

CASTLIGHT HEALTH, INC.
Form DEF 14A
April 21, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CASTLIGHT HEALTH, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
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 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total fee paid:
- Fee paid previously with preliminary materials.
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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.
- 3) Filing Party:
- 4) Date Filed:

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April 21, 2015

To Our Stockholders,

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Castlight Health, Inc. The meeting will be held at the Hyatt Regency San Francisco, located at 5 Embarcadero Center, San Francisco, California, USA, 94111, on Monday, June 1, 2015 at 10:00 a.m. (Pacific Time).

Under the Securities and Exchange Commission rules that allow companies to furnish proxy materials to stockholders over the Internet, we have elected to deliver our proxy materials to our stockholders over the Internet. We believe that this delivery process reduces our environmental impact and lowers the costs of printing and distributing our proxy materials without impacting our stockholders' timely access to this important information. On or about April 21, 2015, we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy statement for our 2015 Annual Meeting of Stockholders and our fiscal 2014 Annual Report on Form 10-K. The Notice also provides instructions on how to vote by telephone or through the Internet and includes instructions on how to receive a paper copy of the proxy materials by mail.

The matters to be acted upon are described in the accompanying notice of annual meeting and proxy statement.

Please use this opportunity to take part in our company's affairs by voting on the business to come before the meeting. Whether or not you plan to attend the meeting, please vote on the Internet or by telephone or request, sign and return a proxy card to ensure your representation at the meeting. Your vote is important.

We hope to see you at the meeting.

Sincerely,

Giovanni M. Colella
Chief Executive Officer, Co-Founder and Director

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 1, 2015:
THIS PROXY STATEMENT AND THE ANNUAL REPORT ARE AVAILABLE AT
<http://www.astproxyportal.com/ast/18865>**

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CASTLIGHT HEALTH, INC.

Two Rincon Center
121 Spear Street, Suite 300
San Francisco, California 94105

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Stockholders of Castlight Health, Inc. (the "Company") will be held on Monday, June 1, 2015, at 10:00 a.m. (Pacific Time) at the Hyatt Regency San Francisco, located at 5 Embarcadero Center, San Francisco, California, USA, 94111.

We are holding the meeting for the following purposes, which are more fully described in the accompanying proxy statement:

1. To elect two Class I directors of the Company, each to serve until the 2018 annual meeting of stockholders and until his or her successor has been elected and qualified or until his or her earlier resignation or removal.
2. To re-approve the Company's 2014 Equity Incentive Plan to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended, and preserve the Company's ability to receive corporate income tax deductions that may become available pursuant to Section 162(m).
3. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015.

In addition, stockholders may be asked to consider and vote upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 6, 2015 are entitled to notice of, and to vote at, the meeting and any adjournments thereof. For ten days prior to the meeting, a complete list of the stockholders entitled to vote at the meeting will be available during ordinary business hours at our San Francisco offices for examination by any stockholder for any purpose relating to the meeting.

Your vote as a Castlight Health, Inc. stockholder is very important. With respect to all matters that will come before the meeting, each holder of shares of common stock is entitled to one vote for each share of common stock held as of the close of business on April 6, 2015, the record date. Holders of our Class A common stock and of our Class B common stock will vote together as a single class. For questions regarding your stock ownership, if you are a registered holder, you can contact our transfer agent, American Stock Transfer & Trust Company, LLC, through their website at www.amstock.com or by phone at (800) 937-5449.

By Order of our Board of Directors,
Jennifer W. Chaloeontiarana
General Counsel and Corporate Secretary
San Francisco, California
April 21, 2015

Whether or not you expect to attend the meeting, we encourage you to read the proxy statement and vote by telephone or through the Internet or request and submit your proxy card as soon as possible, so that your shares may be represented at the meeting. For specific instructions on how to vote your shares, please refer to the section entitled "General Information About the Meeting" beginning on page 1 of the proxy statement and the instructions on the enclosed Notice of Internet Availability of Proxy Materials.

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CASTLIGHT HEALTH, INC.

PROXY STATEMENT FOR 2015 ANNUAL MEETING OF STOCKHOLDERS

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CASTLIGHT HEALTH, INC.

Two Rincon Center
121 Spear Street, Suite 300
San Francisco, California 94105

PROXY STATEMENT FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS

April 21, 2015

GENERAL PROXY INFORMATION

Information About Solicitation and Voting

The accompanying proxy is solicited on behalf of the Board of Directors of Castlight Health, Inc. (“we”, “us” or the “Company”) for use at our 2015 Annual Meeting of Stockholders (the “meeting”) to be held at the Hyatt Regency San Francisco, located at 5 Embarcadero Center, San Francisco, California, USA, 94111, on Monday, June 1, 2015, at 10:00 a.m. (Pacific Time), and any adjournment or postponement thereof. If you held shares of our common stock on April 6, 2015, (the “record date”), you are invited to attend the meeting and vote on the proposal described in this proxy statement.

Internet Availability of Proxy Materials

Under rules adopted by the U.S. Securities and Exchange Commission (the “SEC”), we are furnishing proxy materials to our stockholders via the Internet, instead of mailing printed copies of those materials to each stockholder. On or about April 21, 2015, we expect to send to our stockholders a Notice of Internet Availability of Proxy Materials (“Notice of Internet Availability”) containing instructions on how to access our proxy materials, including our proxy statement and our annual report. The Notice of Internet Availability also provides instructions on how to vote by telephone or through the Internet and includes instructions on how to receive a paper copy of the proxy materials by mail.

This process is designed to reduce our environmental impact and lowers the costs of printing and distributing our proxy materials without impacting our stockholders’ timely access to this important information. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability.

General Information About the Meeting

Purpose of the Meeting

At the meeting, stockholders will act upon the proposals described in this proxy statement. In addition, following the meeting, management will respond to questions from stockholders.

Record Date; Quorum

Only holders of record of common stock at the close of business on April 6, 2015, the record date, will be entitled to vote at the meeting. At the close of business on April 6, 2015, we had 93,093,915 shares of common stock outstanding and entitled to vote. The holders of a majority of the voting power of the shares of stock entitled to vote at the meeting as of the record date must be present at the meeting in order to hold the meeting and conduct business. This presence

is called a quorum. Your shares are counted as present at the meeting if you are present and vote in person at the meeting or if you have properly submitted a proxy.

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Voting Rights; Required Vote

With respect to all matters that will come before the meeting, each holder of shares of common stock is entitled to one vote for each share of common stock held as of the close of business on April 6, 2015, the record date. Holders of our Class A common stock and of our Class B common stock will vote together as a single class. You may vote all shares owned by you as of April 6, 2015, including (1) shares held directly in your name as the stockholder of record and (2) shares held for you as the beneficial owner in street name through a broker, bank, trustee, or other nominee.

Stockholder of Record: Shares Registered in Your Name. If on April 6, 2015 your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are considered the stockholder of record with respect to those shares. As a stockholder of record, you may vote at the meeting or vote by telephone, through the Internet, or if you request or receive paper proxy materials by mail, by filling out and returning the proxy card.

Beneficial Owner: Shares Registered in the Name of a Broker or Nominee. If on April 6, 2015 your shares were held in an account with a brokerage firm, bank or other nominee, then you are the beneficial owner of the shares held in street name. As a beneficial owner, you have the right to direct your nominee on how to vote the shares held in your account. However, the organization that holds your shares is considered the stockholder of record for purposes of voting at the meeting. Because you are not the stockholder of record, you may not vote your shares at the meeting unless you request and obtain a valid proxy from the organization that holds your shares giving you the right to vote the shares at the meeting.

Each director will be elected by a plurality of the votes cast, which means that the two individuals nominated for election to our Board of Directors at the meeting receiving the highest number of “FOR” votes will be elected. You may either vote “FOR” all of the nominees or “WITHHOLD” your vote with respect to any of the nominees. Approval of Proposals 2 and 3 will be obtained if the number of votes cast “FOR” such proposal at the meeting exceeds the number of votes “AGAINST” such proposal. Abstentions (shares present at the meeting and voted “abstain”) are counted for purposes of determining whether a quorum is present, and have no effect on the outcome of the matters voted upon. Broker non-votes occur when shares held by a broker for a beneficial owner are not voted either because (i) the broker did not receive voting instructions from the beneficial owner, or (ii) the broker lacked discretionary authority to vote the shares. Broker non-votes are counted for purposes of determining whether a quorum is present, and have no effect on the outcome of the matters voted upon. Note that if you are a beneficial holder and do not provide specific voting instructions to your broker, the broker that holds your shares will not be authorized to vote on the election of directors. Accordingly, we encourage you to provide voting instructions to your broker, whether or not you plan to attend the meeting.

Recommendations of our Board of Directors on Each of the Proposals Scheduled to be Voted on at the Meeting

The Board of Directors recommends that you vote FOR all of the Class I directors named in this proxy statement (Proposal 1), FOR the re-approval of the 2014 Equity Incentive Plan for purposes of complying with Section 162(m) of the Internal Revenue Code, as amended, and preserving our ability to receive a corporate income tax deduction that may be available pursuant to Section 162(m) (Proposal 2) and FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal 3).

