

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

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **August 3, 2011**

**LivePerson, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or other Jurisdiction  
of Incorporation)

**0-30141**  
(Commission File Number)

**13-3861628**  
(I.R.S. Employer  
Identification No.)

**475 10<sup>th</sup> Avenue, New York, New York 10018**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(212) 609-4200**

\_\_\_\_\_  
(Former name or former address, if changed since last report)  
\_\_\_\_\_

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

A copy of the press release issued by LivePerson, Inc. (the “Registrant”) on August 3, 2011, announcing its results of operations and financial condition for the quarter ended June 30, 2011, is included herewith as Exhibit 99.1 and is incorporated herein by reference. The information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) that is furnished pursuant to this Item 2.02 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference into such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits. The following documents are included as exhibits to this report:

99.1 Press release issued August 3, 2011.

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**SIGNATURE**

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

**LIVEPERSON, INC.**  
(Registrant)

Date: August 3, 2011

By: /s/ DANIEL R. MURPHY

Daniel R. Murphy  
*Chief Financial Officer*

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**EXHIBIT INDEX**

99.1 Press release issued August 3, 2011.

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For Immediate Release  
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## **LivePerson Reports Second Quarter 2011 Financial Results**

- **Second quarter revenue increased 21% from prior year to highest in company history**
- **EBITDA per share of \$0.13**
- **Adjusted net income per share of \$0.08**
- **GAAP EPS of \$0.04 per share**

NEW YORK, NY – August 3, 2011 – LivePerson, Inc. (Nasdaq: LPSN), a leading provider of online, real-time intelligent engagement solutions, today announced financial results for the second quarter ended June 30, 2011.

### **Revenue**

Revenue for the second quarter was \$31.9 million, a 21% increase from the second quarter of 2010, and a 5% sequential increase as compared to the first quarter of 2011. Revenue from business operations for the second quarter was \$28.1 million, a 22% increase as compared to the second quarter of 2010 and a 5% increase as compared to the first quarter of 2011. Revenue from consumer operations for the second quarter was \$3.7 million, a 9% increase as compared to the second quarter of 2010, and a 2% increase as compared to the first quarter of 2011.

“We are extremely pleased with our performance in the second quarter and for the first half of the year,” said CEO Robert LoCascio. “Our clients continue to expand their use of new LivePerson offerings. By leveraging our capabilities in data intelligence and analytics, they are creating real time customer connections that drive on-site conversions and significantly improve the customer experience.”

### **Customer Expansion**

LivePerson added 23 new enterprise and midmarket clients in the quarter, including:

- A top 5 software company
- A top 5 interactive entertainment software company
- A large customer communications management company
- A leading Industrial supply company
- SingTel, the largest Telco company in Singapore

The company also expanded business with

- Patagonia, an outdoor clothing manufacturer and lifestyle outfitter
  - Intuit
  - TXU Energy, the leading energy provider in the Southwest
  - Neiman Marcus, a leading luxury retailer
  - The largest Telecommunications company in the UK
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## Net Income

Net income for the second quarter of 2011 was \$2.2 million or \$0.04 per share as compared to \$1.6 million or \$0.03 per share in the second quarter of 2010, and net income of \$3.2 million or \$0.06 per share in the first quarter of 2011. Net income for the six months ended June 30, 2011 is \$5.4 million or \$0.10 per share compared to the same period last year of \$3.8 million or \$0.07 per share: a 42% increase over the same period last year.

## Adjusted Net Income and EBITDA

LivePerson considers adjusted net income and earnings before other income/(expense), taxes, depreciation, amortization and stock-based compensation (EBITDA) to be important financial indicators of the company's operational strength and the performance of its business. These results should be considered in addition to results prepared in accordance with generally accepted accounting principles (GAAP), but should not be considered as a substitute for, or superior to, GAAP results.

A reconciliation of the differences between EBITDA and adjusted net income, and the most comparable financial measure calculated and presented in accordance with GAAP, is presented under the heading "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the Condensed Consolidated Statements of Income included below.

