



BENEFITFOCUS[®]

BENEFITFOCUS, INC.

COMPENSATION COMMITTEE CHARTER

Organization

The Compensation Committee (the “Committee”) of the Board of Directors of Benefitfocus, Inc. (the “Company”) is established pursuant to Section 4.1 of the Bylaws of the Company. The Board of Directors will appoint Committee members annually for a term of one year. The Board of Directors may remove or replace any Committee member at any time. The Board of Directors will also appoint the chairperson for the Committee. The Committee will consist of not less than three nor more than five directors. All Committee members must meet the requirements of the listing standards of the Company’s principal stock exchange (subject to any applicable exceptions permitted under such listing standards) and any other applicable laws, rules and regulations governing independence. In particular, except as otherwise permitted by the rules of the Company’s principal stock exchange, each Committee member (a) must be independent as defined in such stock exchange’s rules, and (b) must not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof (other than in his or her capacity as a member of the Board of Directors, the Compensation Committee or any other Board committee). In determining whether a director is eligible to serve on the Committee, the Company’s Board of Directors also must consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director’s judgment as a member of the Committee.

Purpose

The purpose of the Committee is to discharge the Board’s responsibilities relating to compensation of the Company’s executive officers and associates (which is what the Company calls its employees), and relating to the administration of the Company’s equity compensation, retirement, incentive compensation and benefit plans generally.

Duties and Responsibilities

The Committee shall have the following specific duties and responsibilities:

- The Committee shall have the sole authority to determine the compensation of the Company’s principal executive officer and to review and approve the compensation of the Company’s other executive officers.
- The Committee, to the extent it deems necessary or appropriate, shall:
 - Annually review and approve the compensation of the Company’s principal executive officer and other executive officers, including such goals and objectives



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relevant to the executive officers' compensation that the Committee, in its discretion, determines are appropriate, evaluate their performance in light of those goals and objectives, and set their compensation based on this evaluation. The Committee may consider the recommendations of the principal executive officer in connection with the compensation of other executive officers and, in the Committee's discretion, the principal executive officer may participate in the Committee's deliberations with respect thereto. However, in determining the compensation of the principal executive officer, the Committee shall not permit the principal executive officer to participate in its deliberations.

- Review and approve the compensation of other officers and associates of the Company that the Committee may specify from time to time, and delegate authority to specified executive officer(s) to review and approve the compensation of other non-executive officer associates.
- The Committee shall annually review the Company's compensation policies and practices to determine whether they encourage excessive risk-taking. The Committee shall review and evaluate at least annually the relationship between risk management policies and practices and compensation and evaluate compensation policies and practices that could mitigate any such risk.
- The Committee shall annually review with the principal executive officer and any other officer or member of management, as appropriate, the material criteria used by the principal executive officer and management in evaluating associate performance throughout the Company and in establishing appropriate compensation, retention, incentive, severance and benefit policies and programs.
- The Committee shall prepare any analysis or report on executive compensation required to be included in the Company's proxy statement and periodic reports pursuant to applicable federal securities rules and regulations, and recommend the inclusion of such analysis or report in the Company's proxy statement and periodic reports.
- The Committee shall annually review the compensation of the Company's directors and recommend changes to the compensation of the Board of Directors.
- The Committee shall oversee the administration of, and periodically review and make changes to, the incentive compensation plans, equity-based compensation plans, and any material associate benefit, bonus, retirement, severance and other compensation plans of the Company. The Committee may delegate authority to specified executive officer(s) to review and approve equity awards to certain non-officer associates as the Committee may specify from time to time in accordance with the plan under which such awards are made.
- The Committee shall perform such duties and responsibilities as may be assigned to the Committee under the terms of any compensation plan of the Company.



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- The Committee shall have the specific duties, responsibilities and authority required by the listing rules of the Company's principal stock exchange for such committees, including, among others, the ability to select and oversee compensation consultants, legal advisors, and other third-party advisors and to conduct any required independence assessment of such advisors, determine executive compensation, and perform any other duties and responsibilities the Company's principal stock exchange currently or hereafter requires a compensation committee to perform.

In addition to the specific powers set forth in this charter, the Committee shall have such powers as may be necessary or appropriate for it to efficiently carry out its duties hereunder.

General

- The Committee shall meet at least four times each year, and more frequently as it determines necessary, and at such times and places as it deems appropriate.
- The Committee shall regularly update the Board of Directors about its activities and recommendations.
- To carry out its duties and responsibilities, the Committee may retain a compensation consulting firm and other advisors as it deems appropriate to assist it in the evaluation of the compensation of directors, the principal executive officer or the other executive and non-executive officers of the Company, and the fulfillment of its other duties. The Committee shall evaluate the independence of any such advisor(s) pursuant to relevant standards. The Committee shall have sole authority to approve related fees and retention terms of any such consulting firm or other advisor.
- The Committee shall review and assess the adequacy of this charter annually and recommend changes to the Board of Directors. The Board of Directors must approve any amendments to this charter.
- The Committee shall have full access to all books and records of the Company in carrying out its duties under this charter.

Adopted by the Board of Directors on July 17, 2013.