

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

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported) October 28, 2004

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) (IRS Employer Identification No.)

462 Seventh Avenue, 21st Floor, 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 (see General Instruction A.2. below):

- 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))

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

A copy of the press release issued by LivePerson, Inc. on October 28, 2004, announcing its results of operations and financial condition for the quarter ended September 30, 2004, 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.**

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

99.1            Press release issued October 28, 2004.

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**SIGNATURES**

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

LIVEPERSON, INC.

(Registrant)

October 28, 2004

Date

/s/ TIMOTHY E. BIXBY

Timothy E. Bixby

President, Chief Financial Officer and Secretary

**EXHIBIT INDEX**

Exhibit

99.1

Press release issued October 28, 2004.

For Immediate Release

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## **LivePerson Third Quarter Revenue Increases 39% From Prior Year**

NEW YORK, NY - October 28, 2004 - LivePerson, Inc. (NasdaqSC: LPSN), a leading provider of software solutions for online communications including sales, marketing and customer service, today announced financial results for the third quarter ended September 30, 2004.

Revenue for the third quarter was \$4.4 million, a 39% increase from the third quarter of 2003, and a 1% sequential increase versus the second quarter of 2004. Revenue growth versus the prior year was due primarily to existing client growth, the addition of new clients and to a lesser extent, the Island Data acquisition effective January 1, 2004.

"The announcement of LivePerson Timpani, our hosted, multichannel platform for online communication, was the highlight of the third quarter," CEO Robert LoCascio stated. "Though sequential sales growth in the quarter was less than we had expected, we expect greater sequential growth in the fourth quarter based on our current sales pipeline activity."

The launch of Timpani establishes LivePerson as a provider of a fully integrated, multichannel communication solution for online businesses. Integrating chat, email and a self-service knowledgebase, Timpani provides an easy to implement hosted solution for businesses of all sizes that wish to communicate effectively with their online customers from a single customer contact database. Timpani's integration of each online communication channel ensures that website visitors can access the right channel at the right time, thereby minimizing cost and increasing online sales.

Net income for the third quarter of 2004 was \$0.6 million or \$0.02 per share, as compared to net income of \$0.7 million or \$0.02 per share in the second quarter of 2004, and net income of \$9,000, or \$0.00 per share in the third quarter of 2003.

Earnings before interest, taxes, depreciation, amortization and non-cash compensation (EBITDA) for the third quarter of 2004 was \$1.0 million versus \$1.0 million in the second quarter of 2004 and \$0.5 million in the third quarter of 2003.

A reconciliation of the differences between EBITDA and the most comparable financial measure calculated and presented in accordance with generally accepted accounting principles (GAAP) is located under the heading "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the Condensed Consolidated Statements of Operations included in this press release.

LivePerson considers EBITDA and cash from operations to be important financial indicators of the Company's operational strength and the performance of its business. EBITDA should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. The non-GAAP measures included in this press release have been reconciled to the nearest GAAP measure.

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## **Financial Expectations**

The Company currently expects the following financial results:

- Sequential quarterly revenue growth of 3%, to \$4.5 million for Q4 2004
- Revenue of \$17.3 million for the full year 2004
- EBITDA of \$0.02 per share and GAAP EPS of \$0.01 in Q4 2004
- EBITDA of \$0.10 per share and GAAP EPS of \$0.07 for the full year 2004

The difference between EBITDA per share, a non-GAAP measure, and GAAP EPS, is interest, taxes, depreciation, amortization and non-cash compensation and is expected to be \$0.01 per share in Q4 and \$0.03 per share for the full year 2004.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2004	2003	2004	2003
Total revenue	\$ 4,381	\$ 3,142	\$ 12,796	\$ 8,497
Operating expenses:				
Cost of revenue	730	501	2,116	1,508
Product development	515	419	1,470	1,170
Sales and marketing	1,327	910	3,721	2,494
General and administrative	972	1,059	2,881	2,655
Amortization of other intangibles	204	253	563	760
Restructuring charge	-	-	-	1,024
Total operating expenses	3,748	3,142	10,751	9,611
Income (loss) from operations	633	0	2,045	(1,114)
Other income, net	18	9	41	20
Income (loss) before provision for income taxes	651	9	2,086	(1,094)
Provision for income taxes	25	-	58	-
Net income (loss)	\$ 626	\$ 9	\$ 2,028	\$ (1,094)
Basic net income (loss) per share	\$ 0.02	\$ 0.00	\$ 0.05	\$ (0.03)
Diluted net income (loss) per share	\$ 0.02	\$ 0.00	\$ 0.05	\$ (0.03)
Weighted average shares outstanding used in basic net income (loss) per share calculation	37,336,792	34,887,114	37,222,428	34,426,751
Weighted average shares outstanding used in diluted net income (loss) per share calculation	37,336,792	35,668,024	37,770,159	34,426,751