The difference between EBITDA per share, a non-GAAP measure, and GAAP EPS, is interest, taxes, depreciation, amortization, stock-based compensation and other non-cash charges, if any. The difference between adjusted net income per share and GAAP EPS is amortization of intangible assets and stock-based compensation.

Adjusted net income for the second quarter of 2011 was \$4.2 million or \$0.08 per share, as compared to \$3.1 million or \$0.06 per share in the second quarter of 2010, and \$5.1 million or \$0.09 per share in the first quarter of 2011.

EBITDA for the second quarter of 2011 was \$7.0 million or \$0.13 per share, as compared to \$5.4 million or \$0.10 per share in the second quarter of 2010, and \$8.6 million or \$0.16 per share in the first quarter of 2011.

## Cash

The company's cash balance was \$74.4 million at June 30, 2011 as compared to \$61.3 million as of December 31, 2010. The company generated \$7.3 million of cash from operations in the second quarter. Also during the second quarter, the company incurred planned capital expenditures related primarily to the purchase of servers and computer networking equipment, and leasehold improvements, resulting in a cash outlay of approximately \$2.0 million.

## Financial Expectations

Following is the company's current expectation for financial and operating performance:

### Third Quarter 2011

- Revenue of \$34.0 - \$34.5 million
  - EBITDA of \$0.14 - \$0.16 per share
  - Adjusted net income per share of \$0.07 - \$0.09
  - GAAP EPS of \$0.04 - \$0.06
  - Fully diluted share count of approximately 56.3 million
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## Full Year 2011

- Revenue of \$133 - \$136 million
- EBITDA of \$0.60 - \$0.63 per share
- Adjusted net income per share of \$0.33 - \$0.36
- GAAP EPS of \$0.20 - \$0.22
- Fully diluted share count of approximately 57.0 million

## Other Full Year 2011 Assumptions

- Amortization of intangibles of approximately \$1.0 million
- Stock-compensation expense of approximately \$7.0 million
- Depreciation of approximately \$8.0 million
- Effective tax rate of approximately 38.0%
- Cash tax rate of approximately 38.0%
- Capital expenditures of approximately \$8.0 million

## **Stock-Based Compensation**

Included in the accompanying financial results are expenses related to stock-based compensation, as follows (in thousands):

	<b>3 months ended June 30, 2011</b>	<b>6 months ended June 30, 2011</b>
Cost of revenue	\$ 248	\$ 546
Product development	441	881
Sales and marketing	443	779
General and administrative	547	1,008
<b>Total</b>	<b>\$ 1,679</b>	<b>\$ 3,214</b>

## **Amortization of Intangible Assets**

Included in the accompanying financial results are expenses related to the amortization of intangible assets, as follows (in thousands):

	<b>3 months ended June 30, 2011</b>	<b>6 months ended June 30, 2011</b>
Cost of revenue	\$ 307	\$ 613
General and administrative	11	22
<b>Total</b>	<b>\$ 318</b>	<b>\$ 635</b>

## **Earnings Teleconference and Video Discussion Information**

The company will discuss its second quarter 2011 financial results during a teleconference today, August 3, 2011, at 5:00 p.m. ET. To participate, please call 877-507-3684 before 5:00 p.m. ET. International callers, please dial 706-634-9559. Please reference the conference ID "83562427".

If you are unable to participate, the teleconference will be available for replay at 6:00 p.m. ET on August 3, 2011 until November 3, 2011, 11:59 p.m. ET. To access the replay, please call 800-642-1687 (U.S. and Canada) or 706-645-9291 (international). Please reference the conference ID "83562427".

The company will also post a video discussion of its second quarter 2011 results on YouTube. To view, click on the following link:

<http://www.youtube.com/user/myliveperson>.

