

PERFICIENT INC  
Form DEF 14A  
April 14, 2014  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

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 Rule 14a-12

PERFICIENT, INC.  
(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the 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:

---

(5) Total fee paid:

---

- Fee paid previously with preliminary materials.
- Check the box if any part of the fee is offset as provided by Exchange

Edgar Filing: PERFICIENT INC - Form DEF 14A

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:

---

(2) Form, Schedule or Registration No.:

---

(3) Filing Party:

---

(4) Date Filed:

---

PERFICIENT, INC.

Notice of Annual Meeting of Stockholders  
To Be Held May 28, 2014

NOTICE IS HEREBY GIVEN that the 2014 Annual Meeting of the Stockholders of Perficient, Inc. ("Perficient" or the "Company") will be held at 622 Emerson Rd., 2<sup>nd</sup> Floor, Saint Louis, Missouri, 63141, on May 28, 2014 at 9:00 a.m. local time, for the following purposes:

1. To elect five directors to hold office for a term of one year or until their successors have been duly elected and qualified;
2. To approve, on an advisory basis, a resolution relating to the 2013 compensation of the named executive officers as disclosed in the accompanying Proxy Statement;
3. To approve the Amended and Restated Perficient, Inc. 2012 Long Term Incentive Plan;
4. To ratify KPMG LLP as the Company's independent registered public accounting firm for the 2014 fiscal year; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors of Perficient has fixed the close of business on April 2, 2014 as the record date for the determination of Company stockholders entitled to notice of, and to vote, at the 2014 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 2014 Annual Meeting or any adjournments or postponements thereof. A list of stockholders entitled to vote at the 2014 Annual Meeting will be available for inspection at 622 Emerson Rd., Suite 400, Saint Louis, Missouri, 63141, during ordinary business hours for the ten-day period prior to the 2014 Annual Meeting.

Your attention is directed to the accompanying Proxy Statement for further information regarding each proposal to be made at the 2014 Annual Meeting.

Whether or not you plan to attend the 2014 Annual Meeting, you 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 or, alternatively, to vote your proxy by telephone or the Internet according to the instructions on your proxy card. You may revoke your proxy at any time prior to the 2014 Annual Meeting. If you decide to attend the 2014 Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the 2014 Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 28, 2014.

The Proxy Statement and the Annual Report on Form 10-K are available at [www.perficient.com](http://www.perficient.com) under the heading "Investor Relations" and then "SEC Filings."

By Order of the Board of Directors

/s/ Paul E. Martin  
Paul E. Martin  
Secretary

April 14, 2014

---

PERFICIENT, INC.

#### Proxy Statement for Annual Meeting of Stockholders

This Proxy Statement is furnished by the Board of Directors (the "Board") of Perficient, Inc., a Delaware corporation ("Perficient" or the "Company"), in connection with the solicitation of proxies to be used at the 2014 Annual Meeting of Stockholders (the "Meeting") to be held on May 28, 2014 at 622 Emerson Rd., 2<sup>nd</sup> Floor, Saint Louis, Missouri, 63141, at 9:00 a.m. local time, and at any adjournment or postponement thereof. This Proxy Statement and the accompanying Notice and Proxy are being mailed to stockholders on or about April 14, 2014. As of the date hereof, the principal executive offices of Perficient are located at 520 Maryville Centre Drive, Suite 400, Saint Louis, Missouri, 63141.

#### PURPOSE OF MEETING

The specific proposals to be considered and acted upon at the Meeting are summarized in the accompanying Notice of Annual Meeting of Stockholders. Each proposal is described in more detail in this Proxy Statement.

#### VOTING RIGHTS AND SOLICITATION OF PROXIES

Only holders of record of Perficient common stock, \$0.001 par value per share ("Common Stock"), at the close of business on the record date, April 2, 2014 (the "Record Date"), will be entitled to vote at the Meeting, and any adjournment thereof. On the Record Date, there were 34,537,428 shares of Common Stock outstanding and entitled to vote. Each outstanding share of Common Stock is entitled to one vote on each matter to be voted upon. Votes cast, either in person or by proxy, will be tabulated by Computershare, the Company's transfer agent.

#### Quorum Required

The Company's bylaws provide that the holders of a majority of the Company's outstanding shares of stock entitled to vote at the Meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the Meeting. Abstentions and broker non-votes will be counted as present for the purpose of determining the presence of a quorum.

#### Effect of Broker Non-Votes and Abstentions

A broker "non-vote" occurs on an item when shares held by a bank, broker, or other nominee are present or represented at the Meeting but such nominee is not permitted to vote on that item because the nominee does not have discretionary voting power and has not received voting instructions from the beneficial owner of the shares. Broker non-votes and shares as to which proxy authority has been withheld with respect to any matter are not entitled to vote for purposes of determining whether stockholder approval of that matter has been obtained and, therefore, will have no effect on the outcome of the vote on any such matter. Accordingly, we encourage you to direct your nominee to vote your shares by following the instructions provided on the voting instruction card that you receive from your broker. Likewise, in tabulating the voting results for any particular proposal, shares that constitute abstentions are not, pursuant to our bylaws, considered votes cast on the proposal. Accordingly, abstentions will not affect the outcome of any matter being voted on at the Meeting.

#### Voting Procedures

Holders of record of the Common Stock may vote using one of the following methods:

In Person: Stockholders of record may attend the Meeting and vote in person.

Edgar Filing: PERFICIENT INC - Form DEF 14A

By Mail: Stockholders of record may vote by completing, signing, dating, and returning the proxy card in the accompanying self-addressed envelope, which does not require postage if mailed in the United States.

By Telephone: Stockholders of record may call the toll-free number on the accompanying proxy card to vote by telephone, in accordance with the instructions set forth on the proxy card and through voice prompts received during the call.

By Internet: Stockholders of record may access the voting website listed on the accompanying proxy card to vote through the Internet in accordance with the instructions included on the proxy card and prompts on the voting website. Stockholders electing to vote through the Internet may incur telephone and Internet access charges.

1

---

Proxies submitted by telephone or the Internet are treated in the same manner as if the stockholder had signed, dated, and returned the proxy card by mail. Therefore, stockholders of record electing to vote by telephone or the Internet should not return their proxy cards by mail.

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 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, either (i) the shares represented by the accompanying proxy will be voted for a substitute nominee or substitute nominees designated by the Board; or (ii) the Board may determine to reduce the size of the Board. A proxy may be revoked by a stockholder at any time prior to the voting thereof by giving notice of revocation in writing to the Secretary of Perficient, duly executing and delivering to the Secretary of Perficient a proxy bearing a later date (by mail, telephone or internet), or voting in person at the Meeting. Attendance alone at the Meeting will not revoke a proxy. If you plan to attend the Meeting in person, please bring proper identification and proof of ownership of your shares.

#### Householding

In some instances, only one copy of the proxy materials is being delivered to multiple stockholders sharing an address, unless we have received instructions from one or more of the stockholders to continue to deliver multiple copies. We will deliver promptly upon oral or written request a separate copy of the proxy materials to any stockholder at your address. If you wish to receive a separate copy of proxy materials, requests should be directed to Mr. Paul E. Martin, Perficient, Inc., 622 Emerson Rd., Suite 400, Saint Louis, Missouri, 63141, telephone number (314) 529-3600. If you have received only one copy of the proxy materials and wish to receive a separate copy for each stockholder in the future, you may call us at the telephone number listed above or write us at the address listed above. Alternatively, stockholders sharing an address who now receive multiple copies of the proxy materials may request delivery of a single copy, also by calling us at the number listed above, or writing to us at the address listed above.

#### Solicitation of Proxies

Perficient will bear the entire cost of solicitation, including the preparation, assembly, printing, and mailing of this Proxy Statement, the proxy card, and any additional soliciting material furnished to stockholders. Copies of solicitation material will be furnished to brokerage houses, fiduciaries, and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. Perficient may reimburse such persons for their costs of forwarding the solicitation material to such beneficial owners. The original solicitation of proxies by mail may be supplemented by solicitation by telephone, telegram, or other means by directors, officers, employees, or agents of Perficient. No additional compensation will be paid to these individuals for any such service. In addition, Perficient has hired Morrow & Co., LLC, 470 West Ave., Stamford, CT 06902, for a fee of approximately \$6,000 plus costs and expenses to aid in the solicitation of proxies and to verify records relating to the solicitation.

PROPOSAL 1. ELECTION OF DIRECTORS.

At the Meeting, five directors will be elected to hold office for a term expiring at the next Annual Meeting of Stockholders. The nominees for election (the "Nominee Directors") are:

Jeffrey S. Davis;  
 Ralph C. Derrickson;  
 John S. Hamlin;  
 James R. Kackley; and  
 David S. Lundeen.

Each Nominee Director is currently serving as a director of Perficient and has consented to being named in this Proxy Statement and to serve as a director if elected. Each director will be elected to serve until a successor is elected and qualified or until the director's earlier resignation or removal.

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 the Company, either (i) the shares represented by the proxies will be voted for a substitute nominee or substitute nominees designated by the Board; or (ii) the Board may reduce the size of the Board. At this time, the Board knows of no reason why any of the persons listed above may not be able to serve as directors if elected.

Directors and Executive Officers

The name and age of each of the Nominee Directors and executive officers of Perficient and their respective positions with Perficient are listed in the table below. Additional biographical information concerning each of the Nominee Directors and executive officers, including the period during which each such individual has served Perficient, follows the table.

Name	Age	Position
Jeffrey S. Davis	49	President, Chief Executive Officer and Director
Kathryn J. Henely	50	Chief Operating Officer
Paul E. Martin	53	Chief Financial Officer, Treasurer and Secretary
Ralph C. Derrickson	55	Director
John S. Hamlin	48	Director
James R. Kackley	71	Director
David S. Lundeen	52	Director

Jeffrey S. Davis became the Chief Executive Officer ("CEO") and a member of the Board on September 1, 2009. He previously served as the Chief Operating Officer of the Company following its acquisition of Vertecon in April 2002, and was named the Company's President in 2004. He served the same role of Chief Operating Officer at Vertecon from October 1999 to its acquisition by Perficient. Before Vertecon, Mr. Davis was a Senior Manager and member of the leadership team in Arthur Andersen's Business Consulting Practice, where he was responsible for defining and managing internal processes, while managing business development and delivery of all products, services, and solutions to a number of large accounts. Mr. Davis also served in a leadership position at Ernst & Young LLP in the Management Consulting practice and in industry at Boeing, Inc. and Mallinckrodt, Inc. Mr. Davis is an active volunteer member of the board of directors of the Cystic Fibrosis Foundation of St. Louis and a member of the University of Missouri Trulaske College of Business advisory board. Mr. Davis has a M.B.A. from Washington University and a B.S. degree in Electrical Engineering from the University of Missouri.

Kathryn J. Henely was appointed as the Company's Chief Operating Officer ("COO") on November 3, 2009. Ms. Henely joined the Company as a Director in the St. Louis office following its acquisition of Vertecon in April



2002. Ms. Henely was the General Manager of the St. Louis office and the Vice President for the Company's largest business group, which included several local and national business units along with the offshore development center in China. Prior to her appointment to COO she actively participated in the due diligence and integration of several acquisitions within her business group. Additionally, she led the establishment of the Company Wide Practices and Corporate Recruiting organizations. Ms. Henely received her M.S. in Computer Science from the University of Missouri-Rolla and her B.S. in Computer Science from the University of Iowa.

3

---

Paul E. Martin joined the Company in August 2006 as Chief Financial Officer ("CFO"), Treasurer and Secretary. From August 2004 until February 2006, Mr. Martin was the Interim co-Chief Financial Officer and Interim Chief Financial Officer of Charter Communications, Inc. ("Charter"), a publicly traded multi-billion dollar in revenue domestic cable television multi-system operator. From April 2002 through April 2006, Mr. Martin was the Senior Vice President, Principal Accounting Officer and Corporate Controller of Charter, and was Charter's Vice President and Corporate Controller from March 2000 to April 2002. Prior to Charter, Mr. Martin was Vice President and Controller for Operations and Logistics for Fort James Corporation, a manufacturer of paper products with multi-billion dollar revenue. From 1995 to February 1999, Mr. Martin was Chief Financial Officer of Rawlings Sporting Goods Company, Inc., a publicly traded multi-million dollar revenue sporting goods manufacturer and distributor. Mr. Martin received a B.S. degree with honors in accounting from the University of Missouri – St. Louis. Mr. Martin is also a member of the board of the St. Louis chapter of Autism Speaks.

Ralph C. Derrickson became a member of the Board in July 2004. Mr. Derrickson has more than 28 years of technology management experience in a wide range of settings including start-up, interim management, and restructuring situations. Currently Mr. Derrickson is President, CEO and a director of Carena, Inc., a medical care company. Prior to joining Carena, Inc., Mr. Derrickson was managing director of venture investments at Vulcan Inc., an investment management firm headquartered in Seattle, Washington, from October 2001 to July 2004. Mr. Derrickson is a founding partner of Watershed Capital, an early-stage venture capital firm, and is the managing member of RCollins Group, LLC, a management advisory firm. From September 2009 to July 2012 he served as a board member of Array Health Solutions. He also previously served as a board member of Metricom, Inc., a publicly traded company, from April 1997 to November 2001, and as Interim CEO of Metricom from February 2001 to August 2001. From June 1993 to June 1997, he served as vice president of product development at Starwave Corporation, one of the pioneers of the Internet. Earlier, Mr. Derrickson held senior management positions at Metricom, Inc., Starware Corporation, and NeXT Computer, Inc. He has served on the boards of numerous start-up technology companies. Mr. Derrickson is a lecturer at the Michael G. Foster School of Business at the University of Washington, and serves on the Executive Advisory Board of the Center for Entrepreneurship and Innovation at the University of Washington. Mr. Derrickson also serves on the Board of Trustees of The Island School on Bainbridge Island, Washington, and he is a member of the President's Circle of the National Academy of Sciences, the National Academy of Engineering, and the Institute of Medicine. Mr. Derrickson holds a bachelor's degree in systems software from the Rochester Institute of Technology.

John S. Hamlin became a member of the Board in March 2009. Mr. Hamlin has been President and Managing Partner of Bozeman Limited Partnership, an Austin, Texas-based private equity firm, since April 2007. He is currently Chairman of the corporate board of Recreational Equipment, Inc., an outdoor retailer in Seattle, Washington; Presiding Director of the board of Tory Burch LLC, a luxury American sportswear company in New York; a corporate board member of Spiceworks, a privately held network management software company in Austin, Texas; a corporate board member of Serena and Lily, a privately held premium home goods retailer in California; and a corporate board member of Food on the Table, a privately held online business in Austin, Texas. He serves on the advisory boards of Bazaarvoice (NASDAQ: BV), a publicly held online ratings and review company, and Trackingpoint, an optics technology company, both in Austin, Texas. Mr. Hamlin previously served on the board of Bare Escentuals, a publicly-held premium cosmetic company, from March 2009 until their acquisition by Shiseido in March 2010. From 2006 to 2008, he was a corporate board member and audit committee member at Safeco, a publicly-held insurance company, which was sold to Liberty Mutual Insurance. Prior to joining Bozeman, Mr. Hamlin spent 11 years at Dell Inc. ("Dell"), a technology solutions, services, and support provider, where he was an Executive Officer and Senior Vice President reporting directly to the Office of the Chairman. From 2005 to 2007 he was the Senior Vice President responsible for Dell's global online business and brand strategy. Mr. Hamlin previously served as Senior Vice President and General Manager of Dell's United States consumer business for 5 years, and led that business from the Number 6 to the Number 1 market share in the U.S. He also served as Vice President and General Manager of Dell's Home and Small Business division in Japan, and held marketing and operations positions in the U.S. Home and Small Business division before moving to Japan. Prior to joining Dell, Mr. Hamlin worked in the venture capital field for three years and served as a strategic consultant at Bain & Company for six years. He is a Phi Beta Kappa graduate of

Dartmouth College and received a graduate degree from the Harvard Business School.

