LIVEPERSON

Fourth Quarter 2016

Supplemental Earnings Call Slides

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.

270 BIL
customer service calls each year

85%
of callers are put on hold

67%
hang up

48%
feel unhelped

Consumers Already Prefer Messaging

They prefer the freedom of messaging over being tied to a phone call

The average **Millennial** exchanges an average of **67 text messages per day.**

BUSINESS INSIDER

Americans now spend around **5 times longer** in messaging apps each day than on voice calls.

nielsen

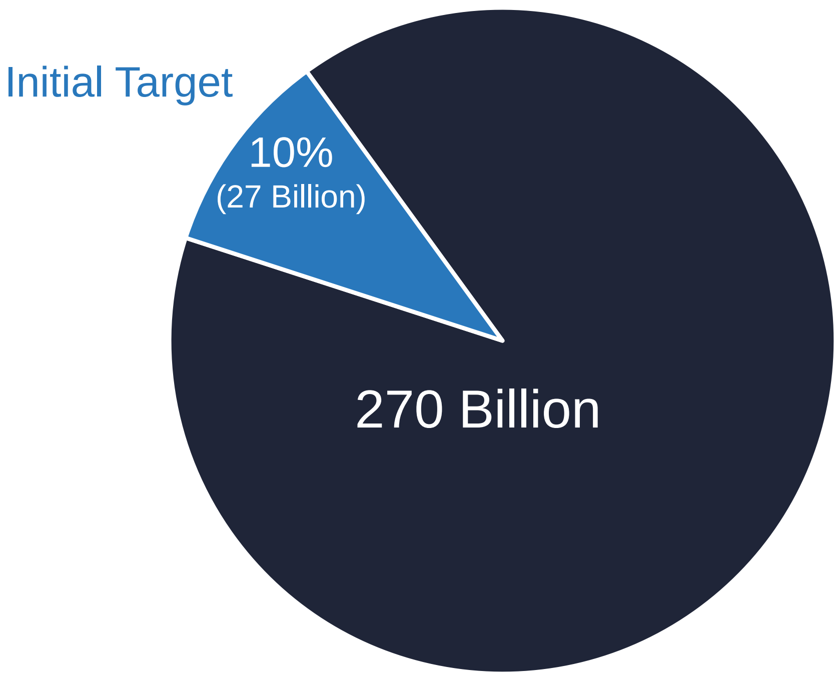
WhatsApp and Facebook Messenger alone carry **22 trillion messages per year.**

facebook

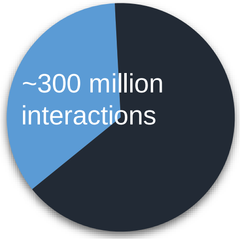
Messaging TAM of 270 Billion Conversations

A Transformative Opportunity for Customer Care and LivePerson

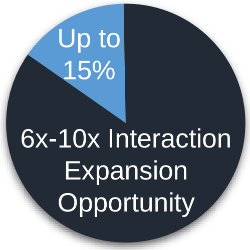
1-800 # Calls



Leading web chat share…



…but limited penetration of each contact center



4Q:16 Highlights

- **Changing the fabric of the customer care industry:**
  - **Meetings with over 100 leading brands at messaging summits across globe**
  - **Active, referenceable, marquee messaging customers in North America, Asia Pacific region and Europe**
  - **Messaging software installed across more than 10 million devices**

- **Signed two multi-year, eight-figure, expanded contract renewals in EMEA and APAC; the largest ever in these regions**

- **Maintained ARPU for mid-market/enterprise at record level above $200,000**

- **Fast forwarded cost reductions tied to Legacy end of life and organizational realignment around LiveEngage growth strategy**
  - **Projecting $16-$19 million expense reduction in 2017, following $15 million of savings in 2016 (excl. one time, restructuring and non-cash items)**

- **Free cash flow increased 38% to $12.2 million in 2016 from $8.9 million in 2015**

- **Deferred revenue nearly doubled to $27.1 million in 2016 as we emphasize longer-term contracts and billing annually in advance**

Completing the Migration in 2017

Revenue Rapidly Shifting to LiveEngage

	1Q:16	2Q:16	3Q:16	4Q:16
% Customers on LiveEngage	57%	72%	79%	93%
% Software RMR on LiveEngage		24%	37%	58%
% Including Migration Funnel		60%	73%	84%

*Note: RMR is recurring monthly revenue. Migration funnel represents the remaining revenue from customers that have already begun moving business onto LiveEngage.

