

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): November 8, 2016

LivePerson, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

0-30141
(Commission File Number)

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

475 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))

Item 2.02. Results of Operations and Financial Condition.

A copy of the press release issued by LivePerson, Inc. (the “Registrant”) on November 8, 2016, announcing its results of operations and financial condition for the quarter ended September 30, 2016, is included herewith as Exhibit 99.1 and is incorporated herein by reference. The information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) that is furnished pursuant to this Item 2.02 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference into such filing.

Item 9.01. Financial Statements and Exhibits.

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

99.1 Press release issued November 8, 2016 relating to results of operations and financial condition for the quarter ended September 30, 2016.

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 8, 2016

By: /s/ DANIEL R. MURPHY

Daniel R. Murphy

Chief Financial Officer

EXHIBIT INDEX

99.1 Press release issued November 8, 2016 relating to results of operations and financial condition for the quarter ended September 30, 2016.

LivePerson Announces Third Quarter 2016 Financial Results

-- Holds Industry Summit on Messaging, Hosted by T-Mobile --

-- On Target for Approximately \$14 Million of Expense Reductions in 2016 as Compared to 2015 --

NEW YORK, November 8, 2016 /PRNewswire/ -- LivePerson, Inc. (NASDAQ: LPSN), a leading provider of mobile and online business messaging solutions, today announced financial results for the third quarter ended September 30, 2016.

Highlights

The third quarter was highlighted by the strengthening of LivePerson's leadership in business-to-consumer messaging, advancing into the later stages of the migration, and capturing additional operating efficiencies.

Total revenue of \$54.5 million met the midpoint of guidance for the third quarter of 2016, decreasing 10% as compared to the same period last year. Within total revenue, business operations revenue for the third quarter of 2016 was \$50.5 million, a decrease of 12%. Revenue from consumer operations was \$4.0 million, an increase of 10%.

LivePerson signed a total of 83 deals in the quarter, which includes the addition of 28 new customers. Trailing-twelve-months average revenue per enterprise and mid-market customer topped \$200,000 for the third consecutive quarter.

"With solid third quarter execution, we now have more than one-third of software revenue on LiveEngage and a similar amount already in the process of migrating," said CEO Robert LoCascio. "We also strengthened our industry leadership by expanding our portfolio of messaging solutions, adding new messaging customers, and holding an exclusive industry summit alongside flagship customer T-Mobile. Finally, we continued to enhance our operating model by leveraging the shift to LiveEngage. The tools to transform the customer care industry and our own business are now firmly in our hands."

Customer Expansion

During the third quarter, the Company signed contracts with the following new customers:

- Elizabeth Arden, a leading cosmetics and fragrance company
- Travel Republic, one of the largest and most well-established online travel agents in Europe
- A national retailer of home furnishings and lighting
- A provider of digital marketing and customer acquisition solutions
- A government agency in Australia

The Company also expanded business with:

- One of the leading mortgage lending companies
- A leading video game developer and publisher
- A multi-billion provider of beauty, household, and personal care products
- A premier online electronics retailer
- A leading telecommunications company in Europe

Net (Loss) Income and Adjusted Net (Loss) Income

Net loss for the third quarter of 2016 was \$5.9 million or \$0.10 per share, as compared to net income of \$1.9 million or \$0.03 per share in the third quarter of 2015. Adjusted net loss for the third quarter of 2016 was \$2.9 million or \$0.05 per share, as compared to adjusted net income of \$2.1 million or \$0.04 per share in the third quarter of 2015. Adjusted net income excludes amortization, stock-based compensation, restructuring costs, acquisition costs, deferred tax asset valuation allowance, other non-recurring charges and the related income tax effect of these adjustments.

Net loss in the third quarter of 2016 included \$0.5 million (\$0.01 per share) of net non-recurring expenses primarily associated with IP litigation. Net loss and adjusted net loss in the third quarter of 2016 included taxes of \$3.2 million, which were approximately \$2.2 million (\$0.04 per share) higher than anticipated due to a larger increase in the taxable income in foreign jurisdictions in relation to the overall loss and the adjustment of prior net operating losses. This change has no effect on cash taxes paid. Net profit in the third quarter of 2015 included a net gain of \$3.1 million (\$0.04 per share) primarily tied to the reversal of the contingent earn-out associated with Contact At Once.

Adjusted EBITDA

Adjusted EBITDA for the third quarter of 2016 was \$4.6 million or \$0.08 per share, as compared to \$6.5 million or \$0.11 per share in the third quarter of 2015. Adjusted EBITDA excludes provision for (benefit from) income taxes, other (income)/expense, net, depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other non-recurring charges.