James R. Kackley became a member of the Board in December 2010 and was appointed as non-executive Chairman in November 2011. He is currently the Non-Executive Chairman of the Board of Orion Energy Systems, Inc., a leading innovator in power technology, having served as its President and Chief Operating Officer in 2009 and 2010 and as a director since 2005. Prior to 2005, he served as Managing Partner and Chief Financial Officer of Andersen Worldwide SC. Mr. Kackley spent more than three decades at Arthur Andersen LLP and Andersen Worldwide. He served as a partner in both the U.S. and Worldwide firms from 1974. He served as an Adjunct Professor at the Kellstadt School of Management at DePaul University from 1999 to 2002. He has been a director of Herman Miller Inc. since 2003 and served as a director of PepsiAmericas Inc. from December 2004 to February 2010 and Ryerson Inc. from February to October 2007. Mr. Kackley is also involved in numerous civic and charitable organizations. He currently serves as a Life Trustee of Northwestern University and the Museum of Science and Industry (Chicago). Mr. Kackley received his undergraduate degree from Northwestern University.

4

---

David S. Lundeen became a member of the Board in April 1998. Mr. Lundeen has been providing services as an independent business consultant since 2002. He is currently a director at Parago, Inc., a reward programs and customer incentive solutions provider, a position he has held since 1999. From March 1999 through 2002, Mr. Lundeen was 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 Corporation. 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 received a B.S. in Engineering from the University of Michigan in 1984 and a M.B.A. from the University of Chicago in 1988.

There are no family relationships between any of the Company's directors and executive officers.

## COMPOSITION AND MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES

The size of the Board is set at five directors. The Board has affirmatively determined that a majority of the directors qualify as independent directors as defined by the Securities and Exchange Commission ("SEC") regulations and The Nasdaq Global Select Market ("Nasdaq") listing standards. The independent directors are Ralph C. Derrickson, John S. Hamlin, James R. Kackley, and David S. Lundeen.

During 2013, the Board held seven meetings and acted by unanimous written consent two times. Each of the directors participated in at least 75% of the aggregate of all meetings of the Board and the total number of meetings held by all committees of the Board of which each respective director was a member during the time he was serving as such during 2013. All members of the Board are encouraged to attend the Meeting. One of the directors attended the 2013 Annual Meeting of Stockholders by telephone.

### Committees of the Board of Directors

The Board has created a Compensation Committee, an Audit Committee, and a Nominating & Governance Committee. Each member of these committees is independent as defined by SEC regulations and the Nasdaq listing standards.

#### Compensation Committee

The Compensation Committee 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. This committee held three meetings during 2013. Ralph C. Derrickson, David S. Lundeen, and James R. Kackley serve on the Compensation Committee. David D. May served on this committee and as its chairman until November 2013, when he resigned from the Board. Mr. Kackley was appointed to replace Mr. May as chairman of the Compensation Committee. The Board has determined that Messrs. Derrickson, Lundeen, and Kackley qualify as independent directors as defined by the Nasdaq listing standards. Additional information regarding the Compensation Committee is included in the section entitled "Compensation Discussion and Analysis" beginning on page 9. A copy of the current Compensation Committee Charter is available on the Company's website, [www.perficient.com](http://www.perficient.com).

#### Audit Committee

The Audit Committee has the sole authority to appoint, retain, and terminate the Company's independent accountants and is directly responsible for the compensation, oversight, and evaluation of the work of the independent accountants. The independent accountants report directly to the Audit Committee. The Audit Committee also has the sole authority to approve all audit engagement fees and terms and all non-audit engagements with the Company's independent accountants, and must pre-approve all auditing and permitted non-audit services to be performed for the Company by

the independent accountants, subject to certain exceptions provided by the Securities Exchange Act of 1934, as amended (the "Exchange Act"). A copy of the current Audit Committee Charter is available on the Company's website, [www.perficient.com](http://www.perficient.com).

This committee held four meetings during 2013. James R. Kackley, David S. Lundeen, and Ralph C. Derrickson serve on the Audit Committee. Mr. Lundeen serves as chairman of the Audit Committee. Mr. May served on the Audit Committee until November 2013, when he resigned from the Board. In connection with Mr. May's resignation, Mr. Derrickson was appointed to the Audit Committee beginning in November 2013. The Board has determined that Messrs. Kackley, Lundeen, and Derrickson qualify as independent directors as defined by the Nasdaq listing standards and Rule 10A-3 of the Exchange Act, and further determined that each member has sufficient knowledge and experience in financial matters to perform his duties on the committee. In addition, the Board determined that Mr. Kackley is qualified as the "audit committee financial expert" within the meaning of SEC regulations and that he has accounting and related financial management expertise within the meaning of the Nasdaq listing standards.

5

---

## Nominating & Governance Committee

The Nominating & Governance Committee is responsible for establishing the criteria for selecting directors, recommending to the Board individuals for election or re-election, overseeing orientation and continuing education programs, advising the Board on corporate governance practices, recommending chairpersons of each of the Board committees, and reporting annually on the performance of the Board. A copy of the current Nominating & Governance Committee Charter is available on the Company's website, [www.perficient.com](http://www.perficient.com).

Based on the recommendation of the Nominating & Governance Committee, the Board has adopted a set of Corporate Governance Guidelines. These Corporate Governance Guidelines, which are subject to annual review by the Nominating & Governance Committee, provide a framework within which the Board and executive officers fulfill their respective responsibilities and reflect the Board's commitment to monitor the effectiveness of decision-making both at the Board and senior executive management level. A copy of the current Corporate Governance Guidelines is available on the Company's website, [www.perficient.com](http://www.perficient.com).

This committee held one meeting during 2013. John S. Hamlin and James R. Kackley served on the Nominating & Governance Committee. Mr. Hamlin serves as chairman of the Nominating & Governance Committee. For 2013, the Board affirmatively determined that Messrs. Hamlin and Kackley qualified as independent directors as defined by the Nasdaq listing standards.

## Director Qualifications

When considering whether directors and nominees have the experience, qualifications, attributes, diversity, and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Nominating & Governance Committee and the Board focused primarily on the information discussed in each of the directors' individual biographies set forth on pages 3-5. In particular:

- With regard to Mr. Davis, the Board considered his extensive knowledge and understanding of the Company and its operations, as well as his more than 20 years of experience in technology management and consulting.
- With regard to Mr. Derrickson, the Board considered his strong business and entrepreneurial background, especially his extensive technology management experience in diverse settings.
- With regard to Mr. Hamlin, the Board considered his expertise in finance and investments and his extensive managerial and operational experience with a large public company.
- With regard to Mr. Kackley, the Board considered his financial acumen, his strong background in business, and extensive board experience at both private and public companies.
- With regard to Mr. Lundeen, the Board considered his financial acumen, his strong background in business, finance and investment banking, and his vast and diverse board experience.

## Identification of Director Candidates

The Nominating & Governance Committee is responsible for evaluating potential or suggested director nominees and identifying individuals qualified to become members of the Board. This committee will also evaluate persons suggested by stockholders and conduct the appropriate inquiries into the backgrounds and qualifications of all possible nominees. The Nominating & Governance Committee has established criteria for selecting new director nominees, which includes knowledge of business, industry and economic environment, educational background, professional experience, and availability to serve as a director of the Company. Under the Corporate Governance Guidelines, a person may not stand for election after age 79. When identifying nominees to serve as director, the Nominating & Governance Committee will consider candidates with diverse business and professional experience, skills, gender, and ethnic background, as appropriate, in light of the current composition and needs of the Board. The Nominating & Governance Committee will assess the effectiveness of this policy annually in connection with the nomination of directors for election at the annual meeting of stockholders. Each nominee should be a person of integrity and be

committed to devoting the time and attention necessary to fulfill his or her duties to the Company. Please see the section entitled "Stockholder Proposals for Next Annual Meeting" on page 32 for additional information regarding certain notice and other requirements applicable to director nominations made by stockholders.

#### Board Leadership and Risk Oversight

Mr. Kackley was appointed as non-executive Chairman of the Board in November 2011. The Company decided to fill the Chairman position and separate the roles of the Chairman and the CEO in recognition of the importance of, and differences between, the two roles. The CEO is responsible for setting the strategic direction of the Company and the day-to-day leadership and performance of the Company, while the Chairman provides guidance to the CEO and presides over meetings of the full Board. The Company may elect to combine these positions in the future if it determines it is best for the Company and stockholders.

6

---

The Board has responsibility for the oversight of risk management. The Board, either as a whole or through its committees, regularly discusses with management the Company's major risk exposures, their potential impact on the Company, and the steps necessary to manage them. While the Board is ultimately responsible for risk oversight at the Company, the committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit Committee meets periodically with management in order to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Nominating & Governance Committee focuses on the management of risks associated with board organization, membership and structure, succession planning for the directors and executive officers, and corporate governance. Finally, the Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from compensation policies and programs.

#### Communications with the Board

Communications by stockholders or by other parties may be sent to the Board by U.S. mail or overnight delivery and should be addressed to the Board of Directors c/o Secretary, Perficient, Inc., 622 Emerson Rd., Suite 400, Saint Louis, Missouri, 63141. Communications directed to the Board, or one or more directors, will be reviewed by the Secretary and forwarded to the Board as appropriate; Communications may be made anonymously.

#### COMPENSATION OF DIRECTORS

The Company uses a combination of cash and equity-based incentive compensation to attract and retain qualified candidates to serve on the Board. When recommending changes to director compensation, the Company considers the significant amount of time they expend in fulfilling their duties to the Company, as well as the skill level required of members of the Board.

For 2013, the Board compensation plan provided the following for non-employee directors:

- Each new non-employee director, in connection with his or her election or appointment to the Board, will be granted restricted stock with a value of \$100,000, based on the closing market price of the Common Stock on the date of election or appointment to the Board vesting ratably on the last day of each calendar quarter over the immediately succeeding three years;
- Subject to continuing Compensation Committee approval, on the first business day in November of each year, each then-serving non-employee director (except the Chairman of the Board) will be granted an annual award of restricted stock with a value of \$20,000, based on the closing market price of the Common Stock on that date, vesting ratably on the last day of each calendar quarter over the immediately succeeding one year;
- Subject to continuing Compensation Committee approval, on the first business day in November of each year, the then-serving Chairman of the Board will be granted an annual award of restricted stock with a value of \$40,000, based on the closing market price of the Common Stock on that date, vesting ratably on the last day of each calendar quarter over the immediately succeeding one year;
- For each open-market purchase of Common Stock by non-employee directors, the Company will match the purchase with the grant of an equal number of shares, not to exceed \$20,000 in value, vesting annually over a three-year period;
- Each non-employee director will be entitled to receive an annual cash fee of \$15,000 paid in quarterly installments;
- Each non-employee director will receive \$2,000 for each regularly scheduled quarterly meeting of the Board attended in person or \$1,000 if attended telephonically;
- Each non-employee director will receive \$500 for each special meeting of the Board if attended in person or \$250 if attended telephonically;
- The non-employee director serving as Chairman of the Board will receive an additional fee payable at the rate of \$3,750 per quarter;
- The non-employee director serving as chairman of the Audit Committee will receive an additional fee payable at the rate of \$3,750 per quarter; and



The non-employee director serving as chairman of the Compensation Committee will receive an additional fee payable at the rate of \$2,500 per quarter.

The Compensation Committee has determined to continue the above director compensation in 2014.

7

---

Edgar Filing: PERFICIENT INC - Form DEF 14A

The following table provides information relating to total compensation amounts paid to non-employee members of the Board in 2013:

2013 DIRECTOR COMPENSATION

Name (1)	Fees Paid in Cash (\$)	Stock Awards (\$)(2)(3)	Option Awards (\$)	Total (\$)
Ralph C. Derrickson (4)	\$21,750	\$39,983	\$ -	\$61,733
John S. Hamlin (5)	19,750	20,017	-	39,767
James R. Kackley (6)	35,750	60,023	-	95,773
David S. Lundeen (7)	35,500	20,017	-	55,517
David D. May (8)	30,750	-	-	30,750

- (1) Because Mr. Davis is the CEO and an employee of the Company, he is not included in this table. Mr. Davis's compensation as an employee of the Company is shown in the "Summary Compensation Table" on page 14.
- Messrs. Derrickson, Hamlin, and Lundeen received a restricted stock award of 1,117 shares on November 5, 2013. Mr. Kackley, as Chairman of the Board, received a restricted stock award of 2,233 shares on November 5, 2013. The grant date fair value of the November 5, 2013 restricted stock awards was based on the closing market price of the Common Stock on the grant date of \$17.92. Mr. Kackley received a restricted stock award of 1,012 shares on November 14, 2013; these awards were made pursuant to the director open-market purchase matching program. The grant date fair value of the November 14, 2013 restricted stock awards was based on the closing market price of the Common Stock on the grant date of \$19.77. Mr. Derrickson received a restricted stock award of 985 shares on November 25, 2013; these awards were made pursuant to the director open-market purchase matching program. The grant date fair value of the November 25, 2013 restricted stock awards was based on the closing market price of the Common Stock on the grant date of \$20.27.
- (2) Amounts listed represent the aggregate grant date fair value, with respect to restricted stock awards, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation ("ASC Topic 718"). Following SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Assumptions used in the calculation of the 2013 amounts were disclosed in Note 9 to the Company's consolidated financial statements for 2013, included in the Company's Annual Report on Form 10-K filed with the SEC on March 6, 2014.
- (3) As of December 31, 2013, Mr. Derrickson had 30,000 option awards outstanding, which are all vested. These awards range in exercise price from \$3.17 to \$9.19. Mr. Derrickson had 1,823 shares of unvested restricted stock outstanding as of December 31, 2013 with a market value of \$42,695, based on the closing market price of the Common Stock of \$23.42 on December 31, 2013.
- (4) As of December 31, 2013, Mr. Hamlin had 2,039 shares of unvested restricted stock outstanding with a market value of \$47,753, based on the closing market price of the Common Stock of \$23.42 on December 31, 2013.
- (5) As of December 31, 2013, Mr. Kackley had 3,888 shares of unvested restricted stock outstanding with a market value of \$91,057, based on the closing market price of the Common Stock of \$23.42 on December 31, 2013.
- (6) As of December 31, 2013, Mr. Lundeen had 838 shares of unvested restricted stock outstanding with a market value of \$19,626, based on the closing market price of the Common Stock of \$23.42 on December 31, 2013.
- (7) Mr. May resigned from the Board effective November 5, 2013; upon resignation 1,499 shares of unvested restricted stock were forfeited.
- (8)

Vote Required and Board of Directors' Recommendation

The affirmative vote of the holders of a majority of the votes cast, excluding abstentions, at the Meeting is required for the election of each director. The Company's Corporate Code of Business Conduct and Ethics and the Company's Corporate Governance Guidelines require that any standing director who fails to receive the affirmative vote of the holders of a majority of the Company's Common Stock present in person or by proxy and entitled to vote at a stockholder meeting for the election of the director must notify the Company's Board and Nominating & Governance Committee. The notification must be accompanied by a letter of resignation from the director. The notification also provides the director with the opportunity to confirm his or her desire to continue as a Board member. The Nominating & Governance Committee will review the continued appropriateness of the director's Board membership. Upon completion of this review, the Nominating & Governance Committee will recommend to the Board whether the tendered resignation should be accepted or rejected. The resignation will be accepted upon the affirmative vote of a majority of the members of the Board, excluding the director submitting his or her resignation.

Each outstanding share of Common Stock is entitled to one vote on each of the five director positions to be filled at the meeting. Stockholders can withhold authority to vote for one or more nominees for director. Stockholders do not have cumulative voting rights in the election of directors, meaning they cannot aggregate their votes on all seats to be filled and vote them on a lesser number of nominees or a single nominee.

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

8

---

## COMPENSATION OF EXECUTIVE OFFICERS

### Compensation Discussion and Analysis

#### Overview

The Compensation Committee of the Board is responsible for reviewing, evaluating and approving the agreements, plans, policies, and programs of the Company to compensate its officers and directors. The Compensation Committee consists of Messrs. Derrickson, Lundeen, and Kackley.

