# 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**

**April 24, 2017**
Date of Report (Date of earliest event reported)

# CASTLIGHT HEALTH, INC.

**(Exact name of registrant as specified in its charter)**

| Delaware<br>(State or other jurisdiction of incorporation or organization) | 001-36330<br>(Commission File Number) | 26-1989091<br>(I.R.S. Employer Identification Number) |
|---|---|---|

**150 Spear Street, Suite 400**
**San Francisco, CA 94105**
**(Address of principal executive offices)**

**(415) 829-1400**
**(Registrant's telephone number, including area code)**

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 [x]

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. [x]

**Item 1.01 Entry into a Material Definitive Agreement.**

In May 2016, Castlight Health, Inc. (the “Company”) entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with SAP Technologies, Inc. (“SAP”) pursuant to which it sold and issued to SAP approximately 4.7 million shares (“Shares”) of its Class B Common Stock and a warrant (“Warrant”) to purchase up to approximately 1.9 million shares of its Class B Common Stock.

On April 24, 2017 SAP and the Company amended the Warrant to modify the conditions to the vesting of the Warrant. The amendment is attached to this current report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference. Under the initial terms of the Warrant, it would expire upon the earlier of (i) four years from the date the Company enters into certain business alliance agreements with SAP, and (ii) May 17, 2017 if such agreements are not entered into by such date. Under the amendment, the Warrant now expires upon the earlier of (i) four years from the date the Company and SAP enter into a Solution Extension Reseller Agreement (the “Alliance Agreement”), which, if entered into, would focus on the resale of mutually agreed upon Company product by SAP or any of its affiliates, and (ii) November 17, 2017 if such agreement is not entered into by such date. The exercise price of the Warrant remains at $4.91 per share, but it will not become execrable until the Alliance Agreement is signed.

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

On April 26, 2017, the Company issued a press release announcing its results for the three months ended March 31, 2017. The press release is attached to this current report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 2.02, including Exhibit 99.1 to this Current Report on Form 8-K, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained in this Item 2.02 and in the accompanying Exhibit 99.1 shall not be incorporated by reference into any registration statement or other document filed by Castlight Health, Inc. with the Securities and Exchange Commission, whether made before or after the date of this Current Report on Form 8-K, regardless of any general incorporation language in such filing (or any reference to this Current Report on Form 8-K generally), except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| **Exhibit** | **Description** |
|---|---|
| 99.1 | Press Release, dated April 26, 2017, entitled “Castlight Health Announces First Quarter 2017 Results” |
| 99.2 | Amendment No. 1 to Warrant made and entered into as of April 24, 2017, by and among SAP Technologies, Inc. and Castlight Health, Inc. |

## SIGNATURE

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

| | | |
|---|---|---|
| | **CASTLIGHT HEALTH, INC.** | |
| Date: April 26, 2017 | By: | /s/ Siobhan Nolan Mangini |
| | | Siobhan Nolan Mangini |
| | | Chief Financial Officer *(Principal Financial Officer)* |

## EXHIBIT INDEX

| Exhibit | Description |
| --- | --- |
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# Castlight Health Announces First Quarter 2017 Results

*Total Revenue of $27.7 Million, Up 22% Y-o-Y*

*GAAP & Non-GAAP Gross Margin Increased by 1,100 Basis Points Y-o-Y*

*GAAP & Non-GAAP Operating Loss Reduced by $6 Million and $7 Million Y-o-Y, Respectively*

**SAN FRANCISCO** - **April 26, 2017** - Castlight Health, Inc. (NYSE:CSLT), a leading health benefits platform provider, today announced results for its first quarter ended March 31, 2017.

“With the completion of the Jiff acquisition, Castlight now offers employers healthcare decision support, wellness, and a benefits hub in the most comprehensive health benefits platform on the market,” said John Doyle, chief executive officer of Castlight. “With more than 240 customers, Castlight is leading the way to digital health solutions that lower costs and improve employee well - being. We are in a great position to achieve our growth and cash flow objectives for the year.”

**<u>Financial Performance for the Three Months Ended March 31, 2017</u>**

- Total revenue for the first quarter of 2017 was $27.7 million, an increase of 22% from the first quarter of 2016. Subscription revenue was $25.8 million, an increase of 22% on a year-over-year basis.

