UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

(Amendment No.1)

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 7, 2014

LivePerson, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**0-30141**	**13-3861628**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

475 Tenth Avenue, 5th Floor
New York, New York 10018
(Address of principal executive offices, with zip code)

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

N/A
(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))

EXPLANATORY NOTE

On November 12, 2014, LivePerson, Inc. filed with the Securities and Exchange Commission a Current Report on Form 8-K (the “Original Form 8-K”) reporting, among other things, the completion of its acquisition of Contact At Once!, LLC. This Current Report on Form 8-K/A amends the Original Form 8-K to include the historical audited and unaudited financial statements of Contact At Once!, LLC and the unaudited pro forma condensed consolidated financial information in connection with the acquisition required by Items 9.01(a) and 9.01(b) of Form 8-K that were excluded from the Original Form 8-K in reliance on the instructions to such items.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited consolidated financial statements of Contact At Once!, LLC as of and for the years ended December 31, 2013 and 2012 and the notes related thereto are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated herein by reference.

The unaudited condensed consolidated financial statements of Contact At Once!, LLC as of September 30, 2014 and for the three and nine months ended September 30, 2014 and 2013 and the notes related thereto are filed as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed consolidated financial information of LivePerson, Inc. and Contact At Once!, LLC as of and for the nine months ended September 30, 2014 and for the year ended December 31, 2013 and the notes related thereto are filed as Exhibit 99.3 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(d) Exhibits.

The following documents are included as exhibits to this report:

Exhibit No.	Description of Exhibit
23.1	Consent of Windham Brannon P.C., Independent Public Accounting Firm of Contact At Once!, LLC.
99.1	Audited consolidated financial statements of Contact At Once!, LLC as of and for the years ended December 31, 2013 and 2012 and the notes related thereto
99.2	Unaudited condensed consolidated financial statements of Contact At Once!, LLC as of September 30, 2014 and for the three and nine months ended September 30, 2014 and 2013 and the notes related thereto
99.3	Unaudited pro forma condensed consolidated financial information of LivePerson, Inc. and Contact At Once!, LLC as of and for the nine months ended September 30, 2014 and for the year ended December 31, 2013 and the notes related thereto

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: January 26, 2015	By:	/s/ DANIEL R. MURPHY
		Daniel R. Murphy
		Chief Financial Officer

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Public Accounting Firm

We have issued our report dated May 7, 2014, except as to Note 3 paragraph 1 of the consolidated financial statements and the Emphasis of Matter in our report which is as of January 22, 2015, accompanying the consolidated financial statements of Contact At Once!, LLC included in this Current Report on Form 8-K/A. We hereby consent to the incorporation by reference of said report in the registration statements of LivePerson, Inc. on Form S-3 (File Nos. 333-112018, 333-112019, 333-136249 and 333-147929) and Form S-8 (File Nos. 333-34230, 333-147572, 333-159850, 333-168945 and 333-194590).

/s/ Windham Brannon P.C.

Atlanta, GA
January 22, 2015

Contact At Once!, LLC

Consolidated Financial Statements

December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Contact At Once!, LLC

We have audited the accompanying consolidated financial statements of **Contact At Once!, LLC** (a Limited Liability Company), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income and comprehensive income, members' deficiency, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Contact At Once!, LLC as of December 31, 2013 and 2012, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Correction of Error
As discussed in Note 3 paragraph 2 to the financial statements, certain errors in recording of commissions expense were discovered by management of the Company subsequent to issuance of the December 31, 2012 financial statements. Accordingly, the Company has restated the financial statements as described in Note 3 paragraph 2.

Emphasis of Matter
As discussed in Note 3 paragraph 1 to the financial statements, on November 12, 2014, the Company was acquired by LivePerson, Inc. Under United States Security and Exchange Commission regulation S-X preferred members units were restated. Our opinion is not modified with respect to this matter.

May 7, 2014, except as to Note 3 paragraph 1 and the Emphasis of Matter in our opinion, which is as of January 22, 2015.

/s/ Windham Brannon P.C.
Certified Public Accountants

Contact At Once!, LLC

Consolidated Balance Sheets

December 31, 2013 and 2012

		2013		Restated 2012
Assets				
Current assets				
Cash and cash equivalents	**$**	**2,972,456**	$	3,524,247
Accounts receivable, net of allowance for doubtful accounts of $96,151and $64,913, respectively		**2,072,248**		1,666,092
Prepaid expenses and other current assets		**246,273**		287,177
Total current assets		**5,290,977**		5,477,516
Property and equipment, net		**246,923**		144,749
Licenses		**105,000**		105,000
Other assets		**43,294**		37,190
Goodwill		**592,185**		—
Other intangible assets, net		**1,483,065**		—
Total assets	**$**	**7,761,444**	$	5,764,455
Liabilities and members' deficiency				
Current liabilities				
Accounts payable	**$**	**214,386**	$	130,494
Deferred revenue		**101,552**		84,210
Accrued payroll		**1,014,109**		661,839
Deferred rent, current portion		**66,277**		7,623
Holdback payment		**210,000**		—
Accrued expenses and other liabilities		**378,765**		347,474
Total current liabilities		**1,985,089**		1,231,640
Deferred rent, net of current portion		**227,118**		140,552
Total liabilities		**2,212,207**		1,372,192
Redeemable preferred membership units		**6,530,405**		5,411,201
Members' deficiency				
Common membership units		**(995,654)**		(1,018,938)
Accumulated other comprehensive income		**14,486**		—
Total members' deficiency		**(981,168)**		(1,018,938)
Total liabilities and members' deficiency	**$**	**7,761,444**	$	5,764,455

The accompanying notes are an integral part of these consolidated financial statements.

Contact At Once!, LLC

Consolidated Statements of Income and Comprehensive Income
For the Years Ended December 31, 2013 and 2012

		2013		Restated 2012
Revenues				
Subscription licenses	$	16,066,778	$	10,956,750
Managed chat services		1,607,025		1,215,007
Start-up fees		121,023		120,850
Total revenues		17,794,826		12,292,607
Cost of revenues		3,929,126		2,065,436
Gross profit		13,865,700		10,227,171
Selling, general and administrative expenses		11,548,286		8,049,592
Income from operations		2,317,414		2,177,579
Other income (expense)		(19,766)		13,211
Net income		2,297,648		2,190,790
Other comprehensive income				
Foreign currency translation adjustments		14,486		—
Total comprehensive income	$	2,312,134	$	2,190,790

The accompanying notes are an integral part of these consolidated financial statements.