The Compensation Committee makes all decisions related to the compensation package of the CEO. To determine the compensation of the CEO, the Compensation Committee reviews the individual performance of the CEO in the context of the Company's performance as well as the analysis of its independent compensation consultant, Lockton Companies LLC ("Lockton"). For the compensation packages of the named executive officers, other than himself, the CEO annually reviews their performance, including individual contribution and demonstrated leadership, and external market references and presents individual compensation recommendations to the Compensation Committee. The Compensation Committee reviews the recommendations of the CEO as well as the analysis of Lockton. The Compensation Committee has the authority to accept, modify, or disregard the CEO's compensation recommendations. These compensation packages are the result of the evaluation and judgment of the Compensation Committee, rather than a precise formula. The Compensation Committee does not specifically focus in any material way on any of the individual compensation elements discussed below but considers the compensation elements as a whole.

At the 2013 Annual Meeting of Stockholders, the "Advisory Vote on Executive Compensation" proposal (the "say on pay" vote) received support from approximately 98% of votes cast. The Compensation Committee considered these results in determining the Company's compensation plans and programs for 2014.

#### Executive Compensation Objectives and Elements of Compensation

During 2013, various types of compensation were provided to the named executive officers of the Company set forth in the "Summary Compensation Table" at page 14, who are:

- Jeffrey S. Davis, CEO and President;
- Kathryn J. Henely, COO; and
- Paul E. Martin, CFO.

The objectives of the Company's compensation programs are to:

- Recruit and retain top executive officers with the experience and skills to aid and to support the Company's growth;
- Recognize job responsibility and offer competitive and compelling compensation programs that provide executives with an incentive to continue to expand their contributions to the Company;
- Reward individuals for their continued contribution to the success of the Company, including the Company's execution against its business plan and creation of stockholder value; and
- Allow employees to acquire a proprietary interest in the Company as an incentive to remain employed with the Company.

The Company's compensation programs are designed to attract, retain, and reward executives who are responsible for achieving the business objectives necessary to assure both revenue and profit growth while providing clients of the Company with the highest quality solutions and services. A significant portion of compensation paid to executives is directly related to delivering revenue and profit growth and other factors that influence stockholder value, thereby aligning executive interests closely with stockholder interests. This leads the Company to focus more on variable

compensation than on base salary. The Company's variable compensation programs for executives are structured to pay for high performance and are typically dependent on the Company's financial results. It is the Company's view that including an incentive-based compensation element keeps management motivated and retains top executives to ensure the Company's long-term success. Each executive officer is rewarded with the following types of cash and non-cash compensation:

- Base salary;  
Performance-based
- annual cash bonus  
award;  
Long-term equity
- incentive  
compensation;  
and  
Company-sponsored  
employee benefits,  
such as life
- insurance benefits  
and a tax-qualified  
savings plan (401(k)  
plan).

In accordance with their respective employment agreements, Messrs. Davis and Martin may also be entitled to severance and the potential acceleration of vesting of long-term equity awards upon a termination of employment for certain specified reasons or a change in control. Ms. Henely is not entitled to any such payments.

There is no predetermined policy for allocating compensation between these elements and each type of compensation is designed to achieve a specific purpose in line with the objectives of the Company's compensation philosophy.

#### Compensation Consultant

The Compensation Committee has the discretion to directly engage the services of a compensation consultant or other advisors. The Compensation Committee has engaged Lockton, an independent compensation consulting firm, to serve as the Compensation Committee's compensation consultant. Lockton does not own any shares of the Company's stock. There are no personal or business relationships between the Lockton consultants and any executive of the Company. In addition, there are no personal relationships between the Lockton consultants and any member of the Compensation Committee. Lockton maintains a detailed conflict of interest policy in order to ensure that the Compensation Committee receives conflict-free advice. Lockton did not provide additional services to the Company in excess of \$120,000 during 2013.

#### Peer Group

Lockton has conducted a comprehensive assessment to determine if the Company's executive officer compensation is comparable to the Company's peers and a market median. The market median was comprised of a combination of market compensation data from peer company proxy statements as well as published industry sources utilizing companies that operate in the computer programming services industry with revenue less than \$500 million (the "external market"). The following companies were included in the peer group: Active Network, Inc., Advent Software, Inc., Blackbaud, Inc., Ciber, Inc., Computer Task Group, Inc., Dealertrack Technologies, Inc., Dynamics Research Corporation, Epiq Systems, Inc., iGATE Corporation, NCI Inc., NetScout Systems, Inc., NetSuite Inc., Sapient Corporation, Synaptics Inc., Syntel Inc., Telecommunication Systems, Inc., and Virtusa Corp. The report prepared by Lockton analyzed the compensation paid to the Company's named executive officers for 2013. While the data and input provided by Lockton is a factor in its analysis of various compensation elements, the Compensation Committee makes the final determination on all compensation decisions.

#### Base Salary

The named executive officers are offered a competitive salary in order to retain their services and to also reward their performance with the Company. For the CEO and CFO, salary is set as part of a written agreement that has been approved by the Compensation Committee, but may be increased from time to time with the approval of the Board. Several factors are considered by the Compensation Committee when determining and approving an employment agreement or arrangement for a named executive officer. These factors include the executive officer's performance relative to the Company's goals and objectives, such as the Company's financial performance and relative stockholder return. For newly hired executives, the individual's relevant experience in the industry is considered. The base salary of other executive officers of the Company is recommended by the CEO after his review of the aforementioned factors with final approval given by the Compensation Committee.

During 2013, the Compensation Committee determined that the base salary of the named executive officers was below the desired 50th percentile of the external market and approved increases during February 2013 to bring their salaries closer to the recommended targeted position according to the analysis performed by Lockton. The increase was deemed appropriate due to the importance of the roles of the named executive officers and the Company's compensation strategy. See the "Summary Compensation Table" at page 14 for a detailed discussion of the named executive officers' base salaries for years 2011, 2012, and 2013.

Performance-Based Executive Bonus Plan

The named executive officers are eligible for cash bonuses under the Executive Bonus Plan, which is tied to the Company's operating performance. The determination of bonus payments is based on various targets and factors. Annual incentive targets are an integral component of compensation that link and reinforce executive decision making and performance with the annual objectives of the Company. The Compensation Committee has the discretion to determine the appropriate performance criteria, which is objective and established in writing during the first quarter of each year. Typically, these targets include an Adjusted Generally Accepted Accounting Principles Earnings Per Share ("Adjusted GAAP EPS") target that must be met and is discussed and agreed upon by the Compensation Committee and management during the Company's annual planning process. Adjusted GAAP EPS is a performance measure defined as net income plus amortization of intangibles, stock compensation expense, acquisition-related costs and adjustments, and other non-cash items, including related tax effects, divided by shares used in computing diluted net income per share, which is not in compliance with Generally Accepted Accounting Principles ("GAAP").

10

---

Management and the Compensation Committee believe in the importance of structuring a bonus arrangement that pays the Company's stockholders first. Therefore, no incentive bonuses are payable to the Company's executives until the Company surpasses the Adjusted GAAP EPS target established by the Compensation Committee. However, final overall funding decisions are made after the end of the year based upon the Company's performance against this target, and are subject to approval by the Compensation Committee.

The 2013 bonus payments under the Executive Bonus Plan were contingent upon realization of Adjusted GAAP EPS of at least \$0.96 for the year. In accordance with the original approval of the targets, this target was reassessed by the Compensation Committee after acquisitions by the Company during the year and was increased as appropriate to reflect the impact of the transactions. In addition to amounts that may be payable under the Company's Executive Bonus Plan, the Compensation Committee may also award discretionary bonuses to non-executive management. The form and structure of any bonuses paid to the Company's named executive officers must be approved by the Compensation Committee. Bonus payments are offered to reward management for implementing and monitoring the objectives of the Company in line with the Company's financial goals.

For 2013, under the Executive Bonus Plan, a portion of the bonus pool was to be funded upon the achievement of Adjusted GAAP EPS in excess of \$0.96 (and earnings in excess of the portion of the bonus pool funded would be retained by the Company), and the bonus pool would not be fully funded until the achievement of Adjusted GAAP EPS in excess of \$1.11. The Compensation Committee implemented this feature based on the recommendation of management to ensure that the Company's executives and management would share in the benefits of increased earnings on Common Stock with the Company's stockholders. Management and the Compensation Committee believe the inclusion of the "stair-step" feature in the 2013 Executive Bonus Plan furthers the Company's policy of paying stockholders before executives are rewarded for Company performance.

For 2013, the Company achieved \$1.11 Adjusted GAAP EPS; however, the Compensation Committee, at management's recommendation, reduced the funding of the bonus plan and the payment of cash incentive bonus compensation to 52% of the target funding level was deemed appropriate.

The short-term incentive target for the named executive officers is generally competitive with the external market in the study provided by Lockton. Lockton's review of executive compensation for 2013 and prior years demonstrated that the Company's Executive Bonus Plan targets have been consistently aggressive compared to the external market.

#### Long-Term Equity Incentive Compensation

Share-based compensation such as restricted stock awards are granted to executives on a discretionary basis by the Compensation Committee. The Company does not have any program, plan, or practice to grant restricted stock awards to executives in coordination with the release of material non-public information. It is the Company's current practice to grant awards of restricted stock instead of stock options. See additional discussion of these awards at the "2013 Grants of Plan-Based Awards" table at page 16. The Company believes that this type of incentive compensation rewards the highest quality management and will retain that management in the future. Share-based payments allow the executives to obtain a proprietary interest in the Company and therefore participate in the profit and success of the Company in meeting its objectives and goals. Additionally, by focusing on equity-based compensation, the Company is able to provide competitive total compensation packages and use cash resources to operate and expand the business.

Beginning in 2011, the vesting period for long-term equity incentive awards was shortened from five years to three years with 33% of the award vesting on each anniversary of the date of the grant. Prior to 2011, these types of awards had a vesting period of five years with 20% of the award vesting on each anniversary of the date of grant. There are no performance conditions associated with the share-based awards granted by the Company. Award amounts and the timing of grants are determined by the Compensation Committee. In 2013, all of the long-term equity incentive awards granted by the Company were in the form of restricted stock. Awards made to the named executive officers in 2013 vest 33% on each anniversary of the date of grant through 2016. Any potential acceleration of the vesting



schedules pursuant to a change in control or a termination is discussed on page 21 under "Potential Payments Upon Termination and/or a Change in Control."

The Compensation Committee utilized the report prepared by Lockton to determine how the long-term incentives granted to the Company's named executive officers, like share-based payments, compared to the market median (see discussion under "Peer Group" for additional information). The analysis showed that the aggregate value of the equity awards received by the Company's named executive officers was below the 50<sup>th</sup> percentile of the external market.

11

---

## Total Direct Compensation Analysis

Based on the analysis performed by Lockton for 2013, actual total direct compensation paid to the Company's named executive officers was below the 50<sup>th</sup> percentile of the external market. This corresponds to the Compensation Committee's goal to pay compensation comparable to the Company's peers while still providing executives of the Company with the opportunity to increase the value of their compensation package through extraordinary performance.

## Company-Sponsored Benefit Plans

The named executive officers are provided with primarily the same company-sponsored health, welfare, and retirement benefits as all other employees, including life insurance benefits and a tax-qualified retirement savings plan. The Company provides all employees with basic life insurance in the amount of two times their annual salary with a \$100,000 minimum benefit and a \$400,000 maximum benefit. In addition to the standard life insurance, the Company retains a \$1.5 million life insurance policy for the CEO. The benefit on this policy is payable to the CEO's beneficiary, as applicable, upon death. The Company also provides short- and long-term disability benefits to all employees, including the named executive officers, at no cost, for 60% of base salary for up to 90 days and 60% of base salary up to a maximum benefit of \$10,000 per month after 90 days, respectively. In addition to the standard short- and long-term disability benefits, the Company pays for additional disability coverage for the CEO, including a monthly income benefit of \$15,000 for five years for the CEO.

The Perficient 401(k) Employee Savings Plan is a tax-qualified retirement savings plan to which all employees, including the named executive officers, are able to contribute from 1% to 100% of their annual salary on a before-tax basis, up to the limits established by the Internal Revenue Code of 1986, as amended (the "Code"). During 2013, the Company matched 50% of contributions of the first 6% of eligible compensation contributed by participants, comprised of 25% in cash and 25% in Company stock. Employee contributions to the 401(k) Employee Savings Plan vest upon contribution and Company matching funds are fully vested after three years of service.

Attributed costs of the benefits described above for the named executive officers for the year ended December 31, 2013 are included in the "All Other Compensation" column of the "Summary Compensation Table" at page 14.

## Severance Benefits

The Company has entered into employment agreements with the CEO and CFO, which contain severance and change in control provisions. Severance benefits under the agreements are payable upon a "double-trigger." In other words, although the employment agreements provide for accelerated vesting of equity upon a change in control, additional payments under the agreements are only triggered upon both a change in control and termination of employment.

The Company provides a level of severance benefits that the Compensation Committee believes is necessary to provide a competitive compensation package to these senior executives. Maintaining these arrangements enables the Company to attract and retain senior executives, provide senior executives with a degree of certainty regarding their future employment relationship, and ensure the continued commitment of senior executives in the event of a potential or actual change in control. Payments upon a change in control also further align the interests of the executives with those of the stockholders. Providing change in control benefits is designed to reduce the reluctance of management to pursue potential change in control transactions that may be in the best interests of the stockholders, and helps ensure stability in the event of a change in control of the Company.

The Compensation Committee further believes that the level of severance benefits and vesting of outstanding equity awards under the employment agreements, including multiples of pay, are consistent with market practice and necessary for the Company to be competitive in attracting and retaining talent in the Company's industry, and are also commensurate with each senior executive's level of responsibility.

Finally, the Compensation Committee believes that the potential payments to be made upon termination and/or change in control are an important part of executive compensation as structured at the Company. As discussed above, Company executives are generally paid a lower base salary than market but receive long-term equity compensation at a greater rate than the market. The focus on variable compensation helps to retain executives and reward them for performance over time. Due to this philosophy, offering potential payments upon termination and/or change in control is an attractive compensation element that allows the executives to become equalized with market compensation should these events occur.

Additional information regarding severance and other change in control benefits is provided in the section entitled "Potential Payments upon Termination and/or Change in Control" beginning at page 21.

12

---

## Tax and Accounting Implications

### Deductibility of Executive Compensation

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code ("IRC Section 162(m)"), which limits the deductibility of certain executive officer compensation. Generally, the Company's policy is to structure compensation so that executive compensation is tax-deductible. However, in certain cases, the Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its executive officers while creating and improving stockholder value.

The Company's stockholders approved the Perficient, Inc. Plan for Tax Deductible Executive Incentive Compensation (the "162(m) Plan") on May 23, 2012. The 162(m) Plan formalizes the Company's practices for awarding bonuses under the Executive Bonus Plan, which is administered by the Compensation Committee. The 162(m) Plan is structured to avoid the limitations on deductibility imposed by IRC Section 162(m) in order to allow the Company to deduct the bonus amounts paid under the Executive Bonus Plan. Taxable income associated with restricted stock awards, however, is subject to the limitations of IRC Section 162(m). The named executive officers were awarded bonuses in March 2014 with respect to Company performance in 2013 under the 162(m) Plan. These bonuses were excluded from 2013 compensation for purposes of applying IRC Section 162(m).

For 2013, the total compensation for income tax purposes of the named executive officers, including base salary and vesting of restricted stock awards, was in excess of \$1,000,000. Due primarily to the vesting of restricted stock awards, a portion of the amount of compensation in excess of \$1,000,000 was not deductible.

### Anti-Hedging and Anti-Pledging Policy

In March 2014, the Board adopted an anti-hedging and anti-pledging policy that generally prohibits directors and executive officers from entering into hedging and pledging transactions involving our Common Stock. Prohibited transactions include, but are not limited to, purchasing Common Stock on margin, short sales of the Common Stock and buying or selling put or call options or other derivative instruments related to the Common Stock. Under the policy, the Board may grant exceptions on a limited case-by-case basis based on the Board's assessment of the potential risk to the Company and its stockholders and may subject such transactions to conditions to reduce risk to the Company and its stockholders.

