
**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):
July 22, 2020

LIMELIGHT NETWORKS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-33508
(Commission
File Number)

20-1677033
(I.R.S. Employer
Identification Number)

1465 North Scottsdale Road Suite 400
Scottsdale, AZ 85257
(Address, including zip code, of principal executive offices)

(602) 850-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common stock, par value \$0.001 per share	LLNW	NASDAQ

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 (see General Instruction A.2. below):

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 **Entry into a Material Definitive Agreement.**

On July 22, 2020, Limelight Networks, Inc. (“Limelight”) entered into a Sixth Amendment (the “Sixth Amendment”) with Silicon Valley Bank (the “Lender”), which amends the Loan and Security Agreement dated as of November 2, 2015, between Limelight and the Lender (as amended, the “Credit Agreement”).

The Sixth Amendment amended certain defined terms and covenants in the Credit Agreement in order to permit Limelight’s issuance, offer, and sale of convertible senior notes due 2025 and certain related transactions.

A copy of the Sixth Amendment is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing description of the Sixth Amendment does not purport to be complete and is qualified in its entirety by reference to the Sixth Amendment.

Item 2.03 **Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The disclosure required by this Item 2.03 with respect to the Credit Agreement is included in Item 1.01 hereof and is incorporated herein by reference.

Item 8.01 **Other Events.**

On July 22, 2020, Limelight issued a press release announcing its proposed private offering of \$100 million principal amount of convertible senior notes due 2025 pursuant to Rule 144A under the Securities Act of 1933, as amended. A copy of the press release is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

On July 22, 2020, Limelight issued a press release announcing that it had priced an offering of \$110 million principal amount of convertible senior notes due 2025. A copy of the press release is filed as Exhibit 99.2 hereto and is incorporated herein by reference.

This Current Report on Form 8-K does not and shall not constitute an offer to sell or the solicitation of an offer to buy any notes or shares of Limelight’s common stock, nor shall there be any offer, solicitation or sale of notes or such common stock in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Item 9.01 **Financial Statements and Exhibits.**

(d) Exhibits

Exhibit Number	Description
10.1	Sixth Loan Modification Sixth Loan Modification Agreement to the Loan and Security Agreement between Limelight Networks, Inc. and Silicon Valley Bank dated July 22, 2020 (furnished herewith).
99.1	Limelight Networks, Inc. Press Release dated July 22, 2020 (furnished herewith).
99.2	Limelight Networks, Inc. Press Release dated July 22, 2020 (furnished herewith).
104.0	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIXTH AMENDMENT
TO
LOAN AND SECURITY AGREEMENT**

This Sixth Amendment to Loan and Security Agreement (this “Amendment”) is entered into this 22nd day of July, 2020, by and between **SILICON VALLEY BANK** (“Bank”) and **LIMELIGHT NETWORKS, INC.**, a Delaware corporation (“Borrower”) whose address is 1465 North Scottsdale Road, Suite 400, Scottsdale, Arizona 85257.

RECITALS

A. Bank and Borrower have entered into that certain Loan and Security Agreement dated as of November 2, 2015, as amended by that certain First Loan Modification Agreement dated as of March 30, 2016, as further amended by that certain Second Loan Modification Agreement dated as of October 25, 2016, as further amended by that certain Third Amendment to Loan and Security Agreement dated as of October 17, 2017, as further amended by that certain Fourth Amendment to Loan and Security Agreement dated as of February 27, 2018, and as further amended by a certain Fifth Amendment to Loan and Security Agreement dated as of April 22, 2020 (the “Fifth Amendment”) (as the same may from time to time be further amended, modified, supplemented or restated, the “Loan Agreement”).

B. Bank has extended credit to Borrower for the purposes permitted in the Loan Agreement.

C. Borrower has requested that Bank amend the Loan Agreement to make certain revisions to the Loan Agreement as more fully set forth herein.

D. Bank has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 7.1 (Dispositions). Section 7.1 of the Loan Agreement is hereby amended by deleting “.” where it appears at the end thereof and inserting in lieu thereof the following text:

“; (k) constituting payments or deliveries in respect of Convertible Notes to the extent permitted pursuant to Section 8.10; (l) constituting payments in connection with the entry into one or more Permitted Bond Hedge Transactions with a portion of the proceeds from the sale of the 2020 Convertible Notes, provided that such payments are made substantially concurrently with the issuance of Convertible Notes and (m) the unwinding, settlement or termination of any Permitted Bond Hedge Transaction.”

