
**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): September 22, 2014

PFSweb, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
Of incorporation)

000-28275
(Commission
File Number)

75-2837058
(IRS Employer
Identification No.)

505 Millennium Drive
Allen, TX
(Address of principal executive offices)

75013
(zip code)

(972) 881-2900
Registrant's telephone number, including area code

N/A
(Former name or former address, if changed since last report.)

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))
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Item 1.01. Entry into a Material Definitive Agreement**Item 2.01. Completion of Acquisition or Disposition of Assets**

On September 22, 2014, Priority Fulfillment Services, Inc. (“PFS”), a wholly-owned subsidiary of PFSweb, Inc. (the “Company”), entered into, and consummated the transactions contemplated by, a Stock Purchase Agreement (the “Purchase Agreement”) with Mark Moskal and Neil Nylander (the “Sellers”).

Pursuant to the terms of the Purchase Agreement, PFS purchased from the Sellers all of the outstanding capital stock (collectively, the “Shares”) of LiveAreaLabs, Inc., a Washington corporation (“LAL”).

In consideration for the purchase of the Shares, (i) PFS paid an aggregate cash payment of \$4,000,000, subject to a post-closing adjustment to be based upon a closing date balance sheet analysis to be completed 90 days following the closing, and (ii) issued an aggregate of 54,604 restricted shares of Company common stock. In addition, PFS will pay the following amounts:

(a) A cash payment of \$1,000,000 if LAL achieves earnings before interest, taxes depreciation and amortization, as adjusted for certain items (“Adjusted EBITDA”) for calendar year 2014 of \$750,000.00 or greater; and

(b) A payment (the “2015 Earn-out Payment”) equal to, as applicable: (i) \$1,000,000 if LAL achieves an Adjusted EBITDA for calendar year 2015 of \$850,000, (ii) \$2,000,000 if LAL achieves an Adjusted EBITDA for calendar year 2015 of \$1,050,000 or greater, and (iii) a pro rated amount if LAL achieves an Adjusted EBITDA for calendar year 2015 greater than \$850,000, but less than \$1,050,000 (e.g., a payment of \$1,500,000 if LAL achieves an Adjusted EBITDA for calendar year 2015 of \$950,000).

At PFS’ election, up to 25% the 2015 Earn-out Payment is payable in restricted shares of Company common stock, based on its then current market value at the time of issuance.

None of the Sellers have any prior material relationship with PFS or the Company.

Item 8.01. Other Events.

On September 23, 2014, the Company issued a press release announcing the acquisition of LAL.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated September 23, 2014.

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.

Date: September 23, 2014

PFSweb, Inc.

By: /s/ Thomas J. Madden

Name: Thomas J. Madden

Title: *Executive Vice President and
Chief Financial and Accounting Officer*

EXHIBIT INDEX

Exhibit Number

Description

99.1

Press Release, dated September 23, 2014.



PFSweb Acquires Digital Creative Agency LiveAreaLabs

- Acquisition Strengthens Agency Service Offering with Additional eCommerce Strategy, Design and User Experience Capabilities -

Allen, TX – September 23, 2014 – PFSweb, Inc. (NASDAQ: PFSW), a global provider of end-to-end eCommerce solutions, has completed the acquisition of LiveAreaLabs, a digital creative agency and eCommerce systems integrator.

Headquartered in Seattle, Washington, with an additional office in New York City, LiveAreaLabs specializes in creating flagship digital experiences and offers a range of agency services including strategy, branding, user experience design, visual design, copywriting, and interactive development. Over five years, LiveAreaLabs has earned a reputation for delivering complex eCommerce implementations, award-winning guided selling apps, and digital campaigns for some of the most respected brands in the fashion, beauty and active lifestyle industries.

Co-founded in 2009 by Neil Nylander and Mark Moskal, LiveAreaLabs employs approximately 50 professionals and is expected to have approximately \$8 million of revenue in calendar year 2014. PFSweb expects the transaction to be accretive to its adjusted EBITDA.

As a result of the acquisition, PFSweb has increased its 2014 service fee equivalent revenue guidance to range between \$131 million and \$137 million, up from \$129 million to \$135 million. The company also reiterates its 2014 adjusted EBITDA outlook to range between \$12 million and \$14 million.

