

**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

August 8, 2016

Date of Report (Date of earliest event reported)

CASTLIGHT HEALTH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-36330
(Commission File Number)

26-1989091
(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))
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Item 2.02 Results of Operations and Financial Condition.

On August 8, 2016, Castlight Health, Inc. ("Company") issued a press release announcing its results for the three and six months ended June 30, 2016. 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 August 8, 2016, entitled "Castlight Health Announces Second Quarter 2016 Results" |

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.

Date: August 8, 2016

CASTLIGHT HEALTH, INC.

By: /s/ Siobhan Nolan Mangini

Siobhan Nolan Mangini

Chief Financial Officer (*Principal Financial Officer*)

EXHIBIT INDEX

| Exhibit | Description |
|----------------|--|
| 99.1 | Press Release, dated August 8, 2016, entitled "Castlight Health Announces Second Quarter 2016 Results" |

Castlight Health Announces Second Quarter 2016 Results

Total Revenue of \$23.6 Million, Up 27% Year Over Year

SAN FRANCISCO - August 8, 2016 - Castlight Health, Inc. (NYSE:CSLT), a leading health benefits platform provider, today announced results for its second quarter ended June 30, 2016.

“In the second quarter Castlight added nearly \$7 million of signed annual recurring revenue and continued to gain traction among large enterprises, including notable customers such as Caterpillar and Genentech,” said Giovanni Colella, M.D., co-founder and chief executive officer of Castlight Health. “We had strong adoption of Castlight’s health benefits platform across our new customers and saw increased contribution from our channel relationships, in particular Anthem, which provide validation of both our expanding value proposition and the evolution of our go-to-market strategy.”

Financial Performance for the Three Months Ended June 30, 2016

- Total revenue for the second quarter of 2016 was \$23.6 million, an increase of 27% from the second quarter of 2015. Subscription revenue was \$22.0 million, an increase of 27% on a year-over-year basis.
 - Gross margin for the second quarter of 2016 was 62.1%, compared to a gross margin of 55.4% in the second quarter of 2015. Non-GAAP gross margin for the second quarter of 2016 was 66.3% compared to a non-GAAP gross margin of 58.3% in the second quarter of 2015.
-

- Operating loss for the second quarter of 2016 was \$16.8 million, compared to an operating loss of \$21.3 million in the second quarter of 2015. Non-GAAP operating loss for the second quarter of 2016 was \$10.6 million, compared to a non-GAAP operating loss of \$17.6 million in the second quarter of 2015.
- Net loss per basic and diluted share was \$0.17 in the second quarter of 2016, compared to a net loss per basic and diluted share of \$0.23 in the second quarter of 2015. The non-GAAP net loss per basic and diluted share for the second quarter of 2016 was \$0.11, compared to a net loss per basic and diluted share of \$0.19 in the second quarter of 2015. For both GAAP and non-GAAP purposes, the weighted average basic and diluted share count for the second quarter of 2016 was 99.7 million compared to 93.8 million in the second quarter of 2015.
- Total cash, cash equivalents and marketable securities were \$125.7 million at the end of the second quarter of 2016. Cash used in operations for the second quarter of 2016 was \$11.9 million, compared to \$17.2 million used in operations in the second quarter of 2015.

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

Full Year 2016 Guidance: Revenue for the company’s full year 2016 is expected to be tracking to the midpoint of the range of \$99.0 million to \$102.0 million, an increase of 31% - 35% year-over-year. Non-GAAP operating loss is expected to be at the low end or below the range of \$40.0 million to \$42.0 million. Non-GAAP net loss per share is expected to be at the low end or

below the range of \$0.40 to \$0.42 based on 100 million to 101 million weighted average basic and diluted common shares outstanding.

For the full year 2016, non-GAAP guidance excludes the effects of stock-based compensation expense, charge related to reduction in workforce and the capitalization and amortization of internal-use software.

Quarterly Conference Call

Castlight Health will host a conference call to discuss its second quarter 2016 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. Participants who choose to call in to the conference call can do so by dialing 1-877-201-0168. The conference ID number is 46202160. A replay will be available for one week at 1-855-859-2056 , passcode 46202160 .