2.2 Section 8 (Events of Default). Section 8 of the Loan Agreement is hereby amended by (i) deleting “.” where it appears at the end of Section 8.9 and inserting in lieu thereof “; or” and (ii) inserting the following new Section 8.10 appearing immediately after Section 8.9:

“ **8.10 Indenture.** Any of the following occurs with respect to Borrower’s Indebtedness pursuant to the Indenture: (a) Borrower makes any payment with respect to such Indebtedness, provided that, so long as no Event of Default has occurred or would result therefrom, Borrower may (1) make semi-annual interest payments on the Convertible Notes at a per annum rate of interest not to exceed four percent (4.0%), (2) deliver shares of common stock (and cash in lieu of fractional shares) and/or cash (with the amount of such cash or such combination determined by reference to the market price of such common stock or such other securities) and/or Convertible Notes of a new series in connection with any conversion or exchange of Convertible Notes, provided that if Borrower pays cash (other than cash in lieu of fractional shares) to a Holder (as defined in the Indenture and as hereinafter used) of the Convertible Notes in connection with any such conversion or exchange, each of (A) after giving *pro forma* effect to any such payment of cash pursuant to this clause (2), Borrower shall be in compliance with the financial covenant set forth in Section 6.9(d) hereof as of the end of month immediately prior to the month in which such payment is made, (B) to the extent that the aggregate amount of cash payable to Holders of Convertible Notes upon conversion or exchange of any Convertible Notes (excluding any required payment of interest with respect to such Convertible Notes and excluding any payment of cash in lieu of a fractional share due upon conversion thereof) exceeds (x) the aggregate principal amount of the Convertible Notes being converted or exchanged, plus (y) any payments received by Borrower pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction, the payment of such excess cash shall constitute a distribution subject to the limitations of Section 7.7(a) and (C) Borrower shall have delivered to Bank a certificate in form and substance reasonably satisfactory to the Bank evidencing compliance with clauses (A) and (B); and (3) cash payments in respect of redemptions of Convertible Notes provided that such cash payments are no greater than an amount equal to one hundred percent (100.0%) of the aggregate principal amount of Convertible Notes redeemed plus accrued and unpaid interest in respect thereof, provided that, after giving *pro forma* effect to any payment pursuant to this clause (3), Borrower shall be in compliance with the financial covenant set forth in Section 6.9(d) hereof as of the end of month immediately

prior to the month in which such payment is made and Borrower shall have delivered to Bank a certificate in form and substance reasonably satisfactory to the Bank evidencing compliance with that covenant; (b) Borrower grants, or any party otherwise obtains, a Lien on any assets of Borrower to secure all or any Indebtedness under the Indenture; (c) there occurs and is continuing any event of default (however so defined) under the Indenture (after giving effect to all applicable cure periods); (d) Borrower receives notice that any Holder is exercising its rights to require Borrower to repurchase Convertible Notes (it being understood that any Holder's election to convert Convertible Notes into common stock (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common stock) shall not constitute notice that such Holder is exercising its rights to require Borrower to repurchase Convertible Notes); or (e) the Trustee (as defined in the Indenture and as hereinafter used) or any Holder or any other Person acting on behalf of the Trustee or any Holder exercises any remedy in respect of the Indenture with respect to any property of Borrower, accelerates all or any portion of the Indebtedness under the Indenture, or commences, or causes to commence, prosecutes or participates in any administrative, legal or equitable action against Borrower in respect of the Indenture."

2.3 Section 13 (Definitions). The definition of "Permitted Distributions" in Section 13.1 is hereby amended by (i) deleting "." where it appears at the end thereof and inserting in lieu thereof ";" and (ii) inserting the following new text appearing at the end of such definition:

" (j) any payment in respect of, or the redemption, purchase or retirement of, Convertible Notes, to the extent permitted pursuant to Section 8.10; and

(k) the unwinding, settlement or termination of any Permitted Bond Hedge Transaction."

