

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): **November 2, 2010**

**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.)

**462 Seventh Avenue, New York, New York**  
(Address of Principal Executive Offices)

**10018**  
(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 November 4, 2010, announcing its results of operations and financial condition for the quarter ended September 30, 2010, 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

LivePerson, Inc. (the “Company”) and Timothy E. Bixby entered into a Separation Agreement and General Release on November 2, 2010 (“Agreement”) setting forth the terms and conditions of Mr. Bixby’s departure from the Company which include a period of transition through April 2, 2011, subject to earlier termination under certain terms of the Agreement. During the transition period, Mr. Bixby will continue as an employee of the Company, will carry out all duties and responsibilities of his position with the Company and will facilitate a transition of his duties and responsibilities to a successor to be identified by the Company. During this transition period, Mr. Bixby will continue to receive his current base salary and benefits.

Further, in connection with Mr. Bixby’s transition and separation, and in exchange for Mr. Bixby’s performance under the Agreement and signing of a general release of claims in favor of the Company, Mr. Bixby will receive (i) a payment of \$325,000 which is equal to 12 months of Mr. Bixby’s current base salary and which will be paid immediately following the 6-month anniversary of Mr. Bixby’s separation date, (ii) a 2010 bonus payment equal to Mr. Bixby’s 2010 bonus target amount of \$200,000 multiplied by the percentage multiplier applicable to the Company’s overall bonus pool based on Company fiscal performance pursuant to the Company’s 2010 bonus plan, which will be paid on or before March 15, 2011, (iii) up to 12-months of premium payments for health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act, and (iv) an extension of the exercisability of all vested stock options held by Mr. Bixby as of his separation date until the third anniversary thereof. The foregoing payments and benefits are subject to Mr. Bixby continuing with the Company through April 2, 2011, provided that in the event the Company terminates Mr. Bixby’s employment prior to April 2, 2011 without cause or as a result of his death or disability, or if Mr. Bixby resigns for good reason (defined as Company’s breach of its payment obligations under the Agreement) prior to April 2, 2011, Mr. Bixby will be entitled to receive these benefits. Except as provided above, Mr. Bixby is not entitled to receive any other payments from the Company related to the termination of his employment.

The Separation Agreement, together with the Proprietary Information, Developments and Non-Compete Agreement previously entered into by and between the Company and Mr. Bixby and which will continue in effect following his departure from the Company, also contains various restrictive covenants, including covenants relating to non-competition, non-solicitation, confidentiality, and cooperation.

In addition, Mr. Bixby will resign from his role as a Director of the Company on his Separation Date.

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

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

99.1 Press release issued November 4, 2010.

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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: November 4, 2010

By: /s/ ROBERT P. LOCASCIO  
Robert P. LoCascio  
*Chairman and Chief Executive Officer*

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**EXHIBIT INDEX**

99.1 Press release issued November 4, 2010.

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For Immediate Release

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## LivePerson Reports Third Quarter Financial Results

- **Revenue increased 27% from prior year and 7% sequentially**
- **EBITDA per share of \$0.14**
- **Adjusted EPS of \$0.09**
- **GAAP EPS of \$0.05**
  
- **Company pursuing a dual listing on Tel Aviv Stock Exchange (TASE)**
- **Tim Bixby, President and Chief Financial Officer, to Leave In Early 2011**

NEW YORK, NY – November 4, 2010 – LivePerson, Inc. (Nasdaq: LPSN), a leading provider of online engagement solutions that facilitate real-time assistance and expert advice, today announced financial results for the third quarter ended September 30, 2010.

The company also announced that it has begun pursuing a dual listing on the Tel Aviv Stock Exchange to further strengthen its ties to the important Israel-based technology market. The company believes that a local presence in this important technology market can increase its exposure to Israel-based technology investors, and also to potential business development opportunities.

The company also announced that, after more than 11 years at LivePerson, President and Chief Financial Officer Tim Bixby will leave the Company during the first quarter of 2011. Mr. Bixby will assist the Company in its recruitment of a new CFO, and will remain fully engaged in his current role during the coming months to effect a smooth and successful transition.

On Mr. Bixby's decision, Robert LoCascio, LivePerson's CEO, stated, "Tim is a personal friend; he played a critical role in building LivePerson over the course of many years, and has provided tremendous value to our customers, employees, partners and shareholders. I wish him the very best. Among his many contributions to the company, Tim has built and maintained a stellar finance and accounting organization at all levels, providing us with a solid foundation and a highly capable team to support LivePerson through this transition and into the future. Over the coming months, Tim and I will work together with the Board of Directors to identify a suitable successor and effect an orderly transition."

"Having been part of the core team that drove LivePerson from its startup origins, through an IPO, and past the \$100 million annual revenue mark has been an outstanding experience," said Mr. Bixby. "The team in place is well suited for the next phase of growth, and I look forward to LivePerson's continued success. As we begin the process of a search for and transition to my successor, I remain fully engaged in operations, and committed to ensuring a smooth and successful change of leadership."