A reconciliation of the non-GAAP financial measures to GAAP measures has been provided in the financial tables included in this press release. An explanation of the non-GAAP financial measures and how they are calculated is included below under the heading "Non-GAAP Financial Measures."

Cash and Cash Equivalents

The Company's cash balance was \$55.4 million at September 30, 2016, including \$4.0 million of cash being used as collateral for foreign currency hedging instruments. The Company generated approximately \$1.8 million of cash from operations and incurred capital expenditures of approximately \$2.6 million. The Company also spent approximately \$1.2 million to repurchase shares of its common stock during the third quarter of 2016. As of September 30, 2016, approximately \$14.3 million remained available for purchases under the previously announced stock repurchase program.

Financial Expectations

LivePerson is on target to hit the midpoint of the previously issued 2016 revenue guidance range, despite incrementally challenging foreign exchange headwinds, especially tied to the British Pound. We are focused on capturing operating efficiencies as we center our business on LiveEngage, and the Company is tracking toward a \$14.0 million reduction of expenses in 2016, as compared to 2015.

The Company's detailed financial expectations are as follows:

Fourth Quarter 2016

	Guidance
Revenue (in millions)	\$55.8 - \$56.8
GAAP net loss per share	\$(0.05) - \$(0.03)
Adjusted net income per share	\$0.01 - \$0.02
Diluted adjusted EBITDA per share	\$0.09 - \$0.10
Adjusted EBITDA (in millions)	\$5.2 - \$5.6
Fully diluted share count	56.7 million

Full Year 2016

	Updated Guidance	Previous Guidance
Revenue (in millions)	\$222.5 - \$223.5	\$221.0 - \$225.0
GAAP net loss per share	\$(0.34) - \$(0.32)	\$(0.34) - \$(0.28)
Diluted adjusted net loss per share	\$(0.09) - \$(0.07)	\$(0.08) - \$(0.03)
Diluted adjusted EBITDA per share	\$0.34 - \$0.35	\$0.32 - \$0.37
Adjusted EBITDA (in millions)	\$19.1 - \$19.6	\$18.2 - \$20.5
Fully diluted share count	56.5 million	56.5 million

Other Full Year 2016 Assumptions

- A negative foreign exchange impact on revenue of approximately \$3.6 million, from \$3.0 million previously
- GAAP gross margin of approximately 71%, from 70% previously
- Amortization of purchased intangibles of approximately \$6.7 million, from \$6.5 million previously
- Stock-compensation expense of approximately \$10.0 million, from \$10.5 million previously
- Depreciation of approximately \$12.0 million, from \$13.0 million previously
- Cash taxes paid of \$1.0 million to \$3.0 million, unchanged
- Tax rate of 35% on non-GAAP items used to calculate adjusted net income, unchanged
- Capital expenditures of approximately \$12.5 million, unchanged

Stock-Based Compensation

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Cost of revenue	\$ 121	\$ 288	\$ 342	\$ 1,092
Sales and marketing	502	760	1,936	2,292
General and administrative	759	911	2,552	2,590
Product development	873	927	2,770	2,819
Total	\$ 2,255	\$ 2,886	\$ 7,600	\$ 8,793

Amortization of Purchased Intangibles

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Cost of revenue	\$ 697	\$ 760	\$ 2,091	\$ 2,439
Amortization of purchased intangibles	1,013	1,193	2,954	3,683
Total	\$ 1,710	\$ 1,953	\$ 5,045	\$ 6,122

Supplemental Third Quarter 2016 Presentation

LivePerson will post a presentation providing supplemental information for the third quarter 2016 on the investor relations section of the Company's web site at <http://www.liveperson.com/ir>.

Earnings Teleconference and Video Discussion Information

The Company will discuss its third quarter 2016 financial results during a teleconference today, November 8, 2016. To participate via telephone, callers should dial in five to ten minutes prior to the 5:00 p.m. Eastern start time; domestic callers (U.S. and Canada) should dial 877-507-3684, while international callers should dial 928-328-1244, and both should reference the conference ID "4874151."

The conference call will also be simulcast live on the Internet and can be accessed by logging onto the investor relations section of the Company's web site at <http://www.liveperson.com/company/ir>.

If you are unable to participate in the live call, the teleconference will be available for replay approximately two hours after the call. To access the replay, please call 855-859-2056 (U.S. and Canada) or 404-537-3406 (international). Please reference the conference ID "4874151." A replay will also be available on the investor relations section of the Company's web site at <http://www.liveperson.com/company/ir>.