- Gross margin for the first quarter of 2017 was 70.3%, compared to a gross margin of 59.3% in the first quarter of 2016. Non-GAAP gross margin for the first quarter of 2017 was 73.9% compared to a non-GAAP gross margin of 62.9% in the first quarter of 2016.

- Operating loss for the first quarter of 2017 was $15.0 million, compared to an operating loss of $21.4 million in the first quarter of 2016. Non-GAAP operating loss for the first quarter of 2017 was $5.5 million, compared to a non-GAAP operating loss of $13.0 million in the first quarter of 2016.

- Net loss per basic and diluted share was $0.14 in the first quarter of 2017, compared to a net loss per basic and diluted share of $0.22 in the first quarter of 2016. Non-GAAP net loss per basic and diluted share for the first quarter of 2017 was $0.05, compared to a net loss per basic and diluted share of $0.13 in the first quarter of 2016. For both GAAP and non-GAAP purposes, the weighted average basic and diluted share count for the first quarter of 2017 was 104.9 million compared to 96.3 million in the first quarter of 2016.

- Total cash, cash equivalents and marketable securities were $103.2 million at the end of the first quarter of 2017. Cash used in operations for the first quarter of 2017 was $10.9 million, compared to $14.0 million used in operations in the first quarter of 2016.

A reconciliation of GAAP to non-GAAP results has been provided in this press release in the accompanying tables. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

**Business Outlook**

Castlight provided 2017 non-GAAP pro forma revenue guidance of $138 to $142 million when the Company announced its strategic acquisition of Jiff on January 4, 2017. The Jiff transaction closed on April 3, 2017, and the Company is now providing 2017 GAAP revenue outlook for the combined company based on Jiff's inclusion in Castlight's financial results beginning the second quarter and incorporating the impact of the write down of deferred revenue associated with purchase accounting.

For the full year 2017, the Company expects GAAP revenue in the range of $132 million to $136 million dollars. A table included in this press release reconciles the full year GAAP revenue guidance with the previously-issued non-GAAP pro forma revenue range. Castlight expects full year 2017 non-GAAP operating loss in the range of $31 to $35 million and non-GAAP net loss per share of approximately $0.24 to $0.28 based on approximately 125 to 127 million shares.

**Quarterly Conference Call**

Castlight Health will host a conference call to discuss its first quarter 2017 results today at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time). A live audio webcast of the conference call, together with detailed financial information, can be accessed through the company's Investor Relations website at http://ir.castlighthealth.com. In addition, an archive of the webcast can be accessed through the same link. The conference call can also be accessed by dialing (877) 201-0168. The conference ID number is 5616869. A replay will be available for one week at (800)585-8367, passcode 5616869.

**About Castlight Health**

Our mission is to empower people to make the best choices for their health and to help companies make the most of their health benefits. We offer a health benefits platform that engages employees to make better healthcare decisions and can guide them to the right program, care, and provider. The platform also enables benefit leaders to communicate and measure their programs while driving employee engagement with targeted, relevant communications. Castlight has partnered with enterprise customers, spanning millions of lives, to improve healthcare outcomes, lower costs, and increase benefits satisfaction.

For more information visit www.castlighthealth.com. Follow us on Twitter and LinkedIn and Like us on Facebook.

**Non-GAAP Financial Measures**

To supplement Castlight Health's financial statements presented in accordance with generally accepted accounting principles (GAAP), we also use and provide investors and others with non-GAAP measures of certain components of financial performance, including non-GAAP pro forma revenue, non-GAAP gross margin, non-GAAP operating expense, non-GAAP operating loss, non-GAAP net loss and non-GAAP net loss per share. Non-GAAP pro forma revenue excludes the impact of the deferred revenue write-down and includes Jiff first quarter 2017 revenue. Non-GAAP gross margin, non-GAAP operating expense, and non-GAAP operating loss exclude stock-based compensation, litigation settlement, charges related to a reduction in workforce, capitalization and amortization of internal-use software and charges related to the acquisition and the associated tax impact of these items, where applicable. For a detailed explanation of these non-GAAP measures, refer to Appendix A.

We believe that these non-GAAP financial measures provide useful supplemental information to investors and others, facilitate the analysis of the company's core operating results and comparison of operating results across reporting periods, and can help enhance overall understanding of the company's historical financial performance.