Contact At Once!, LLC

Consolidated Statements of Members' Deficiency
For the Years Ended December 31, 2013 and 2012

	Common Membership Units		Accumulated Other Comprehensive Income	Total Members' Equity
	Units	Amount		
Balance, December 31, 2011 (Restated)	1,005,000	$ (485,144)	$ —	$ (485,144)
Unit redemption	(86,679)	(1,295,851)	—	(1,295,851)
Distributions to members	—	(292,703)	—	(292,703)
Exercise of awarded membership units	7,500	75	—	75
Compensation cost of awarded membership units	—	54,914	—	54,914
Net income (Restated)	—	999,771	—	999,771
Balance, December 31, 2012 (Restated)	925,821	(1,018,938)	—	(1,018,938)
Distributions to members	—	(728,972)	—	(728,972)
Exercise of awarded membership units	1,087	1,360	—	1,360
Compensation cost of awarded membership units	—	80,233	—	80,233
Net income	—	670,663	—	670,663
Foreign currency translation adjustment	—	—	14,486	14,486
Balance, December 31, 2013	**926,908**	**$ (995,654)**	**$ 14,486**	**$ (981,168)**

Contact At Once!, LLC

Consolidated Statements of Cash Flow
For the Years Ended December 31, 2013 and 2012

	2013	Restated 2012
Cash flows from operating activities		
Net income	**$ 2,297,648**	$ 2,190,790
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	**79,840**	34,998
Bad debt expense	**143,542**	85,967
Non-cash compensation expense	**80,233**	54,914
Loss on sale of equipment	**733**	—
Changes in assets and liabilities:		
Accounts receivable	**(541,883)**	(832,705)
Prepaid expenses	**40,904**	(135,689)
Other assets	**(6,104)**	(29,437)
Accounts payable	**83,892**	74,698
Deferred revenue	**17,342**	21,969

Accrued payroll		352,270		526,415
Accrued expenses and other liabilities		(19,793)		235,270
Deferred rent		145,220		124,373
Net cash provided by operating activities		**2,673,844**		2,351,563
Cash flows from investing activities				
Purchase of property and equipment		(114,988)		(112,860)
Proceeds from the sale of property and equipment		260		—
Business acquisition		(1,890,000)		—
Purchase of licenses		—		(105,000)
Net cash used by investing activities		**(2,004,728)**		(217,860)
Cash flows from financing activities				
Sale of series B preferred units, net		—		2,959,118
Unit redemption		—		(1,499,904)
Distributions to members		(1,236,753)		(472,231)
Exercise of membership units		1,360		75
Net cash (used) provided by financing activities		**(1,235,393)**		987,058
Effect of changes in exchange rates on cash		**14,486**		—
Net change in cash		**(551,791)**		3,120,761
Cash and equivalents, beginning of year		**3,524,247**		403,486
Cash and equivalents, end of year	**$**	**2,972,456**	$	3,524,247
Supplemental disclosure of cash flow information				
Cash paid during the year for interest	**$**	**3,698**	$	1,144
Noncash investing activities				
Leasehold improvements acquired as lease incentives	**$**	**51,084**	$	14,786

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Business

Nature of Business

Contact At Once!, LLC (the Company) was organized in May 2004 in the state of Georgia. The Company commenced operations in January 2005 as a limited liability company in accordance with the laws of the State of Georgia. Simultaneously with the formation of the Company, the Company's members entered into an operating agreement in January 2005 (the Operating Agreement). The Operating Agreement was amended in 2012 (see Note 9).

The purpose of the Company is to develop, market, and sell a service of instantly connecting consumers with advertisers through instant messaging, text messaging, chat, social media and video over the Internet, throughout North America and the United Kingdom.

Principles of Consolidation

On January 1, 2013, the Company formed Contact At Once!, LTD (LTD), a wholly-owned subsidiary operating in the United Kingdom. The accompanying financial statements include the accounts of the Company and LTD. For purposes of consolidated reporting, transactions between the Company and LTD have been eliminated.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates.

Revenue Recognition

Revenues consist of subscription licenses, managed chat services and start-up fees. Subscription licenses are monthly recurring fees for services contracted for a set term. Managed chat services are amounts for providing the answering of shopper-initiated communications on behalf of merchants. Subscription licenses and chat answering services occur on a consistent basis over the term of the contract, and the revenues associated with those services are recognized as the services are provided. Start-up fees are the initial charges for set-up and installation of a new services contract. Deferred revenue is recorded for amounts billed or collected by the Company before satisfying revenue recognition criteria; start-up fees billed to customers are deferred and recognized over the term of the contract. Start-up fees for customers with month-to-month contracts are recognized at the start of the contract.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term securities purchased with a maturity date of three months or less to be cash equivalents. Cash is maintained in bank deposit accounts and money market accounts with three major U.S. financial institutions. In order to increase the amount of cash insured by the federal government, the Company maintains cash in certificates of deposit issued by one or more FDIC-insured depository institutions. At December 31, 2013, $950,217 was invested in certificates of deposit maturing in January 2014 with interest at an annual rate of 0.05%. There were no such investments at December 31, 2012.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. Accounts receivable are charged off when, in management's judgment, the likelihood of collection is remote. The Company does not require collateral on accounts receivable. Bad debt expense amounted to $143,542 and $85,967 for the years ended December 31, 2013 and 2012, respectively.

License

In 2012, the Company entered into an agreement to license the rights to certain patents. The purchase price paid for the license was $105,000 which represents its fair value. The amount was recorded as an intangible asset and, since the license is irrevocable and perpetual in life, no amortization is recorded. The Company evaluates the recoverability of intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable.

Foreign Currency Translation and Transactions

The financial position and results of operations of the Company's foreign subsidiary are measured using the foreign subsidiary's local currency as the functional currency. Revenues and expenses of such subsidiaries have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheet date. The resulting translation gain and loss adjustments are recorded directly as a separate component of members' equity, unless there is a sale or complete liquidation of the underlying foreign investments. Foreign currency translation adjustments resulted in gains of $14,486 in 2013, the subsidiary's first year of operations.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. Foreign currency transaction gains and losses included in operations totaled a net gain of $15,802 and a net loss of $14,189 for the years ended December 31, 2013 and 2012, respectively.

