Perficient

1999 Annual Report

Company Profile

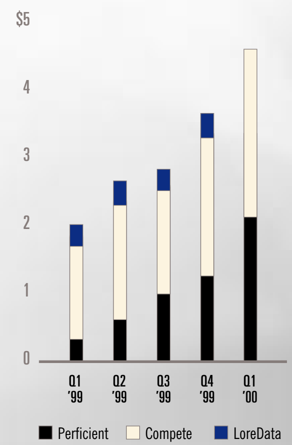
Perficient enables high growth Internet software companies to achieve success by providing them dedicated virtual professional services organizations (or V-PSOs). Perficient's V-PSOs allow its software company partners to focus on their core business of improving and selling their software by outsourcing services delivery to expert, highly scalable Perficient teams that function as an extension of the partner's organization. Perficient partners are leading Internet commerce "enablers" that provide the software platform for building the e-business infrastructure, such as Vignette Corporation, IBM, Plumtree Software, Calico Commerce and Motive Communications.

What is a V-PSO?

A V-PSO is a team of Perficient information technology professionals dedicated to a specific Internet software company partner that plans, manages and executes software product deployment and integration projects.

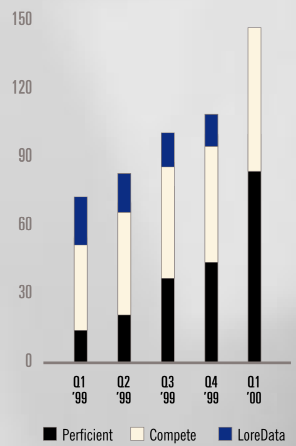
Financial and Market Highlights

Quarterly Gross Revenue
(in millions)

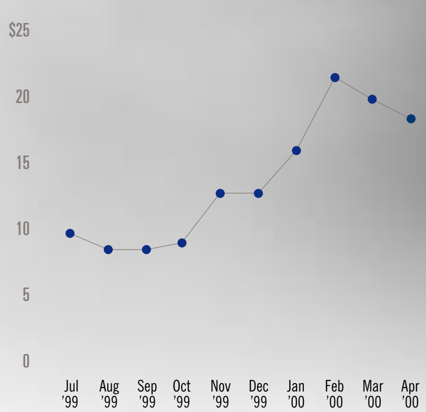


Note: Q1'00 Consulting Revenue includes Rebillable Expenses for consistency with 1999 figures. Beginning in Q1'00, the Company no longer includes Rebillable Expenses in Consulting Revenue.

Quarterly Headcount



PRFT Stock Price



John T. McDonald
Chief Executive Officer

Steven G. Papermaster
Chairman of the Board

A Very Good Year

For Perficient, 1999 was a very good year. We focused on achieving scale, diversifying revenues and building shareholder value, all while establishing our unique virtual professional services organization (V-PSO) model as the standard in outsourced services for Internet software companies. The results speak for themselves:

- We started 1999 with 12 employees and today have over 180, a 1,400% increase in our revenue generating capacity.
- We grew from $826,000 in 1998 actual revenues to $11,147,000 in 1999 pro forma revenues, an increase of 1,250%, and did so while remaining profitable on a pro forma cash basis[1].
- We built and grew V-PSOs with some of the world's leading Internet "enablers;" the companies building the software infrastructure for the next generation of Internet commerce and communications: Vignette Corporation, IBM, Calico Commerce, Plumtree Software and Motive Communications.
- On a pro forma basis, we successfully executed over 170 Internet consulting engagements for over 90 world-leading companies and emerging dot.coms, including American Express, Barclay's Bank, Canada Trust, Charles Schwab, eHow.com, HomePortfolio.com, Health Management Systems, MCI Worldcom, SBC Communications and Qantas Airways.
- We completed a successful IPO in July and, in sharp contrast to many of 1999's Internet offerings, our stock price is up substantially from the offer price.
- We completed and successfully integrated acquisitions of two leading Internet services firms: Compete, Inc. and LoreData, Inc.
- We expanded from 1 to 5 offices in the United States: Austin, San Francisco, Chicago, Raleigh and New London, providing a network for efficient national services delivery.
- We launched our European operations in London through the expansion of our partnership with Vignette, to meet the growing overseas demand for our partners' leading-edge Internet software products.
- We built a management, recruiting and operating infrastructure that can be the platform for sustained future growth.

[1] *The references in this letter to 1999 results include, except where otherwise stated, the acquisitions of LoreData, Inc. and Compete, Inc. as if they had occurred on January 1, 1999. The references to "cash basis" exclude non-cash charges such as goodwill amortization related to acquisitions.*

A Unique Model

One of the great achievements of 1999 was the recognition of the uniqueness of Perficient's V-PSO model. Unlike a typical systems integrator, our V-PSOs enable our Internet software company partners to focus on their core business of improving and selling their software by outsourcing services delivery to expert, highly scalable Perficient teams that function as an extension of the partner's organization.

Several prominent IT analysts have provided their own perspectives on our V-PSO model:

"We believe Perficient's high vendor affinity model and focus on cost-effectively Web-enabling enterprise systems hits a sweet spot in the Internet services market, which we see growing to over $60 billion worldwide by 2003. Of particular note is the potential synergy between Perficient's StoryServer™ and WebSphere™ practices in light of the strategic relationship recently announced between Vignette and IBM. Perficient has assembled a significant amount of focused horsepower in this area under one roof."