We have provided a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure, except that we have not reconciled our non-GAAP operating loss and net loss per share guidance for the full year 2017 to comparable GAAP operating loss and net loss per share guidance because we do not provide guidance for stock-based compensation expense, capitalization and amortization of internal-use software and charges related to the acquisition, which are reconciling items between GAAP and non-GAAP operating loss. The factors that may impact our future stock-based compensation expense and capitalization and amortization of internal-use software are out of our control and/or cannot be reasonably predicted, and therefore we are unable to provide such guidance without unreasonable effort. Factors include our market capitalization and related volatility of our stock price and our inability to project the cost or scope of internally produced software and charges related to the proposed acquisition for the year.

These non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP.

Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Castlight Health encourages investors and others to review the company’s financial information in its entirety and not rely on a single financial measure.

**Safe Harbor For Forward-Looking Statements**

This press release contains forward-looking statements about Castlight Health’s expectations, plans, intentions, and strategies, including, but not limited to, statements regarding Castlight

Health’s 2017 full year projections, estimates of purchase accounting adjustments, our expectations for future performance of our business, market growth and business conditions, future innovation by the company and future developments with respect to the digital healthcare industry. Statements including words such as “anticipate,” “believe,” “estimate,” “will,” “continue,” “expect,” or “future,” and statements in the future tense are forward-looking statements. These forward-looking statements involve risks and uncertainties, as well as assumptions, which, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties include those described in Castlight Health’s documents filed with or furnished to the Securities and Exchange Commission. All forward-looking statements in this press release are based on information available to Castlight Health as of the date hereof. Castlight Health assumes no obligation to update these forward-looking statements.

**CASTLIGHT HEALTH, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands)**

| | As of | |
|---|---|---|
| | March 31, 2017 | December 31, 2016 |
| | (unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 56,198 | $ 48,722 |
| Marketable securities | 47,007 | 65,882 |
| Accounts receivable, net | 16,497 | 14,806 |
| Deferred commissions | 7,861 | 8,218 |
| Prepaid expenses and other current assets | 4,578 | 3,382 |
| Total current assets | 132,141 | 141,010 |
| Property and equipment, net | 5,106 | 5,285 |
| Restricted cash, noncurrent | 1,144 | 1,144 |
| Deferred commissions, noncurrent | 3,734 | 5,050 |
| Other assets | 5,276 | 4,677 |
| Total assets | $ 147,401 | $ 157,166 |
| Liabilities and stockholders’ equity | | |
| Current liabilities: | | |
| Accounts payable | $ 2,462 | $ 2,288 |
| Accrued expenses and other current liabilities | 5,344 | 6,369 |
| Accrued compensation | 6,111 | 9,443 |
| Deferred revenue | 33,576 | 30,623 |
| Total current liabilities | 47,493 | 48,723 |
| Deferred revenue, noncurrent | 5,379 | 5,245 |
| Other liabilities, noncurrent | 1,193 | 1,236 |
| Total liabilities | 54,065 | 55,204 |
| Stockholders’ equity | 93,336 | 101,962 |
| Total liabilities and stockholders’ equity | $ 147,401 | $ 157,166 |

**CASTLIGHT HEALTH, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except per share data)**
**(unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Revenue: | | |
| Subscription | $ 25,766 | $ 21,037 |
| Professional services | 1,979 | 1,680 |
| Total revenue | 27,745 | 22,717 |
| Cost of revenue: | | |
| Cost of subscription (1) | 4,246 | 4,136 |
| Cost of professional services (1) | 3,988 | 5,113 |
| Total cost of revenue | 8,234 | 9,249 |
| Gross profit | 19,511 | 13,468 |
| Operating expenses: | | |
| Sales and marketing (1) | 14,443 | 16,282 |
| Research and development (1) | 11,071 | 10,085 |
| General and administrative (1) | 8,998 | 8,545 |
| Total operating expenses | 34,512 | 34,912 |
| Operating loss | (15,001) | (21,444) |
| Other income, net | 192 | 89 |
| Net loss | $ (14,809) | $ (21,355) |
| Net loss per share, basic and diluted | $ (0.14) | $ (0.22) |
| Weighted-average shares used to compute basic and diluted net loss per share | 104,935 | 96,291 |

