

PERFICIENT INC
Form PRE 14A
July 19, 2002

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SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

PERFICIENT, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PERFICIENT, INC.

7600-B North Capital of Texas Highway, Suite 340
Austin, Texas 78731

**Notice of Annual Meeting of Stockholders
To Be Held August 27, 2002**

NOTICE IS HEREBY GIVEN that the 2002 Annual Meeting of the Stockholders of Perficient, Inc. ("Perficient" or the "Company") will be held at the Company's headquarters located at 7600-B North Capital of Texas Highway, Suite 340, Austin, Texas 78731 on August 27, 2002 at 9:00 a.m., for the following purposes:

- (1) To elect six directors to hold office for a term of one year or until their successors have been duly elected and qualified;
- (2) To approve the issuance of up to 3,055,250 shares of common stock upon conversion of shares of Series B Convertible Preferred Stock and the exercise of common stock purchase warrants;
- (3) To approve an amendment to the Perficient 1999 Stock Option/Stock Issuance Plan to increase the number of shares of Perficient common stock underlying the plan to 5,346,085 shares;
- (4) To approve an amendment to the Perficient 1999 Stock Option/Stock Issuance Plan to increase to 600,000 the number of shares of common stock that may be subject to stock options, stock appreciation rights or direct stock issuances granted to any individual in any one calendar year;
- (5) To approve an amendment to the Certificate of Incorporation of Perficient to:
 - (i) increase the number of authorized shares of common stock to 40,000,000 shares;
 - (ii) increase the number of authorized shares of preferred stock to 8,000,000 shares; and
 - (iii) to provide that a certificate of designation created pursuant to "blank check" authority with respect to Preferred Stock of Perficient may be amended by the vote of the holders of the affected class or series of stock without the necessity of approval by the holders of common stock;
- (6) To ratify the appointment of Ernst & Young LLP as Perficient's independent auditors for the fiscal year ending December 31, 2002; and
- (7) To transact such other business as may properly come before the meeting or any adjournment thereof.

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The Board of Directors of Perficient has fixed the close of business on July 22, 2002 as the record date for the determination of stockholders of Perficient entitled to notice of and to vote at the Annual Meeting. Only holders of record of Perficient common stock at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof.

Your attention is directed to the accompanying Proxy Statement for further information regarding each proposal to be made.

All stockholders are asked to complete, sign and date the enclosed proxy and return it promptly by mail in the enclosed self-addressed envelope, which does not require postage if mailed in the United States.

By Order of the Board of Directors

Matthew P. Clark
Secretary

July 30, 2002
Austin, Texas

PERFICIENT, INC.

7600-B North Capital of Texas Highway, Suite 340
Austin, Texas 78731

Proxy Statement for Annual Meeting

This Proxy Statement is furnished by the Board of Directors (the "Board of Directors") of Perficient, Inc., a Delaware corporation ("Perficient" or the "Company"), in connection with the solicitation of proxies to be used at the Annual Meeting of Stockholders (the "Meeting") to be held on August 27, 2002 at the Company's headquarters located at 7600-B North Capital of Texas Highway, Suite 340, Austin, Texas 78731 at 9:00 a.m., and at any adjournment thereof. This Proxy Statement and the accompanying Notice and Proxy are being mailed to stockholders on or about July 30, 2002. The principal executive offices of Perficient are located at the address listed above.

Only stockholders of record at the close of business on the record date, July 22, 2002 (the "Record Date"), will be entitled to vote at the Meeting and at all adjournments thereof.

On the Record Date, there were outstanding and entitled to vote 10,524,411 shares of Perficient's common stock, \$.001 par value per share (the "Common Stock") and 1,984,000 shares of Perficient's Series A preferred stock, \$.001 par value ("Series A Preferred Stock") and 1,111,000 shares of Perficient's Series B preferred stock, \$.001 par value ("Series B Preferred Stock"). Each outstanding share of Perficient Common Stock is entitled to one vote on each matter to be voted upon and each outstanding share of Perficient Series A Preferred Stock is entitled to one vote on each matter to be voted upon for each share of Common Stock into which such share of Series A Preferred Stock is then convertible, and each outstanding share of Perficient Series B Preferred Stock is entitled to one vote on each matter to be voted upon for each share of Common Stock into which such share of Series B Preferred Stock is then convertible. A majority of the shares of Perficient Common Stock entitled to vote at the Meeting and each class of Preferred Stock will constitute a quorum for the transaction of business. Holders of Perficient Common Stock have no cumulative voting rights.

Voting Of Proxies

If a proxy is properly signed by a stockholder and is not revoked, the shares represented thereby will be voted at the Meeting in the manner specified on the proxy, or if no manner is specified with respect to any matter therein, such shares will be voted by the person designated therein in accordance with the recommendations of the Board of Directors as indicated in this Proxy Statement. If any of the nominees for director are unable to serve or for good cause will not serve, an event that is not anticipated by Perficient, the shares represented by the accompanying proxy will be voted for a substitute nominee designated by the Board of Directors or the Board of Directors may determine to reduce the size of the Board of Directors.

A proxy may be revoked by the stockholder at any time prior to the voting thereof by giving notice of revocation in writing to the Secretary of Perficient, by duly executing and delivering to the Secretary of Perficient a proxy bearing a later date, or by voting in person at the Meeting.

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Directors of Perficient will be elected by a plurality of the vote of the outstanding shares of Common Stock present, in person or by proxy, and entitled to vote at the Meeting. The affirmative vote of the holders of at least a majority of the shares of Common Stock outstanding is required to approve the amendment to the Certificate of Incorporation of Perficient. The affirmative vote of the holders of at least a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote at the Meeting, is required for the ratification and approval of any and all other matters which are being put to a stockholder vote at the Meeting. Votes will NOT be considered cast if the shares are not voted for any reason, including an abstention indicated as such on a written proxy or ballot, directions are given in a written proxy to withhold votes, or if the votes are withheld by a broker. Accordingly, broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether a matter has been approved. Votes cast, either in person or by proxy, will be tabulated by Continental Stock Transfer & Trust Company, the Company's transfer agent.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The following table sets forth certain information regarding the beneficial ownership of Perficient Common Stock as of July 12, 2002 for (i) each person or entity who is known by us to own beneficially more than five percent (5%) of Perficient Common Stock; (ii) each executive officer listed in the Summary Compensation table below; (iii) each director of Perficient; and (iv) all directors and executive officers as a group.