Voting Instructions; Voting of Proxies

If you are a stockholder of record, you may:

•vote in person - we will provide a ballot to stockholders who attend the meeting and wish to vote in person;

•vote via telephone or via the Internet - in order to do so, please follow the instructions shown on your Notice of Internet Availability or proxy card; or

•vote by mail - if you request or receive a paper proxy card and voting instructions by mail, simply complete, sign and date the enclosed proxy card and return it before the meeting in the envelope provided.

Votes submitted by telephone or through the Internet must be received by 11:59 p.m., Pacific Time, on Friday, May 31, 2015. Submitting your proxy (whether by telephone, through the Internet or by mail if you request or received a paper proxy card) will not

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affect your right to vote in person should you decide to attend the meeting. If you are not the stockholder of record, please refer to the voting instructions provided by your nominee to direct it how to vote your shares. You may either vote "FOR" all of the nominees to our Board of Directors, or you may withhold your vote from any nominee you specify. For Proposals 2 and 3, you may vote "FOR" or "AGAINST" or "ABSTAIN" from voting. Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure that your vote is counted.

All proxies will be voted in accordance with the instructions specified on the proxy card. If you sign a physical proxy card and return it without instructions as to how your shares should be voted on a particular proposal at the meeting, your shares will be voted in accordance with the recommendations of our Board of Directors stated above.

If you received a Notice of Internet Availability, please follow the instructions included on the notice on how to access your proxy card and vote by telephone or through the Internet. If you do not vote and you hold your shares in street name, and your broker does not have discretionary power to vote your shares, your shares may constitute "broker non-votes" (as described above) and will not be counted in determining the number of shares necessary for approval of the proposals. However, shares that constitute broker non-votes will be counted for the purpose of establishing a quorum for the meeting.

If you receive more than one proxy card or Notice of Internet Availability, your shares are registered in more than one name or are registered in different accounts. To make certain all of your shares are voted, please follow the instructions included on the Notice of Internet Availability on how to access each proxy card and vote each proxy card by telephone or through the Internet. If you requested or received paper proxy materials by mail, please complete, sign and return each proxy card to ensure that all of your shares are voted.

Expenses of Soliciting Proxies

The expenses of soliciting proxies will be paid by us. Following the original mailing of the soliciting materials, we and our agents may solicit proxies by mail, electronic mail, telephone, facsimile, by other similar means, or in person. Our directors, officers, and other employees, without additional compensation, may solicit proxies personally or in writing, by telephone, e-mail, or otherwise. Following the original mailing of the soliciting materials, we will request brokers, custodians, nominees and other record holders to forward copies of the soliciting materials to persons for whom they hold shares and to request authority for the exercise of proxies. In such cases, the Company, upon the request of the record holders, will reimburse such holders for their reasonable expenses. If you choose to access the proxy materials or vote through the Internet, you are responsible for any Internet access charges you may incur.

Revocability of Proxies

A stockholder of record who has given a proxy may revoke it at any time before it is exercised at the meeting by:

- delivering to our Corporate Secretary (by any means, including facsimile) a written notice stating that the proxy is revoked;
- signing and delivering a proxy bearing a later date; or
- attending and voting at the meeting (although attendance at the meeting will not, by itself, revoke a proxy).

Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to revoke a proxy, you must contact that firm to revoke any prior voting instructions.

Electronic Access to the Proxy Materials

The Notice of Internet Availability will provide you with instructions regarding how to:

- view our proxy materials for the meeting through the Internet; and
- instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will reduce the impact of our annual meetings of stockholders on the environment and lower the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials by email, you will

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receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Voting Results

Voting results will be tabulated and certified by the inspector of elections appointed for the meeting. The final results will be tallied by the inspector of elections and filed with the SEC in a Current Report on Form 8-K within four business days of the meeting.

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CORPORATE GOVERNANCE STANDARDS AND DIRECTOR INDEPENDENCE

We are strongly committed to good corporate governance practices. These practices provide an important framework within which our Board of Directors and management can pursue our strategic objectives for the benefit of our stockholders.

Corporate Governance Guidelines

Our Board of Directors has adopted Corporate Governance Guidelines that set forth expectations for directors, director independence standards, board committee structure and functions, and other policies for the governance of the company. Our Corporate Governance Guidelines are available on the Investor Relations section of our website, which is located at <http://ir.castlighthealth.com/investor-relations/corporate-governance/governance-documents/>, by clicking on “Corporate Governance Guidelines,” under “Governance Documents.” The Corporate Governance Guidelines are reviewed at least annually by our Nominating and Corporate Governance Committee, and changes are recommended to our Board of Directors as warranted.

Board of Directors Leadership Structure

Our Corporate Governance Guidelines provide that our Board of Directors believes that it is in the best interest of the Company for the roles of Chairperson and Chief Executive Officer to be separated, and for the office of Chairperson to be held by an independent director. The role given to the Chairperson helps ensure a strong independent and active Board of Directors. Our Chairperson’s duties include, among other things, the nonexclusive authority to preside over meetings of the stockholders and the Board of Directors (including non-executive directors of our Board of Directors) and to hold such other powers and carry out such other duties as are also granted to the Chairman of our Board of Directors.

Our Board of Directors determined that selecting Bryan Roberts as our Chairperson was in our best interests and those of our stockholders. Maintaining separate roles of Chairperson and Chief Executive Officer provides us with optimally effective leadership. Dr. Roberts has led our Board of Directors as Chairperson since 2010. Since that time, our business has grown substantially, and our Board of Directors believes that Dr. Robert’s strategic vision for our business growth, historical perspective of our business and experience with facilitating the growth of health care, health care IT and biotechnology companies, make him well qualified to serve as Chairperson.

The Nominating and Corporate Governance Committee shall periodically consider the leadership structure of our Board of Directors and make such recommendations related thereto to our Board of Directors with respect thereto as the Nominating and Corporate Governance Committee deems appropriate. Our Corporate Governance Guidelines also provide that, the independent directors may, if deemed advisable, select a “Lead Independent Director.” Our independent directors have not selected a lead independent director to date.

Role of the Board of Directors in Risk Oversight

One of the key functions of our Board of Directors is informed oversight of our risk management process. Our Board of Directors does not have a standing risk management committee, but rather administers this oversight function directly as a whole, as well as through various standing committees of our Board of Directors that address risks inherent in their respective areas of oversight. In particular, our Board of Directors is responsible for monitoring and assessing strategic risk exposure and our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management are undertaken. The Audit

Committee also monitors security management and compliance with legal and regulatory requirements. Our Compensation and Talent Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking and reviews the steps management has taken to monitor or mitigate compensation-related risk exposures.

Independence of Directors

Our Board of Directors determines the independence of our directors by applying the independence principles and standards established by the New York Stock Exchange, or NYSE. These provide that a director is independent only if our Board of Directors affirmatively determines that the director has no direct or indirect material relationship with our company. They also specify various

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relationships that preclude a determination of director independence. Material relationships may include commercial, industrial, consulting, legal, accounting, charitable, family and other business, professional and personal relationships.

Applying these standards, our Board of Directors annually reviews the independence of the company's directors, taking into account all relevant facts and circumstances. In its most recent review, our Board of Directors considered, among other things, the relationships that each non-employee director has with our company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Based upon this review, our Board of Directors has determined that the following director nominee and members of our Board of Directors are currently independent as determined under the rules of the NYSE:

Bryan Roberts	David Ebersman
Ann Lamont	Ed Park
David B. Singer	S. Steven Singh

Committees of Our Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation and Talent Committee, and a Nominating and Corporate Governance Committee. The composition and responsibilities of each committee are described below. Copies of the charters for each committee are available, without charge, upon request in writing to Castlight Health, Inc., Two Rincon Center, 121 Spear Street, Suite 300, San Francisco, California 94105, Attn: General Counsel or by clicking on "Corporate Governance" in the investor relations section of our website, <http://ir.castlighthealth.com/investor-relations/investors-overview/>. Members serve on these committees until their resignations or until otherwise determined by our Board of Directors.

Audit Committee

Our Audit Committee is comprised of Ms. Lamont, Mr. Park and Mr. Singer. Mr. Singer is the chairman of our Audit Committee. The composition of our Audit Committee meets the requirements for independence under the current NYSE and SEC rules and regulations. Each member of our Audit Committee is financially literate. In addition, our Board of Directors has determined that Mr. Singer is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose on him any duties, obligations or liabilities that are greater than are generally imposed on members of our Audit Committee and our Board of Directors. Our Audit Committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to submit, anonymously, concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls and internal audit function;
- reviewing material related party transactions or those that require disclosure;
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm; and
- monitoring security management and compliance with other legal and regulatory requirements.