Sales Taxes

The Company's policy is to present sales taxes collected from customers and remitted to governmental authorities on a net basis. The Company records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

Income Taxes

The Company is organized as a limited liability company and files as a partnership for income tax purposes. The Company does not incur income tax liabilities or receive tax benefits from its income or loss (except in special situations), but passes through the income or loss to be reported on the individual income tax returns of the Company's members. Accordingly, no provision or liability for income taxes is included in the accompanying financial statements.

Management of the Company considers the likelihood of changes by taxing authorities in its filed income tax returns and would disclose potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed income tax returns that require disclosure in the accompanying financial statements. The Company's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Property and Equipment

Property and equipment are stated at cost. Major improvements, which extend or improve the lives of existing property and equipment, are capitalized. Expenditures for maintenance and repairs, which do not extend or improve the lives of the applicable assets, are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation of leasehold improvements is provided using the straight-line method over the shorter of the remaining lease term or the remaining estimated lives of the improvements.

Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of assets of business acquired. Goodwill acquired in a purchase business combination is not amortized, but instead tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Other intangible assets are amortized over their estimated useful lives and reviewed for impairment.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $388,419 and $188,609 for the years ended December 31, 2013 and 2012, respectively.

Employee Membership Units Option Agreements

The Company has adopted the fair value based method of accounting for its employee membership units option agreements.

Concentrations

Financial instruments that subject the Company to credit risk consist primarily of accounts receivable and cash. One customer accounted for 10% of accounts receivable as of December 31, 2013, and no customer accounted for greater than 10% of revenues for the year then ended. One customer accounted for 12% of accounts receivable as of December 31, 2012, no customer accounted for greater than 10% of revenues for the year then ended.

The Company's operations in the United Kingdom are relatively insignificant, comprising 4% of 2013 revenues and 7% of assets as of December 31, 2013. United Kingdom operations in 2012 comprised less than 1% of revenues and 6% of assets as of December 31, 2012.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 7, 2014, which is the date the financial statements were issued.

3. Restatement

On November 12, 2014 the Company was acquired by LivePerson, Inc. The Company has restated its 2013 and 2012 financial statements to comply with United States Securities and Exchange Commission regulation S-X, and the appropriate applicable accounting literature which requires that preferred members' units be classified outside of permanent Members' Equity (Deficiency). The accompanying financial statements for 2013 and 2012 have been restated to reflect the classification for public company filings. The effect of the adjustments decreased Members Equity (Deficiency) in the amounts of $6,530,405 and $5,411,201 as of December 31, 2013 and 2012, respectively.

The Company has restated its previously issued 2012 financial statements to properly record sales commissions payable at the beginning and end of the year. The accompanying financial statements for 2012 have been restated to reflect the corrections. The effect of the adjustments decreased Member's Equity as of December 31, 2012 and 2011 in the amounts of $177,000 and $98,000, respectively, increased accrued payroll at December 31, 2012 by $177,000, and decreased net income for the year ended December 31, 2012 in the amount of $79,000.

4. Business Acquisition and Other Intangible Assets

On December 10, 2013, the Company acquired a direct chat business from a third party for $1,890,000 in cash and a $210,000 holdback payment payable December 10, 2014. The holdback payment may be reduced by certain items, as identified in the purchase agreement. Under the agreement, the purchase included a customer base as well as a related 5-year non-compete agreement from the seller. Each of these intangible assets has an expected useful life of 5 years. The goodwill arising from the acquisition consists largely of synergies from the business combination and expected revenue increases from exposure to the seller's customers.

The estimated fair values of the assets acquired under the purchase agreement consist of the following:

Customer base	$	1,400,000
Non-compete agreement		100,000
Accounts receivable		7,815
Goodwill		592,185
	$	2,100,000

Other intangible assets include the customer base and non-compete agreement totaling $1,500,000, and are net of accumulated amortization of $16,935. Amortization expense related to the purchased intangible assets for the year ended December 31, 2013 was $16,935.

Expected amortization of the intangible assets is as follows for the years ending December 31:

2014	$	300,000
2015		300,000
2016		300,000
2017		300,000
2018		283,065
Total	$	1,483,065

5. Property and Equipment

Property and equipment consist of the following as of December 31, 2013 and 2012:

	Estimated Useful Lives		2013		2012
Computer equipment	3 years	**$**	**168,726**	$	112,763
Office equipment	3 years		**34,667**		34,070
Leasehold improvements	3 years		**73,430**		22,346
Furniture and fixtures	3-5 years		**103,397**		52,841
Software	2 years		**2,227**		2,227
			382,447		224,247
Accumulated depreciation			**(135,524)**		(79,498)
Property and equipment, net		**$**	**246,923**	$	144,749

Depreciation expense for the years ended December 31, 2013 and 2012 was $62,905 and $34,998, respectively.

6. Employee Benefit Plan

The Company has a 401(k) plan which covers employees over age 21 who have attained three months of service. The Company matches 100% of the first 4% of eligible compensation. Retirement plan contribution expense included in cost of revenues and general and administrative expense totaled $158,344 and $108,341 for the years ended December 31, 2013 and 2012, respectively.

7. Lease Commitments

The Company leases office space under non-cancelable operating leases. The Company's future minimum lease commitment under the operating leases is as follows for the years ending December 31:

2014	$	463,964
2015		534,062
2016		362,545
Total	$	1,360,571

The Company recognizes rent expense for office space using the straight-line method over the term of the lease. Deferred rent as of December 31, 2013 and 2012, totaled $293,395 and $148,175, respectively. Rent expense was $373,979 and $174,431 for the years ended December 31, 2013 and 2012, respectively.

8. Line of Credit

The Company has a revolving line of credit agreement with a financial institution that expires on September 23, 2014 for the lesser of $1,500,000 or a borrowing base equal to 80% of accounts receivable. The line of credit is collateralized by all personal property of the Company. Interest on outstanding borrowings is calculated daily at the prime rate plus 1.0% with a floor of 6.0%. At December 31, 2013 the interest rate was 6.0%. The line of credit is subject to a financial covenant, as defined, a liquidity calculation. The Company was in compliance with this financial covenant as of December 31, 2013 and 2012. Since inception, the Company has never drawn on the line of credit; as a result, the Company had no outstanding balance as of December 31, 2013 and 2012.