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 gross margin, non-GAAP operating expense, non-GAAP operating loss, non-GAAP net loss and non-GAAP net loss per share. These non-GAAP financial measures differ from GAAP financial measures in that they exclude stock-based compensation, warrant expense, litigation settlement, charges related to a reduction in workforce, and capitalization and amortization of internal-use software and the associated tax impact of these items, where applicable.

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 2016 to comparable GAAP operating loss and net loss per share guidance because we do not provide guidance for stock-based compensation expense and capitalization and amortization of internal-use software, 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.

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 2016 full year projections, 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.

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

| | As of | |
|--|-------------------|-------------------|
| | June 30, 2016 | December 31, 2015 |
| | (unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 40,651 | \$ 19,150 |
| Marketable securities | 85,042 | 101,274 |
| Accounts receivable, net | 12,491 | 12,751 |
| Deferred commissions | 6,072 | 5,438 |
| Prepaid expenses and other current assets | 5,140 | 3,772 |
| Total current assets | 149,396 | 142,385 |
| Property and equipment, net | 6,476 | 6,896 |
| Marketable securities, noncurrent | — | 13,335 |
| Restricted cash, noncurrent | 1,000 | 1,000 |
| Deferred commissions, noncurrent | 5,098 | 4,923 |
| Other assets | 4,692 | 4,735 |
| Total assets | <u>\$ 166,662</u> | <u>\$ 173,274</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,197 | \$ 3,384 |
| Accrued expenses and other current liabilities | 7,892 | 4,550 |
| Accrued compensation | 7,969 | 11,477 |
| Deferred revenue | 29,200 | 26,590 |
| Total current liabilities | 48,258 | 46,001 |
| Deferred revenue, noncurrent | 6,497 | 7,522 |
| Other liabilities, noncurrent | 1,689 | 1,397 |
| Total liabilities | 56,444 | 54,920 |
| Stockholders' equity | 110,218 | 118,354 |
| Total liabilities and stockholders' equity | <u>\$ 166,662</u> | <u>\$ 173,274</u> |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-------------|---------------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenue: | | | | |
| Subscription | \$ 21,955 | \$ 17,278 | \$ 42,992 | \$ 32,184 |
| Professional services | 1,630 | 1,232 | 3,310 | 2,277 |
| Total revenue | 23,585 | 18,510 | 46,302 | 34,461 |
| Cost of revenue: | | | | |
| Cost of subscription (1) | 4,094 | 2,932 | 8,230 | 5,451 |
| Cost of professional services (1) | 4,850 | 5,322 | 9,963 | 9,975 |
| Total cost of revenue | 8,944 | 8,254 | 18,193 | 15,426 |
| Gross profit | 14,641 | 10,256 | 28,109 | 19,035 |
| Operating expenses: | | | | |
| Sales and marketing (1) | 15,452 | 17,641 | 31,734 | 34,104 |
| Research and development (1) | 9,961 | 7,391 | 20,046 | 13,985 |
| General and administrative (1) | 6,019 | 6,517 | 14,564 | 11,980 |
| Total operating expenses | 31,432 | 31,549 | 66,344 | 60,069 |