Compensation and Talent Committee

Our Compensation and Talent Committee is comprised of Dr. Roberts, Mr. Ebersman and Mr. Singh. Mr. Ebersman is the chairman of our Compensation and Talent Committee. The composition of our Compensation and Talent Committee meets the requirements of independence under the NYSE rules and regulations. Each member of this committee is an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended. Our Compensation and Talent Committee is responsible for, among other things:

- reviewing and approving, or recommending that our Board of Directors approve, the compensation of our executive officers;
- reviewing and approving, or recommending that our Board of Directors approve, the compensation of our directors;
- administering our stock and equity incentive plans;
- reviewing and approving, or making recommendations to our Board of Directors with respect to, incentive compensation and equity plans; and
- reviewing our overall compensation philosophy.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee is comprised of Dr. Roberts and Mr. Singer. Dr. Roberts is the chairman of our Nominating and Corporate Governance Committee. The composition of the Nominating and Corporate Governance Committee meets the requirements of independence under the NYSE rules and regulations. The committee is responsible for, among other things:

- identifying and recommending candidates for membership on our Board of Directors;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing proposed waivers of the code of conduct for directors and executive officers;
- overseeing the process of evaluating the performance of our Board of Directors; and
- assisting our Board of Directors on corporate governance matters.

The charters of our Audit, Compensation and Talent, and Nominating and Corporate Governance Committees are posted on our website at <http://ir.castlighthealth.com/investor-relations/corporate-governance/governance-documents/>.

Compensation Committee Interlocks and Insider Participation

The members of our Compensation and Talent Committee during 2014 were Mr. Ebersman and Dr. Roberts. None of the members of our Compensation and Talent Committee in 2014 was at any time during 2014 or at any other time an officer or employee of the Company or any of its subsidiaries, and none had or have any relationships with the Company that are required to be disclosed under Item 404 of Regulation S-K. None of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our Board of Directors or Compensation and Talent Committee during 2014.

Board and Committee Meetings and Attendance

During 2014, (1) our Board of Directors held four meetings and acted by unanimous written consent two times, (2) the Audit Committee held six meetings, (3) the Compensation and Talent Committee held four meetings and acted by unanimous written consent twelve times, and (4) the Nominating and Corporate Governance Committee held two meetings and acted by unanimous written consent two times. During 2014, each member of our Board of Directors

participated in at least 80% of the aggregate of all meetings of our Board of Directors and the aggregate of all meetings of committees on which such member served, that were held during the period in which such director served during 2014.

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Director Attendance at Annual Stockholders' Meeting

It is our policy that directors are invited and encouraged to attend the annual meeting of stockholders in person. We completed our initial public offering in March 2014 and did not have an annual meeting of our stockholders in 2014.

Presiding Director of Non-Employee Director Meetings

The non-employee directors meet in regularly scheduled executive sessions without management to promote open and honest discussion. Our Chairperson, currently Dr. Roberts, is the presiding director at these meetings.

Code of Business Conduct

We have adopted codes of business conduct that applies to all of our directors, officers and employees. Our Code of Business Conduct is posted on the investor relations section of our website located at <http://ir.castlighthealth.com/investor-relations/investors-overview/>, by clicking on "Corporate Governance." Any amendments or waivers of our Code of Business Conduct pertaining to a member of our Board of Directors or one of our executive officers will be disclosed on our website at the above-referenced address.

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NOMINATIONS PROCESS AND DIRECTOR QUALIFICATIONS

Nomination to our Board of Directors

Candidates for nomination to our Board of Directors are selected by our Board of Directors based on the recommendation of the Nominating and Corporate Governance Committee in accordance with the committee's charter, our certificate of incorporation and bylaws, our Corporate Governance Guidelines, and the criteria adopted by our Board of Directors regarding director candidate qualifications. In recommending candidates for nomination, the Nominating and Corporate Governance Committee considers candidates recommended by directors, officers, employees, stockholders and others, using the same criteria to evaluate all candidates. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate and, in addition, the Nomination and Governance Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

The Nominating and Corporate Governance Committee considers stockholder recommendations for director candidates. The Nominating and Corporate Governance Committee has established the following procedure for stockholders to submit director nominee recommendations:

Our bylaws establish procedures pursuant to which a stockholder may nominate a person for election to our Board of Directors;

If a stockholder would like to recommend a director candidate for the next annual meeting, he or she must submit the recommendations by mail to our Corporate Secretary at our principal executive offices, not less than 75 or more than 105 days prior to the first anniversary of the previous year's annual meeting;

Recommendations for a director candidate must be accompanied by all information relating to such person as would be required to be disclosed in solicitations of proxies for election of such nominee as a director pursuant to Regulation 14A under the Securities Exchange Act of 1934, including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected;

The Nominating and Corporate Governance Committee considers nominees based on our need to fill vacancies or to expand our Board of Directors, and also considers our need to fill particular roles on our Board of Directors or committees thereof (e.g. independent director, Audit Committee financial expert, etc.); and

The Nominating and Corporate Governance Committee evaluates candidates in accordance with its charter and policies regarding director qualifications, qualities and skills discussed above.

Please see the "Additional Information" section at the end of this proxy statement for details concerning the stockholder proposal process for the 2016 Annual Meeting of Stockholders.

Director Qualifications

The goal of the Nominating and Corporate Governance Committee is to ensure that our Board of Directors possesses a variety of perspectives and skills derived from high-quality business and professional experience. The Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on our Board of Directors. To this end, the Nominating and Corporate Governance committee seeks nominees on the basis of, among other things, independence, integrity, diversity, skills, financial and other expertise, breadth of experience, knowledge about the Company's business or industry and willingness and ability to devote adequate time and effort to Board of Directors responsibilities in the context of the existing composition, other areas that are expected to contribute to the Board of Directors' overall effectiveness and needs of the Board of Directors and its committees.

Although the Nominating and Corporate Governance Committee uses these and other criteria to evaluate potential nominees, we have no stated minimum criteria for nominees. In addition, while the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, the Nominating and Corporate Governance Committee values members who represent diverse viewpoints. The Nominating and Corporate Governance Committee does not use different standards to evaluate nominees depending on whether they are proposed by our directors and management or by our stockholders. When appropriate, the Nominating and Corporate Governance Committee may retain executive recruitment firms to assist it in identifying suitable candidates. After its evaluation of potential nominees,

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the Nominating and Corporate Governance Committee submits its chosen nominees to our Board of Directors for approval. The brief biographical description of each director set forth in Proposal No. 1 below includes the primary individual experience, qualifications, attributes and skills of each of our directors that led to the conclusion that each director should serve as a member of our Board of Directors at this time.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Board of Directors currently consists of seven directors and is divided into three classes with each class serving for three years, and with the terms of office of the respective classes expiring in successive years. Directors in Class I will stand for election at this meeting. The terms of office of directors in Class II and Class III do not expire until the annual meetings of stockholders held in 2016 and 2017, respectively. At the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors proposes that each of the Class I nominees named below be elected as a Class I director for a three-year term expiring at the 2018 Annual Meeting of Stockholders and until such director's successor is duly elected and qualified or until such director's earlier resignation or removal.

Shares represented by proxies will be voted "FOR" the election of each of the two nominees named below, unless the proxy is marked to withhold authority so to vote. If any nominee for any reason is unable to serve or for good cause will not serve, the proxies may be voted for such substitute nominee as the proxy holder might determine. Each nominee has consented to being named in this proxy statement and to serve if elected.

Information Regarding Nominees and Continuing Directors

Nominees to our Board of Directors

The nominees, and their ages, occupations and length of service on our Board of Directors as of March 31, 2015, are provided in the table below. Additional biographical descriptions of each nominee are set forth in the text below the table. These descriptions include the experience, qualifications, qualities and skills of each of our nominees that led to the conclusion that each director should serve as a member of our Board of Directors at this time.

Name of Director/Nominee	Age	Director Since
Giovanni M. Colella	57	January 2008
Bryan Roberts ⁽¹⁾	48	April 2008

(1)Member of the Compensation and Talent Committee and the Nominating and Corporate Governance Committee

Giovanni M. Colella co-founded our company in 2008 and has served as our Chief Executive Officer and a director since that time. Prior to founding our company, Dr. Colella served as Founder, President and Chief Executive Officer of RelayHealth Corporation, a health care technology company, from 2000 until its acquisition in 2006. Dr. Colella holds an M.D. from the Università Degli Studi di Milano in Italy and an M.B.A. from Columbia Business School. As our Chief Executive Officer, Dr. Colella is the general manager of our entire business, directing our management team to achieve our strategic, financial and operating goals. His presence as a member of our Board of Directors brings his thorough knowledge of our company into our Board of Directors' strategic and policy-making discussions. He brings his extensive experience in finance and medicine and executive roles in the health care technology industry into deliberations regarding our strategy and operations.

