	6,109
Common stock, par value \$0.001, 50,000,000 shares authorized, 24,495,651 shares issued and outstanding at December 31, 2013; no shares authorized, issued and outstanding at December 31, 2012	24	—
Additional paid-in capital	214,487	—
Accumulated deficit	<u>(203,079)</u>	<u>(172,718)</u>
Total stockholders' equity (deficit)	<u>11,432</u>	<u>(166,609)</u>
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	<u>\$ 139,611</u>	<u>\$ 58,226</u>

Benefitfocus.com, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows from operating activities				
Net loss	\$ (8,282)	\$ (2,029)	\$ (30,361)	\$ (14,873)
Adjustments to reconcile net loss to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization	2,246	1,794	8,172	8,560
Stock-based compensation expense	381	248	1,202	712
Change in fair value and accretion of warrant	223	168	892	488
Interest accrual on financing obligation	443	444	1,768	1,774
Change in fair value of contingent consideration	1	(37)	(17)	188
Provision for doubtful accounts	(87)	18	(32)	98
Loss on disposal of property and equipment	45	8	65	17
Changes in operating assets and liabilities:				
Accounts receivable, net	(2,404)	(1,974)	(10,264)	(4,411)
Prepaid expenses and other current assets	(428)	411	(1,440)	639
Accounts payable	(1,246)	457	2,625	862
Accrued expenses	138	76	904	532
Accrued compensation and benefits	(1,555)	(557)	4,521	3,102
Contingent consideration related to acquisition	—	—	—	(320)
Deferred revenue	7,863	5,582	22,701	14,747
Other non-current liabilities	97	73	331	293
Net cash and cash equivalents (used in) provided by operating activities	<u>(2,565)</u>	<u>4,682</u>	<u>1,067</u>	<u>12,408</u>
Cash flows from investing activities				
Purchases of short-term investments held to maturity	(13,168)	—	(13,168)	—
Purchases of property and equipment	(2,223)	(1,154)	(8,918)	(6,308)
Proceeds from sale of property and equipment	—	—	9	—
Net cash and cash equivalents used in investing activities	<u>(15,391)</u>	<u>(1,154)</u>	<u>(22,077)</u>	<u>(6,308)</u>
Cash flows from financing activities				
Proceeds from initial public offering, net of issuance costs	—	—	70,064	—
Draws on revolving line of credit	—	—	10,757	—
Payments on revolving line of credit	—	—	(5,000)	—
Proceeds from notes payable borrowing	—	4,535	1,465	4,535
Repayment of notes payable	—	(239)	(7,447)	(1,074)
Proceeds from exercises of stock options	127	24	699	108
Proceeds from issuance of common stock (excluding IPO)	—	—	68	—
Repurchases of common stock	—	(6)	—	(599)
Payments of contingent consideration	(311)	(378)	(311)	(2,078)
Payments on financing and capital lease obligations	(887)	(745)	(3,343)	(3,145)
Net cash and cash equivalents provided by (used in) financing activities	<u>(1,071)</u>	<u>3,191</u>	<u>66,952</u>	<u>(2,253)</u>
Net increase (decrease) in cash and cash equivalents	<u>(19,027)</u>	<u>6,719</u>	<u>45,942</u>	<u>3,847</u>
Cash and cash equivalents, beginning of period	84,672	12,984	19,703	15,856
Cash and cash equivalents, end of year	<u>\$ 65,645</u>	<u>\$ 19,703</u>	<u>\$ 65,645</u>	<u>\$ 19,703</u>

Benefitfocus, Inc.
Reconciliation of GAAP to Non-GAAP Measures
For the Three Months and Years Ended December 31, 2013 and 2012
(unaudited, dollars in thousands except share and per share data)

	<u>Three Months December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Reconciliation from Gross Profit to Adjusted Gross Profit:				
Gross profit	\$ 10,783	\$ 10,327	\$ 42,341	\$ 37,339
Depreciation	1,186	1,053	4,257	4,224
Amortization of software development costs	714	485	2,618	3,149
Amortization of acquired intangible assets	58	64	245	254
Stock-based compensation expense	86	69	274	195
Adjusted gross profit	<u>\$ 12,827</u>	<u>\$ 11,998</u>	<u>\$ 49,735</u>	<u>\$ 45,161</u>
Reconciliation from Operating Loss to Non-GAAP Operating Loss:				
Operating loss	\$ (7,691)	\$ (1,491)	\$ (28,194)	\$ (12,802)
Amortization of acquired intangible assets	76	84	323	335
Stock-based compensation expense	381	248	1,202	712
Total net adjustments	<u>\$ 457</u>	<u>\$ 332</u>	<u>\$ 1,525</u>	<u>\$ 1,047</u>
Non-GAAP operating loss	<u>\$ (7,234)</u>	<u>\$ (1,159)</u>	<u>\$ (26,669)</u>	<u>\$ (11,755)</u>
Reconciliation from Net Loss to Adjusted EBITDA:				
Net loss	\$ (8,282)	\$ (2,029)	\$ (30,361)	\$ (14,873)
Depreciation	1,456	1,225	5,231	5,076
Amortization of software development costs	714	485	2,618	3,149
Amortization of acquired intangible assets	76	84	323	335
Interest income	(15)	(12)	(46)	(53)
Interest expense	552	507	2,149	1,976
Income tax (benefit) expense	(12)	35	(31)	84
Stock-based compensation expense	381	248	1,202	712
Total net adjustments	<u>\$ 3,152</u>	<u>\$ 2,572</u>	<u>\$ 11,446</u>	<u>\$ 11,279</u>
Adjusted EBITDA	<u>\$ (5,130)</u>	<u>\$ 543</u>	<u>\$ (18,915)</u>	<u>\$ (3,594)</u>
Reconciliation from Net Loss to Non-GAAP Net Loss:				
Net loss	\$ (8,282)	\$ (2,029)	\$ (30,361)	\$ (14,873)
Amortization of acquired intangible assets	76	84	323	335
Stock-based compensation expense	381	248	1,202	712
Total net adjustments	<u>457</u>	<u>332</u>	<u>1,525</u>	<u>1,047</u>
Non-GAAP net loss	<u>(7,825)</u>	<u>(1,697)</u>	<u>(28,836)</u>	<u>(13,826)</u>
Calculation of Non-GAAP Earnings Per Share:				
Non-GAAP net loss	\$ (7,825)	\$ (1,697)	\$ (28,836)	\$ (13,826)
Weighted average shares outstanding - basic and diluted	24,474,566	4,842,205	10,144,243	4,812,632
Additional weighted average shares giving effect to conversion of convertible preferred stock at the beginning of the period	—	16,496,860	12,022,369	16,496,860
Shares used in computing non-GAAP net loss per share - basic and diluted	<u>24,474,566</u>	<u>21,339,065</u>	<u>22,166,612</u>	<u>21,309,492</u>
Non-GAAP net loss per common share - basic and diluted	<u>\$ (0.32)</u>	<u>\$ (0.08)</u>	<u>\$ (1.30)</u>	<u>\$ (0.65)</u>