“The first step in our growth-through-acquisition strategy was to strengthen our technology service offering, which we accomplished with the purchase of REV Solutions earlier this month,” said Michael Willoughby, CEO of PFSweb. “The next step was to enhance our agency services solution, which we have now achieved with the addition of LiveAreaLabs.

“LiveAreaLabs significantly enhances our ability to create premium digital experiences for both current and prospective clients across the globe. In addition to expanding this higher-margin service offering, LiveAreaLabs supplements our technology services through our key partnership with Demandware. It also broadens our integration capabilities with the additional strategy, creative and user experience design support for hybris, Magento, WebSphere and Drupal, among other leading platforms. We look forward to leveraging the LiveAreaLabs breadth of services and strong management team, who are among the industry’s thought-leaders and pioneers of innovation.”

LiveAreaLabs will become a wholly owned subsidiary of PFSweb, and will operate under the name LiveAreaLabs, a PFSweb Company.

“Our passion for expressing the unique essence of brands through engaging digital experiences complements the PFSweb value proposition,” said Mark Moskal, Co-Founder and Executive Creative Director of LiveAreaLabs. “Our specialization will also allow PFSweb to target potential clients earlier in their corporate development cycle, as we are often a key contributor to a company’s brand strategy. We look forward to the opportunities ahead as we join a global organization,” added Neil Nylander, the agency’s Co-Founder and President.

For more information on LiveAreaLabs, please visit the company’s website at www.livearealabs.com.

About PFSweb

PFSweb, Inc. (NASDAQ: PFSW) is a global provider of end-to-end eCommerce solutions including digital agency and marketing services, technology development services, business process outsourcing services and a complete omni-channel technology ecosystem. The company provides these solutions and services to major brand names and other companies seeking to optimize every customer experience and enhance their traditional and online business channels, which include both direct-to-consumer and business-to-business sales channels. PFSweb supports organizations across various industries, including Procter & Gamble, L’Oreal, LEGO, Columbia Sportswear, Ricoh, Roots Canada Ltd., Diageo, BCBGMAXAZRIA, T.J. Maxx, the United States Mint, and many more. PFSweb is headquartered in Allen, TX with additional locations in Tennessee, Mississippi, Minnesota, Washington, New York, Canada, Belgium, India and the Philippines. For more information, please visit www.pfsweb.com or download the free PFSweb IR App on your [iPhone](#), [iPad](#) or [Android](#) device.

Non-GAAP Financial Measures

This news release contains certain non-GAAP measures, including adjusted earnings before interest, income taxes, depreciation and amortization (adjusted EBITDA) and service fee equivalent revenue.

Adjusted EBITDA represents earnings (or losses) before interest, income taxes, depreciation, and amortization without the effect of stock-based compensation and acquisition related costs. Service fee equivalent revenue represents service fee revenue plus the gross profit earned on product revenue.

Adjusted EBITDA and service fee equivalent revenue are used by management, analysts, investors and other interested parties in evaluating our operating performance compared to that of other companies in our industry. The calculation of adjusted EBITDA eliminates the effect of stock-based compensation, acquisition related costs and the effect of financing, income taxes and the accounting effects of capital spending, which items may vary from different companies for reasons unrelated to overall operating performance. Service fee equivalent revenue allows client contracts with similar operational support models but different financial models to be combined as if all contracts were being operated on a service fee revenue basis.

PFSweb believes these non-GAAP measures provide useful information to both management and investors by focusing on certain operational metrics and excluding certain expenses to present its core operating performance and results. These measures 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.

Forward-Looking Statements

The matters discussed herein consist of forward-looking information under the Private Securities Litigation Reform Act of 1995 and is subject to and involves risks and uncertainties, which could cause actual results to differ materially from the forward-looking information. PFSweb’s Annual Report on

Form 10-K for the year ended December 31, 2013 identifies certain factors that could cause actual results to differ materially from those projected in any forward looking statements made and investors are advised to review the Annual Report of the Company and the Risk Factors described therein. PFSweb undertakes no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future. There may be additional risks that we do not currently view as material or that are not presently known.

Investor Relations:

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