9. Preferred and Common Membership Units

The Operating Agreement provides for the issuance of voting Preferred and Common Membership Units. Preferred Members have rights, powers and preferences that are prioritized over Common Members. Preferred Members are also entitled to distributions.

As of December 31, 2011, the Company had two classes of membership units outstanding: 1,005,000 Common Units and 474,237 Series A Preferred Units. Effective April 26, 2012, the Company entered into an agreement whereby it issued 200,693 Series B Preferred Units in exchange for $3,000,000 in cash. At the time of issuing the Series B Preferred Units, the Company restated the 2008 Operating Agreement to set forth and to establish the respective economic and other rights of the members and procedures for governance of the Company. The holders of record of the different classes and series of units have certain rights and obligations associated with their Membership Interests. Each of the Preferred Units issued and outstanding pursuant to the 2008 Agreement were redesignated as Series A Preferred Units.

Also in conjunction with the issuance of the Series B units, the Company repurchased 86,679 Common Membership Units and 13,649 Series A Preferred Units for a total of $1,499,904. These units were retired upon repurchase.

The total number of units of all classes which the Board of Directors has the authority to issue is 2,549,716 and consists of: (i) 460,588 Series A Preferred Units, (ii) 200,693 Series B Preferred Units, and (iii) 1,888,435 Common Units.

Units constituting profits interests (Profits Interests Units) may also be issued from time to time in one or more series of any number of units. No such Profits Interest Units have been issued.

The Company is obligated to redeem the Series B Preferred Units at any time after April 27, 2017, upon 90 days written notice of at least a majority of the holders of the Series B Preferred Units then outstanding (the Electing Holders). The Company will effect such redemption by paying in cash for each holder's Series B Preferred Units the greater of: (i) the sum of each holder's Adjusted Capital Contribution account and Preferred Return account; or (ii) a sum equal to each holder's percentage ownership of the Company held by the owners of the then-outstanding Series B Preferred Shares on a fully diluted basis, multiplied by the fair market value of the Company.

Net income is allocated first to Preferred Members based on their ownership percentage and then to Common Members. Preferred Members are entitled to receive a preferred return out of any assets legally available, at the cumulative, non-compounded rate of 8% per annum on such Preferred Members' Adjusted Capital Contribution Account on each Preferred Unit. The preferred return begins to accrue and accumulate on a daily basis from the date of original issuance of units and is payable in cash, when, and if, declared by the Board of Directors or in the event of a liquidation. No distributions may be declared or paid on any units of any other series or class of equity interests in the Company unless and until distributions are also declared and paid on all the outstanding Preferred Membership Units at the same time.

The cumulative preferred return account for Series A Preferred Units amounted to approximately $918,000 at December 31, 2013 and $763,000 at December 31, 2012. The cumulative preferred return account for Series B Preferred Units amounted to approximately $401,000 at December 31, 2013 and $161,000 at December 31, 2012.

10. Membership Units Based Compensation Agreements

Beginning in 2005, the Company awarded membership units to certain key employees and advisors. The Company accounts for the fair value of its membership unit grants in accordance with Financial Accounting Standards Board Accounting Standards Codification 718-10, *Stock Compensation*. The compensation cost charged against income for the grants was $80,233 and $54,914 for the years ended December 31, 2013 and 2012, respectively. Total unrecognized compensation cost for non-vested options approximated $202,679 at December 31, 2013.

Under the grant agreements, the Company may award incentive or non-qualified membership unit awards to its employees and advisors without limit. Membership units are awarded as part of total compensation for employees and advisors and are awarded based on length of service and performance measurements. All membership units awarded are done so at management's discretion.

The exercise price is generally set at the undiluted net book value per unit determined at the end of the year of qualification. Certain awards were granted at a $.01 exercise price in accordance with individual compensation agreement provisions. All options granted have a maximum term of ten years and vest in periods from one to four years when awarded. The fair value of option grants is estimated on the date of the grant using the Black-Scholes option-pricing model. During 2013, the Company granted 52,832 membership unit options with an exercise price of $6.55 - $7.04 per unit. During 2012, the Company granted 25,550 membership unit options with exercise prices of $4.14 - $6.49 per unit.

The total intrinsic value of options exercised during the years ended December 31, 2013 and 2012 was $5,760 and $48,600; respectively. The Company received $1,360 and $75 of cash as a result of membership unit option exercises for the years ended December 31, 2013 and 2012, respectively.

The following assumptions were used for the membership unit option grants during the years ended December 31, 2013 and 2012:

	Membership Unit Options	
	2013	2012
Risk-free interest rates	0.93% - 1.66%	0.68% - 1.36%
Expected lives (in years)	5.94 - 6.15	5.31 - 6.11
Dividend yield	—%	—%
Expected volatility	58.16% - 59.83%	58.10% - 59.29%

A summary of the status of the Company's incentive based membership unit agreements outstanding as of December 31, 2013 and 2012, and changes during the years ended is presented below:

	2013		2012	
	Number of Units	Weighted Average Exercise Price	Number of Units	Weighted Average Exercise Price
Outstanding at beginning of year	176,075	$ 2.66	157,725	$ 2.26
Granted	52,832	6.65	25,050	5.38
Exercised	(1,087)	1.25	—	—
Forfeited	(13,820)	4.01	(6,700)	3.60
Repurchased	—	—	—	—
Outstanding at end of year	214,000	3.56	176,075	2.66
Options exercisable at year end	132,697	2.35	106,194	2.15
Weighted average fair value of options granted during the year	$ 3.66		$ 2.93	

Exercise Price	Number Outstanding at 12/31/2013	Number Exercisable at 12/31/2013	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
$ 0.01	1,000	1,000		
1.00	21,250	21,250		
2.45	77,975	74,533		
2.55	44,843	29,401		
4.14	8,500	3,810		
6.49	8,000	2,353		
6.55	40,232	350		
6.76	2,200	—		
6.93	2,100	—		
7.04	7,900	—		
Total	214,000	132,697	$ 2.35	5.82 years

