



Fourth Quarter 2015

Supplemental Earnings Call Slides



Safe Harbor Provision

Statements in this presentation 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 online sales, marketing and customer service solutions, and online consumer services; our ability to retain existing clients and attract new clients; risks related to new regulatory or other legal requirements that could materially impact our business; volatility of the value of certain currencies in relation to the U.S. dollar, particularly the currency of regions where we have operations; 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; responding to rapid technological change and changing client preferences; 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; our ability to expand our operations internationally; risks related to the ability to successfully integrate past or potential future acquisitions; 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; 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; legal liability and/or negative publicity for the services provided to consumers via our technology platforms; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; risks related to technological or other defects distributing our services; increased allowances for doubtful accounts as a result of an increasing amount of receivables due from customers with greater credit risk; 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 complex products; 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 risk factors that could cause actual results to differ from those discussed in forward-looking statements.

A silhouette of a man in a suit walking away from the camera on a dirt path. He is holding a hat in his right hand and a briefcase in his left. The background is a blurred landscape with trees and a bright sky. The text "The Consumer has Moved On" is overlaid in white, with a small orange horizontal line above the word "Consumer".

The Consumer has Moved On

270 BILLION

CUSTOMER SERVICE **CALLS** ARE HANDLED EACH YEAR



 PUT ON HOLD



 HANG UP



 FEEL UNHELPED

Voice to Messaging



2015 Highlights

- **Multiple records set in 2015:**
 - Record revenue of \$239 million, despite a \$10 million currency impact
 - Record number of large deals signed
 - Record 2H new contract values, bolstered by largest ever initial deals
- **Delivered on vision to disrupt the 1-800 number by gaining first commitments for mobile deployments**
- **Improved field organization productivity under new leadership, increasing new contract values by 50% in 2H:15, as compared to 1H:15**
- **Increased international sales 25% in constant currency**
- **Boosted adjusted EBITDA margin to 10.8% in 2H:15 from 7.0% in 1H:15**
- **Increased cash by \$5 million to \$54 million (\$0.95 per share) at year-end 2015, and repurchased \$4 million of stock**

LiveEngage Validation

LiveEngage migration is accelerating

	1Q:15	2Q:15	3Q:15	4Q:15
% of Customers Migrated	20%	25%	34%	45%

Initial trends affirm LiveEngage is fueling strong usage with our customers

	4 to 6 months	7 to 9 months
Average Post-migration Growth in # of Interactions	> 10%	> 20%

LiveEngage is creating opportunities that are larger, longer term, and more strategic

	2014	2015
Seven-figure transactions	4	7

LiveEngage is generating 5x the mobile uptake of legacy offering

Select Pro-Forma Guidance Measures¹

	1Q:16	2016
Revenue	\$55 - \$56	\$230 - \$235
Projected Growth	(7%)	(3%)
Adjusted Growth	1%	Flat
Adjusted EBITDA	\$4.0 - \$4.9	\$23.0 - \$26.0
Adjusted EBITDA Margin	7.9%	10.5%
Adjusted EBITDA Growth	(18.0%)	15.0%

- 2016 revenue guidance reflects:
 - soft 1H:15 contract signings have impact in 2016
 - temporarily lower renewal rate due to platform migration
- Forecast revenue bottoms in 1Q:16
- Exit 2016 at low- to mid-teens adjusted EBITDA margin
- Fuel higher profitability and free cash flow in 2016

¹Notes: Dollar amounts in millions. Adjusted EBITDA is a Non-GAAP financial measure. For a reconciliation of Adjusted EBITDA to net income (loss) please see slide 9. 2016 growth rates and margins are estimates based on midpoint of guidance. Adjusted growth is in constant currency and excludes the impact of a large customer relationship that ended in 2Q:15. For detailed current financial expectations, please see our Press Release issued on February 10, 2016.

Non-GAAP Adjusted EBITDA Reconciliation¹

(millions)	1Q:16	2016
GAAP net income (loss)	(\$3.8)	(\$8.5)
Provision (benefit) for taxes	\$0.5	\$2.0
Depreciation and amortization	\$4.8	\$19.0
Stock-based compensation	\$2.9	\$12.0
Adjusted EBITDA	\$4.4	\$24.5

¹Notes: Adjusted EBITDA is a Non-GAAP financial measure. Adjusted EBITDA excludes other income/(expense), taxes, depreciation, amortization, stock-based compensation, restructuring costs and other non-cash charges. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Reconciliations are estimates based on midpoint of guidance ranges for GAAP net income and Adjusted EBITDA. For detailed current financial expectations, please see our Press Release issued on February 10, 2016.

Reconciliation of Tax Rate Change on Adjusted Net Income Guidance¹

(per share)	2015	2016 Guidance	2016 Guidance Pro Forma
GAAP net loss	(\$0.43)	(\$0.17 - \$0.12)	(\$0.17 - \$0.12)
Non-GAAP add backs	\$0.59	\$0.34	\$0.34
Tax rate (non-cash) on non-GAAP add backs	0.0%	35.0%	0.0%
Per share tax impact	\$0.00	\$0.12	\$0.00
Adjusted Net Income	\$0.16	\$0.05 - \$0.10	\$0.17 - \$0.22

¹Notes: LivePerson is applying a standardized tax rate of 35% to calculate adjusted net income in 2016, versus an effective tax rate of 0.0% in 2015. Adjusted net income is a Non-GAAP financial measure that excludes amortization of purchased intangibles, stock-based compensation, restructuring costs, deferred tax asset valuation allowance, other non-cash charges, and the related income tax effect of these adjustments. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. For detailed current financial expectations, please see our Press Release issued on February 10, 2016.