2.4 Section 13 (Definitions). The definition of "Permitted Indebtedness" in Section 13.1 is hereby amended by (i) deleting "." where it appears at the end thereof and inserting in lieu thereof "; and" and (ii) inserting the following new text appearing at the end of such definition:

" (n) unsecured Indebtedness pursuant to the Indenture in an aggregate original principal amount not to exceed Two Hundred Million Dollars (\$200,000,000.00) at any time, provided that such Indebtedness has a stated final maturity no earlier than May 1, 2023 and shall not be subject to any conditions that could result in such stated final maturity occurring on a date earlier than May 1, 2023 (it being understood that (i) a Holder's option to convert any such Indebtedness into, or exchange any such Indebtedness for, common stock (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common stock), (ii) a Holder's option to require Borrower to repurchase such Indebtedness in connection with a change of control transaction or other

fundamental change, (iii) Borrower’s right to redeem such Indebtedness and (iv) the Holders’ or trustee’s ability to accelerate such Indebtedness in connection with an event of default (or the potential for an automatic acceleration in connection with bankruptcy, insolvency or reorganization events), shall, in any such case, not constitute a condition that could result in such stated final maturity of such Indebtedness occurring on a date earlier than May 1, 2023);”

2.5 Section 13 (Definitions). The definition of “Permitted Investments” in Section 13.1 is hereby amended by (i) deleting “.” where it appears at the end thereof and inserting in lieu thereof “;” and (ii) inserting the following new text appearing at the end of such definition:

“ (m) Investments in Convertible Notes resulting from the repurchase, exchange, conversion, redemption or other acquisition of Convertible Notes, in any case, to the extent permitted pursuant to Section 8.10; and

(n) Investments consisting of Permitted Bond Hedge Transactions.”

2.6 Section 13.1 (Definitions). The definition of “Subordinated Debt” is deleted in its entirety and replaced with the following:

“ **“Subordinated Debt”** is indebtedness incurred by Borrower subordinated to all of Borrower’s now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank. For clarity, notwithstanding anything to the contrary in this Agreement, the Indebtedness pursuant to the 2020 Convertible Notes shall not constitute Subordinated Debt.”

2.7 Section 13 (Definitions). The following new defined terms are hereby inserted alphabetically in Section 13.1:

“ **“Convertible Notes”** means notes issued by Borrower in a public offering, Rule 144A or other private placement that are convertible into common stock of Borrower (or other securities or property following a merger event or other change of the common stock of Borrower), cash or any combination thereof, including, without limitation, the convertible senior notes to be issued by Borrower on or before August 14, 2020 (including any convertible senior notes issued thereafter in connection with any customary greenshoe option) (the **“2020 Convertible Notes”**).”

“ **“Indenture”** means that certain Indenture to be dated as of on or before August 14, 2020 executed by and between Borrower, as issuer, and U.S Bank National Association, as trustee, relating to the 2020 Convertible Notes, as supplemented from time to time.”

“ **“Permitted Bond Hedge Transaction”** means any call or capped call option (or substantively equivalent derivative transaction) relating to Borrower’s common stock (or other securities or property following a merger event or other change of the common stock of Borrower) purchased by Borrower in connection with the issuance of Convertible Notes and settled in common stock of Borrower (or such other securities or property), cash or a combination thereof (such amount of cash determined by reference to the price of Borrower’s common stock or such other securities or property), and cash in lieu of fractional shares of common stock of Borrower; provided that (a) the aggregate purchase price for such Permitted Bond Hedge Transaction does not exceed the net cash proceeds received by Borrower from the sale of the Convertible Notes in connection with which such Permitted Bond Hedge Transaction was purchased, (b) the other terms, conditions and covenants of each such transaction shall be such as are customary for transactions of such type (as determined by Borrower in good faith), and (c) any payments by Borrower in respect of such Permitted Bond Hedge Transaction shall only be permitted to the extent permitted under Section 7.1.”

3. Limitation of Amendments.

3.1 The amendments set forth in Section 2, above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4. Representations and Warranties. To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The organizational documents of Borrower delivered to Bank on the Effective Date remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Ratification of Perfection Certificate. Except as set forth on Schedule 2 to the Fifth Amendment, Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of November 2, 2015, and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in such Perfection Certificate have not changed, as of the date hereof.