Bryan Roberts co-founded our company in 2008, served as a director from 2008 until 2010 and has served as the Chairman of our Board of Directors since 2010. Dr. Roberts joined Venrock, a venture capital firm, in 1997, where he currently serves as a Partner. Dr. Roberts currently serves as the Chairman of the Board of Directors of Ironwood Pharmaceuticals, Inc. and of Achaogen, Inc. and as a director of Vitae Pharmaceuticals and Zeltiq Aesthetics, Inc. as well as several private companies. Dr. Roberts previously served on the Board of Directors of athenahealth, Inc. from 1999 to 2009, XenoPort, Inc. from 2000 to 2007 and Sirna Therapeutics, Inc. from 2003 to 2007. From 1989 to 1992, Dr. Roberts worked in the corporate finance department of Kidder, Peabody & Co., a brokerage company. Dr. Roberts

received a B.A. in Chemistry from Dartmouth College and a Ph.D. in Chemistry and Chemical Biology from Harvard University. Dr. Roberts' experiences with facilitating the growth of health care, health care IT and biotechnology companies, together with his historical perspective of our company, make him uniquely qualified to serve on our Board of Directors.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ELECTION OF EACH OF THE TWO NOMINATED DIRECTORS.

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Continuing Directors

The directors who are serving for terms that end following the meeting, and their ages, occupations and length of service on our Board of Directors as of March 31, 2015, are provided in the table below. Additional biographical descriptions of each such director are set forth in the text below the table. These descriptions include the primary individual experience, qualifications, qualities and skills of each of our nominees that led to the conclusion that each director should serve as a member of our Board of Directors at this time.

Name of Director	Age	Director Since
Class II Directors - Terms Expiring 2016:		
Ed Park ⁽¹⁾	40	April 2014
S. Steven Singh ⁽²⁾	53	July 2014
Class III Directors - Terms Expiring 2017:		
David Ebersman ⁽²⁾	45	July 2011
Ann Lamont ⁽¹⁾	58	August 2009
David B. Singer ⁽¹⁾⁽³⁾	52	June 2010

(1) Member of the Audit Committee

(2) Member of the Compensation and Talent Committee

(3) Member of the Nominating and Corporate Governance Committee

David Ebersman has served as a director since July 2011. Mr. Ebersman is currently CEO of OutcomeHealth, Inc., a health care information technology company focused on behavioral health. Previously, Mr. Ebersman served as the Chief Financial Officer of Facebook, Inc., a social utility company, from 2009 through 2014. Prior to joining Facebook, Mr. Ebersman served in various positions at Genentech, Inc., a biotechnology company, including as its Executive Vice President and Chief Financial Officer, Senior Vice President, Product Operations, and Vice President, Product Development. Prior to joining Genentech, Mr. Ebersman was a research analyst at Oppenheimer & Company, Inc., an investment company. Mr. Ebersman has been a member of the Board of Directors of Ironwood Pharmaceuticals, Inc. since July 2009. Mr. Ebersman holds an A.B. in International Relations and Economics from Brown University and was selected for a Henry Crown Fellowship in 2000. Mr. Ebersman brings to our Board of Directors over twenty years of business, operations, strategic planning and financial experience with leading companies, Genentech and Facebook.

Ann Lamont has served as a director since August 2009. Ms. Lamont has been with Oak Investment Partners, a venture capital firm, since 1982, serving as an associate from 1982 to 1986, as a General Partner from 1986 to 2006 and as a Managing Partner since 2006. She currently leads the health care and payment services teams at Oak Investment Partners. Ms. Lamont is also currently a Managing Partner of Oak HC/FT Partners LLC. Prior to joining Oak Investment Partners, Ms. Lamont served as a research associate with Hambrecht & Quist. Ms. Lamont currently serves on the boards of Acculynk, Inc., Benefitfocus, Inc., Freshbooks, Inc., HCA Holdings, Inc., Independent Living Solutions, LLC, Precision for Medicine Holdings, Inc., Radisphere National Radiology Group, Inc. and xG Health Solutions, Inc. Ms. Lamont has also served on the boards of athenahealth, Inc., Clariant, Inc., NetSpend Holdings, Inc., PharMEDium Healthcare Corporation and Odyssey Healthcare, Inc. Additionally, in March 2013, Ms. Lamont completed a five-year term on the Stanford University Board of Trustees, and she has also served on the Executive Board of the National Venture Capital Association. Earlier in Ms. Lamont's career, she developed a number of successful biopharmaceutical investments, including Cephalon, Inc., ViroPharma Incorporated and Esperion Therapeutics, Inc. Ms. Lamont holds a B.A. in Political Science from Stanford University. Ms. Lamont's experience analyzing corporate performance as a venture capitalist and managing her firm's investments in private companies,

knowledge of the health care and payment services industries and service on multiple boards of directors bring to our Board of Directors important skills related to corporate finance, oversight of management and strategic positioning and qualify her to serve as one of our directors.

Ed Park has served as Executive Vice President and COO of athenahealth, Inc. since July 2010, and as Chief Technology Officer from March 2007 to June 2010 and as Chief Software Architect from 1998 to March 2007. Mr. Park serves on our Board of Directors, and on the board of Healthpoint Services Pvt Ltd. Prior to joining athenahealth, Inc., Mr. Park was a consultant for Viant, Inc. Mr. Park obtained a Bachelor of Arts magna cum laude from Harvard College in Computer Science. Mr. Park brings to our Board of Directors

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his years of experience overseeing technology and operations at a cloud-based services and mobile applications company in the health care industry.

David B. Singer has held various positions at Maverick Capital Ltd. or its affiliates, an investment firm, since December 2004, including managing director of MCL California, Inc. since March 2014. Mr. Singer is responsible for the firm's private investment activities globally. Previously, Mr. Singer served as the founding President and Chief Executive Officer of three health care companies. He has also served on the board of directors of Pacific Biosciences of California, Inc. from December 2006 to May 2013, Affymetrix, Inc. from 1993 to 2008, Corcept Therapeutics Incorporated from 1998 to 2008 and Oscient Pharmaceuticals Corporation from 2004 to 2006. Mr. Singer has also served as the senior financial officer of two publicly traded companies. Mr. Singer serves on the boards of several private health care companies. Mr. Singer was appointed by the Mayor of San Francisco to be a health commissioner and a member of the San Francisco General Hospital Joint Conference Committee in July 2013. Mr. Singer holds a B.A. in History from Yale University and an M.B.A. from Stanford University. Mr. Singer brings to our Board of Directors his executive experience and his financial and accounting experience with both public and private companies.

S. Steven Singh has served as Chief Executive Officer of Concur Technologies, Inc. since 1996 and as a director since 1993, including service as Chairman of the Board of Directors from 1999 to 2014. Following the acquisition of Concur by SAP SE, he was also named to the SAP Global Managing Board in January 2015 and now serves as Global Managing Board Member, Business Networks Group of SAP and CEO of Concur. Prior to joining Concur, Mr. Singh was General Manager of the Contact Management Division at Symantec Corporation, an international technology firm focused on protecting information and computer systems. Mr. Singh serves on the Board of Directors of ModuMetal Inc., and serves as the Chairman of the Board of Directors of Cleartrip, Inc. and Touchstone ID Corp. In addition, Mr. Singh serves as a director at the Washington Roundtable, a director of the W Fund, and a member of the Advisory Board for the Foster School of Business at the University of Washington. Mr. Singh brings to our Board of Directors his years of experience in developing cloud technology to help enterprises manage major elements of employee corporate spending.

There are no familial relationships among our directors and officers.

Director Compensation

The following table provides the total compensation for each person who served as a non-employee member of our Board of Directors during 2014, including all compensation awarded to, earned by or paid to each person who served as a non-employee director for some portion or all of 2014. Dr. Colella, who is Chief Executive Officer, receives no compensation for his service as a director, and is not included in this table. The compensation received by Dr. Colella as an employee is presented in “Summary Compensation Table” on page 30.

Director Compensation 2014

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)	All Other Compensation (\$)(2)	Total (\$)
Bryan Roberts	56,995	211,970	—	268,965
David Ebersman	32,110	211,970	—	244,080
Robert Kocher (3)	10,932	211,970	—	222,902
Ann Lamont	30,504	211,970	13,499	255,973
Christopher P. Michel (3)	13,847	501,543	—	522,575
Ed Park	20,301	414,225	—	434,526
David B. Singer	39,334	211,970	—	251,304
S. Steven Singh	13,233	328,625	—	341,858

Amounts listed under the “Option Awards” and “Stock Awards” columns represent the aggregate fair value amount computed as of the grant date of each option and award during 2014 in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718. Assumptions used in the calculation of these amounts are included in Note 11 to our consolidated financial statements contained in our (1) Annual Report on Form 10-K for the year ended December 31, 2014. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Our directors will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options. For information regarding the number of stock options held by each non-employee director as of December 31, 2014, see the column “Option Awards” in the table below.

(2) The amounts in this column represent expenses in connection with attendance at Board of Directors’ meetings, including airfare, lodging, ground transportation and meals.

(3) Robert Kocher and Christopher P. Michel ceased to serve on our Board of Directors in July 2014.