Name and Address of Beneficial Owner(1)	Amount and Nature of Shares Beneficially Owned	Percent of Class(2)
Powershift Ventures, L.P. 7600-B North Capital of Texas Highway Austin, TX, 78731	333,750	3.17%
Beekman Ventures, Inc. 2716 Barton Creek Boulevard Austin, TX 78735-1670	512,892	4.87%
John T. McDonald(3)	1,116,853	10.04%
Sam J. Fatigato(4)	937,308	8.66%
John A. Hinnners(5)(6)	132,199	1.25%
Steven G. Papermaster(7)	528,450	5.02%
Dr. W. Frank King(8)	30,000	*
Philip J. Rosenbaum(12)	30,000	*
Eric Simone(9)	759,749	7.15%
David S. Lundeen(10)	1,272,235	11.09%
Matthew P. Clark(11)	103,743	*
Watershed-Perficient, LLC 7000 Bee Caves Road Suite 250 Austin, Texas 78746(13)	937,500	8.18%
WWC Capital Fund, L.P. 11911 Freedom Drive Reston, Virginia 20190(14)	900,000	7.88%
Jeffrey Davis 622 Emerson Road Suite 400 Creve Coeur, MO 63141(15)	132,467	1.26%

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Name and Address of Beneficial Owner(1)	Amount and Nature of Shares Beneficially Owned	Percent of Class(2)
2M Technology Ventures, L.P. 3401 Armstrong Ave. Dallas, Texas 75205(16)	2,166,500	17.77%
Directors and executive officers as a group (9 persons)	4,283,255	33.99%

*
Indicates less than 1% of the outstanding shares of Perficient Common Stock.

- (1) Unless otherwise indicated, the address of each person or entity is 7600-B North Capital of Texas Highway, Suite 340, Austin, Texas 78731.
- (2) Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Common Stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the date hereof are deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite such stockholder's name. The percentage of beneficial ownership is based on 10,524,411 shares of Common Stock outstanding as of July 12, 2002.
- (3) Includes 512,892 shares owned by Beekman Ventures, Inc., of which Mr. McDonald is president and sole stockholder. Mr. McDonald is deemed to be the beneficial owner of such shares. Also includes 150,000 shares of Perficient Common Stock that may be acquired from Mr. Menell upon the exercise of a stock option granted to Mr. McDonald by Mr. Menell and options to purchase 294,211 shares under Perficient's stock option plan. Does not include options to purchase 500,000 shares of Perficient Common Stock that are not exercisable within 60 days of the date hereof. Includes 100,000 shares of Perficient Common Stock issuable upon conversion of Series A Preferred Stock and warrants to purchase 50,000 shares of Perficient Common Stock. Does not include 150,000 shares of Perficient Common Stock that may be acquired from Mr. Papermaster upon the exercise of a stock option granted to Mr. McDonald by Mr. Papermaster that is not exercisable within 60 days hereof.
- (4) Includes options to purchase 221,358 shares of Perficient Common Stock exercisable within 60 days of the date hereof. Also includes 50,000 shares of Perficient Common Stock issuable upon conversion of Series A Preferred Stock and warrants to purchase 25,000 shares of Perficient Common Stock.
- (5) Includes 5,000 shares held in the name of the Aubry Smith Hinnners Section 2503(c) Trust.
- (6) Includes options to purchase 71,199 shares of Perficient Common Stock and 10,000 shares of Perficient Common Stock that may be acquired from Mr. Menell upon the exercise of a stock option granted to Mr. Hinnners by Mr. Menell that are exercisable within 60 days of the date hereof.
- (7) Includes 333,750 shares owned by Powershift Ventures, L.P., of which Mr. Papermaster is the sole general partner. Mr. Papermaster is deemed to be the beneficial owner of such shares. Includes 150,000 shares of Perficient Common Stock that are subject to an option granted by Mr. Papermaster to Mr. McDonald.
- (8) Includes options to purchase 30,000 shares of Perficient Common Stock exercisable within 60 days of the date hereof. Does not include options to purchase 25,000 shares of Perficient Common Stock that are not exercisable within 60 days of the date hereof.

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- (9) Includes options to purchase 32,649 shares of Perficient Common Stock exercisable within 60 days of the date hereof. Does not include options to purchase 40,622 shares of Perficient Common Stock that are not exercisable within 60 days of the date hereof. Also includes 50,000 shares of Perficient Common Stock issuable upon conversion of Series A Preferred Stock and warrants to purchase 25,000 shares of Perficient Common Stock.
- (10) Includes options to purchase 5,000 shares of Perficient Common Stock exercisable within 60 days of the date hereof. Also includes 625,000 shares of Perficient Common Stock issuable upon
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- conversion of Series A Preferred Stock and warrants to purchase 312,500 shares of Perficient Common Stock held by Watershed-Perficient, LLC, a limited liability company in which Mr. Lundeen is managing member. Mr. Lundeen is deemed to be the beneficial owner of such shares. Does not include options to purchase 50,000 shares of Perficient Common Stock that are not exercisable within 60 days of the date hereof.
- (11) Includes options to purchase 103,743 shares of Perficient Common Stock exercisable within 60 days of the date hereof. Does not include options to purchase 147,128 shares of Perficient Common Stock that are not exercisable within 60 days of the date hereof.
- (12) Includes options to purchase 30,000 shares of Perficient Common Stock exercisable within 60 days of the date hereof. Does not include 625,000 shares of Perficient Common Stock issuable upon conversion of Series A Preferred Stock and warrants to purchase 312,500 shares of Perficient Common Stock held by Watershed-Perficient, LLC, a limited liability company in which Mr. Rosenbaum is a member.
- (13) Includes 625,000 shares of Perficient Common Stock issuable upon conversion of Series A Preferred Stock and warrants to purchase 312,500 shares of Perficient Common Stock. Additionally, Robert Pickering, a nominee for director, is an investor in Watershed-Perficient, LLC.
- (14) Includes 600,000 shares of Perficient Common Stock issuable upon conversion of Series A Preferred Stock and warrants to purchase 300,000 shares of Perficient Common Stock. Additionally, Michael J. Cromwell, III, a nominee for director, is a control person of WWC Capital Management, L.L.C., which is the general partner of WWC Capital Fund, L.P. This information is based solely on the Schedule 13D filed by WWC Capital Fund, L.P. on January 11, 2002.
- (15) Does not include options to purchase 223,464 shares of Perficient Common Stock that are not exercisable within 60 days of the date hereof.
- (16) Includes 1,111,000 shares of Perficient Common Stock issuable upon conversion of Series B Preferred Stock and warrants to purchase 555,500 shares of Perficient Common Stock.
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PROPOSAL 1. ELECTION OF DIRECTORS

At this year's Annual Meeting of Stockholders, six directors will be elected to hold office for a term expiring at the next Annual Meeting of Stockholders. Each director will be elected to serve until a successor is elected and qualified or until the director's earlier resignation or removal.