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## **Third Quarter Highlights**

### **Revenue**

Revenue for the third quarter was \$28.2 million, a 27% increase from the third quarter of 2009, and a 7% sequential increase as compared to the second quarter of 2010. Revenue from business operations for the third quarter was \$24.6 million, a 29% increase as compared to the third quarter of 2009 and a 7% increase as compared to the second quarter of 2010. Revenue from consumer operations for the third quarter was \$3.6 million, a 15% increase as compared to the third quarter of 2009, and a 5% increase as compared to the second quarter of 2010.

“The second half of our fiscal year is off to a great start,” said LivePerson CEO, Robert LoCascio. “Global demand for our core offerings remains strong, and we are beginning to see acceleration in the Asia-Pacific region through our direct channel partner. As we head into the final quarter of 2010, we remain focused on our top and bottom line goals, while simultaneously taking more aggressive steps to market our platform and new APIs to customers, developers and innovators.”

### **Customer Expansion**

LivePerson added 18 new large clients in the quarter, including:

- A leading US insurance provider
- An online retailer of branded, innovative and technology-rich products
- The nation's largest provider of savings, investment and lending services for consumers
- A leading provider of enterprise integrated software
- An online retailer of automotive parts

The company also expanded business with many existing customers, including:

- A major online retailer of discounted designer brands
- A leading UK provider of mobile phone and broadband services
- T-Mobile UK
- A leading software and technology provider
- One of the nation's largest financial services companies

### **Net Income**

Net income for the third quarter of 2010 was \$2.8 million or \$0.05 per share as compared to \$2.3 million or \$0.05 per share in the third quarter of 2009, and net income of \$1.6 million or \$0.03 per share in the second quarter of 2010.

### **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.

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Adjusted net income for the third quarter of 2010 was \$4.6 million or \$0.09 per share, as compared to \$4.0 million or \$0.08 per share in the third quarter of 2009, and \$3.1 million or \$0.06 per share in the second quarter of 2010.

EBITDA for the third quarter of 2010 was \$7.5 million or \$0.14 per share, as compared to \$6.2 million or \$0.12 per share in the third quarter of 2009, and \$5.4 million or \$0.10 per share in the second quarter of 2010.

## Cash

The company's cash balance decreased by \$2.4 million to \$50.4 million at September 30, 2010 as compared to \$52.8 million as of June 30, 2010.

## Financial Expectations

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

### Fourth Quarter 2010

- Revenue of \$30.1 - \$30.3 million
- EBITDA of \$0.15 - \$0.16 per share
- Adjusted net income of \$0.08 - \$0.09 per share
- GAAP EPS of \$0.04 - \$0.05
- Fully diluted share count of approximately 53.5 million

### Full Year 2010

- Revenue of \$110.0 - \$110.2 million
- EBITDA of \$0.50 - \$0.51 per share
- Adjusted net income per share of \$0.30 - \$0.31
- GAAP EPS of \$0.16 - \$0.17
- Fully diluted share count of approximately 53 million

## Other Full Year 2010 Assumptions

- Amortization of intangibles of approximately \$1.5 million
- Stock-compensation expense of approximately \$5.0 million
- Depreciation of approximately \$5.5 million
- Effective tax rate of approximately 37%
- Cash tax rate of approximately 35%
- Capital expenditures of approximately \$7.5 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</b>	<b>9 months ended</b>
	<b>September 30, 2010</b>	<b>September 30, 2010</b>
Cost of revenue	\$ 245	\$ 655
Product development	360	1,022
Sales and marketing	413	971
General and administrative	411	954
<b>Total</b>	<b>\$ 1,429</b>	<b>\$ 3,602</b>

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## 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</b> <b>September 30, 2010</b>	<b>9 months ended</b> <b>September 30, 2010</b>
Cost of revenue	\$ 307	\$ 920
General and administrative	83	249
<b>Total</b>	<b>\$ 390</b>	<b>\$ 1,169</b>

### Earnings Teleconference, Twitter and Video Discussion Information

The company will discuss its third quarter 2010 financial results during a teleconference today, November 4, 2010, 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 "20008315."

If you are unable to participate, the teleconference will be available for replay at 6:00 p.m. ET on November 4, 2010 until February 4, 2010. To access the replay, please call 800-642-1687 (U.S. and Canada) or 706-645-9291 (international). Please reference the conference ID "20008315."

Please follow LivePerson on StockTwits and keep an eye on \$LPSN for updates.