Each person who served as a non-employee member of our Board of Directors during 2014 held the following aggregate number of shares of our Class A Common Stock and Class B Common Stock subject to outstanding stock options as of December 31, 2014:

Name	Number of Securities Underlying Stock Options Held as of December 31, 2014
Bryan Roberts	25,000
David Ebersman	285,973
Robert Kocher	285,973
Ann Lamont	25,000
Christopher P. Michel	60,000
Ed Park	50,000
David B. Singer	25,000
S. Steven Singh	50,000

Annual Retainer Fees. Following our IPO in March 2014, our non-employee directors were compensated as follows:

\$30,000 annual cash retainer;

\$30,000 for the independent chair of the Board of Directors;

\$16,000 for the chair of our Audit Committee and \$8,000 for each of its other members;

\$10,000 for the chair of our Compensation and Talent Committee and \$5,000 for each of its other members; and

\$6,000 for the chair of our Nominating and Corporate Governance Committee and \$3,000 for each of its other members.

Equity Awards. Our non-employee director equity compensation policy provides that each newly-elected or appointed non-employee director will be granted a stock option to purchase 50,000 shares of Class B Common Stock. Following each annual meeting of our stockholders, each non-employee director will automatically be granted an additional stock option to purchase 25,000 shares of Class B Common Stock, if the non-employee director has served continuously as a member of our Board of Directors for at least one year. Each initial stock option award will vest and become exercisable in equal monthly installments over three years from the date of grant while each annual stock option award will vest in equal monthly installments over one year from the date of grant. Options granted to non-employee directors under the policy described above will accelerate and vest in full in the event of a change of control. The awards will have 10-year terms and will terminate three months following the date the director ceases to be one of our directors or consultants or 12 months following that date if the termination is due to death or disability. In addition to the awards provided for above, non-employee directors are eligible to receive discretionary equity awards.

Non-employee directors receive no other form of remuneration, perquisites or benefits, but are reimbursed for their reasonable travel expenses incurred in attending Board of Director and Committee meetings.

PROPOSAL NO. 2

RE-APPROVAL OF 2014 EQUITY INCENTIVE PLAN FOR PURPOSES OF COMPLYING WITH SECTION 162(M) OF THE INTERNAL REVENUE CODE

General

Our 2014 Equity Incentive Plan, or Plan, was originally adopted by our Board of Directors in February 2014, approved by our stockholders in March 2014, and became effective in March 2014. The Plan provides for the grant of awards to eligible employees, directors, consultants, independent contractors and advisors in the form of stock options, restricted stock awards (“RSAs”), stock appreciation rights (“SARs”), restricted stock units (“RSUs”), performance awards and stock bonuses.

We believe that our future business success and our ability to remain competitive are dependent on our continuing efforts to attract, retain and motivate highly qualified personnel. Competition for hiring these people in our industry is intense. Traditionally, a cornerstone of our method for attracting and retaining top caliber employees has been our equity-based compensation programs, including the grant of stock options and other equity awards under the Plan. Allowing employees to participate in owning shares of our Class B common stock helps align the objectives of our stockholders and employees and is important in attracting, motivating and retaining the highly skilled personnel that are essential to our success.

Proposal

In February 2015, our Board of Directors directed us to submit the material terms, share limits, performance award dollar limit and performance criteria of the Plan to our stockholders for re-approval for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). The material terms solicited for re-approval are described under “Summary of the Plan” below, and include the employees eligible to receive compensation, the performance criteria on which the performance goals are based, and the maximum amount of compensation that could be paid to any employee under the Plan or the formula used to calculate the amount of such compensation if the performance goal is attained

We are asking our stockholders to re-approve the material terms, share limits, performance award dollar limit and performance criteria of the Plan pursuant to Section 162(m) of the Code to preserve corporate income tax deductions that may become available to us. We are asking the stockholders for this re-approval so that we may deduct for federal income tax purposes gains attributable to awards under the Plan that, when added to the compensation payable by us to certain executive officers in any single year, exceed \$1.0 million.

Pursuant to Section 162(m) of the Code, we generally may not deduct for federal income tax purposes compensation paid to certain executive officers to the extent that any of these persons receives more than \$1.0 million in compensation in any single year. Compensation includes, without limitation, cash compensation, ordinary income arising from the exercise of nonqualified stock options, RSAs, RSUs and SARs, ordinary income arising from disqualifying dispositions of incentive stock options, and ordinary income arising from stock bonuses and performance awards conferred in cash or shares. The executive officers whose compensation is subject to deduction limitation are those that constitute “covered employees” within the meaning of Section 162(m) of the Code, which generally includes our Chief Executive Officer and certain our most highly-compensated officers. However, if the compensation qualifies as “performance-based” for Section 162(m) purposes, we may deduct it for federal income tax purposes even if it exceeds \$1.0 million in a single year. Certain awards granted under the Plan may be designed by our Compensation and Talent Committee to qualify as “performance-based” compensation within the meaning of Section 162(m) of the Code. For those awards to qualify as “performance-based” compensation under Section 162(m) of

the Code, our stockholders must approve the material terms, share limits, performance award dollar limit and performance criteria of the Plan at the Annual Meeting.

Because of the fact-based nature of the performance-based compensation exception under Section 162(m) and the limited availability of formal guidance thereunder, we cannot guarantee that the awards under the Plan will qualify for exemption under Section 162(m) of the Code. However, the Plan is structured with the intention that the Compensation and Talent Committee will have the discretion to make awards under the Plan that may qualify as “performance-based compensation” and be fully deductible if we obtain stockholder approval of the material terms, share limits, performance award dollar limit and performance criteria under the Plan. Subject to the requirements of Section 162(m) of the Code, if the material terms under our Plan, including the annual equity grant share limitations, the performance award dollar limit and the performance criteria under which performance-based awards may be granted, are not re-

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approved by stockholders, we will not make any further grants under the Plan to our current and future “covered employees” as defined in Section 162(m) of the Code until such time, if any, as stockholder approval of subsequent similar proposal is obtained.

Summary of the Plan

Background

We adopted the Plan, which became effective in March 2014, as the successor to our 2008 Stock Incentive Plan. We initially reserved 15,000,000 shares of our Class B common stock to be issued under our Plan. The number of shares of Class B common stock reserved for issuance under our Plan increased automatically by 4,559,569 on January 1, 2015 and will increase automatically on the first day of January of each of 2016 through 2024 by the number of shares equal to 5% of the total outstanding aggregate number of shares of our Class A and Class B common stock as of the immediately preceding December 31. However, our board of directors may reduce the amount of the increase in any particular year. In addition, the following shares are available for grant and issuance under our Plan:

- shares subject to stock options or SARs granted under our Plan that cease to be subject to the stock option or SAR for any reason other than exercise of the stock option or SAR;
- shares subject to awards granted under our Plan that are subsequently forfeited or repurchased by us at the original issue price;
- shares subject to awards granted under our Plan that otherwise terminate without shares being issued;
- shares surrendered, cancelled, or exchanged for cash, the same type of award or a different award (or combination thereof);
- shares subject to awards granted under our Plan that are used to pay the exercise price of an award or withheld to satisfy the tax withholding obligations related to any award;
- shares reserved but not issued or subject to outstanding grants under our 2008 Stock Incentive Plan on March 12, 2014;
- shares subject to awards granted under our 2008 Stock Incentive Plan prior to March 12, 2014 that cease to be subject to such awards by forfeiture or otherwise after March 12, 2014;
- shares issued under our 2008 Stock Incentive Plan pursuant to the exercise of Options that are forfeited after March 12, 2014;
- shares issued under our 2008 Stock Incentive Plan that are repurchased by us at the original issue price after March 12, 2014; and
- shares subject to awards granted under our 2008 Stock Incentive Plan that are used to pay the exercise price of an award or withheld to satisfy the tax withholding obligations related to any award after March 12, 2014.

Our Plan authorizes the award of stock options, RSAs, Stock Bonus Awards, SARs, RSUs and Performance Awards (each as more fully described below). No person is eligible to receive more than 5,000,000 shares in any calendar year under our Plan other than a new employee of ours, who is eligible to receive no more than 10,000,000 shares under the Plan in the calendar year in which the employee commences employment. Additionally, no person is eligible to receive more than \$10,000,000 in Performance Awards in any calendar year under the Plan. Further, a non-employee director is not eligible to receive more than 1,000,000 shares subject to awards under the Plan in any calendar year. Finally, no more than 55,000,000 shares shall be issued pursuant to the exercise of incentive stock options over the term of the Plan.

Administration

Our Plan is administered by our Compensation and Talent Committee, all of the members of which are outside directors as defined under applicable federal tax laws, or by our Board of Directors acting in place of our Compensation and Talent Committee. Our Compensation and Talent Committee has the authority to construe and interpret our Plan, grant awards, and make all other determinations necessary or advisable for the administration of the Plan and has full power to implement and carry out the Plan, except that our Board of Directors will establish the

terms of the grant of any awards to non-employee directors.

Equity Awards

The Plan permits us to grant the following types of awards:

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Stock Options. The Plan provides for the grant of awards to our employees, directors, consultants, independent contractors and advisors, provided the consultants, independent contractors, directors and advisors render services not in connection with the offer and sale of securities in a capital-raising transaction. The exercise price of stock options must be at least equal to the fair market value of our common stock on the date of grant. As of March 31, 2015, approximately 434 individuals were eligible to participate in the Plan.