The affirmative vote of the holders of a plurality of the shares of Common Stock voted in person or by proxy at the Meeting is required for the election of each director. Unless otherwise directed, each proxy executed and returned by a stockholder will be voted for the election of each of the following nominee directors: John T. McDonald, David S. Lundeen, Dr. W. Frank King, Philip J. Rosenbaum, Michael J. Cromwell, III and Robert E. Pickering, Jr. If any of the nominee directors listed above becomes unable to serve or for good cause will not serve, an event that is not anticipated by us, (i) the shares represented by the proxies will be voted for a substitute nominee or substitute nominees designated by the Board of Directors or (ii) the Board of Directors may determine to reduce the size of the Board of Directors. At this time, the Board of Directors knows of no reason why any of the persons listed above may not be able to serve as directors if elected.

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Sam J. Fatigato has resigned his positions as director, president and chief operating officer of Perficient, effective April 19, 2002. Therefore, Mr. Fatigato will not stand for election at this year's annual meeting of stockholders.

The Board of Directors recommends a vote "FOR" the election of each of the Nominee Directors.

The name and age of each of the directors, nominee directors and executive officers of Perficient, their respective positions with Perficient and the period during which each such individual has served in that capacity are set forth below. Additional biographical information concerning each of the nominee directors and executive officers follows the table.

Name	Age	Position with Perficient	Held Position Since
John T. McDonald	39	Chief Executive Officer, President and Chairman of the Board of Directors	1999
Jeffrey Davis	38	Chief Operating Officer	2002
Matthew P. Clark	31	Chief Financial Officer and Vice President	2001
Steven G. Papermaster(1)	43	Director	1998
David S. Lundeen	40	Director	1998
Dr. W. Frank King	62	Director	1999
Philip J. Rosenbaum	52	Director	1999
Michael J. Cromwell, III	46	Director	2002
Robert E. Pickering, Jr.	50	Director	2002

(1)

Mr. Papermaster is not standing for re-election to our Board of Directors.

Certain Biographical Information Concerning Directors and Executive Officers

John T. McDonald joined Perficient in April 1999 as Chief Executive Officer and was elected Chairman of the Board in March 2001. Since October 1998, Mr. McDonald has been the president of Beekman Ventures, Inc., a venture capital firm specializing in private equity investments in technology companies. From April 1996 to October 1998, Mr. McDonald was president of VideoSite, Inc., a multimedia software company that is currently a subsidiary of GTECH Corporation. GTECH acquired VideoSite in October 1997, 18 months after Mr. McDonald became VideoSite's president. From

May 1995 to April 1996, Mr. McDonald was a Principal with Zilkha & Co., a New York-based merchant banking firm. From June 1993 to April 1996, Mr. McDonald served in various positions at Blockbuster Entertainment Group, including Director of Corporate Development and Vice President, Strategic Planning and Corporate Development of NewLeaf Entertainment Corporation, a joint venture between Blockbuster and IBM. From 1987 to 1993, Mr. McDonald was an attorney with Skadden, Arps, Slate, Meagher & Flom in New York focusing on mergers and acquisitions and corporate finance. Mr. McDonald received a B.A. in Economics from Fordham University in 1984 and a J.D. from Fordham Law School in 1987.

Jeffrey Davis became Perficient's Chief Operating Officer upon the closing of our acquisition of Vertecon in April 2002. He previously served the same role since October 1999 at Vertecon prior to its merger with Perficient. Mr. Davis has 13 years of experience in technology management and consulting. Prior to Vertecon, Mr. Davis was a Senior Manager and member of the leadership team in Arthur Andersen's Business Consulting Practice starting in January 1999 where he was responsible for defining and managing internal processes, while managing business development and delivery of products, services and solutions to a number of large accounts. Prior to Arthur Andersen, Mr. Davis worked at Ernst & Young for two years, Mallinckrodt, Inc. for two years, and spent five years at McDonnell Douglas in many different technical

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and managerial positions. Mr. Davis has a M.B.A. from Washington University and a B.S. degree in Electrical Engineering from the University of Missouri.

Matthew P. Clark joined Perficient as Managing Director of Finance in May 2000 and was promoted to the Chief Financial Officer position in August 2001. Prior to joining Perficient, Mr. Clark served as Chief Financial Officer of Compete Inc., a Chicago based Internet Services firm, from March 1999 until May 2000. Before joining Compete, Mr. Clark worked as a research analyst for Salomon Brothers, covering the Computer Services sector, including companies such as EDS, FDC and ADP. Mr. Clark graduated Magna Cum Laude with a B.S. degree in Quantitative Economics from the University of California at San Diego in 1993.

Steven G. Papermaster joined Perficient in April 1998 as a director and served as Chairman from May 1999 through February 2001. He is also the Chairman of Powershift Group, an Austin-based technology venture development firm, and the general partner of Powershift Ventures, L.P., one of our principal stockholders. Mr. Papermaster served as Chief Executive Officer of Agillion, Inc. through November 2000. Agillion, Inc. filed for protection under the federal bankruptcy laws in July 2001. He currently serves as a member of the Board of Directors of Vignette Corporation and various privately-held companies. From 1987 to December 1997, Mr. Papermaster was the founder, chairman and Chief Executive Officer of BSG Corporation. Mr. Papermaster received a B.A. in Finance from the University of Texas at Austin in 1981 and began his career as a consultant with Arthur Andersen & Co. in the Management Information Consulting Division.