(1) Includes stock-based compensation expense as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Cost of revenue: | | |
| Cost of subscription | $ 127 | $ 108 |
| Cost of professional services | 461 | 477 |
| Sales and marketing | 2,154 | 2,235 |
| Research and development | 1,790 | 1,405 |
| General and administrative | 1,295 | 1,269 |

**CASTLIGHT HEALTH, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**
**(unaudited)**

| | Three Months Ended March 31, 2017 | Three Months Ended March 31, 2016 |
|---|---|---|
| Operating activities: | | |
| Net loss | $ (14,809) | $ (21,355) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 698 | 783 |
| Stock-based compensation | 5,827 | 5,494 |
| Amortization of deferred commissions | 2,089 | 1,162 |
| Accretion and amortization of marketable securities | 64 | 176 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (1,691) | (1,282) |
| Deferred commissions | (416) | (289) |
| Prepaid expenses and other assets | (1,183) | 36 |
| Accounts payable | 177 | 605 |
| Accrued expenses and other liabilities | (4,755) | (3,732) |
| Deferred revenue | 3,087 | 4,412 |
| Net cash used in operating activities | (10,912) | (13,990) |
| Investing activities: | | |
| Purchase of property and equipment | (166) | (466) |
| Purchase of marketable securities | (16,007) | (29,486) |
| Maturities of marketable securities | 34,799 | 58,637 |
| Net cash provided by investing activities | 18,626 | 28,685 |
| Financing activities: | | |
| Proceeds from the exercise of stock options | 374 | 1,266 |
| Payments of issuance costs related to equity | (612) | — |
| Net cash used in (provided by) financing activities | (238) | 1,266 |
| | | |
| Net increase in cash and cash equivalents | 7,476 | 15,961 |
| Cash and cash equivalents at beginning of period | 48,722 | 19,150 |
| Cash and cash equivalents at end of period | $ 56,198 | $ 35,111 |

**CASTLIGHT HEALTH, INC.**
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**
**(In thousands, except per share data)**
**(unaudited)**

| | Three Months Ended | | |
|---|---|---|---|
| | March 31, 2017 | December 31, 2016 | March 31, 2016 |
| **Gross profit:** | | | |
| GAAP gross profit subscription | $ 21,520 | $ 23,912 | $ 16,901 |
| Stock-based compensation | 127 | 139 | 108 |
| Amortization of internal-use software | 244 | 244 | 244 |
| Non-GAAP gross profit subscription | $ 21,891 | $ 24,295 | $ 17,253 |
| GAAP gross margin subscription | 83.5 % | 84.9 % | 80.3 % |
| Non-GAAP gross margin subscription | 85.0 % | 86.3 % | 81.9 % |
| | | | |
| GAAP gross loss professional services | $ (2,009) | $ (2,417) | $ (3,433) |
| Stock-based compensation | 461 | 493 | 477 |
| Acquisition related costs | 147 | — | — |
| Non-GAAP gross loss professional services | $ (1,401) | $ (1,924) | $ (2,956) |
| GAAP gross margin professional services | (102)% | (139)% | (204)% |
| Non-GAAP gross margin professional services | (71)% | (111)% | (176)% |
| | | | |
| GAAP gross profit | $ 19,511 | $ 21,495 | $ 13,468 |
| Impact of non-GAAP adjustments | 979 | 876 | 829 |
| Non-GAAP gross profit | $ 20,490 | $ 22,371 | $ 14,297 |
| GAAP gross margin | 70.3 % | 71.9 % | 59.3 % |
| Non-GAAP gross margin | 73.9 % | 74.8 % | 62.9 % |
| **Operating expense:** | | | |
| GAAP sales and marketing | $ 14,443 | $ 13,923 | $ 16,282 |
| Stock-based compensation | (2,154) | (2,199) | (2,235) |
| Acquisition related costs | (405) | — | — |
| Non-GAAP sales and marketing | $ 11,884 | $ 11,724 | $ 14,047 |
| GAAP research and development | $ 11,071 | $ 9,841 | $ 10,085 |
| Stock-based compensation | (1,790) | (1,659) | (1,405) |
| Acquisition related costs | (267) | — | — |
| Non-GAAP research and development | $ 9,014 | $ 8,182 | $ 8,680 |
| GAAP general and administrative | $ 8,998 | $ 6,957 | $ 8,545 |
| Stock-based compensation | (1,295) | (1,267) | (1,269) |
| Litigation settlement | (250) | — | (2,735) |
| Acquisition related costs | (2,340) | (1,731) | — |
| Non-GAAP general and administrative | $ 5,113 | $ 3,959 | $ 4,541 |
| GAAP operating expense | $ 34,512 | $ 30,721 | $ 34,912 |
| Impact of non-GAAP adjustments | (8,501) | (6,856) | (7,644) |
| Non-GAAP operating expense | $ 26,011 | $ 23,865 | $ 27,268 |
| **Operating loss:** | | | |
| GAAP operating loss | $ (15,001) | $ (9,226) | $ (21,444) |
| Impact of non-GAAP adjustments | 9,480 | 7,732 | 8,473 |
| Non-GAAP operating loss | $ (5,521) | $ (1,494) | $ (12,971) |
| **Net loss and net loss per share:** | | | |
| GAAP net loss | $ (14,809) | $ (9,098) | $ (21,355) |
| Total pre-tax impact of non-GAAP adjustments | 9,480 | 7,732 | 8,473 |
| Income tax impact of non-GAAP adjustments | — | — | — |
| Non-GAAP net loss | $ (5,329) | $ (1,366) | $ (12,882) |
| GAAP net loss per share, basic and diluted | $ (0.14) | $ (0.09) | $ (0.22) |
| Non-GAAP net loss per share, basic and diluted | $ (0.05) | $ (0.01) | $ (0.13) |