The company will post a video discussion of its third quarter 2010 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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenue	\$ 28,221	\$ 22,262	\$ 79,927	\$ 62,722
Operating expenses:				
Cost of revenue	7,595	5,495	21,405	15,007
Product development	3,940	3,109	11,454	8,949
Sales and marketing	8,289	6,535	24,431	19,947
General and administrative	4,178	3,312	12,145	9,991
Amortization of intangibles	83	118	249	662
Total operating expenses	<u>24,085</u>	<u>18,569</u>	<u>69,684</u>	<u>54,556</u>
Income from operations	4,136	3,693	10,243	8,166
Other income (expense), net	73	90	36	50
Income before provision for income taxes	4,209	3,783	10,279	8,216
Provision for income taxes	<u>1,444</u>	<u>1,516</u>	<u>3,762</u>	<u>3,544</u>
Net income	<u>\$ 2,765</u>	<u>\$ 2,267</u>	<u>\$ 6,517</u>	<u>\$ 4,672</u>
Basic net income per common share	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.13</u>	<u>\$ 0.10</u>
Diluted net income per common share	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>	<u>\$ 0.10</u>
Weighted average shares outstanding used in basic net income per common share calculation	<u>50,976,468</u>	<u>47,968,777</u>	<u>50,578,801</u>	<u>47,684,047</u>
Weighted average shares outstanding used in diluted net income per common share calculation	<u>53,302,655</u>	<u>49,683,730</u>	<u>52,935,805</u>	<u>48,553,525</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.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Net income in accordance with generally accepted accounting principles	\$ 2,765	\$ 2,267	\$ 6,517	\$ 4,672
Add/(less):				
(a) Amortization of intangibles	390	425	1,169	1,583
(b) Stock-based compensation	1,429	1,211	3,602	3,491
(c) Depreciation	1,553	822	3,888	2,448
(d) Provision for income taxes	1,444	1,516	3,762	3,544
(e) Other (income) expense, net	(73)	(90)	(36)	(50)
EBITDA (1)	<u>\$ 7,508</u>	<u>\$ 6,151</u>	<u>\$ 18,902</u>	<u>\$ 15,688</u>
Diluted EBITDA per common share	<u>\$ 0.14</u>	<u>\$ 0.12</u>	<u>\$ 0.36</u>	<u>\$ 0.32</u>
Weighted average shares used in diluted EBITDA per common share	<u>53,302,655</u>	<u>49,683,730</u>	<u>52,935,805</u>	<u>48,553,525</u>
Net income in accordance with generally accepted accounting principles	\$ 2,765	\$ 2,267	\$ 6,517	\$ 4,672
Add:				
(a) Amortization of intangibles	390	425	1,169	1,583
(b) Stock-based compensation	1,429	1,211	3,602	3,491
Adjusted net income	<u>\$ 4,584</u>	<u>\$ 3,903</u>	<u>\$ 11,288</u>	<u>\$ 9,746</u>
Diluted adjusted net income per common share	<u>\$ 0.09</u>	<u>\$ 0.08</u>	<u>\$ 0.21</u>	<u>\$ 0.20</u>
Weighted average shares used in diluted adjusted net income per common share	<u>53,302,655</u>	<u>49,683,730</u>	<u>52,935,805</u>	<u>48,553,525</u>
EBITDA	\$ 7,508	\$ 6,151	\$ 18,902	\$ 15,688
Add/(less):				
(a) Changes in operating assets and liabilities	(2,260)	(825)	(7,712)	(14)
(b) Provision for doubtful accounts	50	30	65	30
(c) Provision for income taxes	(1,444)	(1,516)	(3,762)	(3,544)
(d) Deferred income taxes	180	338	138	636
(e) Other income (expense), net	73	90	36	50
Net cash provided by operating activities	<u>\$ 4,107</u>	<u>\$ 4,268</u>	<u>\$ 7,667</u>	<u>\$ 12,846</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>September 30,</u> <u>2010</u>	<u>December 31, 2009</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 50,357	\$ 45,572
Accounts receivable, net	16,821	10,265
Prepaid expenses and other current assets	3,627	3,661
Deferred tax assets, net	772	1,460
Total current assets	<u>71,577</u>	<u>60,958</u>
Property and equipment, net	12,008	9,551
Intangibles, net	2,442	2,821
Goodwill	24,015	23,920
Deferred tax assets, net	5,327	4,777
Deferred implementation costs, net of current	158	136
Security deposits	490	326
Other assets	1,984	1,792
Total assets	<u>\$ 118,001</u>	<u>\$ 104,281</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 4,733	\$ 5,375
Accrued expenses	9,927	10,895
Deferred revenue	5,585	4,692
Total current liabilities	<u>20,245</u>	<u>20,962</u>
Deferred revenue, net of current	588	506
Other liabilities	1,868	1,676
Total liabilities	<u>22,701</u>	<u>23,144</u>
Commitments and contingencies		
Total stockholders' equity	95,300	81,137
Total liabilities and stockholders' equity	<u>\$ 118,001</u>	<u>\$ 104,281</u>

**About LivePerson**

LivePerson is a leading provider of online engagement solutions that facilitate real-time assistance and expert advice. Connecting businesses and experts with consumers seeking help on the Web, LivePerson's hosted software platform creates more relevant, compelling and personalized online experiences. Every month, LivePerson's intelligent platform helps millions of people succeed online; more than 8,500 companies, including EarthLink, Hewlett-Packard, Microsoft and Verizon, rely on LivePerson to maximize the impact of the online channel. LivePerson is headquartered in New York City.

**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; risks related to the operational integration of acquisitions; risks related to new regulatory or other legal requirements that could materially impact our business; risks related to our international operations, particularly our operations in Israel, and the civil and political unrest in that region; 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; continued use by our clients of the LivePerson services and their purchase of additional services; responding to rapid technological change and changing client preferences; 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; and risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties. 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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