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**LivePerson, Inc.**  
**Condensed Consolidated Statements of Income**  
(In Thousands, Except Share and Per Share Data)  
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Revenue	\$ 31,851	\$ 26,398	\$ 62,234	\$ 51,706
Operating expenses:				
Cost of revenue	8,685	7,178	16,780	13,810
Product development	5,016	3,908	9,393	7,514
Sales and marketing	9,379	8,452	18,239	16,142
General and administrative	5,386	4,175	9,346	7,967
Amortization of intangibles	11	83	22	166
Total operating expenses	<u>28,477</u>	<u>23,796</u>	<u>53,780</u>	<u>45,599</u>
Income from operations	3,374	2,602	8,454	6,107
Other income (expense), net	<u>224</u>	<u>(11)</u>	<u>393</u>	<u>(37)</u>
Income before provision for income taxes	3,598	2,591	8,847	6,070
Provision for income taxes	<u>1,402</u>	<u>975</u>	<u>3,419</u>	<u>2,318</u>
Net income	<u>\$ 2,196</u>	<u>\$ 1,616</u>	<u>\$ 5,428</u>	<u>\$ 3,752</u>
Basic net income per common share	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.10</u>	<u>\$ 0.07</u>
Diluted net income per common share	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.10</u>	<u>\$ 0.07</u>
Weighted average shares outstanding used in basic net income per common share calculation	<u>52,735,556</u>	<u>50,921,609</u>	<u>52,409,769</u>	<u>50,383,042</u>
Weighted average shares outstanding used in diluted net income per common share calculation	<u>55,553,247</u>	<u>53,416,706</u>	<u>55,125,730</u>	<u>52,803,871</u>



**LivePerson, Inc.**  
**Reconciliation of Non-GAAP Financial Information to GAAP**  
(In Thousands, Except Share and Per Share Data)  
Unaudited

Unaudited Supplemental Data

The following information is not a financial measure under generally accepted accounting principles (GAAP). In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is helpful to some investors as one measure of our operations. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our results with our results from other reporting periods and with the results of other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income in accordance with generally accepted accounting principles	\$ 2,196	\$ 1,616	\$ 5,428	\$ 3,752
Add/(less):				
(a) Amortization of intangibles	318	390	635	779
(b) Stock-based compensation	1,679	1,086	3,214	2,173
(c) Depreciation	1,591	1,283	3,225	2,335
(d) Provision for income taxes	1,402	975	3,419	2,318
(e) Other (income) expense, net	(224)	11	(393)	37
EBITDA (1)	<u>\$ 6,962</u>	<u>\$ 5,361</u>	<u>\$ 15,528</u>	<u>\$ 11,394</u>
Diluted EBITDA per common share	<u>\$ 0.13</u>	<u>\$ 0.10</u>	<u>\$ 0.28</u>	<u>\$ 0.22</u>
Weighted average shares used in diluted EBITDA per common share	<u>55,553,247</u>	<u>53,416,706</u>	<u>55,125,730</u>	<u>52,803,871</u>
Net income in accordance with generally accepted accounting principles	\$ 2,196	\$ 1,616	\$ 5,428	\$ 3,752
Add:				
(a) Amortization of intangibles	318	390	635	779
(b) Stock-based compensation	1,679	1,086	3,214	2,173
Adjusted net income	<u>\$ 4,193</u>	<u>\$ 3,092</u>	<u>\$ 9,277</u>	<u>\$ 6,704</u>
Diluted adjusted net income per common share	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.17</u>	<u>\$ 0.13</u>
Weighted average shares used in diluted adjusted net income per common share	<u>55,553,247</u>	<u>53,416,706</u>	<u>55,125,730</u>	<u>52,803,871</u>
EBITDA	\$ 6,962	\$ 5,361	\$ 15,528	\$ 11,394
Add/(less):				
(a) Changes in operating assets and liabilities	1,482	(388)	(997)	(5,451)
(b) Provision for doubtful accounts	60	15	120	15
(c) Provision for income taxes	(1,402)	(975)	(3,419)	(2,318)
(d) Deferred income taxes	(35)	(35)	185	(42)
(e) Other income (expense), net	224	(11)	393	(37)
Net cash provided by operating activities	<u>\$ 7,291</u>	<u>\$ 3,967</u>	<u>\$ 11,810</u>	<u>\$ 3,561</u>

(1) Earnings/(loss) before other income/(expense), taxes, depreciation, amortization, stock-based compensation and other non-cash charges.