About LivePerson

LivePerson, Inc. (NASDAQ: LPSN) is a leading provider of mobile and online business messaging solutions, enabling a meaningful connection between brands and consumers. LiveEngage, the Company's enterprise-class, cloud-based platform, empowers consumers to stop wasting time on hold with 1-800 numbers, and instead message their favorite brands, just as they do with friends and family. More than 18,000 businesses, including Adobe, Citibank, EE, HSBC, IBM, Orbitz, PNC, The Home Depot, and Walt Disney rely on the unparalleled intelligence, security and scalability of LiveEngage to reduce costs, increase lifetime value and create meaningful connections with consumers.

For more information, please visit www.liveperson.com. To view other global press releases about LivePerson, please visit pr.liveperson.com.

Non-GAAP Financial Measures

Investors are cautioned that the following financial measures used in this press release are defined as "non-GAAP financial measures" by the Securities and Exchange Commission: adjusted EBITDA, or earnings/(loss) before provision for (benefit from) income taxes, other (income)/expense, depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other non-recurring charges; and adjusted net income, or net income excluding amortization, stock-based compensation, restructuring costs, acquisition costs, deferred tax asset valuation allowance, other non-recurring charges and the related income tax effect of these adjustments. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation. In addition, although we have provided a reconciliation of these measures to the nearest comparable GAAP measures, 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, including but not limited to financial guidance, 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 progress, 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 revenue and operating results; competition in the markets for digital engagement technology, and web and mobile based consumer-facing services, and online consumer services; our ability to retain existing clients and attract new clients; potential adverse impact due to foreign currency exchange rate fluctuations; privacy concerns relating to the Internet that could result in new legislation or negative public perception; risks related to new regulatory or other legal requirements that could materially impact our business; our ability to effectively operate on mobile devices; responding to rapid technological change and changing client preferences; additional regulatory requirements, tax liabilities, currency exchange rate fluctuations and other risks as we expand internationally and/or as we expand into direct-to-consumer services; impairments to goodwill that result in significant charges to earnings; the adverse effect that the global economic downturn may have on our business and results of operations; our ability to retain key personnel, attract new personnel and to manage staff attrition; risks related to the ability to successfully integrate past or potential future acquisitions; our ability to expand our operations internationally; failures or security breaches in our services, those of our third party providers, or in the websites of our customers; risks related to the regulation or possible misappropriation of personal information belonging to our customers' Internet users; potential failure to meeting service level commitments to certain customers; technology systems beyond our control and technology-related defects that could disrupt the LivePerson services; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; legal liability and/or negative publicity for the services provided to consumers via our technology platforms; risks related to technological or other defects disrupting our services; errors, failures or "bugs" in our products may be difficult to correct; increased allowances for doubtful accounts as a result of an increasing amount of receivables due from customers with greater credit risk; payment-related risks; delays in our implementation cycles; risks associated with the recent volatility in the capital markets; our ability to secure additional financing to execute our business strategy; risks associated with our current or any future stock repurchase programs, including whether such programs will enhance long-term stockholder value, and whether such stock repurchases could increase the volatility of the price of our common stock and diminish our cash reserves; our ability to license necessary third party software for use in our products and services, and our ability to successfully integrate third party software; changes in accounting principles generally accepted in the United States; our ability to maintain our reputation; risks related to our recognition of revenue from subscriptions; our lengthy sales cycles; risks related to our operations in Israel, and the civil and political unrest in that region; natural catastrophic events and interruption to our business by man-made problems; the high volatility of our stock price; and risks related to our common stock being traded on more than one securities exchange. 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 factors that could cause actual results to differ from those discussed in forward-looking statements.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenue	\$ 54,518	\$ 60,757	\$ 166,662	\$ 179,861
Costs and expenses:				
Cost of revenue	14,837	18,225 ⁽¹⁾	48,210	52,531 ⁽¹⁾
Sales and marketing	22,067	23,286	67,831	71,962
General and administrative	10,069	6,587 ⁽¹⁾	29,758	27,058 ⁽¹⁾
Product development	9,495	9,567	29,428	29,476
Restructuring costs	(384)	—	(384)	2,988
Amortization of purchased intangibles	1,013	1,193	2,954	3,683
Total costs and expenses	<u>57,097</u>	<u>58,858</u>	<u>177,797</u>	<u>187,698</u>
(Loss) income from operations	(2,579)	1,899	(11,135)	(7,837)
Other expense	(123)	(369)	(135)	(371)
(Loss) income before provision for (benefit from) income taxes	(2,702)	1,530	(11,270)	(8,208)
Provision for (benefit from) income taxes	3,177	(395)	5,038	(2,721)
Net (loss) income	<u>\$ (5,879)</u>	<u>\$ 1,925</u>	<u>\$ (16,308)</u>	<u>\$ (5,487)</u>
Net (loss) income per share of common stock:				
Basic	<u>\$ (0.10)</u>	<u>\$ 0.03</u>	<u>\$ (0.29)</u>	<u>\$ (0.10)</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ 0.03</u>	<u>\$ (0.29)</u>	<u>\$ (0.10)</u>
Weighted-average shares used to compute net (loss) income per share:				
Basic	<u>56,047,645</u>	<u>56,525,647</u>	<u>56,131,818</u>	<u>56,437,198</u>
Diluted	<u>56,047,645</u>	<u>57,084,437</u>	<u>56,131,818</u>	<u>56,437,198</u>