David S. Lundeen joined Perficient in April 1998 as a director. Since March 1999, Mr. Lundeen has been a partner with Watershed Capital, a private equity firm based in Mountain View, California. From June 1997 to February 1999, Mr. Lundeen was self-employed, managed his personal investments and acted as a consultant and advisor to various businesses. From June 1995 to June 1997, he served as the Chief Financial Officer and Chief Operating Officer of BSG. From January 1990 until June 1995, Mr. Lundeen served as President of Blockbuster Technology and as Vice President of Finance of Blockbuster Entertainment Corporation. Prior to that time, Mr. Lundeen was an investment banker with Drexel Burnham Lambert in New York City. Mr. Lundeen currently serves as a member of the Board of Directors of TippingPoint Technologies, Inc., Parago, Inc. and Kinetrix Solution, Inc. Mr. Lundeen received a B.S. in Engineering from the University of Michigan in 1984 and an M.B.A. from the University of Chicago in 1988.

Dr. W. Frank King became a member of the Board of Directors in June 1999. He has served as a Director of PSW Technologies, Inc., now known as Concerco Inc., a publicly-traded consulting services

company, since October 1996. From 1992 to August 1998, Dr. King served as President and Chief Executive Officer of PSW. From 1988 to 1992, Dr. King was Senior Vice President of the Software Business group of Lotus, a software publishing company. Prior to joining Lotus, Dr. King was employed with IBM for 19 years, where his last position was Vice President of Development for the Personal Computing Division. Dr. King currently serves on the boards of directors of Aleri, Inc., Eon Communications, Inc., Ivasis and Natural Microsystems Corporation. Dr. King earned a Ph.D. in electrical engineering from Princeton University, an M.S. in electrical engineering from Stanford University and a B.S. in electrical engineering from the University of Florida.

Philip J. Rosenbaum became a member of Perficient's Board of Directors in June 1999. Since May 1995, Mr. Rosenbaum has been a self-employed developer of new businesses, investor and consultant. From February 1993 to May 1995, Mr. Rosenbaum was Vice President of International Operations of Unify Corporation, a software development tool supplier. Mr. Rosenbaum also serves on the board of directors of a privately held software company. Mr. Rosenbaum received a B.S. from Rutgers in 1972.

Michael J. Cromwell, III is the co-founder of WWC Capital Group, LLC, which provides investment banking services to middle market technology companies. Mr. Cromwell focuses his efforts on information technology services firms and enterprise software firms. Since co-founding WWC Capital Group, LLC, nearly four years ago, Mr. Cromwell has advised IT firms on nearly \$1 billion in merger and acquisition transactions. Prior to forming WWC Capital Group, LLC, Mr. Cromwell spent twelve years as a senior executive with ManTech International Corporation, a leading IT services firm, and its publicly traded affiliate, GSE Systems, Inc. At ManTech, he was the principal executive responsible for completing over twenty acquisitions, several divestitures and over twelve financing transactions ranging from senior debt to mezzanine capital to an initial public offering. He is a member of the Board of Directors of the Rowing Club at St. Albans and National Cathedral Schools. Mr. Cromwell earned a BA degree from Yale University and a JD from Georgetown University.

Robert E. Pickering, Jr. began his IT services career in 1974 at Andersen Consulting (now Accenture), where he was a partner. After 11 years at Andersen, where he managed and directed several system development and outsourcing projects, Mr. Pickering joined First City Bankcorp in 1996, as Chief Information Officer. Three years later in 1999, he became Chief Information Officer of Continental Airlines. Mr. Pickering was also Chairman and CEO of Origin from 1998 to 2000, one of the largest IT services companies in Europe. Mr. Pickering was Chairman and CEO of e2i Inc. from May 2000 to December 2001, which filed for protection under the federal bankruptcy laws in December 2001. Mr. Pickering also serves on the boards of a variety of organizations including the American Chamber of Commerce in the Netherlands, B&J Foodservice in Kansas City, and Ora Oxygen, a travel spa based in The Netherlands. Mr. Pickering is a graduate of Baylor University.

Section 16 Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires executive officers and directors, and persons who beneficially own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission and Nasdaq SmallCap Market. Based solely on a review of the copies of reports furnished to us and written representations from our executive officers, directors and persons who beneficially own more than ten percent of our equity securities, we believe that, during the preceding year, all filing requirements applicable to our officers, directors and ten percent beneficial owners under Section 16(a) were satisfied, except that Messrs. Fatigato and Simone filed a Form 5 late reporting small acquisitions that did not otherwise need to be reported on Form 4 and Mr. McDonald reported late on Form 4 a transaction that occurred in November 2001.

Composition and Meetings of the Board of Directors and Committees

The Board of Directors is currently comprised of five directors. Sam J. Fatigato resigned his position as a director effective April 19, 2002. As a condition to the acquisition of Compete Inc., the Company agreed to nominate and recommend Mr. Fatigato as one of its directors so long as he and the other shareholders and vested option holders of Compete Inc. and their affiliates own more than ten percent (10%) of the shares of Perficient Common Stock issued to them in the acquisition. If Mr. Fatigato, however, is not elected to the Board of Directors, he will continue to have a right to attend and observe all meetings of the Board of Directors.

Gilford Securities Incorporated ("Gilford"), the underwriter of Perficient's initial public offering and placement agent in Perficient's private placement, may also designate one person for election to the Board of Directors through February 2003. To date, Gilford has not designated any nominees to the Board of Directors. In the event Gilford does not elect to designate a nominee to the Board of Directors, Gilford may designate one person to attend meetings of the Board of Directors as an observer during such period.

The holders of our Series A Preferred Stock, voting as a separate class, are entitled to elect one member of our Board of Directors. Mr. Cromwell has been chosen to serve as the designee of the holders of Series A Preferred Stock. The holders of our Series B Preferred Stock, voting as a separate class, are entitled to elect one member of our Board of Directors. The holders of Series B Preferred Stock have not yet chosen a nominee to our Board.

During fiscal year 2001, the Board of Directors held 3 meetings. Each of the directors attended at least 75% of the aggregate of all meetings of the Board of Directors and the total number of meetings held by all committees of the Board of Directors of which each respective director was a member during the time he was serving as such during the fiscal year ended December 31, 2001.

Committees of the Board of Directors

The Board of Directors has created a Compensation Committee and an Audit Committee. The Board of Directors has not created a Nominating or similar Committee. Both the Compensation Committee and the Audit Committee are comprised of Dr. W. Frank King and Philip J. Rosenbaum, each of whom is an independent director.