A summary of the status of the Company's non-qualified membership unit agreements outstanding as of December 31, 2013 and 2012, and changes during the years ended is presented below:

	2013		2012	
	Number of Units	Weighted Average Exercise Price	Number of Units	Weighted Average Exercise Price
Outstanding at beginning of year	33,500	$ 0.80	40,500	$ 0.58
Granted	—	—	500	6.49
Exercised	—	—	(7,500)	0.01
Forfeited	—	—	—	—
Repurchased	—	—	—	—
Outstanding at end of year	33,500	0.80	33,500	0.80
Options exercisable at year end	33,500	0.80	33,125	0.74
Weighted average fair value of options granted during the year	$ —		$ 3.34	

Exercise Price	Number Outstanding at 12/31/2013	Number Exercisable at 12/31/2013	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
$ 0.01	22,000	22,000		
1.00	2,500	2,500		
2.45	8,500	8,500		
6.49	500	500		
Total	33,500	33,500	$ 0.80	2.72 years

Supplemental Information

INDEPENDENT AUDITOR’S REPORT ON
SUPPLEMENTAL INFORMATION

To the Board of Directors
Contact At Once!, LLC

We have audited the consolidated financial statements of **Contact At Once!, LLC** as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated May 7, 2014, which contained an unqualified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Consolidated Schedules of Selling, General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

/s/ Windham Brannon P.C.
Certified Public Accountants

May 7, 2014

Contact At Once!, LLC

Consolidated Schedules of Selling, General and Administrative Expenses
For the Years Ended December 31, 2013 and 2012

		2013		2012
Labor	**$**	**5,761,883**	$	4,101,677
Commissions		**2,257,203**		1,604,654
Marketing		**710,859**		570,066
Insurance		**548,666**		297,596
Travel and entertainment		**456,784**		369,345
Rent		**373,979**		174,431
Tax and licenses		**264,568**		137,693
Legal and accounting		**196,950**		238,156
Telecommunications and computers		**174,154**		114,001
Bad debt expense		**143,542**		85,967
Employee benefit contribution		**136,044**		91,063
Bank charges		**123,452**		80,970
Referral fees		**118,050**		30,832
Education		**92,489**		27,186
Depreciation and amortization		**79,840**		34,998
Office supplies		**54,987**		44,030
Dues and subscriptions		**23,201**		13,115
Recruiting expense		**16,271**		12,845
Miscellaneous		**15,364**		20,967
Total selling, general and administrative expenses	**$**	**11,548,286**		8,049,592

See Independent Auditor's Report on Supplemental Information.

Contact At Once!, LLC

Unaudited Condensed Consolidated Financial Statements
Table of Contents

Contact At Once!, LLC

Condensed Consolidated Balance Sheets

(in thousands)

	September 30, 2014	December 31, 2013
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 4,766	$ 2,973
Accounts receivable, net of allowance for doubtful accounts of $142 and $96, respectively	2,979	2,072
Prepaid expenses and other current assets	272	246
Total current assets	8,017	5,291
Property and equipment, net	240	247
Licenses	105	105
Other assets	43	43
Goodwill	591	592
Other intangible assets, net	1,258	1,483
Total assets	$ 10,254	$ 7,761
Liabilities and members' equity (deficiency)		
Current liabilities:		
Accounts payable	$ 390	$ 214
Deferred revenue	108	102
Accrued payroll	992	1,014
Deferred rent, current portion	86	66
Holdback payment	210	210
Accrued expenses and other liabilities	539	379
Total current liabilities	2,325	1,985
Deferred rent, net of current portion	132	227
Total liabilities	2,457	2,212
Redeemable preferred membership units	6,530	6,530
Total members' equity (deficiency)	1,267	(981)
Total liabilities and members' equity (deficiency)	$ 10,254	$ 7,761

See notes to the condensed consolidated financial statements (unaudited).

Contact At Once!, LLC

Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited; in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues				
Subscription licenses	$ 5,895	$ 4,114	$ 16,526	$ 11,588
Managed chat services	550	410	1,513	1,235
Start-up fees	43	29	125	88
Total revenues	6,488	4,553	18,164	12,911
Cost of revenues	1,449	1,044	3,987	2,799
Gross profit	5,039	3,509	14,177	10,112
Selling, general and administrative expenses	3,666	2,679	10,498	8,158
Income from operations	1,373	830	3,679	1,954
Other expense, net	(4)	(7)	(6)	(14)
Net income	$ 1,369	$ 823	$ 3,673	$ 1,940
Other comprehensive income				
Foreign currency translation adjustments	(22)	—	(12)	—
Total comprehensive income	$ 1,347	$ 823	$ 3,661	$ 1,940

See notes to the condensed consolidated financial statements (unaudited).

Contact At Once!, LLC

Condensed Consolidated Statements of Members' Equity (Deficiency)
(Unaudited; in thousands)

		Total Members' Equity (Deficiency)
Balance, December 31, 2012	$	(1,019)
Distributions to members		(729)
Exercise of awarded membership units		1
Compensation cost of awarded membership units		80
Net income		671
Foreign currency translation adjustment		15
Balance, December 31, 2013		(981)
Distributions to members		(1,480)
Compensation cost of awarded membership units		67
Net income		3,673
Foreign currency translation adjustment		(12)
Balance, September 30, 2014	$	1,267

See notes to the condensed consolidated financial statements (unaudited).

Contact At Once!, LLC

Condensed Consolidated Statements of Cash Flows
(Unaudited; in thousands)

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Cash flows from operating activities:		
Net income	$ 3,673	$ 1,940
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	298	40
Bad debt expense	75	143
Non-cash compensation expense	67	60
Changes in assets and liabilities:		
Accounts receivable	(982)	(625)
Prepaid expenses and other current assets	(26)	14
Accounts payable	176	79
Deferred revenue	7	16
Accrued payroll	(22)	32
Accrued expenses and other liabilities	161	(203)
Deferred rent	(76)	46
Net cash provided by operating activities	3,351	1,542
Cash flows from investing activities:		
Purchase of property and equipment	(66)	(43)
Net cash used in investing activities	(66)	(43)
Cash flows from financing activities:		
Distributions to members	(1,479)	(985)
Net cash used in financing activities	(1,479)	(985)
Effect of changes in exchange rates on cash	(12)	—
Net change in cash and equivalents	1,794	514
Cash and equivalents, beginning of period	2,972	3,524
Cash and equivalents, end of period	$ 4,766	$ 4,038
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 4	$ 2

See notes to the condensed consolidated financial statements (unaudited).