(1) The Company reclassified \$1.3 million and \$1.5 million in the three and nine months ended September 30, 2016, respectively, related to the fair value adjustment of the contingent earn-out for CAO! and Engage from cost of revenue to general and administrative expenses to conform to the full year presentation.

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

Unaudited Supplemental Data

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Reconciliation of Adjusted EBITDA ⁽¹⁾:				
Net (loss) income in accordance with GAAP	\$ (5,879)	\$ 1,925	\$ (16,308)	\$ (5,487)
Add/(less):				
Amortization of purchased intangibles	1,710	1,953	5,045	6,122
Stock-based compensation	2,255	2,886	7,600	8,793
Depreciation	2,650	2,939	9,445	8,599
Other non-recurring costs	930 ⁽²⁾	—	3,368 ⁽³⁾	—
Contingent earn-out adjustments	—	(3,132) ⁽⁵⁾	—	(3,792) ⁽⁵⁾
Restructuring costs	(384) ⁽⁶⁾	—	(384) ⁽⁶⁾	2,988
Provision for (benefit from) income taxes	3,177	(395)	5,038	(2,721)
Other expense	123	369	135	371
Adjusted EBITDA ⁽¹⁾	<u>\$ 4,582</u>	<u>\$ 6,545</u>	<u>\$ 13,939</u>	<u>\$ 14,873</u>
Diluted adjusted EBITDA per common share	<u>\$ 0.08</u>	<u>\$ 0.11</u>	<u>\$ 0.25</u>	<u>\$ 0.26</u>
Weighted average shares used in diluted adjusted EBITDA per common share	<u>56,438,763</u>	<u>57,084,437</u>	<u>56,405,945</u>	<u>57,137,938</u>
Reconciliation of Adjusted Net (Loss) Income:				
Net (loss) income in accordance with GAAP	\$ (5,879)	\$ 1,925	\$ (16,308)	\$ (5,487)
Add/(less):				
Amortization of purchased intangibles	1,710	1,953	5,045	6,122
Stock-based compensation	2,255	2,886	7,600	8,793
Other non-recurring costs	930 ⁽²⁾	—	3,718 ⁽⁴⁾	—
Contingent earn-out adjustments	—	(3,132) ⁽⁵⁾	—	(3,792) ⁽⁵⁾
Deferred tax asset valuation allowance	—	—	692	—
Restructuring costs	(384) ⁽⁶⁾	—	(384) ⁽⁶⁾	2,988 ⁽⁷⁾
Income tax effect of non-GAAP items	(1,579) ⁽⁸⁾	(1,580) ⁽⁹⁾	(5,593) ⁽⁸⁾	(3,810) ⁽⁹⁾
Adjusted net (loss) income	<u>\$ (2,947)</u>	<u>\$ 2,052</u>	<u>\$ (5,230)</u>	<u>\$ 4,814</u>
Diluted adjusted net (loss) income per common share	<u>\$ (0.05)</u>	<u>\$ 0.04</u>	<u>\$ (0.09)</u>	<u>\$ 0.08</u>
Weighted average shares used in diluted adjusted net (loss) income per common share	<u>56,438,763</u>	<u>57,084,437</u>	<u>56,405,945</u>	<u>57,151,181</u>

⁽¹⁾ Earnings/(loss) before provision for (benefit from) income taxes, other (income)/expense, net, depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other non-recurring charges.