Stock options may vest based on time or achievement of performance conditions. Stock options may be vested and exercisable within the times or upon the conditions as set forth in the award agreement and our Compensation and Talent Committee may provide for stock options to become exercisable at one time or from time to time, periodically or otherwise, in such number of shares or percentage of shares as it determines. The maximum term of stock options granted under our Plan is ten years.

Restricted Stock Awards. An RSA is an offer by us to sell shares of our Class B common stock subject to restrictions, which may vest based on time or achievement of performance conditions. The price, if any, of an RSA will be determined by our Compensation and Talent Committee. Unless otherwise determined in the award agreement or by our Compensation and Talent Committee, vesting will cease on the date the holder no longer provides services to us and unvested shares will be forfeited to or repurchased by us.

Stock Bonuses. A Stock Bonuses Award is an award of shares of our Class B common stock that may be granted as additional compensation for service to be rendered or for past services already rendered, and which may be paid in the form of cash, underlying shares or a combination of both. Unless otherwise determined in the award agreement or by the Compensation and Talent Committee, vesting will cease on the date the holder no longer provides services to us.

Stock Appreciation Rights. A SAR involves a payment, or payments, in cash or shares of our Class B common stock (which may be subject to additional restrictions), to the holder based upon the increase in the fair market value of our common stock on the date of exercise from the stated exercise price (subject to any maximum amount of cash or number of shares as may be specified in the applicable award agreement). SARs may vest based on time or achievement of performance conditions.

Restricted Stock Units. An RSU represent the right to receive shares of our Class B common stock at a specified date in the future, subject to forfeiture of that right because of termination of the holder's services to us or the holder's failure to achieve certain performance conditions. If an RSU has not been forfeited, then on the date specified in the RSU agreement, we will deliver to the holder of the RSU whole shares of our Class B common stock (which may be subject to additional restrictions), cash or a combination of our Class B common stock and cash. Unless otherwise determined in the award agreement or by our Compensation and Talent Committee vesting will cease on the date the holder no longer provides services to us.

Performance Shares. A Performance Award is an award of a cash bonus or a number of shares of our Class B common stock that may be settled upon achievement of the pre-established performance goals in cash or by issuance of the underlying shares. These awards are subject to forfeiture prior to settlement because of termination of employment or failure to achieve the performance goals. As noted above, no person is eligible to receive more than \$10 million in performance awards in any calendar year.

Modification of Outstanding Awards

Subject to the terms of the Plan, the administrator has the authority to reprice without prior stockholder approval any outstanding stock option or SAR, cancel and re-grant any outstanding stock option or SAR in exchange for new stock awards, cash or other consideration, or take any other action that is treated as a repricing under generally accepted

accounting principles, with the consent of any adversely affected participant.

Performance Awards

The Plan permits the grant of performance-based stock and cash awards that may qualify as performance-based compensation that is not subject to the \$1.0 million limitation on income tax deductibility imposed by Section 162(m) of the Code. In addition to the grant of stock options or SARs that are deemed to be performance-based if issued at fair market value, our Compensation and Talent Committee may structure award only following the achievement of certain pre-established performance goals during a designated performance period.

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The Compensation and Talent Committee may establish performance goals under which performance-based awards may be made by selecting from one or more of the following performance criteria: (a) profit before tax; (b) billings; (c) revenue; (d) net revenue; (e) earnings (which may include earnings before interest and taxes, earnings before taxes, and net earnings); (f) operating income; (g) operating margin; (h) operating profit; (i) controllable operating profit, or net operating profit; (j) net profit; (k) gross margin; (l) operating expenses or operating expenses as a percentage of revenue; (m) net income; (n) earnings per share; (o) total stockholder return; (p) market share; (q) return on assets or net assets; (r) our stock price; (s) growth in stockholder value relative to a pre-determined index; (t) return on equity; (u) return on invested capital; (v) cash flow (including free cash flow or operating cash flows); (w) cash conversion cycle; (x) economic value added; (y) individual confidential business objectives; (z) contract awards or backlog; (aa) overhead or other expense reduction; (bb) credit rating; (cc) strategic plan development and implementation; (dd) succession plan development and implementation; (ee) improvement in workforce diversity; (ff) customer indicators; (gg) new product invention or innovation; (hh) attainment of research and development milestones; (ii) improvements in productivity; (jj) bookings; and (kk) attainment of objective operating goals and employee metrics. The Compensation and Talent Committee may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the performance factors to preserve the Compensation and Talent Committee's original intent regarding the performance factors at the time of the initial award grant.

Our Compensation and Talent Committee may establish performance goals and relevant performance criteria on a company-wide basis or with respect to one or more business units or subsidiaries; on a GAAP or non-GAAP basis; and in absolute terms or relative to a pre-established target. Our Compensation and Talent Committee may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the performance factors to preserve the Compensation and Talent Committee's original intent regarding the performance factors at the time of the initial award grant. Our Compensation and Talent Committee may also reduce or waive any criteria with respect to the performance factors, or adjust performance factors to take into account changes in law and accounting or tax rules as our Compensation and Talent Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships, provided that such adjustments are consistent with the regulations promulgated under Section 162(m) of the Code with respect to persons whose compensation is subject to Section 162(m) of the Code.

In the event there is a specified type of change in our capital structure without our receipt of consideration, such as a stock split, appropriate adjustments will be made to the number of shares reserved under our Plan, the maximum number of shares that can be granted in a calendar year, the maximum number of shares that may be issued as incentive stock options and the number of shares and exercise price, if applicable, of all outstanding awards under our Plan.

Corporate Transactions

The Plan provides that in the event of a specified corporate transaction, including without limitation a consolidation, merger, change in control or similar transaction involving our company, the sale, lease or other disposition of all or substantially all of the assets of our company or the consolidated assets of our company and our subsidiaries, or a sale or disposition of at least 50% of the outstanding capital stock of our company, outstanding awards, including any vesting provisions, may be assumed or substituted by the successor company. In the event of a specified corporate transaction where the successor company does not assume, convert, replace, substitute or settle awards, as provided above, all awards shall have their vesting accelerate in full immediately prior to the transaction and the committee administering the Plan will notify the participants that such awards will be exercisable for a set period of time, after which the awards will terminate in full. In addition, following a specified corporate transaction, 100% of the total number of shares subject to each time-based award held by an employee shall become vested if the employee's employment is terminated by us without cause or by the employee for good reason during the period beginning on the

date that is three months prior to the specified corporate transaction and ending on the 12 month anniversary of the specified corporate transaction.

The administrator is not obligated to treat all stock awards or portions of stock awards, even those that are of the same type, in the same manner. To the extent permitted by law, the administrator may take different actions with respect to the vested and unvested portions of a stock award. Notwithstanding the above, all awards granted to non-employee directors will be subject to accelerated vesting and will become exercisable in full prior to the consummation of the change in control transaction at such times and on such conditions as our Compensation and Talent Committee determines.

Transferability of Awards

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Awards granted under our Plan may not be transferred in any manner other than by will or by the laws of descent and distribution or as determined by our Compensation and Talent Committee. Unless otherwise permitted by our Compensation and Talent Committee, stock options may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative. SARs granted under our Plan may be exercised within the times or upon the occurrence of events determined by the Compensation and Talent Committee, and stock options granted under our Plan generally may be exercised for a period of three months after the termination of the optionee's service to us, for a period of 12 months in the case of death or disability, or such shorter or longer period as our Compensation and Talent Committee may provide. Stock options generally terminate immediately upon termination of employment for cause.

Eligibility

The individuals eligible to participate in the Plan include our officers and other employees, our non-employee directors and any consultants. However, only employees may receive incentive stock options under the Plan and consultants and directors must render bona fide services not in connection with the offer and sale of our securities in a capital-raising transaction. As of March 31, 2015, we had 4 executive officers, 6 non-employee directors and approximately 424 other employees and consultants who were eligible to participate in the Plan.

Payment

Payment for shares of our common stock purchased pursuant to the Plan may be made by any of the following methods (provided such method is permitted in the applicable award agreement to which such shares relate): (1) cash (including by check); (2) cancellation of indebtedness; (3) surrender of shares; (4) waiver of compensation due or accrued for services rendered; (5) through a broker-assisted or other form of cashless exercise program or (6) by any other method approved in accordance with the Plan.

Amendment and Termination

Our Plan will terminate on February 27, 2024, unless it is earlier terminated by our Board of Directors. Our Board of Directors may amend or terminate the Plan at any time. Our Board of Directors must obtain the approval of our stockholders if our Board of Director amends our Plan in any manner that required stockholder approval.

The summary of the Plan provided above is a summary of the principal features of the Plan. This summary, however, does not purport to be a complete description of all of the provisions of the Plan. It is qualified in its entirety by reference to the full text of the Plan. A copy of the Plan is attached as Appendix A to this Proxy Statement on Schedule 14A.

Federal Income Tax Consequences

The following is a brief summary of the federal income tax consequences applicable to awards granted under the Plan based on federal income tax laws in effect on the date of this Proxy Statement.