6. Integration. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

7. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

8. Intentionally omitted.

9. Effectiveness. This Amendment shall be deemed effective upon (a) the due execution and delivery to Bank of this Amendment by each party hereto, and (b) Borrower's payment to Bank of Bank's legal fees and expenses incurred in connection with this Amendment to the extent an invoice is delivered to Borrower on or prior to the date of this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BANK

SILICON VALLEY BANK

By: /s/ Kyle Larrabee

Name: Kyle Larrabee

Title: Vice President

BORROWER

LIMELIGHT NETWORKS, INC.

By: /s/ Daniel Boncel

Name: Daniel Boncel

Title: Chief Accounting Officer

Limelight Networks, Inc. Announces Proposed Private Offering of \$100 Million of Convertible Senior Notes

SCOTTSDALE, Ariz. – July 22, 2020 – Limelight Networks, Inc. (Nasdaq: LLNW) (“Limelight”), a leading provider of video delivery and edge cloud services, today announced its intention to offer and sell, subject to market conditions and other factors, \$100 million aggregate principal amount of convertible senior notes due 2025 (the “notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). In connection with the offering of the notes, Limelight expects to grant the initial purchasers of the notes a 13-day option to purchase up to an additional \$15 million aggregate principal amount of notes.

The final terms of the notes, including the conversion rate, interest rate and certain other terms, will be determined by negotiations between Limelight and the initial purchasers at the time of pricing. The notes will bear interest payable semi-annually in arrears and will mature on August 1, 2025, unless repurchased, redeemed or converted in accordance with their terms prior to such date.

Prior to May 1, 2025, the notes will be convertible only upon satisfaction of certain conditions and during certain periods. On and after May 1, 2025, the notes will be convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the notes may be settled in shares of Limelight’s common stock, cash or a combination of cash and shares of Limelight’s common stock, at Limelight’s option. Holders of the notes will have the right to require Limelight to repurchase all or a portion of their notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of certain events.

Limelight may not redeem the notes prior to August 4, 2023. On or after August 4, 2023, and on or before the 40th scheduled trading day immediately before the maturity date, Limelight may redeem for cash all or any portion of the notes if the last reported sale price of Limelight’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which Limelight provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Limelight provides notice of redemption. The redemption price will equal 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the notes.

When issued, the notes will be senior, unsecured obligations of Limelight and will be equal in right of payment with Limelight’s senior, unsecured indebtedness; senior in right of payment to Limelight’s indebtedness that is expressly subordinated to the notes; effectively subordinated to Limelight’s senior, secured indebtedness, including future borrowings, if any, under Limelight’s \$20 million credit facility, to the extent of the value of the collateral securing that indebtedness; and structurally subordinated to all indebtedness and other liabilities, including trade payables, and (to the extent Limelight is not a holder thereof) preferred equity, if any, of Limelight’s subsidiaries.

In connection with the pricing of the notes, Limelight expects to enter into one or more privately negotiated capped call transactions with certain of the initial purchasers of the notes and/or their respective affiliates and/or other financial institutions (in this capacity, the “option counterparties”). The capped call transactions are expected generally to reduce the potential dilution to Limelight’s common stock upon any conversion of the notes or at Limelight’s election (subject to certain conditions) to offset any cash payments Limelight is required to make in excess of the aggregate principal amount of the converted notes, as the case may be, upon any conversion of notes, with such reduction or offset subject to a cap.

Limelight intends to use a portion of the net proceeds from this offering to pay the cost of the capped call transactions. If the initial purchasers of the notes exercise their option to purchase additional notes, Limelight expects to use a portion of the net proceeds from the sale of the additional notes to enter into additional capped call transactions with the option counterparties. Limelight intends to use the remainder of the net proceeds from this offering for working capital and other general corporate purposes.

Limelight has been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to purchase shares of Limelight's common stock and/or enter into various derivative transactions with respect to Limelight's common stock concurrently with, or shortly after, the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of Limelight's common stock or the notes at that time. In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Limelight's common stock and/or purchasing or selling shares of Limelight's common stock or other of Limelight's securities in secondary market transactions following the pricing of the notes and from time to time prior to the maturity of the notes (and are likely to do so on each exercise date of the capped call transactions, which are expected to occur during the 40 trading day period beginning on the 41st scheduled trading day prior to the maturity date of the notes, or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or conversion of the notes if Limelight makes the relevant election under the capped call transactions). This activity could also cause or avoid an increase or a decrease in the market price of Limelight's common stock or the notes, which could affect the ability of holders of the notes to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the number of shares of Limelight's common stock and value of the consideration that holders of notes will receive upon conversion of such notes.