Compensation Committee

The Compensation Committee, which held no meetings and acted 5 times by unanimous written consent during fiscal year 2001, establishes salaries, incentives and other forms of compensation for Perficient's directors, executive officers and key employees and administers its equity incentive plans and other incentive and benefit plans.

Audit Committee

The Audit Committee, which held 4 meetings during fiscal year 2001, recommends to the Board of Directors the engagement of the independent auditors and reviews with the independent auditors the scope and results of the audits, the internal accounting controls and the professional services furnished by the independent auditors.

Compensation of Directors and Executive Officers

The following table sets forth information concerning the annual and long-term compensation earned by the individuals who served as Perficient's Chief Executive Officer and certain other executive officers during fiscal year 2001 for services rendered in all capacities during the years presented. John T. McDonald joined Perficient in April 1999 and assumed the duties of Chief Executive Officer. John A. Hinnners joined Perficient in April 1999 and resigned in July 2001. Sam J. Fatigato joined Perficient in May 2000 and resigned in April 2002. Matthew P. Clark joined Perficient in May 2000 and was appointed Chief Financial Officer in August 2001.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation
		Salary(\$)	Other Annual Compensation\$(1)	Securities Underlying Options(2)
John T. McDonald, Chief Executive Officer and Chairman of the Board	2001	\$ 174,825	\$ 2,627	406,211
	2000	154,750	2,246	50,000
	1999	50,000		
Sam J. Fatigato, President, Chief Operating Officer and Director	2001	166,500	2,502	212,217
	2000	103,750	1,388	9,141
Matthew P. Clark Vice President and Chief Financial Officer	2001	121,875	1,981	83,484
John A. Hinnners, Vice President and Chief Financial Officer	2001	103,125	39,231	96,199
	2000	141,667	2,125	67,500
	1999	79,618		60,000

(1) Amounts represent 401(k) employer match and also includes severance pay for Mr. Hinnners.

(2) In January 2002, Mr. McDonald was granted options to purchase 63,000 shares of our Common Stock with an exercise price of \$1.25. In September 2001, Mr. McDonald was granted options to purchase 106,383 shares of Common Stock with an exercise price of \$0.31 per share in lieu of a \$50,000 cash bonus. In June 2002, Mr. McDonald was granted options to purchase 275,000 shares of our Common Stock with an exercise price of \$1.15 per share. In May of 2002, Mr. Clark was granted options to purchase 50,000 shares of our Common Stock with an exercise price of \$1.21 per share. In June of 2002, Mr. Clark was granted options to purchase 60,000 shares of our common stock with an exercise price of \$1.15 per share.

Compensation of Directors

Dr. W. Frank King and Philip J. Rosenbaum receive an annual retainer of \$15,000 to serve on the Board of Directors. Other directors receive no cash remuneration for serving on the Board of Directors. Non-employee directors, however, are granted options to purchase 20,000 shares of Common Stock in their first year of service and are granted additional options to purchase 5,000 shares of Common Stock in each subsequent year of service. All directors are reimbursed for reasonable expenses incurred by them in attending Board and Committee meetings. In May of 2002, Dr. King was granted options to purchase 25,000 shares of our Common Stock with an exercise price of \$1.21. In June of 2002, Mr. Lundeen was granted options to purchase 50,000 shares of our common stock with an exercise price of \$1.15 per share.

Employment Arrangements

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Perficient has a two-year employment agreement with Mr. McDonald that terminates on December 31, 2003. Mr. McDonald's employment agreement provides for the grant of options to purchase 100,000 shares of our Common Stock that vest over a three year period. In addition, Mr. McDonald may receive a bonus and/or stock option under Perficient's stock option plan as determined by the Board of Directors. Mr. McDonald will receive twelve months severance pay if: (1) Perficient terminates him without cause; (2) he is terminated following a change of control; or (3) Mr. McDonald terminates his employment within twelve months after a change of control of Perficient. Additionally, Mr. McDonald has agreed to refrain from competing with Perficient for a period of two years following the termination of his employment. At the request of our Board of Directors, Mr. McDonald waived a \$50,000 accrued cash bonus in consideration of the issuance of options to purchase 106,383 shares of our Common Stock at an exercise price of \$0.31 per share.

Perficient had a two-year employment agreement with Mr. Fatigato that terminated with Mr. Fatigato's resignation effective April 19, 2002. Mr. Fatigato's employment agreement provided for the grant of options to purchase 100,000 shares of our Common Stock that became fully vested upon his resignation. Mr. Fatigato will receive twelve months severance pay. Additionally, Mr. Fatigato has agreed to refrain from competing with Perficient for a period of two years following the termination of his employment.

Pursuant to the Vertecon Merger Agreement, we have entered into employment agreements with Jeffrey Davis and Timothy Thompson for employment terms beginning on the closing date of the Vertecon Merger. Mr. Davis is our Chief Operating Officer and will be employed for an initial term of two years. He will be paid an annual salary of \$205,000 and was granted a non-qualified stock option under our option plan to purchase 110,810 shares of our Common Stock and another non-qualified stock option in satisfaction of certain accrued bonus payments owed to him by Vertecon. Mr. Davis was advanced a \$15,625 bonus in satisfaction of certain accrued bonus payments owed to him by Vertecon. Mr. Davis will be paid an annual salary of \$205,000 and is also eligible to receive an annual bonus equal to up to 30% of his salary. Mr. Davis will receive six months severance pay if Perficient terminates him without cause. Additionally, Mr. Davis has agreed to refrain from competing with Perficient for a period of two years following the termination of his employment. Mr. Thompson is our Chief Business Development Officer and will be employed for an initial term of two years. Mr. Thompson will be paid an annual salary of \$160,000 and was advanced a \$66,875 bonus in satisfaction of certain accrued bonus payments owed to him by Vertecon. Each year, Mr. Thompson will be eligible to receive a bonus based on our direct sales. We also granted Mr. Thompson a non-qualified stock option to purchase 110,810 shares of our Common Stock under our stock option plan. Mr. Thompson will receive twelve months severance pay if Perficient terminates him without cause. Additionally, Mr. Thompson has agreed to refrain from competing with Perficient for a period of one year following the termination of his employment.