| | | | |
|---|---|---|---|
| Shares used in basic and diluted net loss per share computation | 104,935 | 103,976 | 96,291 |

**CASTLIGHT HEALTH, INC.**
**RECONCILIATION OF GAAP TO NON-GAAP PRO FORMA REVENUE**
**(In millions)**
**(unaudited)**

| | Annual Guidance |
|---|---|
| | **2017** |
| GAAP revenue guidance | $132-136 |
| Add back: | |
| Deferred revenue fair value adjustment [1] | 1.9 |
| Jiff revenue Q1'17 [2] | 3.7 |
| Non-GAAP pro forma revenue guidance [3] | $138-142 |

(1) The close date of the Jiff acquisition occurred on April 3, 2017, subsequent to our fiscal quarter end. Accordingly, the deferred revenue fair value adjustment is a preliminary estimate and is subject to change upon the completion of purchase accounting. The impact on revenue related to purchase accounting as a result of these transactions limits the comparability of revenue between periods. While the deferred revenue written down in connection with Castlight's acquisition of Jiff will never be recognized as revenue under GAAP, we do not expect the acquisition to have an impact on future renewal rates of the contracts included within the deferred revenue write-down, nor do we expect revenue generated from new service and subscription contracts to be similarly impacted by purchase accounting adjustments. If this adjustment was not made, Castlight's future revenue growth rates could appear overstated.

(2) Non-GAAP pro forma revenue guidance combines the results of Jiff and Castlight as if Jiff was acquired at the beginning of our fiscal year 2017 and, therefore, includes Jiff's first quarter 2017 revenue as conformed to Castlight accounting policy.

(3) We believe presenting non-GAAP pro forma revenue guidance to include the impact of Jiff's first quarter revenue as if the transaction had been completed at the beginning of our fiscal year 2017, and excluding the impact of deferred revenue write-down, will aid in the comparability between periods and in assessing our overall operating performance. We have performed an initial review of Jiff's accounting policies, upon comprehensive review, we may identify other differences among the accounting policies of Castlight and Jiff that, when conformed, could have an impact on future revenue. Non-GAAP pro forma revenue has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for GAAP revenue. Other companies in our industry may calculate this measure differently, which may limit its usefulness as a comparative measure.

**Appendix A: Explanation of Non-GAAP Financial Measures**

Deferred revenue fair value adjustment: In connection with the acquisition of Jiff, the deferred revenue balances from Jiff products were required to be written down due to purchase accounting in accordance with GAAP. While the deferred revenue written down in connection with the acquisitions will never be recognized as revenues under GAAP, we do not expect the acquisition of Jiff to have an impact on future renewal rates of the contracts included within the deferred revenue writedown, nor do we expect revenues generated from new service and subscription contracts to be similarly impacted by purchase accounting adjustments.

Jiff revenue Q1’17: An adjustment to Jiff’s revenue to adhere to Castlight’s accounting policies, in connection with the acquisition of Jiff.