### Risk Oversight of the Company's Compensation Policies and Programs

The Compensation Committee carefully monitors compensation levels to ensure they reflect an appropriate balance of pay-for-performance within acceptable risk parameters. Based on current and evolving best practices guidance, the Compensation Committee conducted a compensation risk assessment of the various elements of the Company's overall compensation program (including incentive compensation programs). In its analysis, the Compensation Committee reviewed, with input from management, the Company's compensation programs including appropriate internal controls to mitigate or reduce risk. Based on its review, the Compensation Committee determined that the Company's compensation programs and policies do not create excessive and unnecessary risk taking. In addition to review by the Compensation Committee, the Board maintains proper policies and procedures to ensure ongoing management and assessment of compensation practices as they relate to risk.

### COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and based on such review and discussions, has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee  
James R. Kackley, Chairman  
Ralph C. Derrickson  
David S. Lundeen  
13

---

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee are Ralph C. Derrickson, David S. Lundeen, and James R. Kackley. Mr. May served on the Compensation Committee until he resigned from the Board in November 2013. No member of the Compensation Committee in 2013 was, or had ever been, an officer or employee of the Company or any of its subsidiaries, or had any substantial business dealings with the Company. In addition, no "compensation committee interlocks" existed during 2013, that is no member of the Compensation Committee or the Board was an executive officer of another company on whose compensation committee or board any of the executive officers served.

## SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation paid or earned by each of the named executive officers for the fiscal years ended December 31, 2011, 2012, and 2013, including the Principal Executive Officer, which is the CEO, the Principal Financial Officer, which is the CFO, and the other most highly compensated executive officer, the COO, based on total compensation:

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Stock Bonus Awards (\$)(1)	Non-Equity Incentive			Total (\$)	
				Stock Plan Options (\$)(2)	All Other Compensation (\$)(3)	(4)		
Jeffrey S. Davis President and Chief Executive Officer	2013	\$386,667	\$ -	\$1,400,001	\$ -	\$ 414,982	\$ 15,184	(4) \$2,216,834
	2012	\$350,000	\$ -	\$1,135,416	\$ -	\$ 259,200	\$ 21,274	\$1,765,890
	2011	\$315,000	\$ -	\$1,089,000	\$ -	\$ -	\$ 20,490	\$1,424,490
Kathryn J. Henely Chief Operating Officer	2013	\$280,000	\$ -	\$724,995	\$ -	\$ 150,430	\$ 7,627	\$1,163,052
	2012	\$260,000	\$ -	\$621,233	\$ -	\$ 93,600	\$ 7,441	\$982,274
	2011	\$246,667	\$ -	\$484,000	\$ -	\$ -	\$ 4,108	\$734,775
Paul E. Martin Chief Financial Officer	2013	\$268,333	\$ -	\$687,497	\$ -	\$ 114,210	\$ 9,680	\$1,079,720
	2012	\$255,000	\$ -	\$560,543	\$ -	\$ 73,440	\$ 9,357	\$898,340
	2011	\$245,000	\$ -	\$484,000	\$ -	\$ -	\$ 9,851	\$738,851

- Amounts listed represent the aggregate grant date fair value, with respect to restricted stock awards, computed in accordance with ASC Topic 718. Following SEC rules, the amounts shown exclude the impact of estimated
- (1) forfeitures related to service-based vesting conditions. Assumptions used in the calculation of the 2013 amounts were disclosed in Note 9 to the Company's consolidated financial statements for 2013, included in the Company's Annual Report on Form 10-K filed with the SEC on March 6, 2014.
  - (2) Amounts are earned and accrued during the fiscal year indicated and paid subsequent to the end of the fiscal year pursuant to the Company's performance-based Executive Bonus Plan.
  - (3) Other than as noted in footnote (4), the amounts listed represent the value of the Company's 401(k) matching contributions, Company-paid standard life insurance premiums, and cell phone allowances. The named executive officers, from time to time, received certain immaterial personal benefits or other compensation items from the Company; however, in no case did the value of these items exceed \$10,000 in the aggregate.
  - (4) As part of his overall compensation, Mr. Davis received Company 401(k) matching contributions of \$6,150, Company-paid life and disability insurance premiums of \$6,705, Company-paid standard life insurance premiums of \$709, and a \$1,620 cell phone allowance.

The table below summarizes the 2013 total compensation mix for the named executive officers by pay element:

PERCENT OF 2013 TOTAL COMPENSATION BY PAY ELEMENT

Name	Base Salary	Incentive Compensation	Other Compensation
Jeffrey S. Davis	17%	82%	1%
Kathryn J. Henely	24%	75%	1%
Paul E. Martin	25%	74%	1%

14

---

Employment Agreements

Mr. Davis

The Company entered into an employment agreement with Mr. Davis effective January 1, 2012 that expires on December 31, 2014. Mr. Davis's employment agreement provides for the following compensation:

- an annual salary of \$330,000 that may be increased by the Board from time to time;
- an annual performance bonus of up to 200% of Mr. Davis's annual salary in the event the Company achieves certain performance targets;
- entitlement to participate in such insurance, disability, health, and medical benefits and retirement plans or programs as are from time to time generally made available to executive employees of the Company, pursuant to the policies of the Company and subject to the conditions and terms applicable to such benefits, plans or programs;
- severance and change in control benefits upon Mr. Davis's termination of employment or change in control of the Company followed by a termination of employment, including a severance of two years' base salary, one year's target bonus, and one year of benefits (and vesting of all unvested options and restricted shares) if Mr. Davis is terminated without cause or under a constructive termination, as defined in the agreement;
- death and disability benefits, including a payment of one year's base salary and one year's target bonus; and
- 100% of all unvested options and restricted shares vest upon a change in control.

Mr. Davis has agreed to refrain from competing with the Company for a period of three years following the termination of his employment. Mr. Davis's compensation is subject to review and adjustment on an annual basis in accordance with the Company's compensation policies as in effect from time to time. Mr. Davis's annual salary was increased to \$360,000, \$400,000, and \$500,000 in April 2012, February 2013, and March 2014, respectively.

Mr. Martin

The Company entered into an employment agreement with Mr. Martin effective January 1, 2012 that expires on December 31, 2014. Mr. Martin's employment agreement provides for the following compensation:

- an annual salary of \$255,000 that may be increased by the CEO, with approval by the Board or its Compensation Committee, from time to time;
- an annual performance bonus of up to 80% of Mr. Martin's annual salary in the event the Company achieves certain performance targets;
- entitlement to participate in such insurance, disability, health, and medical benefits and retirement plans or programs as are from time to time generally made available to executive employees of the Company, pursuant to the policies of the Company and subject to the conditions and terms applicable to such benefits, plans or programs;
- severance and change in control benefits upon Mr. Martin's termination of employment or change in control of the Company followed by a termination of employment, including a severance of one year's base salary, one year of benefits and one year of vesting of options and restricted stock if Mr. Martin is terminated without cause or under a constructive termination, as defined in the agreement;
- death and disability benefits, including a payment of one year's base salary and one year's target bonus; and
- 50% of all unvested options and restricted shares vest upon a change in control.

Mr. Martin has agreed to refrain from competing with the Company for a period of three years following the termination of his employment. Mr. Martin's compensation is subject to review and adjustment on an annual basis in accordance with the Company's compensation policies as in effect from time to time. Mr. Martin's annual salary was increased to \$275,000 and \$315,000 in February 2013 and March 2014, respectively.



## GRANTS OF PLAN-BASED AWARDS

The following table reflects awards granted to the named executive officers during 2013 under the Company's equity and non-equity incentive plans:

## 2013 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock (#)(2)	Grant Date Fair Value of Stock Awards (\$)(3)
		Target (\$)	Grant (\$)	Maximum (\$)		
Jeffrey S. Davis	2/26/2013	\$-	\$-	\$-	120,482	\$1,400,001
	N/A	-	800,000	1,200,000	-	-
Kathryn J. Henely	2/26/2013	-	-	-	62,392	724,995
	N/A	-	290,000	435,000	-	-
Paul E. Martin	2/26/2013	-	-	-	59,165	687,497
	N/A	-	220,000	330,000	-	-

Reflects the target and maximum bonus award amounts that could potentially be earned by each named executive officer under the 2013 Executive Bonus Plan based on 2013 performance, as described in the "Annual Incentive Cash Bonus Compensation" section following this table.

Reflects the Compensation Committee's grant of restricted shares to the named executive officers on February 26, 2013 in the respective amounts listed in the table. The terms of these restricted share awards are described in the section entitled "Restricted Share Award Terms" following this table.

The grant date fair value is based on the per share closing market price of the Common Stock on February 26, 2013 (the date of grant) of \$11.62.

## Annual Incentive Cash Bonus Compensation

Bonuses available to the named executive officers as an annual incentive bonus under the 2013 Executive Bonus Plan are based upon pre-set percentages of salary and are earned by reaching certain target performance levels.

In February 2013, the Compensation Committee established the targets for the named executive officers under the 2013 Executive Bonus Plan. The table below lists the potential bonus awards as a percent of base salary for the named executive officers as reflected in the "2013 Grants of Plan-Based Awards" table:

	Target Bonus Percentage	Maximum Bonus Percentage
CEO	200%	300%
COO	100%	150%
CFO	80%	120%

The named executive officers may share in every dollar of earnings above the targets established pursuant to the 2013 Executive Bonus Plan up to the maximum bonus percentage set for each. Such named executive officers may receive up to the maximum bonus percentage to the extent the Adjusted GAAP EPS target is exceeded up to 1.5 times the

target. The Compensation Committee has the discretion to decrease bonus amounts, even if the target is met or exceeded. In order to meet this target, the Company's Adjusted GAAP EPS must meet the predetermined target after considering the estimated bonus payout. Please refer to the section entitled "Performance-Based Executive Bonus Plan" on page 10 for additional information regarding the predetermined target.

#### Restricted Share Award Terms

The restricted shares awarded to the named executive officers on February 26, 2013 were granted under the 2012 Long-Term Incentive Plan (as amended, the "2012 Plan"). Under the terms of the restricted share award agreements, 33% of the shares subject to an award will vest on each anniversary of February 26, 2014 with the final tranche vesting on February 26, 2016, provided the named executive officer continues his or her employment with the Company through the applicable vesting dates.

16

---

In the event of a recipient's termination of employment with the Company for any reason (including death or disability) prior to full vesting of the restricted shares, restricted shares that have not vested as of the date of termination will be null and void and will be forfeited to the Company, unless the terms of the recipient's employment agreement provide otherwise. The employment agreements for Messrs. Davis and Martin provide for accelerated vesting of equity awards such as the restricted share awards in the case of certain involuntary terminations or upon the occurrence of a change in control. These acceleration provisions are described below in the section of this proxy entitled "Potential Payments upon Termination and/or Change in Control."

Dividends are payable on restricted shares once vested at the same rate and at the same time that dividends are paid to stockholders generally; however, the Company has not historically paid, and in the future does not intend to pay, dividends.

#### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table presents: (i) the number of unexercised options held by each named executive officer as of December 31, 2013; and (ii) the number and market value of unvested restricted share awards held by each named executive officer as of December 31, 2013:

#### 2013 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards Number of Securities Underlying Unexercised Options (#)(1)		Option Exercise Price (\$)	Option Expiration Date	Stock Awards Number of Shares or Units of Stock That Have Not Vested		Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
	Exercisable	Unexercisable			(#)	(#)	
Jeffrey S. Davis	155,000	-	\$ 6.31	12/15/2014	41,200 (3)	\$964,904	
	-	-	-	-	30,000 (4)	702,600	
	-	-	-	-	64,918 (5)	1,520,380	
	---	---	---	--	120,482(6)	2,821,688	
Kathryn J. Henely	-	-	-	-	5,728 (7)	134,150	
	-	-	-	-	18,000 (3)	421,560	
	-	-	-	-	13,333 (4)	312,259	
	-	-	-	-	35,519 (5)	831,855	
	-	-	-	-	62,392 (6)	1,461,221	
Paul E. Martin	-	-	-	-	18,000 (3)	421,560	
	-	-	-	-	13,333 (4)	312,259	
	-	-	-	-	32,049 (5)	750,588	
	-	-	-	-	59,165 (6)	1,385,644	

Options generally expire ten years from the date of grant (the "expiration date"). If the recipient's employment terminates: (i) due to death or "permanent disability" (as defined in the applicable award agreement), then the option will remain exercisable for 12 months following the termination date; (ii) as a result of the recipient's "misconduct" (as defined in the applicable award agreement), then the option will terminate immediately and cease to be outstanding; and (iii) for any other reason, then the option will remain exercisable for three months following the termination date, provided that no option will be exercisable after its original expiration date.

- (2) Based on the per share closing market price of \$23.42 of the Common Stock on December 31, 2013.  
Represents awards of restricted shares made to the named executive officers on March 22, 2010. 20% of the
- (3) restricted shares subject to each award vest on the anniversaries of March 22 with the final tranche vesting on March 22, 2015.  
Represents awards of restricted shares made to the named executive officers on April 12, 2011. 33% of the
- (4) restricted shares subject to each award vest on each anniversary of April 12 with the final tranche vesting on April 12, 2014.  
Represents awards of restricted shares made to the named executive officers on May 23, 2012. 33% of the
- (5) restricted shares subject to each award vest on each anniversary of April 2 with the final tranche vesting on April 2, 2015.  
Represents awards of restricted shares made to the named executive officers on February 26, 2013. 33% of the
- (6) restricted shares subject to each award vest on each anniversary of February 26 with the final tranche vesting on February 26, 2016.  
Represents an award of 28,637 restricted shares made to Ms. Henely on April 28, 2009. 20% of the restricted
- (7) shares subject to the award will vest on the anniversary of April 28 with the final tranche vesting on April 28, 2014.

## OPTION EXERCISES AND STOCK VESTED

The following table presents stock options exercised by and stock awards vested on behalf of the named executive officers during 2013:

## 2013 OPTION EXERCISES AND STOCK VESTED

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Jeffrey S. Davis	-	\$ -	106,661 (3)	\$ 1,852,917
Kathryn J. Henely	-	-	60,221 (4)	795,993
Paul E. Martin	-	-	64,358 (5)	1,008,474

- Calculated as the aggregate market value on the exercise date of the shares of the Common Stock received upon
- (1) exercise of options, less the aggregate exercise price of options (calculated before payment of any applicable withholding or other income taxes).
  - (2) Calculated as the aggregate market value on the date of vesting of the shares with respect to which restrictions lapsed during 2013 (calculated before payment of any applicable withholding or other income taxes).  
Mr. Davis was granted: (i) 300,000 restricted shares on December 17, 2008, a portion of which vested on December 17, 2013, when the market price of the Company's stock was \$22.07; (ii) 103,000 restricted shares on March 22, 2010, a portion of which vested on March 22, 2013 when the market price of the Company's stock was \$11.92; (iii) 90,000 restricted shares on April 12, 2011, a portion of which vested on April 12, 2013 when the market price of the Company's stock was \$10.90; and (iv) 97,377 restricted shares on May 23, 2012, a portion of which vested on April 2, 2013 when the market price of the Company's stock was \$11.36.  
Ms. Henely was granted: (i) 48,000 restricted shares on September 26, 2008, a portion of which vested on September 26, 2013, when the market price of the Company's stock was \$18.37; (ii) 24,000 restricted shares on December 17, 2008, a portion of which vested on December 17, 2013, when the market price of the Company's stock was \$22.07; (iii) 28,637 restricted shares on April 28, 2009, a portion of which vested on April 28, 2013, when the market price of the Company's stock was \$10.36; (iv) 45,000 restricted shares on March 22, 2010, a portion of which vested on March 22, 2013, when the market price of the Company's stock was \$11.92; (v) 40,000 restricted shares on April 12, 2011, a portion of which vested on April 12, 2013, when the market price of the Company's stock was \$10.90; and (vi) 53,279 restricted shares on May 23, 2012, a portion of which vested on April 2, 2013, when the market price of the Company's stock was \$11.36.  
Mr. Martin was granted: (i) 130,000 restricted shares on December 17, 2008, a portion of which vested on December 17, 2013, when the market price of the Company's stock was \$22.07; (ii) 45,000 restricted shares on March 22, 2010, a portion of which vested on March 22, 2013, when the market price of the Company's stock was \$11.92; (iii) 40,000 restricted shares on April 12, 2011, a portion of which vested on April 12, 2013, when the market price of the Company's stock was \$10.90 and (iv) 48,074 restricted shares on May 23, 2012, a portion of which vested on April 2, 2013, when the market price of the Company's stock was \$11.36.
  - (5)

## PENSION BENEFITS

Edgar Filing: PERFICIENT INC - Form DEF 14A

The Company does not sponsor or maintain any plans that provide for specified retirement payments or benefits, such as tax-qualified defined benefit plans or supplemental executive retirement plans, for the named executive officers.