This summary is not intended to be exhaustive and does not address all matters that may be relevant to a particular participant. The summary does not discuss the tax laws of any state, municipality, or foreign jurisdiction, or the gift, estate, excise, payroll, or other tax laws other than federal income tax law. This summary does not discuss the impact of Section 280G of the Code governing parachute payments or Section 409A of the Code governing nonqualified deferred compensation plans. The following is not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. Because circumstances may vary, we advise all participants to consult their own tax advisors under all circumstances.

A recipient of a stock option or SAR will not recognize taxable income upon the grant of those awards. For nonqualified stock options and SARs, the participant will recognize ordinary income upon exercise in an amount equal to the difference between the fair market value of the shares and the exercise price on the date of exercise. Any gain or loss recognized upon any later disposition of the shares generally will be a capital gain or loss.

The acquisition of shares upon exercise of an incentive stock option will not result in any taxable income to the participant, except, possibly, for purposes of the alternative minimum tax. The gain or loss recognized by the participant on a later sale or other disposition of such shares will either be long-term capital gain or loss or ordinary income, depending upon whether the participant holds

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the shares for the legally-required period (currently more than two years from the date of grant and more than one year from the date of exercise). If the shares are not held for the legally-required period, the participant will recognize ordinary income equal to the lesser of (i) the difference between the fair market value of the shares on the date of exercise and the exercise price, or (ii) the difference between the sales price and the exercise price. Any additional gain recognized on the sale generally will be a short-term or long-term capital gain. Different and complex rules may apply to incentive stock options which are early exercisable, and we encourage participants holding such any such awards to seek the advice of their own tax counsel.

For RSAs, unless vested or the recipient elects under Section 83(b) of the Code to be taxed at the time of grant or purchase, the recipient will not have taxable income upon the grant, but will recognize ordinary income upon vesting equal to the fair market value of the shares at the time of vesting less the amount paid for such shares (if any). Any gain or loss recognized upon any later disposition of the shares generally will be a capital gain or loss.

A holder of an RSUs does not recognize taxable income when the RSU is granted. When vested RSUs (and dividend equivalents, if any) are settled and distributed, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of shares received less the amount paid for such stock units (if any).

The tax effects of other share-based awards will vary depending on the type, terms and conditions of those awards. No income generally will be recognized upon the grant of a performance award. Upon payment in respect of a performance award, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any non-restricted shares of Class B common stock or other property received.

Impact of Section 162(m)

As described above, Section 162(m) denies an income tax deduction to any publicly held corporation for compensation paid to its covered employees in a taxable year to the extent compensation to such covered employee exceeds \$1.0 million in a given year. It is possible that compensation attributable to stock awards or other awards, when combined with all other types of compensation received by a covered employee from us, may cause this limitation to be exceeded in any particular year.

Compensation that qualifies as “performance-based” compensation is disregarded for purposes of the Section 162(m) deduction limitations described above. Generally, compensation attributable to certain stock or other awards will qualify as “performance-based” compensation if the plan contains per-employee limitations, the award is granted by a committee of the board of directors consisting solely of two or more “outside directors” and the compensation is payable only upon the achievement (as certified in writing by the committee) of an objective performance goal established in writing by the committee within 90 days after the beginning of the performance period while the outcome is substantially uncertain, and the material terms of the plan under which the award is granted have been approved by stockholders. A stock option or SAR shall be considered “performance-based” compensation as described in the previous sentence solely by meeting the following requirements: the plan contains a per-employee limitation on the number of shares for which stock options and SARs may be granted during a specified period, the material terms of the plan are approved by the stockholders, and the exercise price of the option or right is no less than the fair market value of the stock on the date of grant.

ERISA Information

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

New Plan Benefits

All awards to directors, executive officers, employees and consultants are made at the discretion of the Plan administrator. Future awards to our directors, officers, employees and consultants under the Plan are discretionary. As a result, the benefits and amounts that will be received or allocated under the Plan are not determinable at this time. We have therefore not included a table that reflects such awards.

History of Grants Under the Plan

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As of March 31, 2015, from the inception of the Plan, options to purchase a total of 4,249,100 shares of our Class B common stock had been granted under the Plan, of which none had been exercised, and 2,090,193 RSUs were granted. The stock options outstanding as of March 31, 2015 had a weighted-average exercise price of \$4.8544 per share. The closing price per share of our common stock as reported by the New York Stock Exchange on March 31, 2015 was \$7.76.

The following table summarizes the grants made to our named executive officers, all current executive officers as a group, all current non-employee directors as a group, and all current employees (excluding our executive officers and directors) as a group, from the inception of the Plan through March 31, 2015.

Name and Position	Number of Options Granted	Number of Shares and RSUs Granted
Giovanni M. Colella, Chief Executive Officer, Co-Founder and Director	450,000	—
John C. Doyle, Chief Financial Officer	200,000	—
Jennifer W. Chaloeontiarana, General Counsel & Corporate Secretary	225,000	—
Dena Bravata, Former Chief Medical Officer and Head of Products	150,000	—
All current executive officers (4 persons)	875,000	—
All current non-employee directors (6 persons)	200,000	—
All current employees (excluding executive officers)	2,171,500	1,933,593

Certain Interests of Directors

In considering the recommendation of our Board of Directors with respect to the re-approval of the material terms of the Plan, stockholders should be aware that the members of our Board of Directors have certain interests, which may present them with conflicts of interest in connection with such proposal. As discussed above, directors are eligible to receive awards under the Plan. Please see Proposal No. 1—Election of Directors—Director Compensation for more detail about equity grants to our directors. Our Board of Directors recognizes that re-approval of this proposal may benefit our directors and their successors.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” RE-APPROVAL OF THE 2014 EQUITY INCENTIVE PLAN FOR PURPOSES OF COMPLYING WITH SECTION 162(M) OF THE INTERNAL REVENUE CODE.

PROPOSAL NO. 3

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has selected Ernst & Young LLP as our principal independent registered public accounting firm to perform the audit of our consolidated financial statements for fiscal year ending December 31, 2015. As a matter of good corporate governance, our Audit Committee has decided to submit its selection of principal independent registered public accounting firm to stockholders for ratification. In the event that Ernst & Young LLP is not ratified by our stockholders, our Audit Committee will review its future selection of Ernst & Young LLP as our principal independent registered public accounting firm.

Ernst & Young LLP audited our financial statements for our 2014 fiscal year. Representatives of Ernst & Young LLP are expected to be present at the meeting, in which case they will be given an opportunity to make a statement at the meeting if they desire to do so, and will be available to respond to appropriate questions.

Principal Accountant Fees and Services

We regularly review the services and fees from our independent registered public accounting firm. These services and fees are also reviewed with our Audit Committee annually. In accordance with standard policy, Ernst & Young LLP periodically rotates the individuals who are responsible for our audit.

In addition to performing the audit of our consolidated financial statements, Ernst & Young LLP provided various other services during 2013 and 2014. Our Audit Committee has determined that Ernst & Young LLP's provisioning of these services, which are described below, does not impair Ernst & Young LLP's independence from us. The aggregate fees billed for 2013 and 2014 for each of the following categories of services are as follows:

Fees Billed to Castlight Health	2013	2014
	(in thousands)	
Audit fees(1)	\$1,659	\$810
Audit related fees(2)	—	2
Tax fees(3)	51	150
All other fees(4)	—	—
Total fees	\$1,710	\$962

(1) "Audit fees" include fees for professional services rendered in connection with the audit of our annual financial statements, review of our quarterly financial statements and advisory services on accounting matters that were addressed during the annual audit and quarterly review. This category also includes fees for services that were incurred in connection with statutory and regulatory filings or engagements, such as comfort letters related to our IPO, consents and review of documents filed with the SEC. Fees related to our IPO included in 2013 amounted to \$1,304.

(2) "Audit related fees" include fees for professional services rendered that are reasonably related to the performance of the audit or review of our consolidated financial statements including subscription for the online library of accounting research literature.

(3) "Tax fees" include fees for tax compliance and advice. Tax advice fees encompass a variety of permissible services, including technical tax advice related to federal and state income tax matters; assistance with sales tax; and assistance with tax audits.

(4) "All other fees" consist of the aggregate fees billed in each of 2013 and 2014 for products and services provided by Ernst & Young LLP, other than included in "Audit Fees," "Audit Related Fees" and "Tax Fees."

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Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. These services may include audit services, audit related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date.

All of the services relating to the fees described in the table above were approved by our Audit Committee.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR”
THE RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 31, 2015, by:

- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our common stock;
- each of our directors or director nominees;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

Percentage ownership of our common stock is based on 58,442,009 shares of Class A common stock and 34,628,791 shares of Class B common stock outstanding on March 31, 2015. We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. We have deemed shares of our common stock subject to options that are currently exercisable or exercisable and restricted stock units that will vest within 60 days of March 31, 2015 to be outstanding and to be beneficially owned by the person holding the option for the purpose of computing the percentage ownership of that person but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each of the individuals and entities named below that owns 5% or more of our common stock is c/o Castlight Health, Inc., Two Rincon Center, 121 Spear Street, Suite 300, San Francisco, California 94105.