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

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		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2004	2003	2004	2003
Net income (loss) in accordance with generally accepted accounting principles	\$ 626	\$ 9	\$ 2,028	\$ (1,094)
Add/(less):				
(a) Amortization of other intangibles	204	253	563	760
(b) Non-cash compensation	58	143	187	191
(c) Depreciation	56	71	172	279
(d) Provision for income taxes	25	-	58	-
(e) Interest income, net	(18)	(9)	(41)	(27)
<b>EBITDA (1)</b>	<b>\$ 951</b>	<b>\$ 467</b>	<b>\$ 2,967</b>	<b>\$ 109</b>
Fully diluted EBITDA per share	\$ 0.03	\$ 0.01	\$ 0.08	\$ 0.00
Weighted average shares used in EBITDA per share calculation				
Fully diluted (2)	37,336,792	35,668,024	37,770,159	35,075,793
<b>EBITDA</b>	<b>\$ 951</b>	<b>\$ 467</b>	<b>\$ 2,967</b>	<b>\$ 109</b>
Add/(less):				
Changes in operating assets and liabilities	131	(252)	(1,173)	771
Provision for doubtful accounts	-	-	15	15
Provision for income taxes	(25)	-	(58)	-
Interest income, net	18	9	41	27
<b>Net cash provided by operating activities</b>	<b>\$ 1,075</b>	<b>\$ 224</b>	<b>\$ 1,792</b>	<b>\$ 922</b>

(1) Earnings before interest, taxes, depreciation and amortization.

(2) The weighted average shares assumed to be outstanding under the EBITDA per share calculation is greater for certain periods as compared to the weighted average shares assumed to be outstanding in accordance with GAAP. This occurs when both a GAAP net loss and positive EBITDA per share exist in a given period.



**LivePerson, Inc.**  
**Condensed Consolidated Balance Sheets**  
(In Thousands, Except Share and Per Share Data)

	September 30, 2004 (unaudited)	December 31, 2003
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 12,287	\$ 10,898
Accounts receivable, net	1,088	1,239
Prepaid expenses and other current assets	518	318
<b>Total current assets</b>	<b>13,893</b>	<b>12,455</b>
Property and equipment, net	462	341
Other intangibles, net	1,950	361
Security deposits	137	129
Other assets	312	251
<b>Total assets</b>	<b>\$ 16,754</b>	<b>\$ 13,537</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 284	\$ 116
Accrued expenses	1,707	2,577
Deferred revenue	1,054	1,276
<b>Total current liabilities</b>	<b>3,045</b>	<b>3,969</b>
Other liabilities	312	232
Commitments and contingencies		
<b>Total stockholders' equity</b>	<b>13,397</b>	<b>9,336</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 16,754</b>	<b>\$ 13,537</b>

## **About LivePerson**

LivePerson is a leading provider of software solutions for online communications including sales, marketing and customer service. LivePerson's Timpani platform enables online businesses to identify and engage the right customer with the right communication channel at the right time, thereby enhancing the online experience. Chat, marketing and selling tools, a self-service knowledgebase and email management are combined with industry-leading channel matching technology, rules-based intelligence, routing and reporting, to offer clients the opportunity to increase sales, lower customer service costs and enhance the customer experience. Many among the company's roster of more than 3,000 customers, including EarthLink, Microsoft, Hewlett Packard, Qwest, Verizon and AT&T, have reported significant savings, increased sales and high customer satisfaction using LivePerson's technologies. LivePerson is headquartered in New York City.

## **EBITDA Financial Disclosure**

Investors are cautioned that the EBITDA, or earnings before interest, taxes, depreciation, amortization and non-cash compensation, information contained in this press release is not a financial measure under generally accepted accounting principles. In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with generally accepted accounting principles, 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 such as EBITDA, 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.

## **Forward Looking Statements**

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 progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which we base our expectations may change prior to the end of the quarter. Although these expectations may change, we are under no obligation to inform you if they do. Our company policy is generally to provide our expectations only once per quarter, and not to update that information until the next quarter. Actual events or results may differ materially from those contained in the projections or forward-looking statements. The following factors, among others, could cause our actual results to differ materially from those described in a forward-looking statement: our history of losses; potential fluctuations in our quarterly and annual results; responding to rapid technological change and changing client preferences; competition in the real-time sales, marketing and customer service solutions market; continued use by our clients of the LivePerson services and their purchase of additional services; technology systems beyond our control and technology-related defects that could disrupt the LivePerson services; risks related to adverse business conditions experienced by our clients; our dependence on key employees; competition for qualified personnel; the possible unavailability of financing as and if needed; risks related to the operational integration of acquisitions; risks related to our international operations, particularly our operations in Israel, and the current civil and political unrest in that region; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; our dependence on the continued use of the Internet as a medium for commerce and the viability of the infrastructure of the Internet; and risks related to the regulation or possible misappropriation of personal information. 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.