NON-QUALIFIED DEFERRED COMPENSATION

The following table summarizes information regarding the Company's named executive officers' participation in the Perficient, Inc. Executive Deferred Compensation Plan (the "Deferred Compensation Plan").

2013 NON-QUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions \$(1)	Company Contributions (\$)	Aggregate Earnings \$(2)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at December 31, 2013 (\$)
Jeffrey S. Davis	\$ -	\$ -	\$ -	\$ -	\$ -
Kathryn J. Henely	-	-	-	-	-
Paul E. Martin	13,417	-	65,710	-	265,287

18

- (1) All amounts reported as contributions in this column have been reported in the Salary column of the "Summary Compensation Table" at page 14.  
The amounts in this column represent the aggregate earnings that accrued during 2013 on amounts of salary deferred at the election of the named executive officer pursuant to the Deferred Compensation Plan.
- (2) These earnings have not been reported as compensation to the named executive officers in the "Summary Compensation Table" at page 14.

The Deferred Compensation Plan allows each participant to contribute up to 80% of base salary and commission and 100% of annual incentive bonus payments. Contributions may be made to either the retirement account or the in-service account of the participant; however, no contributions may be made to a participant's in-service account during a deferral period when amounts are scheduled to be distributed from that account. Also, if the Compensation Committee determines that a participant has incurred a financial hardship, it may terminate the participant's deferrals.

The Company may, in its discretion, provide a matching contribution of 25% of the participant's contribution to the Deferred Compensation Plan up to the first 6% of a participant's compensation (including base salary and bonus or incentive compensation); however, any matching contribution under the Deferred Compensation Plan will be reduced by the amount of matching contributions actually made on the participant's behalf under the Company's 401(k) plan. Matching contributions vest annually over a three-year period. The Company may also make discretionary contributions on behalf of participants in the Deferred Compensation Plan, which will be in the amounts and will vest in accordance with the schedule determined by the Company. The Company made no matching contributions to the Deferred Compensation Plan in 2013.

The Deferred Compensation Plan permits each participant to make investment allocation choices for both the participant's contributions and any Company matching or discretionary contributions made on the participant's behalf among the investment choices designated by the Company, which earn market rates of return. Participants are permitted to change their investment elections on a daily basis.

A participant will receive a distribution of amounts deferred in a particular year upon the earlier to occur of: (i) the time specified in the participant's deferral commitment election with respect to the participant's in-service account; (ii) his termination of employment; or (iii) his death or disability. In addition, a participant may receive a distribution if the Compensation Committee determines that the participant has experienced a financial hardship, to the extent reasonably necessary to satisfy the participant's needs. Upon a participant's termination of employment, the participant's benefits under the Deferred Compensation Plan shall be paid to him as soon as administratively practicable following the date of the participant's termination of employment, unless the participant constitutes a "specified employee" (within the meaning of section 409A of the Code), in which case the initial payment will be made no earlier than the first day of the seventh month following the participant's termination. A participant's vested benefits may, at the option of the participant, be distributed in one cash lump sum payment, or in up to a maximum of 15 annual installments (or a maximum of five annual installments with respect to the participant's in-service account). Certain small account balances (a retirement account balance of less than \$50,000 and an in-service account balance of less than \$25,000) will be paid in a lump sum regardless of the participant's election.

#### Potential Payments upon Termination and/or Change in Control

As part of their employment agreements, Messrs. Davis and Martin have certain provisions detailing payments due to them in the event of termination of their employment with the Company, including the resulting compensation from a change in control.

Mr. Davis

Mr. Davis's employment agreement provides for the following death, disability, severance, and change in control benefits (certain applicable definitions are set forth below):

- death benefits of a lump-sum payment equal to one year's annual salary and Mr. Davis's Target Bonus;
- disability benefits paid over 12 months of one year's annual salary and Mr. Davis's Target Bonus;
- severance benefits, if Mr. Davis's employment with the Company is terminated by the Company in a Without Cause Termination either before or after a Change in Control, of a lump-sum payment equal to two years' annual salary and Mr. Davis's Target Bonus for the year in which termination of employment occurs, acceleration of option and restricted stock vesting, and welfare benefits for one year following termination;
- severance benefits of a lump-sum payment equal to two years' annual salary and Mr. Davis's Target Bonus, and welfare benefits for one year following resignation if Mr. Davis voluntarily resigns after a Constructive Termination; and
- immediate vesting of 100% of all unvested stock option grants and restricted stock grants previously awarded to Mr. Davis upon the occurrence of a Change in Control.

19

---



To the extent payments and benefits to Mr. Davis in connection with a change in control would constitute "excess parachute payments" for purposes of Section 280G of the Code subject to excise taxes, Mr. Davis can elect to receive a lesser amount and eliminate the accelerated vesting of his unvested stock options and restricted stock in order to decrease or eliminate the excise taxes.

Mr. Martin

Mr. Martin's employment agreement provides for the following severance and change in control benefits (certain applicable definitions are set forth below):

- severance benefits, if Mr. Martin's employment with the Company is terminated by the Company in a Without Cause Termination or if Mr. Martin voluntarily resigns after a Constructive Termination, of a lump-sum payment equal to one year's annual salary, continued vesting of restricted stock, and welfare benefits for one year following termination;
- immediate vesting of 50% of all unvested restricted stock grants previously awarded to Mr. Martin upon the occurrence of a Change in Control; and
- severance benefits if Mr. Martin's employment with the Company is terminated by the Company pursuant to a Without Cause Termination within the first year after a Change in Control equal to one year's annual salary and immediate vesting of all remaining unvested restricted stock previously awarded to Mr. Martin. In addition, the Company will provide welfare benefits for one year following termination.

The employment agreements for Messrs. Davis and Martin generally use the following terms:

"Change in Control" means: (a) the acquisition by one person, or more than one person acting as a group, of ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; (b) the acquisition by one person, or more than one person acting as a group, of ownership of stock of the Company, that together with stock of the Company acquired during the 12-month period ending on the date of the most recent acquisition by such person or group, constitutes 30% or more of the total voting power of the stock of the Company; (c) a majority of the members of the Company's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's board of directors before the date of the appointment or election; or (d) one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) assets from the Company that have a total gross fair market value (determined without regard to any liabilities associated with such assets) equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions.

Persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

This definition of Change in Control shall be interpreted in accordance with, and in a manner that will bring the definition into compliance with, the regulations under Section 409A of the Code.

"Constructive Termination" means his voluntary termination of his employment with the Company following: (i) a material reduction in his base compensation (including benefits); (ii) a material reduction of his performance-based target bonus or other incentive programs; or (iii) a relocation of his place of employment of more than 50 miles without his consent; in each case where the condition is not remedied or corrected by the Company within 30 days after he sends notice to the Company in writing specifying the reason why he claims there exists grounds for a Constructive Termination, and he sends the notice within ninety days of discovering the existence of the condition that

gives rise to a right to claim a Constructive Termination.

"Disability" means he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

"Termination for Cause" means a termination of the executive's employment by reason of: (a) the repeated or willful failure of the executive to substantially perform his duties that has not been cured after written demand from, with regard to Mr. Davis, the Board, and with regard to Mr. Martin, the CEO; (b) conviction of; entering a plea of guilty or nolo contendere to, a crime involving moral turpitude or dishonesty or to any other crime that constitutes a felony; (c) executive's intentional misconduct, gross negligence or material misrepresentation in the performance of his duties to the Company; or (d) material breach by executive of any written covenant or agreement with the Company including any covenants not to compete or to non-disclosure of confidential information.

20

---

"Without Cause Termination" means a termination of the executive's employment by the Company other than due to (a) Termination for Cause; (b) Disability; (c) death; or (d) the expiration of the employment agreement.

Under the employment agreements with Messrs. Davis and Martin, each executive would be entitled to receive the estimated benefits described below. These disclosed amounts are estimates only and do not necessarily reflect the actual amounts that would be paid to the aforementioned executives, which would only be known at the time that they become eligible for payment and would only be payable if the events set forth in the table below occur.

#### Quantification of Potential Payments Upon Termination and/or Change in Control

The table below reflects the amount that could be payable under the various arrangements assuming that the triggering event set forth in the title of each column occurred on December 31, 2013. Any actual payments that may be made pursuant to the arrangements described above are dependent on various factors, which may or may not exist at the time a termination of employment or change in control actually occurs.

#### POTENTIAL PAYMENTS UPON TERMINATION AND/OR CHANGE IN CONTROL

Name (1)	Severance/ Change in Control Payment	Accelerated Restricted Stock Vesting (2)	Accelerated Stock Option Vesting	Continuation of Benefits (3)	Tax Gross-up Payment	Total
Jeffrey S. Davis (4)	\$1,600,000	\$6,009,572	\$ -	\$ 11,536	\$ -	\$7,621,108
Paul E. Martin (5)	275,000	2,870,051	-	11,867	-	3,156,918

(1) Ms. Henely is not included in this table since she does not have an arrangement with the Company in the event of termination of her employment with the Company, including upon a change in control.

(2) Calculated using the closing market price per share of \$23.42 of the Common Stock on December 31, 2013 for the total number of restricted shares accelerated.

(3) Represents the estimated present value of all future payments of premiums for benefits which would be paid on behalf of the specified executive officers under the Company's medical, disability, life, and dental insurance programs.

(4) Upon a without cause termination, or a without cause termination following a change in control, Mr. Davis would receive each of the payments and benefits listed in the table above. Upon Mr. Davis's death or disability, he would receive the severance payment only. Mr. Davis would receive the severance payment and the continuance of benefits listed in the table above if he voluntarily resigns upon the occurrence of a constructive termination. If a change in control were to occur, 100% of Mr. Davis's unvested restricted stock would immediately vest. If Mr. Davis were to terminate his employment with the Company voluntarily or be terminated by the Company for cause, he would receive no compensation except his unpaid salary and bonus earned through the termination date.

(5) Upon the occurrence of a change in control, 50% of Mr. Martin's unvested restricted stock would immediately vest, amounting to \$1,435,025 in compensation utilizing the assumptions discussed above. If Mr. Martin is terminated without cause within the first year after a change in control he will receive each of the payments and benefits listed in the table above. If Mr. Martin were to terminate his employment with the Company voluntarily or be terminated by the Company for cause, he would receive no compensation except his unpaid salary and bonus earned through the termination date.

## PROPOSAL 2. ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the stockholders of the Company are being provided with the opportunity to vote on an advisory resolution to approve the 2013 compensation of the named executive officers, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K (including the Compensation Discussion and Analysis section (the "CD&A"), compensation tables and accompanying narrative). Item 402 of Regulation S-K is the SEC regulation that sets forth what companies must include in their CD&A and compensation tables. The Compensation Committee and the Board values the opinions expressed by the Company's stockholders and will carefully consider the outcome of the vote when making future compensation decisions for the named executive officers.

As described in the CD&A beginning on page 9, the Company believes that the quality, ability, and commitment of the named executive officers are significant factors contributing to the proper leadership of Perficient and driving stockholder value for the Company. Accordingly, our executive compensation programs are designed to:

- attract, retain, and motivate qualified talent;
- motivate executives to improve the overall performance of the Company and reward executives when the Company achieves specific measurable results;
- encourage accountability by determining salaries and incentive awards based on the Company's collective performance and contribution;
- ensure compensation levels are externally competitive and create internal pay equity among executives; and
- align our executives' long-term interests with those of our stockholders.

Stockholders are urged to read the CD&A beginning on page 9, which more thoroughly discusses how the compensation policies and procedures implement the Company's compensation philosophy. The Compensation Committee and the Board believe that these policies and procedures are effective in implementing the Company's compensation philosophy and in achieving its goals.

Stockholders have the opportunity to vote "FOR," "AGAINST," or "ABSTAIN" on the following advisory resolution relating to the executive compensation of our named executive officers as disclosed in this Proxy Statement:

"Resolved, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion set forth in this Proxy Statement, is hereby approved."

This vote is not intended to address a specific item of compensation, but rather the overall compensation of the named executive officers and the philosophy, policies, and practices as described in this Proxy Statement. The affirmative vote of a majority of the shares of the Company's Common Stock cast in person or by proxy, excluding abstentions, on the proposal will be considered approval by the stockholders of the advisory resolution on executive compensation.

The Board recommends a vote "FOR" the proposal to approve the advisory resolution relating to the executive compensation of our named executive officers.

### PROPOSAL 3. APPROVAL OF THE COMPANY'S AMENDED AND RESTATED 2012 LONG TERM INCENTIVE PLAN

At the meeting, you will be asked to approve the Amended and Restated Perficient, Inc. 2012 Long Term Incentive Plan (the "Plan").

The Company adopted the 2012 Plan at its annual stockholder meeting in 2012, at the recommendation of the Board. On March 4, 2014, the Board approved the amendment and restatement of the 2012 Plan and directed that it be submitted to the stockholders for their approval at this Annual Meeting. You are being asked to consider and approve the Plan which provides, among other things, for an increase in the maximum number of shares of Common Stock available for issuance thereunder by 2.5 million shares.

The purposes of the Plan are to encourage employees, officers and directors to acquire a proprietary and vested interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company's future success and prosperity, thus enhancing the value of the Company for the benefit of stockholders, and to enhance the ability of the Company to attract and retain individuals of exceptional management talent. The Plan allows eligible award recipients to receive stock options, stock appreciation rights, restricted stock awards, performance awards, and stock unit awards. Upon approval of the Plan by the stockholders, an additional 2.5 million shares will be available for issuance under the Plan. As of April 2, 2014, there were 759,663 shares of Common Stock available for issuance under the Plan.

A copy of the Plan is attached to this Proxy Statement as Appendix A, and the following description is qualified in its entirety by reference to the complete text of the Plan.

#### Summary of the Material Terms of the Plan

Key Plan Features. As amended and restated, the Plan generally provides for:

- ten-year maximum term for stock options and stock appreciation rights; options and restricted stock generally subject to a three-year minimum vesting period and no portion of the grant may vest prior to the first anniversary of the grant date, no more than one-third of the grant may vest prior to the second anniversary of the grant date and no more than two-thirds of the grant may vest prior to the third anniversary of the grant date;
- up to 50,000 shares of restricted stock and certain awards to directors may be exempt from the restricted vesting schedule;
- no granting of awards below fair market value on the date of grant;
- no re-pricing of stock options or stock appreciation rights without prior stockholder approval;
- no reload or "evergreen" share replenishment features;
- dividends on performance awards may not be paid until the goals are achieved and the actual shares are issued;
- independent plan administration by our independent Compensation Committee; and
- the issuance of up to 5 million shares of Common Stock, including the original 2.5 million shares of Common Stock originally authorized under the 2012 Plan.

As compared to the 2012 Plan, the Plan includes changes to:

- The total number of shares of Common Stock available for issuance as awards under the Plan will be increased by 2.5 million shares, such that a total of 5 million shares will be authorized for issuance thereunder;
- Options and restricted stock subject to the three-year minimum vesting period generally have vesting restrictions such that no portion of the grant may vest prior to the first anniversary of the grant date, no more than one-third of the grant may vest prior to the second anniversary of the grant date and no more than two-thirds of the grant may vest prior to the third anniversary of the grant date;
- Up to 50,000 shares of restricted stock are exempt from the restricted vesting schedule identified above at the discretion of the Compensation Committee; and

·The term of the Plan will end on the 10th anniversary of the effective date of the amended and restatement.