1. Organization and Business

Nature of Business

Contact At Once!, LLC (the Company) a software company with a cloud-based platform that instantly connects consumers with businesses through instant messaging, text messaging, chat, social media and video over the Internet, throughout North America and the United Kingdom.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Interim results are not necessarily indicative of results for a full year. The information included in these condensed consolidated financial statements should be read in conjunction with the 2013 consolidated financial statements as of and for the year ended December 31, 2013.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates.

Revenue Recognition

Revenues consist of subscription licenses, managed chat services and start-up fees. Subscription licenses are monthly recurring fees for services contracted for a set term. Managed chat services are amounts for providing the answering of shopper-initiated communications on behalf of merchants. Subscription licenses and chat answering services occur on a consistent basis over the term of the contract, and the revenues associated with those services are recognized as the services are provided. Start-up fees are the initial charges for set-up and installation of a new services contract. Deferred revenue is recorded for amounts billed or collected by the Company before satisfying revenue recognition criteria; start-up fees billed to customers are deferred and recognized over the term of the contract. Start-up fees for customers with month-to-month contracts are recognized at the start of the contract.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer’s ability to pay. Accounts receivable are charged off when, in management’s judgment, the likelihood of collection is remote. The Company does not require collateral on accounts receivable. Bad debt expense amounted to $0.1 million for the nine months ended September 30, 2014 and 2013, respectively.

License

In 2012, the Company entered into an agreement to license the rights to certain patents. The purchase price paid for the license was $0.1 million which represents its fair value. The amount was recorded as an intangible asset and, since the license is irrevocable and perpetual in life, no amortization is recorded. The Company evaluates the recoverability of intangible assets whenever events or changes in circumstances indicate that an intangible asset’s carrying amount may not be recoverable.

Foreign Currency Translation and Transactions

The financial position and results of operations of the Company's foreign subsidiary are measured using the foreign subsidiary's local currency as the functional currency. Revenues and expenses of such subsidiaries have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheet date. The resulting translation gain and loss adjustments are recorded directly as a separate component of members' equity, unless there is a sale or complete liquidation of the underlying foreign investments. Foreign currency translation adjustments resulted in losses of approximately $22,000 and $12,000 for the three and nine months ended September 30, 2014, respectively.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. Foreign currency transaction gains and losses included in operations totaled a net gain of approximately $3,000 and $7,000 for the three months ended September 30, 2014 and 2013, respectively. Foreign currency transaction gains and losses included in operations totaled a net gain of approximately $2,000 and $11,000 for the nine months ended September 30, 2014 and 2013, respectively.

Employee Membership Units Option Agreements

The Company has adopted the fair value based method of accounting for its employee membership units option agreements.

Concentrations

Financial instruments that subject the Company to credit risk consist primarily of accounts receivable and cash. One customer accounted for approximately 10% of accounts receivable as of September 30, 2014, and no customer accounted for greater than 10% of revenues for the period then ended. One customer accounted for approximately 10% of accounts receivable as of December 31, 2013, no customer accounted for greater than 10% of revenues for the year then ended.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes most existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP.

The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Company is currently evaluating the impact of the Company's pending adoption of ASU 2014-09 on our consolidated financial statements and have not yet determined the method by which it will adopt the standard in 2017.

3. Business Acquisition and Other Intangible Assets

On December 10, 2013, the Company acquired a direct chat business from a third party for $1.9 million in cash and a $0.2 million holdback payment payable December 10, 2014. The holdback payment may be reduced by certain items, as identified in the purchase agreement. Under the agreement, the purchase included a customer base as well as a related 5-year non-compete agreement from the seller. Each of these intangible assets has an expected useful life of 5 years. The goodwill arising from the acquisition consists largely of synergies from the business combination and expected revenue increases from exposure to the seller's customers.

The estimated fair values of the assets acquired under the purchase agreement consist of the following (in thousands):

Customer base	$	1,400
Non-compete agreement		100
Accounts receivable		8
Goodwill		592
	$	2,100

Other intangible assets include the customer base and non-compete agreement totaling $1.5 million, and are net of accumulated amortization of $0.2 million and $17,000 as of September 30, 2014 and December 31, 2014, respectively. Amortization expense related to the purchased intangible assets for the three and nine months ended September 30, 2014 was $0.1 million and $0.2 million, respectively. Their was no amortization expense related to the purchased intangible assets for the three and nine months ended September 30, 2013.

Expected amortization of the intangible assets is as follows for the period ending September 30, 2014 (in thousands):

2014	$	75
2015		300
2016		300
2017		300
2018		283
Total	$	1,258

4. Property and Equipment

Property and equipment consist of the following for the periods presented (amounts in thousands):

	Estimated Useful Lives		September 30, 2014		December 31, 2013
Computer equipment	3 years	$	210	$	169
Office equipment	3 years		43		35
Leasehold improvements	3 years		91		74
Furniture and fixtures	3-5 years		103		103
Software	2 years		2		2
			449		383
Accumulated depreciation			(209)		(136)
Property and equipment, net		$	240	$	247

Depreciation expense for the periods ended September 30, 2014 and December 31, 2013 was $0.1 million, respectively.

5. Employee Benefit Plan

The Company has a 401(k) plan which covers employees over age 21 who have attained three months of service. The Company matches 100% of the first 4% of eligible compensation. Retirement plan contribution expense included in cost of revenues and general and administrative expense totaled $0.1 million and $0.2 million for the three and nine months ended September 30, 2014, respectively. Retirement plan contribution expense included in cost of revenues and general and administrative expense totaled $39,217 and $0.1 million for the three and nine months ended September 30, 2013, respectively.

6. Lease Commitments

The Company leases office space under non-cancelable operating leases. The Company’s future minimum lease commitment under the operating leases is as follows for the period ended September 30 (in thousands):

2014	$	151
2015		534
2016		363
Total	$	1,048

The Company recognizes rent expense for office space using the straight-line method over the term of the lease. Deferred rent as of September 30, 2014 and December 31, 2013, totaled $0.2 million and $0.3 million, respectively. Rent expense was $0.1 million and $0.3 million for the three and nine months ended September 30, 2014, respectively. Rent expense was $0.1 million and $0.3 million for the three and nine months ended September 30, 2013, respectively.