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Name of Beneficial Owner	Shares Beneficially Owned				% Total Voting Power ⁽¹⁾	
	Class A		Class B			
	Shares	%	Shares	%		
5% or Greater Stockholders						
athenahealth, Inc. (2)	3,495,495	6.0	%—	*	3.8	%
Baillie Gifford & Co. (3)	—	*	1,794,820	5.2	%1.9	%
Entities affiliated with FMR LLC (4)	5,342,240	9.1	%4,117,701	11.9	%10.2	%
Entities affiliated with Maverick Capital Ltd. (5)	7,733,386	13.2	%1,144,324	3.3	%9.5	%
Entities affiliated with Morgan Stanley (6)	—	*	3,425,775	9.9	%3.7	%
Entities affiliated with Oak Investment Partners XII, Limited Partnership (7)	11,917,744	20.4	%25,000	*	12.8	%
Entities affiliated with T. Rowe Price Associates, Inc. (8)	—	*	3,368,170	9.7	%3.6	%
Entities affiliated with Venrock (9)	15,568,571	26.6	%—	*	16.7	%
The Wellcome Trust Limited as trustee of the Wellcome Trust (10)	6,568,646	11.2	%—	*	7.1	%
Directors and Named Executive Officers:						
Giovanni M. Colella (11)	5,599,707	9.6	%131,250	*	6.1	%
John C. Doyle (12)	478,526	*	58,333	*	*	
Jennifer W. Chaloeintiarana	—	*	—	*	*	
Dena Bravata (13)	—	*	46,875	*	*	
Bryan Roberts (14)	15,568,571	26.6	%25,000	*	16.8	%
David Ebersman (15)	289,544	*	25,000	*	*	
Ann Lamont (7)	11,917,744	20.4	%25,000	*	12.8	%
Ed Park (16)	28,571	*	18,055	*	*	
David B. Singer (17)	—	*	25,000	*	*	
S. Steven Singh (18)	—	*	13,888	*	*	
All current executive officers and directors as a group (10 persons) (19)	34,150,413	57.4	%321,526	*	36.5	%

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* Represents beneficial ownership of less than 1% of our outstanding shares of common stock.

Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. Generally, the holders of our Class B common stock and Class A common stock are entitled to one vote per share. However, holders of our Class A common stock are entitled to ten votes per share in certain circumstances, if submitted to a vote of stockholders, including: (i) adoption of a merger or consolidation agreement involving the Company; (ii) a sale, lease or exchange of all or substantially all of the Company's property and assets; (iii) a dissolution or liquidation of the Company; and (iv) on every matter, if and

(1) when any individual, entity or "group" (as such term is used in Regulation 13D of the Exchange Act) has, or has publicly disclosed (through a press release or a filing with the SEC) an intent to have, beneficial ownership of 30% or more of the number of outstanding shares of Class A common stock and Class B common stock, combined. Holders of shares of Class A common stock and Class B common stock vote together as a single class on all matters (including those set forth in this proxy statement) submitted to a vote of stockholders, unless otherwise required by our certificate of incorporation or bylaws. The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis.

Shares owned are as of December 31, 2014, according to a Schedule 13G filed with the SEC on February 13, 2015,

(2) these securities are owned directly by athenahealth, Inc. The address for athenahealth, Inc. is 311 Arsenal Street, Watertown, MA 02472.

Shares owned are as of November 30, 2014, according to a Schedule 13G/A filed with the SEC on December 8, 2014, these securities are owned by various individuals and institutional investors of which Baillie Gifford & Co. or one or more of its investment advisor subsidiaries (collectively, "Baillie") serves as an investment adviser with

(3) power to direct investments and/or sole power to vote the securities. For the purposes of the reporting requirements of the Securities Exchange Act of 1934, Baillie is deemed to be a beneficial owner of such securities; however, Baillie expressly disclaims that it is, in fact, the beneficial owner of such securities. The address for Baillie is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK.

Shares owned as of December 31, 2014 according to a Schedule 13G/A filed with the SEC on February 13, 2015, FMR LLC has sole power to vote or direct the vote of 140,327 shares and the sole power to dispose of 9,948,030 shares. Members of the family of Mr. Edward C. Johnson, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other FMR LLC Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed,

(4) under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Mr. Johnson, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. Mr. Johnson and FMR LLC, through its control of Fidelity Management & Research Company, have sole voting power of 140,327 shares and sole dispositive power over 9,948,030 shares held by investment companies advised by Fidelity Management & Research Company and Pyramis Global Advisors Trust Company. The address for each of FRM LLC is 245 Summer Street, Boston, MA, 02210.

(5) Shares owned are as of December 31, 2014, according to a Schedule 13G/A filed with the SEC on February 17, 2015, these securities are owned by various individuals and institutional investors of which Maverick Capital, Ltd. ("Maverick Capital") serves as an investment adviser with power to direct investments and/or sole power to vote the securities. Maverick Capital Management, LLC is the general partner of Maverick Capital, Ltd. Lee S. Ainslie III is the manager of Maverick Capital Management, LLC who possesses sole investment discretion, including the ability to vote and dispose of the shares, pursuant to Maverick Capital Management, LLC's regulations. For the

purposes of the reporting requirements of the Securities Exchange Act of 1934, Maverick Capital is deemed to be a beneficial owner of such securities; however, Maverick Capital expressly disclaims that it is, in fact, the beneficial owner of such securities. The address for Maverick Capital, Ltd., Inc. is 300 Crescent Court, 18th Floor, Dallas, TX 75201

(6) Shares owned are as of December 31, 2014, according to a Schedule 13G/A filed with the SEC on February 12, 2015, these securities are owned by various individuals and institutional investors of which Morgan Stanley serves as a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(F) or Morgan Stanley Investment

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Management Inc. serves as an investment adviser, with shared power to direct investments and sole power to vote the securities. For the purposes of the reporting requirements of the Securities Exchange Act of 1934, Morgan Stanley and its subsidiaries and affiliates (collectively, "MS") is deemed to be a beneficial owner of such securities; however, MS expressly disclaims that it is, in fact, the beneficial owner of such securities. The address for Morgan Stanley is 1585 Broadway, New York, NY 10036 and the address for Morgan Stanley Investment Management Inc. is 522 Fifth Avenue, New York, NY 10036.

Shares owned are as of December 31, 2014, according to a Schedule 13G filed with the SEC on February 12, 2015, these securities consist of (i) 11,917,744 shares of Class A common stock held directly by Oak Investment Partners XII, L.P and (ii) options exercisable for 25,000 shares of Class B Common Stock within 60 days of March 31, 2015, which may be deemed to be held by Ann H. Lamont on behalf of Oak Investment Partners XII, L.P. Ann H. Lamont, Bandel L. Carano, Edward F. Glassmeyer, Fredric W. Harman, Iftikar A. Ahmed, Grace A. Ames, and Warren B. Riley collectively serve as Managing Members of Oak Associates XII, LLC, the General Partner of Oak Investment Partners XII, L.P. Such Managing Members have shared voting and investment control over all of the shares held by Oak Investment Partners XII, L.P. The address of Oak Investment Partners XII, L.P. is 901 Main Avenue, Suite 600, Norwalk, CT 06851.

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

Shares owned are as of December 31, 2014, according to a
 (8) Schedule 13G/A filed with the SEC on February 10, 2015, For All
 these securities are held FOR the following:

Withhold All For All Except

1. ELECTION OF DIRECTORS
 Nominees:
 01 Bradley K. Hoffman

The Board of Directors recommends you vote FOR For Against Abstain proposals 2 and 3:

2. To ratify the selection of RBSM, LLP as the Company's independent registered accounting firm for the fiscal year ending April 30, 2017.

3. To approve, on an advisory basis, the compensation of the Company's named executive officers.

4. To approve and adopt the Butler National Corporation 2016 Equity Incentive Plan.

NOTE: Without limiting the authority granted herein, the above named proxies are expressly authorized to vote in their discretion on all other matters that are properly brought before the annual meeting.

YesNo

Please indicate if you plan to attend the meeting

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature	Date	Signature	Date
[PLEASE		(Joint	
SIGN		Owners)	
WITHIN			
BOX]			

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Form 10-K, Notice & Proxy Statement, Shareholder Letter, Telephone/Internet insert (BR supplied) is/are available at www.proxyvote.com.

BUTLER NATIONAL CORPORATION

Annual Meeting of Shareholders

November 8, 2016 11:00 AM

This proxy is solicited by the Board of Directors

The shareholder(s) hereby appoint(s) Christopher J. Reedy and Clark D. Stewart, or either of them, as proxies, each with the power to appoint (his/her) substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all the shares of (Common/Preferred) stock of BUTLER NATIONAL CORPORATION that the shareholder(s) is/are entitled to vote at the Annual Meeting of shareholder(s) to be held at 11:00 AM, CST on 11/8/2016, at the Hilton Garden Inn Olathe 12080 S. Strang Line Rd., Olathe, KS 66062, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side