Option Grants in Last Fiscal Year to Named Executive Officers

The following table sets forth information related to the grant of stock options by us during the year ended December 31, 2001 to the named executive officers.

	Individual Grants				
	Number of Securities Underlying Options(#)(1)	% of Total Options Granted to Employees in Fiscal 2001(2)	Exercise or Base Price (\$/sh)	Market Price on Date of Grant (\$/sh)	Expiration Date
John T. McDonald	250,000	10.32%	3.75	3.75	03/28/11
	12,828	0.53%	0.74	2.95	04/17/11
	106,383	4.39%	0.31	1.25	09/21/11
	37,000	1.53%	1.25	1.25	09/21/11
Sam J. Fatigato	100,000	4.13%	3.75	3.75	03/28/11
	12,217	0.50%	0.74	2.95	04/17/11
	100,000	4.13%	1.35	1.35	10/12/11
Matthew P. Clark	55,000	2.27%	3.75	3.75	03/28/11
	8,484	0.35%	0.74	2.95	04/17/11
	20,000	0.83%	2.77	2.77	08/07/11
John A. Hanners	85,000	3.51%	3.75	3.75	03/28/11
	11,199	0.46%	0.74	2.95	04/17/11

(1) In January 2002, Mr. McDonald was granted options to purchase 63,000 shares of our Common Stock with an exercise price of \$1.25 per share. In June 2002, Mr. McDonald was granted options to purchase 275,000 shares of our Common Stock with an exercise price of \$1.15 per share. In May of 2002, Mr. Clark was granted options to purchase 50,000 shares of our Common Stock with an exercise price of \$1.21 per share. In June of 2002, Mr. Clark was granted options to purchase 60,000 shares of our common stock with an exercise price of \$1.15 per share.

(2) Based on an aggregate of 2,422,449 options granted during the year ended December 31, 2001.

Option Exercises and Fiscal Year End Values

The following table sets forth information concerning the fiscal year-end number and value of unexercised options (market price of our Common Stock less the exercise price with respect to the named executive officers). None of the named executive officers exercised stock options during the

fiscal year ended December 31, 2001. No stock appreciation rights were outstanding as of December 31, 2001.

Name	Number of Securities Underlying Unexercised Options at December 31, 2001(#)		Value of Unexercised In-the-Money Options at December 31, 2001(\$)(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
John T. McDonald	269,211	187,000	94,621	
Sam J. Fatigato	52,610	168,748	5,009	
Matthew P. Clark	69,159	71,711	3,478	
John A. Hinners	71,199		43,592	

(1) Based on the fair market value of Perficient's Common Stock at December 31, 2001 (\$1.15 per share), as reported on the NASDAQ SmallCap Market.

Certain Relationships and Related Transactions

Sales of Securities

During the last fiscal year and through the date of the proxy statement, Perficient made the following sales of its Common Stock in transactions that were not registered under the Securities Act of 1933:

The following related parties participated in the purchase of securities pursuant to the Convertible Preferred Stock Purchase Agreement, dated as of December 21, 2001, with a limited number of investors under which we sold 1,984,000 shares of our Series A Convertible Preferred Stock for a purchase price of \$1.00 per share:

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John T. McDonald, our Chairman and Chief Executive Officer, purchased 100,000 shares of Series A Preferred Stock. Sam J. Fatigato, our former president, Chief Operating Officer and Director, purchased 50,000 shares of Series A Preferred Stock. Such purchases were made on the same terms as those by non-affiliated investors and, in fact, were a condition to the purchase of the Series A Preferred Stock by the non-affiliated investors.

David Lundeen, a director of Perficient, is managing member of Watershed-Perficient, LLC which purchased 625,000 shares of Series A Preferred Stock. This purchase was made on the same terms as those by non-affiliated investors.

Michael J. Cromwell, III, a director of Perficient, is a control person of WWC Capital Management, L.L.C., which is the general partner of WWC Capital Fund, L.P. WWC Capital Fund purchased 600,000 shares of Series A Preferred Stock (this information is based solely on the Schedule 13D filed by WWC Capital Fund on January 11, 2002). This purchase was made on the same terms as those by non-affiliated investors.

Robert E. Pickering, Jr., a director of Perficient, is an investor in Watershed-Perficient, LLC which purchased 625,000 shares of Series A Preferred Stock. This purchase was made on the same terms as those by non-affiliated investors.

Philip Rosenbaum, a director of Perficient, is an investor in Watershed-Perficient, LLC which purchased 625,000 shares of Series A Preferred Stock. This purchase was made on the same terms as those by non-affiliated investors.

On June 26, 2002, Perficient entered into a Convertible Preferred Stock Purchase Agreement with 2M Technology Ventures, L.P. ("2M"), pursuant to which, 2M purchased 1,111,000 shares of

Series B Preferred Stock for a purchase price of \$0.900090009 per share. In connection with its purchase of Series B Preferred Stock, 2M also received warrants to purchase up to 555,500 shares of Common Stock. In addition, 2M received the option to purchase an additional 1,666,500 shares of Series B Preferred Stock and will receive warrants to purchase one share of Common Stock for every two shares of Series B Preferred Stock that it purchases pursuant to the option. As the sole holder of shares of Series B Preferred Stock, 2M has the right to elect one member to our Board of Directors. In connection with the sale of securities to 2M, we agreed with the holders of the shares of Series A Preferred Stock to amend the Certificate of Designation with respect to the Series A Preferred Stock, to, among other things, increase the liquidation preference of the Series A Preferred Stock to \$2.00.

Acquisitions

In connection with our acquisition of Vertecon in April 2002, Jeffrey Davis, our Chief Operating Officer, received 132,467 shares of Common Stock.

Powershift Sublease

From April 1998 until March 2000, Perficient subleased office space on a month-to-month basis from Powershift Ventures, LLC, of which Mr. Papermaster is president and a beneficial owner. Since August 1999, Perficient had been paying rent of \$4,500 per month, which it believes was consistent with prevailing market rates. The monthly rental amounts were arrived at by arms' length negotiations. Perficient terminated this sublease as of April 8, 2000 and began subleasing the same space under similar terms during November 2000 to fill its increased needs. Perficient satisfied its remaining lease commitment to Powershift of \$2,900 per month through December 31, 2001.