| Operating loss | (16,791) | (21,293) | (38,235) | (41,034) |
| Other income, net | 99 | 81 | 188 | 179 |
| Net loss | \$ (16,692) | \$ (21,212) | \$ (38,047) | \$ (40,855) |
| Net loss per share, basic and diluted | \$ (0.17) | \$ (0.23) | \$ (0.39) | \$ (0.44) |
| Weighted-average shares used to compute basic and diluted net loss per share | 99,728 | 93,804 | 98,009 | 92,801 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------|-----------------------------|-------|---------------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| Cost of revenue: | | | | |
| Cost of subscription | \$ 120 | \$ 67 | \$ 228 | \$ 100 |
| Cost of professional services | 535 | 450 | 1,012 | 875 |
| Sales and marketing | 2,219 | 2,074 | 4,454 | 3,825 |
| Research and development | 1,264 | 730 | 2,669 | 1,363 |
| General and administrative | 971 | 896 | 2,240 | 1,923 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|------------------|---------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Operating activities: | | | | |
| Net loss | \$ (16,692) | \$ (21,212) | \$ (38,047) | \$ (40,855) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | 802 | 456 | 1,585 | 910 |
| Stock-based compensation | 5,109 | 4,217 | 10,603 | 8,086 |
| Amortization of deferred commissions | 953 | 802 | 2,115 | 1,659 |
| Accretion and amortization of marketable securities | 129 | 384 | 305 | 827 |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 1,542 | (560) | 260 | 49 |
| Deferred commissions | (2,635) | (1,113) | (2,924) | (1,751) |
| Prepaid expenses and other assets | (849) | (1,848) | (813) | (1,818) |
| Accounts payable | (715) | (254) | (110) | 1,258 |
| Accrued expenses and other liabilities | 3,269 | 1,234 | (463) | (3,169) |
| Deferred revenue | (2,827) | 682 | 1,585 | 4,403 |
| Net cash used in operating activities | <u>(11,914)</u> | <u>(17,212)</u> | <u>(25,904)</u> | <u>(30,401)</u> |
| Investing activities: | | | | |
| Restricted cash | — | (1,000) | — | (1,000) |
| Investment in related party | — | (3,125) | — | (3,125) |
| Purchase of property and equipment | (776) | (806) | (1,242) | (1,693) |
| Purchase of marketable securities | (31,706) | (5,924) | (61,192) | (18,958) |
| Sales of marketable securities | — | — | — | 5,000 |
| Maturities of marketable securities | 31,950 | 31,373 | 90,587 | 61,553 |
| Net cash used in (provided by) investing activities | <u>(532)</u> | <u>20,518</u> | <u>28,153</u> | <u>41,777</u> |
| Financing activities: | | | | |
| Proceeds from the exercise of stock options | 674 | 1,186 | 1,940 | 2,826 |
| Proceeds from issuance of common stock and warrants | 17,358 | — | 17,358 | — |
| Payments of issuance costs | (46) | — | (46) | (94) |
| Net cash provided by financing activities | <u>17,986</u> | <u>1,186</u> | <u>19,252</u> | <u>2,732</u> |
| Net increase in cash and cash equivalents | 5,540 | 4,492 | 21,501 | 14,108 |
| Cash and cash equivalents at beginning of period | 35,111 | 27,041 | 19,150 | 17,425 |
| Cash and cash equivalents at end of period | <u>\$ 40,651</u> | <u>\$ 31,533</u> | <u>\$ 40,651</u> | <u>\$ 31,533</u> |