Why We Believe You Should Vote For this Proposal

The Board believes that the Plan is essential for the ongoing success of the Company and its ability to recruit, retain and reward directors of the Company, officers and key employees. The Board believes that if the Plan is not approved, the Company's ability to align the interests of its officers and key employees with its stockholders through equity-based compensation would be compromised, in particular, disrupting the Company's compensation program and impairing the Company's ability to recruit and retain officers and key employees. The Board recommends approval of the Plan for the following reasons:

23

---

**The Need for Additional Shares.** We have used a substantial portion of the previously authorized share pool under the 2012 Plan for existing awards. As of April 2, 2014, only 759,663 shares of our Common Stock remained available for future award grants under the 2012 Plan, a number that the Compensation Committee, and the Board believes to be insufficient to meet our anticipated needs. As a result, at the recommendation of the Compensation Committee, on March 4, 2014, the Board approved, subject to stockholder approval, the amendment and restatement of the 2012 Plan to increase the number of shares available for issuance by 2.5 million shares for a total of 5 million shares available for issuance under the Plan. If the Plan is approved by the stockholders, the Compensation Committee believes the total shares available should be sufficient to cover grants over the next three years.

The Compensation Committee and the Board believe that the increased number of shares to be made available for issuance under the Plan represents a reasonable amount of potential additional equity dilution and allows the Company to continue awarding equity incentives, which have been an important component of our compensation program. Since January 2012, the Company's employee population has increased 30% from 1,484 to 1,925 as a result of both internal growth and growth by acquisitions of PointBridge Solutions, LLC in February 2012, Nascent Systems, LP in June 2012, Northridge Systems, Inc. in July 2012, TriTek Solutions, Inc. and Clear Task, Inc. in May 2013, CoreMatrix Systems, LLC in October 2013, ForwardThink Group, Inc. in February 2014, and BioPharm Systems, Inc. in April 2014. As the Company's employee population increased, so has the Company's need for additional availability under the Plan to grant long-term equity awards. We will continue to evaluate our compensation strategy and programs to ensure they continue to provide a competitive opportunity and align the interests of our stockholders with that of our employees. The Plan is designed with maximum flexibility to grant a variety of equity-based vehicles described below, while maintaining limits that attempt to ensure stockholder dilution levels continue to remain at or below those of comparable companies.

**Historical Company Equity Usage.** We believe that our historical equity usage has been in line with industry norms on an aggregate basis. We set targets for equity compensation based on industry standards and other data provided to the Compensation Committee by management and independent compensation consultants. Based on this information, we believe that our equity usage is generally consistent with the broader market as well as with the peer group of companies we use to benchmark executive compensation. Our equity grant levels are consistent with our overall compensation philosophy of pay-for-performance and with respect to the executives officers below average cash-based compensation. We believe our compensation philosophy aligns our management's compensation with stockholder interest.

**The Need to Provide Competitive Compensation.** Similar to other companies in our industry, we believe equity compensation is integral in providing a competitive total compensation package necessary to recruit, retain and reward officers and key employees. Equity awards are commonly used by companies our size and the ability to provide competitive grants is essential to competing in our labor markets. Therefore, we believe it is imperative to provide long-term incentive awards as a component of our compensation program. We will seek an appropriate balance between meeting employee hiring, retention and compensation goals and avoiding excessive stockholder dilution.

**Cash Compensation Expense Increase.** If our ability to provide equity compensation is impaired, the Company's cash compensation costs could increase substantially to offset equity compensation typically provided in the marketplace. It is important that we use our cash resources to operate and expand our business, rather than diverting cash to pay compensation.

**Our Continuing Emphasis on Providing Performance-Based Compensation.** We believe it is essential to provide a long-term link between compensation and stockholder value creation and rely on equity compensation as one of the most efficient and effective means to create such a relationship. The long-term equity incentive program is designed to align the interests of our officers and other key employees with those of our stockholders, motivate the executive officers to achieve key financial goals and reward superior performance over a multi-year period. We have historically utilized restricted stock awards instead of stock options to create this link between pay and performance. We believe that by offering this type of incentive compensation, we have recruited high quality employees and will incent those

employees to remain with the Company. Share-based payments allow our officers and other key employees to obtain a proprietary interest in the Company and therefore participate in the profit and success of the Company in meeting its objectives and goals. If stockholders do not approve the Plan, our ability to create long-term incentives for our officers and key employees will be substantially diminished.

#### Consequences of Failing to Ratify the Incentive Plan

In the event our stockholders fail to approve the proposal to adopt the Plan, we will not be able to make the proposed 2.5 million shares available for issuance under the 2012 Plan, as amended, but the 2012 Plan will otherwise remain in effect. Without the ability to continue to grant equity awards, the Company believes it will be unable to offer competitive compensation terms to attract and retain key personnel and further align our employees' interests with that of the stockholders. In fact, if the Plan is not approved by our stockholders, we will only have 759,663 shares available for issuance under the 2012 Plan. In such event, we will be required to re-evaluate our compensation structure to ensure that it remains competitive. This evaluation may result in the modification of the amount and types of compensation that are payable to our employees.

24

---



The stockholders are urged to read this entire proposal and the Plan document attached in full as Appendix A. The Company believes that the Plan is necessary to recruit and retain directors, officers and key employees critical to the Company's success, and thus is in the best interest of the Company's stockholders.

#### Eligibility; Plan Benefits

Members of the Board and our officers and employees are eligible to receive awards under the Plan as are other persons providing significant services to the Company and its subsidiaries, subject in each case to the discretion of the Compensation Committee.

Since all awards will be made at the discretion of the Compensation Committee, it is not possible to determine the amount, timing or recipients of future awards. Therefore, it is not presently possible to determine the benefits or amounts that will be received by particular eligible persons or groups pursuant to the Plan in the future.

#### Administration of the Plan

The Plan will be administered by the Compensation Committee, or another committee of the Board composed solely of two or more independent directors. The Compensation Committee has discretionary authority with respect to the granting of awards to eligible persons and the administration of the Plan, subject to its terms.

#### Types of Awards

**Non-Qualified Stock Options ("NQSOs").** NQSOs are options to purchase shares of Common Stock that are not intended to qualify as "incentive stock options" at purchase prices established by the Committee on the date the options are granted; the purchase price may not be less than 100% of the fair market value of the shares on the date of the grant. No NQSO may be exercisable later than ten years after the date it is granted. NQSOs shall become exercisable over a period of not less than three years from the grant date and no portion of the NQSO shall vest prior to the first anniversary of the grant date, no more than one-third of the grant shall vest prior to the second anniversary of the grant date and no more than two-thirds of the grant shall vest prior to the third anniversary of the grant date.

**Incentive Stock Options ("ISOs").** ISOs are options to purchase shares of Common Stock at no less than 100% of the fair market value of the shares on the date of the grant, which qualify for favorable tax treatment as described below. The aggregate fair market value of the stock with respect to which ISOs are exercisable for the first time by a recipient in any calendar year shall not exceed \$100,000. No ISO may be exercisable later than ten years after the date it is granted. ISOs granted under the Plan shall become exercisable over a period of not less than three years from the grant date and no portion of the ISO shall vest prior to the first anniversary of the grant date, no more than one-third of the grant shall vest prior to the second anniversary of the grant date and no more than two-thirds of the grant shall vest prior to the third anniversary of the grant date.

**Stock Appreciation Rights ("SARs").** A SAR is the right to receive all or a portion of the difference between the fair market value of a share of Common Stock and the exercise price of the SAR. The Compensation Committee may grant an award in the form of an SAR which may, but need not, relate to a specific stock option granted. The exercise price of an SAR shall not be less than the fair market value of the Company's Common Stock on the date of grant. The term of the SAR will be determined by the Compensation Committee at its sole discretion, but it cannot exceed ten years. A SAR may be granted in connection with a stock option or may be granted independently. SARs shall become exercisable over a period of not less than three years from the grant date in equal increments of the first and subsequent anniversaries of the grant date.

**Restricted Stock Awards.** The Compensation Committee may grant restricted stock awards for no cash consideration or for cash consideration determined by it in its discretion. Unless the Compensation Committee otherwise provides in the award, a holder of restricted stock shall not be entitled to dividends paid with respect to the stock during the period

of restriction although the holder will be entitled to vote the stock during such period. The period of restriction shall be established by the Compensation Committee provided that, subject to certain exceptions for grants made as part of an annual or initial grant to non-employee members of the Board and small restricted grants made in connection with sales award programs, restricted stock shall vest over a period of not less than three years from the grant date and no portion of the grant shall vest prior to the first anniversary of the grant date, no more than one-third of the grant shall vest prior to the second anniversary of the grant date and no more than two-thirds of the grant shall vest prior to the third anniversary of the grant date; provided, further, that the Plan allows the Compensation Committee to establish a vesting schedule other than the immediately foregoing schedule for up to 50,000 shares of restricted stock in the aggregate.

Performance Awards. The Committee may issue performance awards in the form of Common Stock or cash payments or some combination thereof to be issued in the event that certain performance goals established by the Committee are achieved over a period of time designated by the committee of not less than one year or more than five years.

25

---

Stock Unit. A stock unit is the right to receive a share of Common Stock at such time and subject to such terms and conditions established by the Committee.

No dividend equivalent units may be granted under the Plan either independently or in connection with another award.

#### Stock Awards under the Plan

The maximum aggregate number of shares of our Common Stock that may be issued under the Plan (subject to any adjustment due to recapitalization or reorganization permitted under the Plan) will not exceed five million (5,000,000) shares of our Common Stock. Stock underlying outstanding options, stock appreciation rights, or performance awards will reduce the number of shares of Common Stock issuable under the Plan while such options, stock appreciation rights or performance awards are outstanding. Shares underlying expired, cancelled or forfeited options, stock appreciation rights or performance awards shall, once expired, cancelled, or forfeited, become available for future issuance under the Plan. Any shares which are used as full or partial payment for the purchase price of shares or to satisfy the tax withholding obligation with respect to any award shall not be added back to the Plan. Restricted stock issued pursuant to the Plan will reduce the shares available under the Plan while outstanding even while subject to restrictions. Shares of restricted stock which are forfeited or returned to the Company shall also be added back to the Plan for future issuance. The shares of our Common Stock issued pursuant to the Plan may be authorized but unissued shares, shares held by us in treasury or shares which have been reacquired by us including shares which have been bought in the open market or pursuant to private transactions.

#### Other Provisions

Tax Withholding. An award recipient's tax withholding with respect to an award will be satisfied by withholding from any payment related to the award or, with respect to awards settled in our Common Stock, at the discretion of the Compensation Committee and subject to conditions that the Compensation Committee may impose, by the withholding of shares of stock based on the fair market value of the shares.

Amendment and Termination. The Board may amend or terminate the Plan or the Compensation Committee's authority to grant awards under the Plan without the consent of stockholders or award recipients except, that no amendment to the Plan may be made without stockholder approval if it would either increase the number of shares that may be issued under the Plan or change the eligibility requirements. The Board may condition any amendment on the approval of our stockholders if such approval is necessary or advisable under tax, securities or other applicable laws, policies or regulations. No amendment or termination of the Plan may adversely affect any award previously granted under the Plan without written consent of the affected award recipient. Except as prohibited by applicable law (including, without limitation, Section 162(m) of the Code), the Compensation Committee may amend or terminate any outstanding award, or waive any conditions or rights under such award, but any such amendment or termination may require the consent of the award recipient.

#### Federal Tax Consequences

The following discussion is for general information only and is intended to briefly summarize the U.S. federal tax consequences to award recipients arising from participation in the Plan. This description is based on current law, which is subject to change (possibly retroactively). The tax treatment of an award granted under the Plan may vary depending on the award recipient's particular situation and may, therefore, be subject to special rules not discussed below. No attempt has been made to discuss any potential foreign, state or local tax consequences.

Non-qualified Stock Options ("NSQOs"). At the time an NQSO is granted, no income will be recognized by the award recipient. When the NQSO is exercised, the award recipient will recognize ordinary income in an amount equal to the difference between the option price paid for the Common Stock and the fair market value of the stock on the date of exercise. When the Common Stock acquired through exercise of an NQSO is sold, the appreciation (or depreciation)

in the value of the stock after the date of exercise will be treated as a short-term or long-term capital gain (or loss) depending on how long the shares have been held.

Incentive Stock Options ("ISOs"). At the time an ISO is granted, no income will be recognized by the award recipient. In general, no income is recognized upon the exercise of an ISO. If the award recipient exercises an ISO and holds the stock acquired from that exercise for at least one year after the exercise date, and two years after the option grant date, then the award recipient will recognize a long-term capital gain upon the sale of the Common Stock for the amount realized in excess of the option price (or a long-term capital loss if the amount realized is less than the option price). If the award recipient sells the shares acquired through exercise of an ISO within two years of the option grant date or within one year after the transfer of the shares to the award recipient, ordinary income will be recognized in the year of disposition in an amount equal to the excess of the fair market value of the stock at the time of exercise over the option price.

26

---

**Stock Appreciation Rights.** No income will be recognized by the recipient of an SAR grant. When the SAR is exercised, the award recipient will include an amount equal to the cash received and fair market value of unrestricted stock or property received on the exercise as ordinary income.

**Restricted Stock Awards.** Generally, restricted stock awards are not subject to tax until the shares are no longer subject to forfeiture or other restrictions, at which time the award recipient must recognize ordinary income for the fair market value of the shares. If a award recipient elects under Section 83(b) of the Code within 30 days of the date of transfer of the shares, the shares will be taxable to the award recipient upon receipt of the award as ordinary income for the fair market value of the shares. Short-term or long-term capital gain (or loss) will be recognized upon sale of the shares depending on how long the shares have been held and the amount of appreciation (or depreciation).

Subject to the discussion immediately below, we (or our subsidiaries) will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the ordinary compensation income recognized by an award recipient under the foregoing rules.

**Tax Code Limitations on Deductibility.** For the amounts described above to be deductible by us (or by our subsidiaries), such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

Our ability (and the ability of our subsidiaries) to obtain a deduction for future payments under the Plan could also be limited by the golden parachute payment rules of Section 280G of the Code, which prevent the deductibility of certain excess parachute payments made in connection with a change of control of an employer-corporation.

Finally, our ability (and the ability of our subsidiaries) to obtain a deduction for amounts paid under the Plan could be limited by Section 162(m) of the Code, which limits the deductibility, for federal income tax purposes, of compensation paid to a covered employee to \$1,000,000 during any taxable year. Although the Plan has been drafted to satisfy the requirements for the performance-based compensation exception to this \$1,000,000 deduction limit with respect to performance awards, we may determine that it is in our best interests not to satisfy the requirements for the exception. Further, we may grant awards which do not qualify as performance-based compensation under Section 162(m) of the Code.

**Application of Code Section 409A.** Code Section 409A imposes an additional 20% tax and interest on an individual receiving non-qualified deferred compensation under a plan that fails to satisfy certain requirements. For purposes of Code Section 409A, "non-qualified deferred compensation" includes certain equity-based incentive programs, including performance award programs. Generally speaking, Code Section 409A does not apply to incentive awards that are paid at the time the award vests. Likewise, Section 409A typically does not apply to restricted stock. Code Section 409A does, however, apply to incentive awards the payment of which is delayed beyond the calendar year in which the award vests.

The Company intends that awards made pursuant to the Plan will be designed to comply with the requirements of Code Section 409A to the extent such awards are not exempt from coverage. However, if an award fails to comply with Code Section 409A in operation, a holder could be subject to the additional taxes and interest.

The above summary relates to U.S. federal income tax consequences only and applies to U.S. citizens and foreign persons who are U.S. residents for U.S. federal income tax purposes. The U.S. federal income tax consequences associated with the issuance of shares of our Common Stock to nonresident aliens depends upon a number of factors, including whether such issuance is considered to be U.S. source income and whether the provisions of any treaty are applicable. The acquisition, ownership or disposition of shares of our Common Stock may also have tax consequences under various state, local and foreign laws.

Vote Required and Board of Directors' Recommendation

The affirmative vote of the holders of a majority of the shares present or represented by proxy at the meeting and entitled to vote on the matter will be required to approve the Plan.

The Board recommends stockholders vote "FOR" the proposal to adopt and approve the Amended and Restated Perficient, Inc. 2012 Long Term Incentive Plan.

