

**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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|                                                                                                                                                                                                                     |                                                                                   |                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Name and Address of Reporting Person*<br><u>August Raymond Alexander</u><br><br>(Last) (First) (Middle)<br><u>100 BENEFITFOCUS WAY</u><br><br>(Street)<br><u>CHARLESTON SC 29492</u><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 (Check all applicable)<br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><u>President and COO</u> |
|                                                                                                                                                                                                                     | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>10/03/2016</u>             |                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                     |                                                                                   | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person    |

**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                    | 10/03/2016                           |                                                    | s <sup>(1)</sup>               |   | 16,408                                                            | D          | \$39.66 <sup>(2)</sup> | 198,102                                                                                       | 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 |                                                                                   |                                            |                                                                                                    |                                                           |                                                        |
| Performance Restricted Stock Units         | (3)                                                    |                                      |                                                    |                                |   |                                                                                        |     | (3)                                                      | 12/31/2016      | Common Stock                                                                      | 7,671                                      | 7,671                                                                                              | D                                                         |                                                        |
| Performance Restricted Stock Units         | (4)                                                    |                                      |                                                    |                                |   |                                                                                        |     | (4)                                                      | 12/31/2017      | Common Stock                                                                      | 40,000                                     | 40,000                                                                                             | D                                                         |                                                        |

**Explanation of Responses:**

- This sale was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on August 31, 2016 to satisfy the reporting person's tax withholding obligation upon scheduled vesting of restricted stock units granted on October 1, 2014.
- This transaction was executed in multiple trades at prices ranging from \$39.23 to \$39.98. 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 transaction were effected.
- Each performance restricted stock unit ("PRSU") represents a contingent right to receive one share of Issuer common stock. A percentage of PRSUs will vest upon the achievement of annual revenue goals and non-GAAP net income (loss) goals during the period of January 1, 2016 through December 31, 2016. Vesting of the PRSUs will accelerate upon death or disability in an amount equal to the proportion of days in the performance period worked. Vesting of PRSUs may also accelerate in certain circumstances if there is a change in control of the Issuer during the performance period.
- Each performance restricted stock unit ("PRSU") represents a contingent right to receive one share of Issuer common stock. PRSUs vest upon the achievement of adjusted EBITDA and compounded annual revenue growth rate goals during the period of January 1, 2015 through December 31, 2017. Vesting of the target level PRSUs will accelerate upon death or disability in an amount equal to the proportion of days in the performance period worked. Vesting of target PRSUs may also accelerate in certain circumstances if there is a change in control of the Issuer during the performance period.

**Remarks:**

/s/ Donald R. Reynolds, 10/05/2016  
Attorney-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.

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.