The notes will be offered and sold only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The offer and sale of the notes and the shares of Limelight's common stock potentially issuable upon conversion of the notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This press release does not and shall not constitute an offer to sell or a solicitation of an offer to buy any notes or shares of Limelight's common stock, nor shall there be any offer, solicitation or sale of notes or such common stock in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties. These statements include, among others, statements regarding whether Limelight will offer and issue the notes and the terms of the notes, the anticipated use of the net proceeds from this offering, Limelight's expectations in respect of granting the initial purchasers an option to purchase additional notes and expectations regarding the effect of the capped call transactions and regarding actions of the option counterparties and/or their respective affiliates. Our expectations and beliefs regarding these matters may not materialize. The potential risks and uncertainties that could cause actual results or outcomes to differ materially from the results or outcomes predicted include, among other things, risks related to the offering of the notes and the consummation of the capped call transactions, including that such transactions may not occur, market risks and uncertainties and the impact of any natural disasters or public health emergencies, such as the COVID-19 pandemic. A detailed discussion of these factors and other risks that affect our business is contained in our SEC filings, including our most recent reports on Forms 10-K and 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available on the SEC website at www.SEC.gov. All information provided in this release is as of July 22, 2020, and we undertake no duty to update this information in light of new information or future events, unless required by law.

About Limelight

Limelight Networks, Inc. (Nasdaq: LLNW), a leading provider of digital content delivery, video, cloud security, and edge computing services, empowers customers to provide exceptional digital experiences. Limelight's edge services platform includes a unique combination of global private infrastructure, intelligent software, and expert support services that enable current and future workflows.

Source: Limelight Networks, Inc.

CONTACT:

Limelight Networks, Inc.
Sajid Malhotra, 602-850-5778
ir@llnw.com

Limelight Networks, Inc. Prices Offering of \$110 Million of Convertible Senior Notes

SCOTTSDALE, Ariz. – July 22, 2020 – Limelight Networks, Inc. (Nasdaq: LLNW) (“Limelight”), a leading provider of video delivery and edge cloud services, today announced the pricing of \$110 million aggregate principal amount of 3.50% convertible senior notes due 2025 (the “notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). The size of this offering was increased from the previously announced \$100 million aggregate principal amount of notes. In connection with the offering of the notes, Limelight granted the initial purchasers of the notes a 13-day option to purchase up to an additional \$15 million aggregate principal amount of notes. The sale of the notes is expected to settle on July 27, 2020, subject to customary closing conditions.

The notes will bear interest at a rate of 3.50% per year, payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2021. The notes will mature on August 1, 2025, unless repurchased, redeemed or converted prior to such date. Prior to May 1, 2025, the notes will be convertible only upon satisfaction of certain conditions and during certain periods. On and after May 1, 2025, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

Upon conversion, the notes may be settled in shares of Limelight’s common stock, cash or a combination of cash and shares of Limelight’s common stock, at Limelight’s option. Holders of the notes will have the right to require Limelight to repurchase all or a portion of their notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a fundamental change (as defined in the indenture governing the notes). The conversion rate will initially be 117.2367 shares of Limelight’s common stock per \$1,000 principal amount of notes (which is equivalent to an initial conversion price of approximately \$8.53 per share of Limelight’s common stock). The initial conversion price of the notes represents a premium of approximately 27.5% over the last reported sale price of Limelight’s common stock on The Nasdaq Global Select Market of \$6.69 per share on July 22, 2020.

Limelight may not redeem the notes prior to August 4, 2023. On or after August 4, 2023, and on or before the 40th scheduled trading day immediately before the maturity date, Limelight may redeem for cash all or any portion of the notes if the last reported sale price of Limelight’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which Limelight provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Limelight provides notice of redemption. The redemption price will equal 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the notes.