27

---

#### PROPOSAL 4. RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed the firm of KPMG LLP ("KPMG") as the Company's independent registered public accounting firm for 2014. KPMG has served as the Company's independent registered public accounting firm since 2007. Although action by the stockholders in this matter is not required, the Audit Committee believes that in light of the critical role played by the independent registered public accounting firm in maintaining the integrity of the Company's financial controls and reporting, it is a matter of good practice. The affirmative vote of a majority of the shares of our Common Stock cast in person or by proxy, excluding abstentions, on the proposal will be considered approved by the stockholders.

In the event our stockholders fail to approve the proposal to appoint KPMG as the Company's independent registered public accounting firm, the Audit Committee will reconsider whether or not to retain the firm. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of the Company and its stockholders.

The Board recommends a vote "FOR" the proposal to ratify the independent registered public accounting firm.

#### Principal Accounting Firm Fees and Services

The table below sets forth an estimate of the fees that we expect to be billed for audit services for fiscal year 2013, as well as the fees expected to be billed with respect to audit-related, tax and all other services rendered during that period. In addition, the table sets forth the fees billed for audit, audit-related, tax and all other services during or in connection with fiscal year 2012.

	Year Ended December 31,	
	2013	2012
Audit fees	\$640,000	\$604,000
Audit-related fees	11,000	-
Tax fees	512,000	250,000
Total fees	\$1,163,000	\$854,000

**Audit Fees.** Audit fees represent fees for professional services provided in connection with the audit of the Company's annual financial statements and of management's assessment and the operating effectiveness of internal control over financial reporting included in the Company's Annual Report on Form 10-K, the quarterly reviews of financial statements included in the Company's Quarterly Reports on Form 10-Q, other statutory or regulatory filings, and services that are normally provided in connection with such filings.

**Tax Fees.** Tax fees represent all fees provided for professional services rendered by KPMG for tax compliance, tax advice and tax planning. The Company did not pay any other tax-related fees to KPMG for the years ended December 31, 2013 or December 31, 2012.

**Audit-Related Fees.** Assurance and related services that are reasonably related to the performance of the audit or review of financial statements including attest or audit services that are not required.

**All Other Fees.** The Company did not pay any other fees to KPMG for the years ended December 31, 2013 and 2012.

**Services.** The audit report of KPMG on the Company's financial statements as of December 31, 2013 and 2012 and for each of the three years ended December 31, 2013 did not contain an adverse opinion or disclaimer of opinion and

were not qualified or modified as to uncertainty, audit scope, or accounting principles. KPMG's audit report on the effectiveness of internal control over financial reporting as of December 31, 2013 and 2012 indicated that in KPMG's opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013 and 2012.

We expect that one or more representatives of KPMG will be present at the Meeting. Each of these representatives will have the opportunity to make a statement, if he or she desires, and is expected to be available to respond to any questions.

28

---



## Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures relating to the pre-approval of all audit services and non-audit services that are permitted by applicable laws and regulations, and that are to be performed by the Company's independent auditors. As part of those policies and procedures, the Audit Committee has pre-approved specific audit and audit-related services that may be provided by the Company's independent auditors subject to certain maximum dollar amounts. No further approval by the Audit Committee is required in advance of services falling within the specific types of services and cost-levels included in the pre-approved services. Any proposed services not specifically pre-approved or exceeding pre-approved cost levels require specific pre-approval by the Audit Committee. No services of any kind were approved pursuant to a waiver permitted pursuant to 17 CFR 210.2-01(c)(7)(i)(C).

## AUDIT COMMITTEE REPORT

The Audit Committee reports to and acts on behalf of the Board by providing oversight of the financial management, legal compliance programs, independent auditors, and accounting policies and procedures of the Company. The Company's management is responsible for preparing the Company's financial statements and systems of internal control and the independent auditors are responsible for auditing those financial statements and expressing its opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Company in conformity with GAAP. The Audit Committee is responsible for overseeing the conduct of these activities by the Company's management and the independent auditors.

In this context, the Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that the Company's consolidated financial statements, as of and for the fiscal year ended December 31, 2013, were prepared in accordance with GAAP, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors.

The Audit Committee has discussed with the independent auditors matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16 "Communications with Audit Committees." The Audit Committee also received the written disclosures from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and discussed with the independent auditors their independence and related matters.

The Audit Committee also has discussed with the Company's independent auditors, with and without management present, their evaluations of the Company's internal accounting controls and the overall quality of the Company's financial reporting.

In further reliance on the reviews and discussions with management and the independent auditors referred to above, the Audit Committee recommended to the Board the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the SEC.

The Audit Committee  
David S. Lundeen, Chairman  
James R. Kackley  
Ralph C. Derrickson

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Directors and Executive Officers

Edgar Filing: PERFICIENT INC - Form DEF 14A

The following table sets forth the beneficial ownership of the Common Stock as of April 2, 2014 for each director, each of the Nominee Directors, and each executive officer named in the Summary Compensation Table herein, and by all directors and executive officers of the Company as a group.

Name and Company Position	Shares Beneficially Owned (1)	Percent of Class (2)
Jeffrey S. Davis, President and CEO	623,152	1.8%
Kathryn J. Henely, COO	215,415	*
Paul E. Martin, CFO	226,355	*
Ralph C. Derrickson, Director	38,816	*
John S. Hamlin, Director	33,791	*
James R. Kackley, Director	26,900	*
David S. Lundeen, Director	52,579	*
Directors and executive officers as a group (7 persons)	1,217,008	3.5%

- (1) Represents the Company's only class of voting Common Stock.  
The percentage of Common Stock owned is based on total shares outstanding of 34,537,428 as of April 2, 2014, and including for each named executive officer and director the shares of
- (2) Common Stock issuable upon the exercise of options issued to such executive officer or director and exercisable within 60 days of the date hereof.
- \* Represents less than 1% of the Company's Common Stock outstanding as of April 2, 2014.

#### Security Ownership of Certain Beneficial Owners

The following table sets forth, as of April 2, 2014, information for each entity that, to the knowledge of the Company, beneficially owned more than 5% of the Common Stock, based on statements filed with the SEC pursuant to Section 13(g) or 13(d) of the Exchange Act:

Name and Address of Beneficial Owner	Amount and Nature of Shares	
	Beneficially Owned	Percent of Class (1)
BlackRock Inc. 40 East 52nd Street New York, NY 10022	3,170,591	(2)9.2%
FMR LLC 245 Summer Street Boston, MA 02210	1,711,690	(3)5.0%

- (1) The percentage of Common Stock owned is based on total shares outstanding of 34,537,428 as of April 2, 2014. According to information provided to the Company in an amendment to Schedule 13G filed with the SEC on
- (2) January 31, 2014. The Schedule 13G states that the filer has sole voting power for 3,078,908 shares and sole power to dispose or to direct the disposition of all shares.  
According to information provided to the Company in an amendment to Schedule 13G filed with the SEC on
- (3) February 11, 2014. The Schedule 13G states that the filer has sole voting power for 690 shares and sole power to dispose or to direct the disposition of all shares.

#### Equity Compensation Plan Information

The following table provides information with respect to the equity securities that are authorized for issuance under the Company's compensation plans as of December 31, 2013:

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (#)(1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation (#)(2)
Equity Compensation Plans Approved by Security Holders (1)	221,764	\$ 6.08	1,608,824
Equity Compensation Plans Not Approved by Security Holders	-	-	-
Total	221,764	\$ 6.08	1,608,824

(1)

Represents options to purchase 221,764 shares of Common Stock, which were authorized for issuance under the Perficient, Inc. 1999 Stock Option/Stock Issuance Plan.

- Represents authorized shares issuable pursuant the 2012 Plan and its predecessor plan, the Perficient, Inc. 2009 (2) Long-Term Incentive Plan, as amended. Also includes shares reserved for issuance under the Perficient, Inc. Employee Stock Purchase Plan.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires executive officers, directors, and persons who beneficially own more than 10% of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the SEC and the Nasdaq. Based solely on a review of the copies of reports furnished to the Company and written representations from the Company's executive officers, directors, and persons who beneficially own more than 10% of the Company's equity securities, the Company believes that, during the preceding year, all filing requirements applicable to the Company's officers, directors, and 10% beneficial owners under Section 16(a) were satisfied.

30

---

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In order to identify and address concerns regarding related party transactions and their disclosures, the Company uses Directors and Officers Questionnaires and its conduct and ethics policies. The Company also considers the independence of its directors. The discussion of the independence of the directors contained herein under the caption "Composition and Meetings of the Board of Directors and Committees" beginning on page 5.

Directors and Officers Questionnaires are distributed to executive officers and directors at the beginning of each fiscal year to identify any potential related-party transactions. Within the questionnaire, executive officers and directors are asked to describe any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships, occurring since January 1, 2013, in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any of the following had or will have a direct or indirect interest: (i) the individual; (ii) any director or executive officer of the Company; (iii) a nominee for director; (iv) an immediate family member of a director or executive officer of the Company; (v) an immediate family member of a nominee for director; (vi) a security holder of 5% or more of the Common Stock; or (vii) an immediate family member of the security holder. Responses provided within the questionnaire are reviewed by management of the Company to determine any necessary course of action. In 2013, no related party transactions were entered into.

It is the policy of the Company that all employees, directors, and agents maintain the highest ethical standards and comply with all applicable legal requirements when conducting Company business. Guidelines regarding conflicts of interest are detailed in the Company's Corporate Code of Business Conduct and Ethics (the "Code of Conduct") for employees and in the Financial Code of Ethics for the CEO, CFO, and Other Senior Financial Officials, both adopted by the Board. These policies are available on the Company's website at [www.perficient.com](http://www.perficient.com). All Company employees must deal with vendors, customers, and others doing business with the Company in a manner that avoids even the appearance of conflict between personal interests and those of the Company. Potential conflicts of interest may arise from any of the following:

- a direct or indirect financial interest in any business or organization that is a Company vendor or competitor, if the employee or director can influence decisions with respect to the Company's business with respect to such business or organization; and
- serving on the board of directors of, or being employed in any capacity by, a vendor, competitor or customer of the Company.

Relationships, including business, financial, personal, and family, may give rise to conflicts of interest or the appearance of a conflict. Employees are encouraged to carefully evaluate their relationships as they relate to Company business to avoid conflict or the appearance of a conflict. To avoid conflicts of interest or the appearance of a conflict:

- Employees are prohibited from directly or indirectly competing, or performing services for any person or entity in competition with, the Company.
- Employees are required to comply with the policies set forth in the Code of Conduct regarding the receipt or giving of gifts, favors or entertainment.  
A full-time employee is required to obtain the approval of his or her supervisor before serving as a trustee, regent, director, or officer of a philanthropic, professional, national, regional, or community organization, or educational institution.
- Employees may not sell or lease equipment, materials or property to the Company without appropriate corporate authority.
- Employees are required to purchase Company equipment, materials or property only on terms available to the general public.

Any employee or director who becomes aware of a conflict is required to bring it to the attention of a supervisor, management or other appropriate personnel.

Directors are expected and required to uphold the same dedication to corporate ethics as the Company's employees.

If a conflict of interest arises involving an executive officer or director, the Board must approve a waiver to the Code of Conduct and if a director has the conflict, that director must abstain from the approval. Waivers are made on a case-by-case basis. The Board has not adopted a formal written policy with respect to waiving conflict of interests or approving related party transactions. In making this determination, the Board considered the infrequency in occurrence of these transactions. Any waivers to the Code of Conduct granted to an executive officer or director shall be disclosed by the Company on its website at [www.perficient.com](http://www.perficient.com).

31

---

## STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

Any stockholder of Perficient eligible to vote in an election may make stockholder proposals and nominations for the 2015 Annual Meeting. In order to be considered for inclusion in the 2015 Proxy Statement and considered at the 2015 Annual Meeting, all stockholders proposals, nominations and notifications must: (i) comply with the procedures set forth in Perficient's bylaws; and (ii) be appropriately received by the Secretary of Perficient on or before December 15, 2014.

Pursuant to the bylaws of Perficient, nominations of persons for election to the Board may be made at a meeting of stockholders by or at the direction of the Board or by any stockholder entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in the bylaws. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to notice in writing to the Secretary of the Company, and must be received by the Secretary of Perficient on or before December 15, 2014. Such stockholder's notice shall set forth:

- (1) the name, age, business address and residence address of such person;
- (2) the principal occupation or employment of such person;
- (3) the class and number of shares of the Company which are beneficially owned by such person;
- (4) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder; and
- (5) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required in each case pursuant to Regulation 14A of the Exchange Act (including without limitation such person's written consent to being named in the Proxy Statement, if any, as a nominee and to serve as a director if elected).

Any nominations received from stockholders must be in full compliance with applicable laws and with the bylaws of Perficient.

## OTHER MATTERS

The Board does not intend to bring any matters before the Meeting other than those stated in this Proxy Statement, and is not aware that any other matters will be presented for action at the Meeting. If any other matters come before the Meeting, the persons named in the enclosed form of proxy will vote the proxy with respect thereto in accordance with their best judgment, pursuant to the discretionary authority granted by the proxy. Whether or not you plan to attend the Meeting in person, please complete, sign, date, and return the enclosed proxy card promptly.

FORM 10-K

Perficient will furnish, without charge to each person solicited and to each beneficial owner of its securities, on the written request of such person, a copy of its Annual Report on Form 10-K, except for the exhibits to such Form 10-K but including the financial statements filed with such Form 10-K. Perficient will furnish any exhibit to the Form 10-K upon the payment of a reasonable fee which shall be limited to its reasonable expenses in furnishing such exhibit. Requests should be directed to Mr. Paul E. Martin, Perficient, Inc., 622 Emerson Rd., Suite 400, Saint Louis, Missouri, 63141, telephone number (314) 529-3600.

33

---



APPENDIX A

AMENDED AND RESTATED  
PERFICIENT, INC.  
2012 LONG TERM INCENTIVE PLAN  
(as amended and restated as of March 4, 2014)

Perficient, Inc. (the "Corporation") adopted the 2012 Long Term Incentive Plan at its annual stockholder meeting in 2012 (the "2012 Plan"). The Corporation now wishes to amend and completely restate the 2012 Plan including amendments to increase the number of shares and extend the duration of the 2012 Plan. The increase in the number of shares is contingent upon approval of the stockholders of the Corporation at its 2014 Annual Meeting of Stockholders. This amendment and restatement of the 2012 Plan (the "Plan") was approved by the Board of Directors of the Corporation on March 4, 2014.

The 2012 Plan is hereby amended to read in its entirety as follows:

1. **Purpose.** The purpose of the Plan is to encourage officers, employees, directors and other persons providing significant services to the Corporation and its subsidiaries to acquire a proprietary and vested interest in the growth and performance of the Corporation, to generate an increased incentive to contribute to the Corporation's future success and prosperity, thus enhancing the value of the Corporation for the benefit of stockholders, and to enhance the ability of the Corporation to attract and retain individuals of exceptional managerial talent upon whom, in large measure, the sustained progress, growth and profitability of the Corporation depends.
2. **Administration.** The Plan shall be administered by a committee of the Board of Directors (the "Administrator"), composed solely of two or more outside directors as defined in Section 162(m) of the Internal Revenue Code, as amended, and the regulations thereunder (the "Code").

The authority to select persons eligible to participate in the Plan, to grant benefits in accordance with the Plan, and to establish the timing, pricing, amount and other terms and conditions of such grants (which need not be uniform with respect to the various participants or with respect to different grants to the same participant), may be exercised by the Administrator in its sole discretion. Subject to the provisions of the Plan, the Administrator shall have exclusive authority to interpret and administer the Plan, to establish appropriate rules relating to the Plan, to delegate some or all of its authority under the Plan and to take all such steps and make all such determinations in connection with the Plan and the benefits granted pursuant to the Plan as it may deem necessary or advisable.

The Administrator in its sole discretion may delegate and assign specified duties and authority of the Administrator to any other committee and retain the other duties and authority of the Administrator to itself.

3. **Shares Reserved Under the Plan.** Subject to the provisions of Section 13 (relating to adjustment for changes in capital stock) the aggregate number of shares of the common stock of the Corporation ("Common Stock") that may be available for delivery pursuant to awards granted under the Plan shall be five million (5,000,000) shares of Common Stock. The shares may be authorized but unissued shares or treasury shares, including shares reacquired by the Corporation either in the open market or in private transactions.