⁽²⁾ Includes litigation costs of \$0.9 million for the three months ended.

⁽³⁾ Includes litigation costs of \$2.9 million and severance costs of \$0.5 million for the nine months ended. For comparability, amounts have been reclassified where appropriate, to conform to current period presentation.

⁽⁴⁾ Includes litigation costs of \$2.9 million, write off of office facility depreciation of \$0.3 million and severance costs of \$0.5 million for the nine months ended. For comparability, amounts have been reclassified where appropriate, to conform to current period presentation.

⁽⁵⁾ For comparability, amounts have been reclassified where appropriate, to conform to prior period presentation.

⁽⁶⁾ Includes \$0.4 million of cash collected on previously written off bad debt.

⁽⁷⁾ Includes approximately \$1.7 million of termination costs associated with a large customer contract that ended in 2015 and \$1.3 million of severance and other associated costs.

⁽⁸⁾ The Company's non-GAAP income tax effect for the current period uses a long-term projected tax rate of 35%.

⁽⁹⁾ The Company's non-GAAP income tax effect was based on the effective tax rate, excluding discrete items.

LivePerson, Inc.
Reconciliation of Non-GAAP Financial Information to GAAP - (continued)
(In Thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Reconciliation of Net Cash Provided By Operating Activities:				
Adjusted EBITDA ⁽¹⁾	\$ 4,582	\$ 6,545	\$ 13,939	\$ 14,873
Add/(less):				
Changes in operating assets and liabilities	(46)	6,302	6,381	(3,943)
Provision for doubtful accounts	533	651	1,240	1,688
(Provision for) benefit from income taxes	(3,177)	395	(5,038)	2,721
Deferred income taxes	19	(2,989)	163	(4,103)
Other expense	(123)	(369)	(135)	(371)
Net cash provided by operating activities	<u>\$ 1,788</u>	<u>\$ 10,535</u>	<u>\$ 16,550</u>	<u>\$ 10,865</u>

⁽¹⁾ Earnings/(loss) before provision for (benefit from) income taxes, other (income)/expense, net, depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other non-recurring charges.

LivePerson, Inc.
Projected Reconciliation of Non-GAAP Financial Information to GAAP
(In Thousands)
(Unaudited)

	Three Months Ended	Twelve Months Ended
	December 31, 2016	December 31, 2016
Projected Reconciliation of Adjusted EBITDA:		
Net loss in accordance with GAAP	\$(2,500) - \$(1,800)	\$(18,800) - \$(18,100)
Add/(less):		
Amortization of purchased intangibles	1,600	6,700
Stock-based compensation	2,400	10,000
Depreciation	2,500	12,000
Other non-recurring costs	500	3,500
Provision for income taxes	700 - 400	5,800 - 5,500
Other (income) expense, net	—	—
Adjusted EBITDA	<u>\$5,200 - \$5,600</u>	<u>\$19,100 - \$19,600</u>
Projected Reconciliation of Adjusted Net Income (Loss) :		
Net loss in accordance with GAAP	\$(2,500) - \$(1,800)	\$(18,800) - \$(18,100)
Add/(less):		
Amortization of purchased intangibles	1,600	6,700
Stock-based compensation	2,400	10,000
Other non-recurring costs	500	3,800
Deferred tax asset valuation allowance	—	700
Income tax effect of non-GAAP items	(1,600)	(7,200)
Adjusted net income (loss)	<u>\$400 - \$1,100</u>	<u>\$(4,900) - \$(4,100)</u>

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

	September 30, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 51,405	\$ 48,803
Cash held as collateral	3,966	5,409
Accounts receivable, net	29,488	30,388
Prepaid expenses and other current assets	10,847	9,327
Deferred tax assets, net	—	455
Total current assets	95,706	94,382
Property and equipment, net	24,111	24,129
Intangibles, net	20,012	24,619
Goodwill	80,381	80,322
Deferred tax assets, net	1,076	785
Other assets	2,425	1,957
Total assets	\$ 223,711	\$ 226,194
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,768	\$ 7,102
Accrued expenses and other current liabilities	32,601	34,296
Deferred revenue	26,454	13,862
Total current liabilities	64,823	55,260
Other liabilities	3,254	3,270
Deferred tax liability	4,236	2,359
Total liabilities	72,313	60,889
Commitments and contingencies		
Total stockholders' equity	151,398	165,305
Total liabilities and stockholders' equity	\$ 223,711	\$ 226,194

Investor contact:
Matthew Kempler
212-609-4214
mkempler@liveperson.com