When issued, the notes will be senior, unsecured obligations of Limelight and will be equal in right of payment with Limelight’s senior, unsecured indebtedness; senior in right of payment to Limelight’s indebtedness that is expressly subordinated to the notes; effectively subordinated to Limelight’s senior, secured indebtedness, including future borrowings, if any, under Limelight’s \$20 million credit facility, to the extent of the value of the collateral securing that indebtedness; and structurally subordinated to all indebtedness and other liabilities, including trade payables, and (to the extent Limelight is not a holder thereof) preferred equity, if any, of Limelight’s subsidiaries.

In connection with the pricing of the notes, Limelight entered into privately negotiated capped call transactions with one of the initial purchasers of the notes and other financial institutions (in this capacity, the “option counterparties”). The capped call transactions are expected generally to reduce the potential dilution to Limelight’s common stock upon any conversion of the notes or at Limelight’s election (subject to certain conditions) to offset any cash payments Limelight is required to make in excess of the aggregate principal amount of the converted notes, as the case may be, upon any conversion of the notes, with such reduction or offset subject to a cap. The cap price of the capped call transactions will initially be \$13.38 per share of Limelight’s common stock, which represents a premium of 100.0% over the last reported sale price of Limelight’s common stock on The Nasdaq Global Select Market of \$6.69 per share on July 22, 2020, and is subject to certain adjustments under the terms of the capped call transactions.

Limelight estimates that the net proceeds from this offering will be approximately \$106.3 million, after deducting the initial purchasers' discount and estimated offering expenses payable by Limelight (assuming no exercise of the initial purchasers' option to purchase additional notes). Limelight intends to use approximately \$14.4 million of the net proceeds from this offering to pay the cost of the capped call transactions. If the initial purchasers exercise their option to purchase additional notes, Limelight expects to use a portion of the net proceeds from the sale of the additional notes to enter into additional capped call transactions with the option counterparties. Limelight intends to use the remainder of the net proceeds from this offering for working capital and other general corporate purposes.

Limelight has been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to purchase shares of Limelight's common stock and/or enter into various derivative transactions with respect to Limelight's common stock concurrently with, or shortly after, the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of Limelight's common stock or the notes at that time. In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Limelight's common stock and/or purchasing or selling shares of Limelight's common stock or other of Limelight's securities in secondary market transactions from time to time prior to the maturity of the notes (and are likely to do so on each exercise date of the capped call transactions, which are expected to occur during the 40 trading day period beginning on the 41st scheduled trading day prior to the maturity date of the notes, or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or conversion of the notes if Limelight makes the relevant election under the capped call transactions). This activity could also cause or avoid an increase or a decrease in the market price of Limelight's common stock or the notes, which could affect the ability of holders of the notes to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of the notes, it could affect the number of shares of Limelight's common stock and value of the consideration that holders of notes will receive upon conversion of such notes.

The notes were and will be offered and sold only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The offer and sale of the notes and the shares of Limelight's common stock potentially issuable upon conversion of the notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This press release does not and shall not constitute an offer to sell or a solicitation of an offer to buy any notes or shares of Limelight's common stock, nor shall there be any offer, solicitation or sale of notes or such common stock in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties. These statements include, among others, statements regarding whether Limelight will issue the notes, the anticipated use of the net proceeds from this offering, and expectations regarding the effect of the capped call transactions and regarding actions of the option counterparties and/or their respective affiliates. Our expectations and beliefs regarding these matters may not materialize. The potential risks and uncertainties that could cause actual results or outcomes to differ materially from the results or outcomes predicted include, among other things, risks related to the offering of the notes and the consummation of the capped call transactions, including that such transactions may not occur, market risks and uncertainties and the impact of any natural disasters or public health emergencies, such as the COVID-19 pandemic. A detailed discussion of these factors and other risks that affect our business is contained in our SEC filings, including our most recent reports on Forms 10-K and 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available on the SEC website at www.SEC.gov. All information provided in this release is as of July 22, 2020, and we undertake no duty to update this information in light of new information or future events, unless required by law.

About Limelight

Limelight Networks, Inc. (Nasdaq: LLNW), a leading provider of digital content delivery, video, cloud security, and edge computing services, empowers customers to provide exceptional digital experiences. Limelight's edge services platform includes a unique combination of global private infrastructure, intelligent software, and expert support services that enable current and future workflows.

Source: Limelight Networks, Inc.

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