As used in this Section 3, the term "Plan Maximum" shall refer to the number of shares of Common Stock of the Corporation that are available for grant of awards pursuant to the Plan. Stock underlying outstanding options, stock appreciation rights, or performance awards will reduce the Plan Maximum while such options, stock appreciation rights or performance awards are outstanding. Shares underlying expired, canceled or forfeited options, stock appreciation rights or performance awards shall be added back to the Plan Maximum. Any shares which are used as full or partial payment for the purchase price of shares or the tax withholding obligation with respect to any award granted under the Plan shall not be added back to the Plan Maximum. For example, upon payment in shares of

Common Stock pursuant to the exercise of a stock appreciation right, the number of shares available for issuance under the Plan will be reduced by the gross number of shares of Common Stock with respect to which the stock appreciation right is being exercised, rather than reducing the number of shares available by only the number of shares of Common Stock issued. Similarly, if the exercise price of an option is paid by net exercise or by tender to the Corporation of shares of Common Stock, or attestation to the ownership, of shares of Common Stock owned by the recipient, the number of shares available for issuance

1

---

under the Plan will be reduced by the gross number of shares of Common Stock for which the option is exercised. Restricted stock issued pursuant to the Plan will reduce the Plan Maximum while outstanding even while subject to restrictions. Shares of restricted stock shall be added back to the Plan Maximum if such restricted stock is forfeited or is returned to the Corporation as part of a restructuring of benefits granted pursuant to the Plan. No award may be granted under the Plan more than ten (10) years after the date the Plan is approved by the Board of Directors.

Notwithstanding the above, the maximum number of shares subject to stock options or stock appreciation rights that may be awarded in any calendar year to any individual shall not exceed 100,000 shares (as adjusted in accordance with Section 13).

4. Participants. Eligible participants under the Plan will consist of such officers, employees and directors of the Corporation or any designated subsidiary as the Administrator in its sole discretion shall determine. Eligible participants under the Plan may also include any individual other than an employee who has been retained to render consulting or advisory services to the Corporation or any designated subsidiary as the Administrator may determine in its sole discretion. Designation of a participant in any year shall not require the Administrator to designate such person to receive a benefit in any other year or to receive the same type or amount of benefit as granted to the participant in any other year or as granted to any other participant in any year. The Administrator shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective benefits.

5. Types of Benefits. The following benefits may be granted under the Plan: (a) stock appreciation rights ("SARs"); (b) restricted stock ("Restricted Stock"); (c) performance awards ("Performance Awards"); (d) incentive stock options ("ISOs"); (e) nonqualified stock options ("NQSOs"); and (f) stock units ("Stock Units"), all as described below.

6. Stock Appreciation Rights. A SAR is the right to receive all or a portion of the difference between the fair market value of a share of Common Stock at the time of exercise of the SAR and the exercise price of the SAR established by the Administrator, which shall be no less than 100% of the fair market value of the underlying shares on the date the SAR is granted, subject to such terms and conditions set forth in a SAR agreement as may be established by the Administrator in its sole discretion. At the sole discretion of the Administrator, SARs may be exercised: (a) in lieu of exercise of an option, (b) in conjunction with the exercise of an option, (c) upon lapse of an option, (d) independent of an option or (e) in each of the circumstances stated in (a) through (d) above, in connection with a previously awarded option under the Plan. If the option referred to in (a), (b) or (c) above qualified as an ISO pursuant to Section 422 of the Code, the related SAR shall comply with the applicable provisions of the Code. At the time of grant, the Administrator may establish, in its sole discretion, a maximum amount per share which will be payable upon exercise of a SAR, and may impose conditions on exercise of a SAR that conform to the requirements of the Plan. At the sole discretion of the Administrator, payment for SARs may be made in cash or shares of Common Stock, or in a combination thereof. SARs will be exercisable not later than ten years after the date they are granted and will expire in accordance with the terms established by the Administrator. SARs shall become exercisable over a period of no less than three years in equal increments on the first and subsequent anniversaries of the grant date.

7. Restricted Stock. Restricted Stock is Common Stock issued or transferred under the Plan (other than upon exercise of stock options or as Performance Awards), subject to such terms and conditions set forth in a Restricted Stock agreement as may be established by the Administrator in its sole discretion. In the case of any Restricted Stock:

(a) The purchase price, if any, will be determined by the Administrator.

(b) The period of restriction shall be established by the Administrator for any grants of Restricted Stock; provided that Restricted Stock shall vest over a period of no less than three years, and that no portion of the grant shall vest prior to the first anniversary of the grant date, no more than one-third of the grant shall vest prior to the second anniversary of the grant date and no more than two-thirds of the grant shall vest prior to the third anniversary of the

grant date; provided, further, that the Administrator may establish a vesting schedule other than the immediately foregoing schedule with respect to grants under the Plan of up to 50,000 shares of Restricted Stock in the aggregate.

2

---

(c) Restricted Stock may be subject to (i) restrictions on the sale or other disposition thereof; (ii) rights of the Corporation to reacquire such Restricted Stock at the purchase price, if any, originally paid therefor upon termination of the recipient's employment or service within specified periods; (iii) representation by the recipient that he or she intends to acquire Restricted Stock for investment and not for resale; and (iv) such other restrictions, conditions and terms as the Administrator deems appropriate.

(d) Unless otherwise provided in the Restricted Stock agreement established by the Administrator, the recipient shall not be entitled to dividends paid with respect to Restricted Stock during the period of restriction.

(e) Unless otherwise provided in the Restricted Stock agreement established by the Administrator, the recipient shall be entitled to vote the Restricted Stock during the period of restriction.

(f) The Administrator shall determine whether Restricted Stock is to be delivered to the recipient with an appropriate legend imprinted on the certificate or if the shares are to be issued in the name of a nominee or deposited in escrow pending removal of the restrictions.

Paragraph (b) above shall not apply to Restricted Stock (i) issued to a non-employee director of the Corporation as part of an annual or initial grant made to non-employee members of the Board of Directors; or (ii) issued pursuant to a sales award program existing on March 4, 2014 (or a successor to such a program), provided that the award has a value of less than \$100,000 on the grant date.

8. Performance Awards. Performance Awards are Common Stock, monetary units or some combination thereof, to be issued without any payment therefor, in the event that certain performance goals established by the Administrator are achieved over a period of time designated by the Administrator, but not in any event less than one year or more than five years. The goals established by the Administrator may include (a) earnings per share; (b) pre-tax or after-tax return on equity; (c) pre-tax or after-tax net income; (d) business unit or departmental pre-tax or after-tax income; (e) book value per share; (f) market price per share; (g) relative performance to peer group companies; (h) expense management; (i) total return to stockholders; (j) sales; and (k) such other goals as may be established by the Administrator. In the event the minimum corporate goal is not achieved at the conclusion of the applicable performance period, no payment shall be made to the recipient. Actual payment of the award earned shall be in cash or in Common Stock or in a combination thereof, as the Administrator may determine in its sole discretion. If Common Stock is used, the recipient shall not have the right to vote and receive dividends until the goals are achieved and the actual shares are issued.

9. Incentive Stock Options. ISOs are options to purchase shares of Common Stock that qualify as and are intended to be incentive stock options under the requirements of Section 422 of the Code. The exercise price of such option shall not be less than 100% of the fair market value of the shares on the date the option is granted, and such option shall be subject to such other terms and conditions set forth in an option agreement established by the Administrator in its sole discretion. ISOs are intended to qualify with the requirements of Section 422 of the Code. The purchase price for ISOs may be paid: (a) by check or (b) in the sole discretion of the Administrator, by the delivery of shares of Common Stock owned by the recipient, or (c) in the sole discretion of the Administrator, by a combination of any of the foregoing, in the manner provided in the option agreement. The aggregate fair market value (determined as of the time an option is granted) of the stock with respect to which ISOs are exercisable for the first time by a recipient during any calendar year (under all option plans of the Corporation and its subsidiaries) shall not exceed \$100,000. No ISO shall be exercisable more than ten years after the date it is granted. ISOs shall become exercisable over a period of no less than three years from the grant date and no portion of the ISO shall vest prior to the first anniversary of the grant date, no more than one-third of the grant shall vest prior to the second anniversary of the grant date and no more than two-thirds of the grant shall vest prior to the third anniversary of the grant date.

10. Nonqualified Stock Options. NQSOs are options to purchase shares of Common Stock that are not intended to qualify as "incentive stock options" under Section 422 of the Code. The exercise price of an NQSO shall not be

less than 100% of the fair market value of the shares on the date the options are granted, and such option shall be subject to such other terms and conditions set forth in an option agreement as established by the Administrator in its sole

3

---

discretion. The purchase price for NQSOs may be paid: (a) by check or (b) in the sole discretion of the Administrator, by the delivery of shares of Common Stock owned by the recipient, or simply by delivering to the recipient upon exercise of the option only the net number of shares of Common Stock with a value equal to the difference between the fair market value of the shares subject to the option and the purchase price of the option, or (c) in the sole discretion of the Administrator, by a combination of any of the foregoing, in the manner provided in the option agreement. No NQSO shall be exercisable later than ten years after the date it is granted. NQSOs shall become exercisable over a period of no less than three years from the grant date and no portion of the NQSO shall vest prior to the first anniversary of the grant date, no more than one-third of the grant shall vest prior to the second anniversary of the grant date and no more than two-thirds of the grant shall vest prior to the third anniversary of the grant date.

11. **Stock Units.** A Stock Unit represents the right to receive a share of Common Stock at such time and, subject to such terms and conditions set forth in a Stock Unit agreement established by the Administrator in its sole discretion. The recipient of a Stock Unit does not have the rights of a stockholder until receipt of Common Stock.

12. **No Dividend Equivalent Units.** Notwithstanding anything to the contrary in the Plan, no dividend equivalent units shall be granted under the Plan either in connection with any award or in a grant independent of any award.

13. **Adjustment Provisions.**

(a) If the Corporation shall at any time change the number of issued shares of Common Stock without new consideration to the Corporation (such as by stock dividends or stock splits), the total number of shares reserved for issuance under the Plan and the number of shares covered by each outstanding benefit granted under the Plan shall be adjusted so that the aggregate consideration payable to the Corporation, if any, and the value of each such benefit shall not be changed. Benefits may also contain provisions for their continuation or for other equitable adjustments after changes in the Common Stock resulting from reorganization, sale, merger, consolidation, issuance of stock rights or warrants, or similar occurrence.

(b) Notwithstanding any other provision of the Plan, and without affecting the number of shares reserved or available hereunder, the Board of Directors may authorize the issuance or assumption of benefits in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate.

14. **Change in Control.** Except as otherwise set forth in the terms of an employment agreement entered into prior to the date this Plan is approved by the Board of Directors, in the event of a Change in Control of the Corporation, as defined below, the vesting of all outstanding SARs, shares of Restricted Stock, ISOs, NQSOs and Stock Units shall be accelerated only to the extent set forth in the applicable award agreement established by the Administrator in its sole discretion; provided, however, that in no event shall vesting accelerate: (i) because of a merger, consolidation, acquisition or similar transaction prior to the consummation of such transaction; and (ii) absent a termination of employment (either by the Corporation or by the participant) of the recipient.

"Change in Control" means:

(a) The acquisition by one person, or more than one person acting as a group, of ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Corporation;

(b) The acquisition by one person, or more than one person acting as a group, of ownership of stock of the Corporation, that together with stock of the Corporation acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group, constitutes 30% or more of the total voting power of the stock of the Corporation;





(c) A majority of the members of the Board of Directors is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors before the date of the appointment or election;

(d) One person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group) assets from the Corporation that have a total gross fair market value (determined without regard to any liabilities associated with such assets) equal to or more than 40% of the total gross fair market value of all of the assets of the Corporation immediately before such acquisition or acquisitions.

Persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation or other entity that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Corporation.

This definition of Change in Control shall be interpreted in accordance with, and in a manner that will bring the definition into compliance with, the regulations under Section 409A of the Code.

15. Nontransferability. Each benefit granted under the Plan to an employee shall not be transferable otherwise than by will or the laws of descent and distribution; provided, however, that NQSOs granted under the Plan may be transferred, without consideration, to a Permitted Transferee (as defined below). Benefits granted under the Plan shall be exercisable, during the recipient's lifetime, only by the recipient or a Permitted Transferee. In the event of the death of a recipient, exercise or payment shall be made only:

(a) By or to the Permitted Transferee, executor or administrator of the estate of the deceased recipient or the person or persons to whom the deceased recipient's rights under the benefit shall pass by will or the laws of descent and distribution; and

(b) To the extent that the deceased participant or the Permitted Transferee, as the case may be, was entitled thereto at the date of his or her death.

For purposes of this Section 15, "Permitted Transferee" shall include: (i) one or more members of the recipient's family, (ii) one or more trusts for the benefit of the recipient and/or one or more members of the recipient's family, or (iii) one or more partnerships (general or limited), corporations, limited liability companies or other entities in which the aggregate interests of the recipient and members of the recipient's family exceed 80% of all interests. For this purpose, the recipient's family shall include only the recipient's spouse, children and grandchildren.

16. Taxes. The Corporation shall be entitled to withhold the amount of any tax attributable to any amounts payable or shares deliverable under the Plan after giving the person entitled to receive such payment or delivery notice as far in advance as practicable, and the Corporation may defer making payment or delivery as to any benefit if any such tax is payable until indemnified to its satisfaction. The person entitled to any such delivery may, by notice to the Corporation at the time the requirement for such delivery is first established, elect to have such withholding satisfied by a reduction of the number of shares otherwise so deliverable, such reduction to be calculated based on a closing market price on the date of such notice.

17. Tenure. A participant's right, if any, to continue to serve the Corporation and its subsidiaries as an officer, employee, director, consultant, advisor or otherwise, shall not be enlarged or otherwise affected by his or her designation as a participant under the Plan.

18. Duration, Interpretation, Amendment and Termination. No benefit shall be granted more than ten years after the date the Plan becomes effective in accordance with Section 19 below; provided, however, that the terms and conditions applicable to any benefit granted within such period may thereafter be amended or modified by mutual agreement between the Corporation and the recipient or such other person as may then have an interest therein. Without the prior approval of the Corporation's stockholders, the Corporation will not effect a "repricing" (as defined below) of any stock options or other benefits granted under the Plan. For purposes of the immediately preceding sentence, a "repricing" shall be deemed to mean any of the following actions or any other action having the same effect: (a) the lowering of the purchase price of an option or other benefit after it is granted; (b) the canceling of an option or other benefit

5

---

in exchange for another option or benefit at a time when the purchase price of the cancelled option or benefit exceeds the fair market value of the underlying stock (unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction); (c) the purchase of an option or other benefit for cash or other consideration at a time when the purchase price of the stock option or benefit exceeds the fair market value of the underlying stock (unless the purchase occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction); or (d) an action that is treated as a repricing under generally accepted accounting principles. To the extent that any stock options or other benefits which may be granted under the Plan would qualify under present or future laws for tax treatment that is beneficial to a recipient, then any such beneficial treatment shall be considered within the intent, purpose and operational purview of the Plan and the sole discretion of the Administrator, and to the extent that any such stock options or other benefits would so qualify within the terms of the Plan, the Administrator shall have full and complete authority to grant stock options or other benefits that so qualify (including the authority to grant, simultaneously or otherwise, stock options or other benefits which do not so qualify) and to prescribe the terms and conditions (which need not be identical as among recipients) in respect to the grant or exercise of any such stock option or other benefits under the Plan.

The Board of Directors may amend the Plan from time to time or terminate the Plan at any time. However, no action authorized by this paragraph shall reduce the amount of any existing benefit or change the terms and conditions thereof without the recipient's consent. No amendment of the Plan shall, without approval of the stockholders of the Corporation, (a) increase the total number of shares which may be issued under the Plan or increase the amount or type of benefits that may be granted under the Plan; or (b) modify the requirements as to eligibility for benefits under the Plan.

19. Effective Date. The Plan shall become effective as of the date it is approved by the stockholders of the Corporation as required under applicable law and regulation, including the requirements of the applicable listing exchange.

6

---