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

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | June 30, 2016 | March 31, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 |
| Gross profit: | | | | | |
| GAAP gross profit subscription | \$ 17,861 | \$ 16,901 | \$ 14,346 | \$ 34,762 | \$ 26,733 |
| Stock-based compensation | 120 | 108 | 67 | 228 | 100 |
| Amortization of internal-use software | 244 | 244 | 24 | 488 | 48 |
| Reduction in workforce | 5 | — | — | 5 | — |
| Non-GAAP gross profit subscription | <u>18,230</u> | <u>17,253</u> | <u>14,437</u> | <u>35,483</u> | <u>26,881</u> |
| GAAP gross margin subscription | 81.4 % | 80.3 % | 83.0 % | 80.9 % | 83.1 % |
| Non-GAAP gross margin subscription | 83.0 % | 81.9 % | 83.6 % | 82.5 % | 83.5 % |
| GAAP gross loss professional services | | | | | |
| GAAP gross loss professional services | \$ (3,220) | \$ (3,433) | \$ (4,090) | \$ (6,653) | \$ (7,698) |
| Stock-based compensation | 535 | 477 | 450 | 1,012 | 875 |
| Reduction in workforce | 99 | — | — | 99 | — |
| Non-GAAP gross loss professional services | <u>\$ (2,586)</u> | <u>\$ (2,956)</u> | <u>\$ (3,640)</u> | <u>\$ (5,542)</u> | <u>\$ (6,823)</u> |
| GAAP gross margin professional services | (198)% | (204)% | (332)% | (201)% | (338)% |
| Non-GAAP gross margin professional services | (159)% | (176)% | (295)% | (167)% | (300)% |
| GAAP gross profit | | | | | |
| GAAP gross profit | \$ 14,641 | \$ 13,468 | \$ 10,256 | \$ 28,109 | \$ 19,035 |
| Impact of non-GAAP adjustments | 1,003 | 829 | 541 | 1,832 | 1,023 |
| Non-GAAP gross profit | <u>\$ 15,644</u> | <u>\$ 14,297</u> | <u>\$ 10,797</u> | <u>\$ 29,941</u> | <u>\$ 20,058</u> |
| GAAP gross margin | 62.1 % | 59.3 % | 55.4 % | 60.7 % | 55.2 % |
| Non-GAAP gross margin | 66.3 % | 62.9 % | 58.3 % | 64.7 % | 58.2 % |
| Operating expense: | | | | | |
| GAAP sales and marketing | \$ 15,452 | \$ 16,282 | \$ 17,641 | \$ 31,734 | \$ 34,104 |
| Stock-based compensation | (2,219) | (2,235) | (2,074) | (4,454) | (3,825) |
| Reduction in workforce | \$ (374) | — | — | \$ (374) | — |
| Non-GAAP sales and marketing | <u>\$ 12,859</u> | <u>\$ 14,047</u> | <u>\$ 15,567</u> | <u>\$ 26,906</u> | <u>\$ 30,279</u> |
| GAAP research and development | \$ 9,961 | \$ 10,085 | \$ 7,391 | \$ 20,046 | \$ 13,985 |
| Stock-based compensation | (1,264) | (1,405) | (730) | (2,669) | (1,363) |
| Capitalization of internal-use software | — | — | 513 | — | 795 |
| Reduction in workforce | \$ (118) | — | — | \$ (118) | — |
| Non-GAAP research and development | <u>\$ 8,579</u> | <u>\$ 8,680</u> | <u>\$ 7,174</u> | <u>\$ 17,259</u> | <u>\$ 13,417</u> |
| GAAP general and administrative | \$ 6,019 | \$ 8,545 | \$ 6,517 | \$ 14,564 | \$ 11,980 |
| Stock-based compensation | (971) | (1,269) | (896) | (2,240) | (1,923) |
| Litigation settlement | (141) | (2,735) | — | (2,876) | — |
| Reduction in workforce | \$ (80) | — | — | \$ (80) | — |
| Non-GAAP general and administrative | <u>\$ 4,827</u> | <u>\$ 4,541</u> | <u>\$ 5,621</u> | <u>\$ 9,368</u> | <u>\$ 10,057</u> |
| GAAP operating expense | \$ 31,432 | \$ 34,912 | \$ 31,549 | \$ 66,344 | \$ 60,069 |
| Impact of non-GAAP adjustments | (5,167) | (7,644) | (3,187) | (12,811) | (6,316) |
| Non-GAAP operating expense | <u>\$ 26,265</u> | <u>\$ 27,268</u> | <u>\$ 28,362</u> | <u>\$ 53,533</u> | <u>\$ 53,753</u> |
| Operating loss: | | | | | |
| GAAP operating loss | \$ (16,791) | \$ (21,444) | \$ (21,293) | \$ (38,235) | \$ (41,034) |
| Impact of non-GAAP adjustments | 6,170 | 8,473 | 3,728 | 14,643 | 7,339 |
| Non-GAAP operating loss | <u>\$ (10,621)</u> | <u>\$ (12,971)</u> | <u>\$ (17,565)</u> | <u>\$ (23,592)</u> | <u>\$ (33,695)</u> |
| Net loss and net loss per share: | | | | | |
| GAAP net loss | \$ (16,692) | \$ (21,355) | \$ (21,212) | \$ (38,047) | \$ (40,855) |
| Total pre-tax impact of non-GAAP adjustments | 6,170 | 8,473 | 3,728 | 14,643 | 7,339 |

| Income tax impact of non-GAAP adjustments | — | — | — | — | — |
|---|-------------|-------------|-------------|-------------|-------------|
| Non-GAAP net loss | \$ (10,522) | \$ (12,882) | \$ (17,484) | \$ (23,404) | \$ (33,516) |
| GAAP net loss per share, basic and diluted | \$ (0.17) | \$ (0.22) | \$ (0.23) | \$ (0.39) | \$ (0.44) |
| Non-GAAP net loss per share, basic and diluted | \$ (0.11) | \$ (0.13) | \$ (0.19) | \$ (0.24) | \$ (0.36) |
| Shares used in basic and diluted net loss per share computation | 99,728 | 96,291 | 93,804 | 98,009 | 92,801 |

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