Stock-based compensation: A non-cash expense arising from the grant of stock-based awards to employees.

Litigation settlement: Represents settlements of lawsuits related to Castlight’s initial public offering and the acquisition of Jiff in the first quarter of 2016 and 2017, respectively.

Reduction in workforce: Expenses associated with the program Castlight undertook in the second quarter of 2016 to reduce the Company's workforce by fourteen percent.

Capitalization and amortization of internal-use software: Development costs incurred during the application development stage of our cloud-based service that we capitalize. Capitalized software development costs are included as part of property, plant and equipment and are amortized on a straight-line basis over the technology's estimated useful life.

Acquisition related costs: Transaction and integration costs associated with the Jiff acquisition. These costs include all incremental expenses incurred to effect a business combination. Acquisition costs include advisory, legal, accounting, valuation, and other professional or consulting fees. Integration costs include expenses directly related to integration of business and facility operations, information technology systems and infrastructure and other employee related costs.

**Castlight Media Contact:**
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**Castlight Investor Contact:**
Gary J. Fuges, CFA
ir@castlighthealth.com
415-829-1680

**AMENDMENT NO. 1 TO WARRANT**

This Amendment No. 1 to Warrant (this " ***Amendment*** ") is made and entered into as of April 24, 2017 (the " ***Amendment Date*** "), by and among SAP Technologies, Inc., a Delaware corporation (the " ***Holder*** "), and Castlight Health, Inc., a Delaware corporation (the " ***Company*** ").

*RECITALS*

WHEREAS, the Company and the Holder are parties to that certain Warrant dated May 17, 2016 (the " ***Warrant*** ").

WHEREAS, the Company and the Holder desire to amend the Warrant.

NOW, THEREFORE, in consideration of the matters described in the recitals above and the mutual promises, covenants and undertakings contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

*AMENDMENT*

1. AMENDMENT TO INTRODUCTORY PARAGRAPH OF WARRANT . The introductory paragraph of the Warrant shall be deleted in its entirety and replaced with the following:

"Castlight Health, Inc., a Delaware corporation (the " **Company** "), hereby certifies that, for value received, SAP Technologies, Inc., a Delaware corporation or its successors (the " **Holder** "), is entitled to purchase from the Company up to a total of 1,905,063 shares of Class B common stock, par value $0.0001 per share (the " **Common Stock** "), of the Company (each such share, a " **Warrant Share** " and all such shares, the " **Warrant Shares** ") at an exercise price initially equal to $4.91 per share (as adjusted from time to time as provided in Section 8, the " **Exercise Price** "), at any time on or after the date the Company and the Holder enter into a Solution Exchange Reseller Agreement (the " **Initial Exercise Date** ") and through and including the date that is four (4) years after the Initial Exercise Date (the " **Expiration Date** "), subject to the following terms and conditions. This Warrant (this " **Warrant** ") is issued pursuant to that certain Securities Purchase Agreement, dated as of May 16, 2016, by and between the Company and the Holder (the " **Purchase Agreement** ")." As used in this Warrant, " **Solution Extension Reseller Agreement** " means a global reseller agreement through the SAP Solution Extension program, whereby the Holder or any of its affiliates resell a mutually agreed upon Company product.

2. AMENDMENT TO THE LAST SENTENCE OF SECTION 3(a) OF WARRANT . The last sentence of Section 3(a) of the Warrant shall be deleted in its entirety and replaced with the following:

"If the Initial Exercise Date shall not have occurred on or prior to the date that is eighteen (18) months after the Closing Date, then this Warrant shall become void and of no value."

3. NO OTHER AMENDMENTS . Except as expressly set forth above, all of the terms and conditions of the Warrant remain in full force and effect.

4. COUNTERPARTS; FASCIMILE . This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Amendment may be executed and delivered by facsimile, or by email in portable document format (.pdf) and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other parties.

**IN WITNESS WHEREOF** , each of the Company and the Holder has caused this Amendment No. 1 to Warrant to be executed by its duly authorized representative, each as of the Amendment Date.

**CASTLIGHT HEALTH, INC.**

By: /s/ Siobhan Nolan Mangini

Siobhan Nolan Mangini

Chief Financial Officer *(Principal Financial Officer)*

**SAP TECHNOLOGIES, INC.**

By: /s/ Brad C. Brubaker

Brad C. Brubaker

Corporate Secretary