WWC Capital Group Relationship

Perficient has paid \$274,000 in fees to WWC Capital during 2001 and 2002 for finder and advisory fees for the Vertecon and Javelin acquisitions and other acquisition advisory services. Michael J. Cromwell, III, a director, is a co-founder and partner of WWC Capital Group.

Future Transactions

All future transactions, including loans, if any, between our officers, directors, principal stockholders or their affiliates and Perficient, are required by the Board of Directors to be approved by a majority of the Board of Directors, including a majority of the independent and disinterested outside directors on the Board, and will be on terms no less favorable to us than could be obtained from unaffiliated third parties.

Audit Committee Report

The following is the report of the Audit Committee with respect to the audit of our fiscal 2001 audited consolidated financial statements:

Management is responsible for the Company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States and to issue a report thereon. The Committee's responsibility is to monitor and oversee these processes.

In this context, the Committee has met and held discussions with management and the independent auditors. Management represented to the Committee that the Company's consolidated financial statements in the Annual Report for the fiscal year ended December 31, 2001 were prepared

in accordance with accounting principles generally accepted in the United States, and the Committee has reviewed and discussed the consolidated financial statements in the Annual Report with management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Company's independent auditors also provided to the Committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Committee discussed with the independent auditors that firm's independence. The Audit Committee reviewed nonaudit services provided by its independent auditors for the last fiscal year, and determined that those services are not incompatible with maintaining the auditors' independence.

Based upon the Committee's discussion with management and the independent auditors and the Committee's review of the representation of management and the report of the independent auditors to the Committee, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001 filed with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Board of Directors:

Dr. W. Frank King
Philip J. Rosenbaum

PROPOSAL 2. APPROVAL OF THE ISSUANCE OF SHARES OF COMMON STOCK IN CONNECTION WITH THE CONVERSION OF SERIES B PREFERRED STOCK AND EXERCISE OF COMMON STOCK PURCHASE WARRANTS

General

We have entered into a Convertible Preferred Stock Purchase Agreement, dated as of June 26, 2002, with 2M Technology Ventures, L.P. ("2M") under which we have sold 1,111,000 shares of our Series B Convertible Preferred Stock, par value \$0.001 per share ("Series B Preferred Stock"), to 2M for a purchase price of approximately \$0.90 per share. Each share of Series B Preferred Stock is initially convertible into one share of our Common Stock, par value \$0.001 per share, at the election of the holder. We have also agreed to issue to 2M, subject to receipt of shareholder approval at the Meeting, a Warrant to purchase up to 555,500 shares of our Common Stock for \$2.00 per share in connection with this sale of Series B Preferred Stock.

2M has the option to purchase up to an additional 1,666,500 shares of our Series B Convertible Preferred Stock exercisable on or before June 26, 2003, which purchase is subject to shareholder approval at the Meeting (the "2M Option"). 2M will receive additional Warrants (collectively with the warrant to purchase 555,500 shares of Common Stock, the "Warrants") to purchase one share of our Common Stock for every two shares of Series B Preferred Stock it purchases pursuant to the 2M Option (i.e., warrants to purchase up to 833,250 shares of Common Stock).

Simultaneously with the sale of shares to 2M by us, 2M purchased from Steven Papermaster, Robert Anderson and Bryan Menell, 300,000, 100,000 and 100,000 shares of Common Stock, respectively, for \$0.75 per share. Mr. Papermaster is a member of our Board of Directors and each of Messrs. Papermaster, Menell and Anderson are significant holders of our Common Stock.

Nasdaq Requirement For Stockholder Approval

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Nasdaq regulations require that we obtain approval from our stockholders in connection with a transaction, other than a public offering, involving the sale or issuance by us of Common Stock (or securities convertible into, or exercisable for, Common Stock) equal to 20% or more of our Common Stock, or 20% or more of the voting power of our securities, which were outstanding before the issuance of the Common Stock in connection with such transaction. We have issued to 2M 1,111,000 shares of our Series B Convertible Preferred Stock, which may be converted into 1,111,000 shares of Common Stock, which is less than 20% of our outstanding Common Stock. However, in order to issue the additional shares of Perficient Common Stock in connection with the conversion of Series B Preferred Stock underlying the 2M Option and the exercise of the Warrants, we are required to seek approval of our shareholders. As a result, even though the issuance of this Perficient Common Stock underlying the Series B Preferred Stock subject to the 2M Option and underlying the Warrants is not required to be approved by Perficient's stockholders under the terms of the Delaware General Corporation Law, such stockholder approval is required under the regulations of Nasdaq to which Perficient is subject. A majority of the total votes cast in person or by proxy at the Meeting is required to approve the issuance of our Common Stock in connection with the conversion of the Series B Preferred Stock and exercise of the Warrants. Officers, directors and stockholders of Perficient, owning in the aggregate more than 50% of our outstanding voting stock, have agreed, under certain voting agreements, to vote their shares in favor of the issuance of an aggregate of 3,055,250 shares of Common Stock upon conversion of shares of Series B Convertible Preferred Stock underlying the 2M Option and the exercise of all of the Warrants. Accordingly, approval of this issuance is assured.

Use of Proceeds

We intend to use the proceeds from the sale of the Series B Preferred Stock to further accelerate our previously announced acquisition program, strengthen our working capital position and for other corporate purposes.

Appointment of Member of our Board of Directors

The holders of a majority of the voting power of Series B Preferred Stock, voting as a separate class, have the right to elect one member of our Board of Directors until June 25, 2007. On or after June 25, 2007, holders of a majority of the voting power of our Series B Preferred Stock, voting together with the holders of Series A Preferred Stock as a single class, by a two-thirds majority of the total shares of Series A Preferred Stock and Series B Preferred Stock, eligible to vote thereon, have the right to elect such number of directors as constitutes one-half of the members of our Board of Directors.

In addition, in conjunction with the completion of the sale of securities to 2M, we have agreed to amend the terms of the certificate of designation for the Series A Preferred Stock to increase the liquidation preference of the Series A Preferred Stock from \$1.00 to \$2.00 per share.

Description of Series B Preferred Stock

The following description of Series B Preferred Stock does not purport to be complete and is subject in all respects to the Delaware General Corporation Law and our Certificate of Incorporation and the Certificate of Designation, Rights and Preferences related to the Series B Preferred Stock.