Migration to End 3Q:17 with Small Group of Sandboxed Legacy Customers

	3Q:17E
Annualized Revenue on Legacy	~ $10M
Revenue % on Legacy	< 5%

LIVEPERSON

Strong Leading Indicators for LiveEngage

2016 Retention	LiveEngage	LivePerson
$ Retention Rate	100%+	~ 90%

*Note:. Dollar retention rate measures the % of revenue retained at year end 2016, from full service customers that were either on LiveEngage or with LivePerson, respectively, at year end 2015.

4Q:16 Usage	LiveEngage	Historical Legacy
Full Service Brands with > 1 Interaction Type	~ 25%	~ 10%
Interactions on Mobile	~ 30%	~ 10%
Same-Customer YoY Usage Growth	> 10%	
Devices Installed with Messaging	> 10M	

Select Pro-Forma Guidance Measures[1]

	1Q:17	2017 Guidance	2016 Actual
Revenue	$50.0 - $51.0	$201.0 - $209.0	$222.8
Gross Margin	~ 72.5%	~ 73.5%	71.7%
GAAP Net Loss	$(7.0) - $(5.8)	$(22.8) - $(17.6)	$(25.9)
Adjusted EBITDA	$2.9 - $3.9	$17.3 - $21.3	$19.2
Adjusted EBITDA Margin	5.9% - 7.6%	8.6% - 10.2%	8.6%
YoY FX Impact	~ $(1.0)	~ $(3.0)	($3.5)

- 2017 revenue guidance primarily reflects final attrition tied to Legacy end of life
- Targeting revenue to bottom in 1H:17 and rebuild in 2H:17, positioning LivePerson for renewed growth in 2018
- Preserving margins by targeting $16-$19 million of savings (excluding one-time, restructuring and non-cash expenses) as we wind down Legacy and align on LiveEngage growth strategy
- 2017 GAAP net loss includes $8.7-$9.6 million of projected restructuring and one-time fees: $2.7-$3.1 million tied primarily to wind down of Legacy offering and $6.0-$6.5 million tied to litigation

[1]Notes: 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 10. For detailed current financial expectations, please see our Press Release issued on February 8, 2017.

Non-GAAP Adjusted EBITDA Reconciliation[1]

Guidance	1Q:17	2017
GAAP net income (loss)	$(7.0) – $(5.8)	$(22.8) – $(17.6)
Depreciation & amortization	$3.8	$15.2
Stock-based compensation	$2.3	$10.5
One-time charges	$1.9 - $2.3	$8.7 – $9.6
Provision for taxes	$1.9 - $1.3	$5.7 - $3.6
Adjusted EBITDA	$2.9 - $3.9	$17.3 – $21.3

[1]Notes: Dollar amounts in millions. Adjusted EBITDA is a Non-GAAP financial measure. 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. 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 8, 2017.

Change to Presentation of Non-GAAP Measures

Updated calculation methodology

Non-GAAP Calculation Methodology	1Q:16	2Q:16	3Q:16	4Q:16	2016
Pre-tax loss	$(2.1)	$(6.5)	$(2.7)	$(8.7)	$(19.9)
One-time, restructuring & non-cash expenses	4.3	7.1	4.5	11.0	26.9
Adjusted pre-tax income	2.2	0.7	1.8	2.3	7.0
Non-GAAP tax effect (@ 35%)	(0.8)	(0.2)	(0.6)	(0.8)	(2.5)
Adjusted net income (loss)	1.4	0.4	1.2	1.5	4.6
Adjusted net income (loss) per Share	$0.03	$0.01	$0.02	$0.03	$0.08

Historical calculation methodology

Non-GAAP Calculation Methodology	1Q:16	2Q:16	3Q:16	4Q:16	2016
Net Loss	$(2.7)	$(7.8)	$(5.9)	$(9.6)	$(25.9)
One-time, restructuring & non-cash expenses	4.3	7.8	4.5	10.9	27.6
Tax effect on non-GAAP add backs (@ 35%)	(1.5)	(2.5)*	(1.6)	(3.8)	(9.4)*
Adjusted net income (loss)	0.1	(2.4)	(2.9)	(2.4)	(7.7)
Adjusted net income (loss) per Share	$0.00	$(0.04)	$(0.05)	$(0.04)	$(0.14)

In 2017, we have updated the methodology for calculating adjusted net income. Whereas we previously incorporated the GAAP tax rate into our calculation, we now start with GAAP pre-tax profit (loss), add back restructuring, one-time and non-cash expenses, and then apply a standardized 35% tax rate. The goal of the revised calculation is to limit the volatility of GAAP tax rate fluctuations and to more closely align non-GAAP taxes with cash taxes.

Notes: Certain items may not total due to rounding. *Excludes tax effect on deferred tax asset valuation allowance of $0.7 million.