7. Line of Credit

The Company had a revolving line of credit agreement with a financial institution that expired on October 8, 2014 for the lesser of $1.5 million or a borrowing base equal to 80% of accounts receivable. The line of credit was collateralized by all personal property of the Company. Interest on outstanding borrowings was calculated daily at the prime rate plus 1.0% with a floor of 6.0%. At December 31, 2013 the interest rate was 6.0%. The line of credit was subject to a financial covenant, as defined, a liquidity calculation. The Company was in compliance with this financial covenant as of September 30, 2014 and December 31, 2013. Since inception, the Company has never drawn on the line of credit.

8. Preferred and Common Membership Units

The Operating Agreement provides for the issuance of voting Preferred and Common Membership Units. Preferred Members have rights, powers and preferences that are prioritized over Common Members. Preferred Members are also entitled to distributions.

The total number of units of all classes which the Board of Directors has the authority to issue is 2,549,716 and consists of: (i) 460,588 Series A Preferred Units, (ii) 200,693 Series B Preferred Units, and (iii) 1,888,435 Common Units.

Units constituting profits interests (Profits Interests Units) may also be issued from time to time in one or more series of any number of units. No such Profits Interest Units have been issued.

The Company is obligated to redeem the Series B Preferred Units at any time after April 27, 2017, upon 90 days written notice of at least a majority of the holders of the Series B Preferred Units then outstanding (the Electing Holders). The Company will effect such redemption by paying in cash for each holder’s Series B Preferred Units the greater of: (i) the sum of each holder’s Adjusted Capital Contribution account and Preferred Return account; or (ii) a sum equal to each holder’s percentage ownership of the Company held by the owners of the then-outstanding Series B Preferred Shares on a fully diluted basis, multiplied by the fair market value of the Company.

Net income is allocated first to Preferred Members based on their ownership percentage and then to Common Members. Preferred Members are entitled to receive a preferred return out of any assets legally available, at the cumulative, non-compounded rate of 8% per annum on such Preferred Members' Adjusted Capital Contribution Account on each Preferred Unit. The preferred return begins to accrue and accumulate on a daily basis from the date of original issuance of units and is payable in cash, when, and if, declared by the Board of Directors or in the event of a liquidation. No distributions may be declared or paid on any units of any other series or class of equity interests in the Company unless and until distributions are also declared and paid on all the outstanding Preferred Membership Units at the same time.

9. Membership Units Based Compensation Agreements

Beginning in 2005, the Company awarded membership units to certain key employees and advisors. The Company accounts for the fair value of its membership unit grants in accordance with FASB ASC 718-10, *Stock Compensation*. The compensation expense for the three and nine months ended September 30, 2014 was approximately $20,000 and $67,000, respectively.

Under the grant agreements, the Company may award incentive or non-qualified membership unit awards to its employees and advisors without limit. Membership units are awarded as part of total compensation for employees and advisors and are awarded based on length of service and performance measurements. All membership units awarded are done so at management's discretion.

The exercise price is generally set at the undiluted net book value per unit determined at the end of the year of qualification. Certain awards were granted at a $.01 exercise price in accordance with individual compensation agreement provisions. All options granted have a maximum term of ten years and vest in periods from one to four years when awarded. The fair value of option grants is estimated on the date of the grant using the Black-Scholes option-pricing model. During the nine months ended September 30, 2014, the Company granted 8,050 membership unit options with an exercise price of $9.73 - $30.72 per unit.

10. Subsequent Event

On November 7, 2014, Contact At Once!, LLC sold 100% of its ownership interest in the Company to LivePerson, Inc.

Exhibit 99.3

LIVEPERSON, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information is based on the historical financial statements of LivePerson, Inc. (the “Company”) and Contact At Once!, LLC (“CAO!”) after giving effect to the Company’s acquisition of CAO! on November 7, 2014, as if it had occurred on September 30, 2014 for purposes of the pro forma condensed consolidated balance sheet, and January 1, 2013 for purposes of the pro forma condensed consolidated statements of operations.

The preliminary allocation of the purchase price used in the unaudited pro forma condensed consolidated financial information is based upon preliminary estimates. These preliminary estimates and assumptions are subject to change as the Company finalizes the valuations of the tangible and intangible assets acquired and liabilities assumed in connection with the acquisition of CAO!. The allocations will be finalized after the data necessary to complete the appraisals and other analyses of the fair values of acquired assets and assumed liabilities are obtained and analyzed. Differences between the preliminary and final allocations are not expected to have a material impact on the unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the historical consolidated financial statements and accompanying notes of the Company included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 and of CAO!’s audited financial statements for the year ended December 31, 2013 and its unaudited condensed consolidated financial statements for the nine months ended September 30, 2014 included in Form 8-K/A.

The unaudited pro forma condensed consolidated financial information is not intended to represent or be indicative of the Company’s consolidated results of operations or financial position that the Company would have reported had the CAO! acquisition been completed as of the dates presented, and should not be taken as a representation of the Company’s future consolidated results of operations or financial position.

The unaudited pro forma condensed consolidated financial information does not reflect any operating efficiencies and/or cost savings that the Company may achieve with respect to the consolidated companies.

LIVEPERSON, INC.

UNAUDITED FRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2014
(IN THOUSANDS)

	LivePerson, Inc. (As Reported)	CAO!	Pro Forma Adjustments		Pro Forma Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 87,111	$ 4,766	$ (42,777)	(1)	$ 49,100
Accounts receivable, net of allowance for doubtful accounts	32,386	2,979	—		35,365
Prepaid expenses and other current assets	9,620	272	—		9,892
Deferred tax assets, net	2,628	—	—		2,628
Total current assets	131,745	8,017	(42,777)		96,985
Property and equipment, net	18,763	240	—		19,003
Intangibles, net	14,020	1,363	19,037	(3)	34,420
Goodwill	35,783	591	40,164	(2)	76,538
Deferred tax assets, net	9,064	—	—		9,064
Other assets	2,342	43	—		2,385
Total assets	$ 211,717	$ 10,254	$ 16,424		$ 238,395
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts payable	$ 8,932	$ 390	$ —		$ 9,322
Accrued expenses	29,752	1,827	4,220	(1)	35,799
Deferred revenue	14,022	108	—		14,130
Total current liabilities	52,706	2,325	4,220		59,251
Other liabilities	768	132	—		900
Total liabilities	53,474	2,457	4,220		60,151
Redeemable preferred membership units	—	6,530	(6,530)	(4)	—
Commitments and contingencies					
STOCKHOLDERS' EQUITY:					
Total stockholders' equity	158,243	1,267	18,734	(4)	178,244
Total liabilities and stockholders' equity	$ 211,717	$ 10,254	$ 16,424		$ 238,395

See notes to unaudited proforma condensed consolidated financial statements.