**LivePerson, Inc.**  
**Condensed Consolidated Balance Sheets**  
(In Thousands)  
Unaudited

	<u>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 74,378	\$ 61,336
Accounts receivable, net	17,747	16,491
Prepaid expenses and other current assets	5,123	6,341
Deferred tax assets, net	<u>1,202</u>	<u>1,529</u>
Total current assets	98,450	85,697
Property and equipment, net	13,456	12,762
Intangibles, net	1,489	2,124
Goodwill	24,090	24,015
Deferred tax assets, net	4,018	3,876
Deferred implementation costs, net of current	213	164
Security deposits	462	499
Other assets	1,819	2,006
Total assets	<u>\$ 143,997</u>	<u>\$ 131,143</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,914	\$ 6,416
Accrued expenses	10,000	12,111
Deferred revenue	<u>5,555</u>	<u>5,570</u>
Total current liabilities	22,469	24,097
Deferred revenue, net of current	828	513
Other liabilities	<u>1,819</u>	<u>1,890</u>
Total liabilities	<u>25,116</u>	<u>26,500</u>
Commitments and contingencies		
Total stockholders' equity	118,881	104,643
Total liabilities and stockholders' equity	<u>\$ 143,997</u>	<u>\$ 131,143</u>

## **About LivePerson**

LivePerson, Inc. (NASDAQ and TASE: LPSN) is a leading provider of real-time intelligent engagement solutions that optimize online conversions, customer service and support for companies of all sizes. Our web-based solutions use a scalable application and system architecture, allowing for quick deployment. LivePerson offers a secure and reliable platform for delivery of relevant, compelling and personalized online experiences. More than 8,500 companies including Cisco, Hewlett-Packard, IBM, Microsoft, Verizon and Orbitz rely on LivePerson to maximize the impact of the online channel. LivePerson has been named one of America's 25 Fastest-Growing Tech Companies in 2010 by Forbes, and Company of the Year by Frost and Sullivan. LivePerson is headquartered in New York City with offices in Tel Aviv, Atlanta, London and San Francisco. For more information please visit <http://www.liveperson.com>.

## **Non-GAAP Financial Disclosure**

Investors are cautioned that the EBITDA, or earnings/(loss) before other income/(expense), taxes, depreciation, amortization and stock-based compensation, and adjusted net income, or net income excluding amortization of intangible assets and stock-based compensation, information contained in this press release are not financial measures under generally accepted accounting principles. In addition, they should not be construed as alternatives to any other measures of performance determined in accordance with generally accepted accounting principles, or as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We present this financial information because we believe that it is helpful to some investors as a measure of our performance. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

## **Safe Harbor Provision**

Statements in this press release regarding LivePerson that are not historical facts are forward-looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. It is routine for our internal projections and expectations to change as the quarter and year progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which we base our expectations may change. Although these expectations may change, we are under no obligation to inform you if they do. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: potential fluctuations in our quarterly and annual results; the adverse effect that the global recession may have on our business; competition in the real-time sales, marketing, customer service and online engagement solutions market; our ability to retain existing clients and attract new clients; risks related to new regulatory or other legal requirements that could materially impact our business; impairments to goodwill that result in significant charges to earnings; volatility of the value of certain currencies in relation to the US dollar, particularly the New Israeli Shekel, U.K. pound and Euro; risks related to our international operations, particularly our operations in Israel, and the civil and political unrest in that region; responding to rapid technological change and changing client preferences; our ability to retain key personnel and attract new personnel; risks related to the operational integration of acquisitions; technology systems beyond our control and technology-related defects that could disrupt the LivePerson services; privacy concerns relating to the Internet that could result in new legislation or negative public perception; risks related to the regulation or possible misappropriation of personal information; legal liability and/or negative publicity for the services provided to consumers via our technology platforms; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; and risks related to our common stock being traded on more than one market, which may result in additional variations in the trading price of our common stock. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to the reports and documents filed from time to time by us with the Securities and Exchange Commission for a discussion of these and other important risk factors that could cause actual results to differ from those discussed in forward-looking statements.

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