Conversion

Holders of Series B Preferred Stock have the right to convert such shares of Series B Preferred Stock into our Common Stock. The initial conversion ratio is one-to-one (one share of Common Stock for each share of Series B Preferred Stock converted), subject to adjustment under certain circumstances. Each of the outstanding shares of Series B Preferred Stock will be automatically converted into Common Stock in the event that the closing price of our Common Stock on the Nasdaq SmallCap Market is greater than \$3.00 for any twenty consecutive trading days (provided there is an average daily trading volume of at least 50,000 shares of Common Stock during such period) or at the election of holders of 50% of the voting power of the Series B Preferred Stock.

Voting

In addition to any other voting rights provided in our Certificate of Incorporation or as otherwise required by law, holders of Series B Preferred Stock will vote together with holders of Common Stock and holders of any other series of our preferred stock on all matters as to which holders of Common Stock are entitled to vote. Each share of Series B Preferred Stock entitles the holder thereof to one vote. In addition, holders of Series B Preferred Stock, voting as a separate class, are entitled to elect one member of our board of directors.

Dividends

Holders of Series B Preferred Stock are entitled to dividends only upon the liquidation, dissolution, winding up or sale of Perficient or the redemption or conversion of the Series B Preferred Stock. Such dividends will accrue and be payable (in Common Stock) at an annual rate per share equal to approximately \$0.90 multiplied by 8%.

Liquidation Preference

In the event of (i) the liquidation, dissolution or winding up of Perficient or (ii) the merger or consolidation of Perficient generally into or with another corporation or other entity (unless, upon consummation of such merger or consolidation, the holders of voting securities of the Corporation immediately prior to such transaction continue to own directly or indirectly not less than fifty percent of the voting power of the surviving corporation) or the sale or other disposition of all or substantially all the assets of Perficient, then the holders of Series B Preferred Stock will be entitled to receive out of the assets legally available for distribution to our stockholders, *pari passu* with the holders of any other series of our preferred stock, approximately \$1.80 per share (subject to certain adjustments) plus all unpaid, accrued dividend payments. After payment of the full liquidation preference to the holders of Series B Preferred Stock and any other series of our preferred stock, any remaining assets of Perficient will be distributed ratably among the holders of Perficient Common Stock and Preferred Stock. In the event that the assets of Perficient are insufficient to pay the full liquidation preference to the holders of Series B Preferred Stock, the assets of Perficient will be distributed ratably between holders of Series A Preferred Stock and Series B Preferred Stock.

Registration Rights

We have agreed to file a registration statement covering the resale of the shares of Common Stock issuable upon the conversion of the Series B Preferred Stock (and exercise of the Warrants).

Adjustment to Conversion Ratio

The initial conversion ratio of one share of Common Stock for each share of Series B Preferred Stock will be adjusted proportionally, subject to certain exceptions, in the event that we issue shares of Common Stock or securities convertible or exchangeable into Common Stock or options to purchase Common Stock, for a consideration per share less than the greater of approximately \$0.90 (subject to adjustment) or the current market price of our Common Stock.

Redemption

At the request of holders of a majority of the outstanding shares of Series B Preferred Stock made at any time after June 25, 2007 and in the discretion of our Board of Directors, Perficient may redeem such number of shares of Series B Preferred Stock as are requested by the requesting holders of Series B Preferred Stock for a redemption price per share equal to approximately \$0.90 (subject to adjustment). The Series B Preferred Stock may also be redeemed if we fail to obtain the approval of the issuance of the Common Stock at our Annual Meeting prior to certain dates.

Protective Provisions

Perficient may not (without the approval of a majority of the voting power of the outstanding shares of Series B Preferred Stock):

Amend or repeal any provision of our certificate of incorporation in a way that would materially and adversely change the rights of holders of Series B Preferred Stock;

Authorize or issue shares of any class of stock, at any time prior to June 25, 2007, ranking on par with or having any preference or priority as to dividends or liquidation superior to Series B Preferred Stock;

Authorize or issue shares of any class of stock or any securities convertible into or exchangeable for any shares of any class of stock of Perficient at any time on or after the fifth anniversary of the closing date of the purchase of Series B Preferred Stock; or

Sell all or substantially all of the assets of Perficient or enter into a merger in which the holders of voting securities of Perficient do not own at least 50% of the voting securities of the surviving corporation, unless, in each case, John T. McDonald is Chief Executive Officer or Chairman of the Board at the time such transaction is approved by our Board of Directors and 2M Companies, Inc. (including its affiliates) owns less than 20% of Perficient's equity on a fully diluted basis.

Description of Warrants

The following description of the Warrants does not purport to be complete and is subject in all respects to the Delaware General Corporation Law and the provisions of the Warrants.

Exercise Price

Each Warrant entitles the holder thereof to purchase a specified number of shares of our Common Stock at an exercise price of \$2.00 per share (subject to adjustment under certain circumstances).

Exercise

The Warrants are exercisable by presentation and surrender of the Warrant at our principal office or the office of our transfer agent with the purchase form annexed thereto duly executed and accompanied by the payment of the exercise price for the purchase of the number of shares specified in the purchase form. Warrants may also be exercised through a "cashless exercise" pursuant to which the Warrant or a portion thereof can be surrendered in exchange for a number of shares of Common Stock as is determined based on the difference between the exercise price of the Warrant and the current market price of our Common Stock.

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Mandatory Redemption

In the event that the closing price of our Common Stock on the Nasdaq SmallCap Market is greater than \$5.00 for any twenty consecutive trading days (provided there is an average daily trading volume of at least 50,000 shares of Common Stock during such period), we can redeem the Warrants upon 60 days' written notice to the holders. In exchange for the surrender of the Warrants in connection with a redemption by Perficient, the holders of redeemed Warrants will receive a number of shares of Common Stock equal to that number of shares that would have been received if the warrant holder had made a "cashless exercise" on the redemption date.

Antidilution Provisions

Proportional adjustments will be made to the exercise price and number of shares purchasable upon the exercise of the Warrants in the event of:

any stock dividend, stock split, reverse stock split or reclassification of Perficient Common Stock;

any issuance of Common Stock for a purchase price lower than the current market value of Perficient Common Stock; or

any issuance of securities convertible or exchangeable into Common Stock for an exchange price less than the greater of the current exercise price of the Warrants or the market value of our Common Stock on the date of issuance of such securities.

The Board of Directors recommends a vote FOR the approval of the issua