LIVEPERSON, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	LivePerson, Inc. (As Reported)	CAO!	Pro Forma Adjustments		Pro Forma Consolidated
Revenue	$ 151,702	$ 18,164	$ —		$ 169,866
Costs and expenses					
Cost of revenue	38,200	3,987	788	(3)	42,975
Sales and marketing	59,449	7,299	—		66,748
Product development	27,999	1,197	—		29,196
General and administrative	28,074	1,777	(308)	(5)	29,543
Amortization of purchased intangibles	803	225	1,152	(3)	2,180
Total costs and expenses	154,525	14,485	1,632		170,642
(Loss) income from operations	(2,823)	3,679	(1,632)		(776)
Other income (expense), net	184	(6)	—		178
(Loss) income before provision for (benefit from) income taxes	(2,639)	3,673	(1,632)		(598)
Provision for income taxes	507	—	857	(6)	1,364
Net (loss) income	$ (3,146)	$ 3,673	$ (2,489)		$ (1,962)
Net loss per share of common stock:					
Basic	$ (0.06)				$ (0.04)
Diluted	$ (0.06)				$ (0.04)
Weighted-average shares used to compute net loss per share:					
Basic	54,238,536		1,627,753		55,866,289
Diluted	54,238,536		1,627,753		55,866,289

See notes to unaudited proforma condensed consolidated financial statements.

LIVEPERSON, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	LivePerson, Inc. (As Reported)	CAO!	Pro Forma Adjustments		Pro Forma Consolidated
Revenue	$ 177,805	$ 17,795	$ —		$ 195,600
Costs and expenses					
Cost of revenue	42,555	3,929	1,050	(3)	47,534
Sales and marketing	62,488	8,556	—		71,044
General and administrative	39,968	1,901	—		41,869
Product development	36,397	1,074	—		37,471
Amortization of purchased intangibles	871	17	1,819	(3)	2,707
Total costs and expenses	182,279	15,477	2,869		200,625
(Loss) income from operations	(4,474)	2,318	(2,869)		(5,025)
Other income (expense), net	337	(20)	—		317
(Loss) income before provision for (benefit from) income taxes	(4,137)	2,298	(2,869)		(4,708)
(Benefit from) provision for income taxes	(638)	—	96	(6)	(542)
Net (loss) income	(3,499)	$ 2,298	$ (2,965)		$ (4,166)
Net loss per share of common stock:					
Basic	$ (0.06)				$ (0.07)
Diluted	$ (0.06)				$ (0.07)
Weighted-average shares used to compute net loss per share:					
Basic	54,725,236		1,627,753		56,352,989
Diluted	54,725,236		1,627,753		56,352,989

See notes to unaudited proforma condensed consolidated financial statements.

LIVEPERSON, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. On November 7, 2014, the Company acquired the outstanding equity interest of Contact At Once!, LLC, a software company with a cloud-based platform that instantly connects consumers with businesses through instant messaging, text messaging, chat, social media and video over the internet for consumer-to-business sales conversions, for approximately $67.0 million, which includes approximately $42.8 million in cash, approximately $20.0 million in shares of common stock and approximately $4.2 million of potential earn-out consideration in cash or shares of common stock. The earn-out is contingent upon achieving certain targeted financial, strategic and integration objectives and milestones and is included as part of the purchase price.

   The transaction will be accounted for under the purchase method of accounting and, accordingly, the operating results of Contact At Once! will be included in the Company's consolidated results of operations from the date of acquisition. The Company is in the process of finalizing all fair value and purchase accounting adjustments.

2. The preliminary estimated excess of the acquisition cost of CAO! over the fair value of the identifiable net assets acquired approximates $40.7 million. The pro forma balance sheets reflects a pro forma adjustment to increase goodwill by $40.1 million, net of elimination of CAO!'s historical goodwill of $0.6 million.

3. The preliminary estimate of identifiable intangible assets of CAO! is $20.4 million and relates principally to acquired technology and customer relationship intangibles. The pro forma balance sheet reflects a pro forma adjustment to increase intangible assets by $19.0 million, net of elimination of CAO!'s historical intangible assets of $1.4 million. The intangible assets are to be amortized over their estimated useful lives ranging from 1 to 10 years. The preliminary pro forma adjustments to give effect to the CAO! acquisition are presented below (in thousands):

	Nine Months Ended September 30, 2014	Year Ended December 31, 2013
Amortization expense for estimated identifiable intangible assets included in cost of revenue	$ 788	$ 1,050
Amortization expense for estimated identifiable intangible assets included in operating expenses	1,377	1,836
Elimination of CAO!'s historical amortization expense included in operating expenses	(225)	(17)
Total adjustment to pro forma statement of operations	$ 1,940	$ 2,869

4. Stockholders' equity has been adjusted to reflect the elimination of CAO!'s historical equity of $1.3 million and the issuance of common stock with an approximate fair value of $20.0 million, which is approximately 1.6 million shares. A pro forma adjustment was also made to reflect the elimination of CAO!'s redeemable preferred membership units of $6.5 million.

5. A pro forma adjustment of $0.3 million was included to reflect the elimination of the acquisition related transaction costs incurred by CAO! and the Company during the nine months ended September 30, 2014.

6. The acquisition of CAO! is expected to be treated as a taxable asset acquisition and the excess of the purchase price over the tax basis of the net assets acquired will be tax deductible. A pro forma tax provision of $0.9 million and $0.1 million for the nine month period ending September 30, 2014 and year ended December 31, 2013, respectively, have been included to reflect the inclusion of CAO!.