—IDC: Chris Hoffman, Worldwide Director of Software Services

"Perficient is pursuing a very unique strategy in the professional services arena, in effect, providing an outsourced professional services arm for ISV partners. Although many professional services firms routinely build up competencies in leading ISV offerings, this is the first time we have seen a company build a business model based on Perficient's outsourced services model. We see this model as highly attractive to ISVs who choose not to develop their own professional services capability internally, and Perficient has already attracted a set of participating ISVs. Perficient's model is highly innovative and provides an attractive alternative to traditional professional staffing models."

—Hurwitz Group: Bill Martorelli, Vice President of E-Services and Sourcing

A Bright Y2K and Beyond

The great news has continued into 2000. Our first quarter pro forma revenues were over $4,000,000, a 178% increase over the same period in 1999. Those revenues were diversified among our Vignette, IBM, Calico and Plumtree practices, with our fast-growing Vignette practice comprising less than 36% of pro forma revenues. To provide capital for continued growth, we completed a $5.6 million private placement that included leading institutional investors. Finally, we continued our extraordinary organic growth, hiring on a pro forma basis over 60 experienced IT consulting professionals in the first four months of the year alone.

In this new year, we will continue to build upon our success: expanding the pace of hiring to support organic growth, engaging additional industry leading Internet software company partners, seeking to acquire a small number of highly strategic Internet services firms, honing our operations to support a scalable, global business and accelerating opportunities for the professional and personal growth of our consultants.

Looking ahead, we see a bright future for Perficient. The market for Internet services is large and growing rapidly. IDC, a leading IT industry research firm, forecasts the market for Internet Solution Services to grow from $4 billion in 1998 to over $60 billion in 2003, a five-year compound annual growth rate (CAGR) of 72%. With our unique model, solid partnerships and outstanding people, we are well positioned to exploit this historic opportunity.

Thanks to our People

Amidst these many achievements, perhaps the most important is that we kept our promise to Perficient's world-class IT consulting professionals ("Perfessionals," as we like to call ourselves) to provide a rewarding career opportunity working with cutting-edge Internet technologies. Our Perfessionals thrive in an entrepreneurial environment characterized by meaningful equity ownership, teamwork, continuing education and mutual respect.

We remind ourselves every day that none of these accomplishments would have been possible without the tremendous commitment of our Perfessionals, among the best and brightest IT consulting professionals the market has to offer. They have been and will remain the backbone of this dynamic, rapidly growing company called Perficient.

John T. McDonald
Chief Executive Officer

Steven G. Papermaster
Chairman of the Board

May 9, 2000
Perficient, Inc. Announces Relationship with IBM to Provide Professional Services; Focus on Deployment of IBM's Websphere E-Business Platform

May 8, 2000
Perficient, Inc. Announces New Managing Director of IBM Practice; Former IBM Executive Brings Experience and Established Relationships to Help Rapidly Scale Practice

May 2, 2000
Perficient Reports Record Q1 Pro Forma Revenues of $4.04 Million, Up 178%; Company is Profitable on Pro Forma Cash Basis as Total Headcount Tops 170

April 25, 2000
Perficient Taps Raymond James as Investment Banker; Capital Markets Leader to Assist with Rapid Growth

April 18, 2000
Perficient Named to dbusiness.com's 50 To Watch List

April 17, 2000
Perficient Expands Senior Management in European Operations; Former Sun Microsystems Forte Software Director to Oversee European Partnerships

April 4, 2000
Perficient and Calico Commerce Forge Alliance to Serve B2B Net Markets; Companies Partner to Deploy Net Marketplaces in Less Than 90 Days

March 9, 2000
Austin High Tech Company Perficient Supports Local Non-Profit for Disadvantaged Youth in Austin

March 3, 2000
Perficient's 1999 Record Pro Forma Revenues of $11.1 Million Reflect Organic Growth, New Partnerships and Acquisition Strategy

February 17, 2000
Perficient Acquires Leading Internet Consultancy, Expands To Five U.S. Markets And Europe; Acquisition adds IBM Relationship and Boosts Headcount to 125

February 7, 2000
Perficient Expands Professional Services into Europe, Vignette Partnership to Lead the Way in U.K. and The Netherlands

January 24, 2000
Perficient Completes $8.1 Million Private Placement

January 24, 2000
Perficient Hires Former Cadence Exec to Lead Recruiting

December 13, 1999
Perficient Acquires LoreData and Opens East Coast Office; Perficient Headcount Tops 55 as Company Grows to Meet Demand for Services

December 7, 1999
Roger Ellsworth Joins Perficient to Lead Vignette Practice; Perot Systems/Sabre Group Alum to Oversee Aggressive Growth Plans

November 22, 1999
Perficient Retains Polaris Group to Seek Acquisitions

November 18, 1999
Perficient and Plumtree Software Forge Services Alliance; Companies to Partner on Rapid Deployment of Unique Corporate Portal Product

Alliances With Industry Leading Partners

Perficient partners are leading Internet commerce “enablers” that provide the software platform for building the e-business infrastructure, such as Vignette Corporation, IBM, Plumtree Software, Calico Commerce and Motive Communications.

Vignette Vignette Corporation (Nasdaq: VIGN) is the leading supplier of eBusiness applications for building online businesses. Vignette’s products enable Internet businesses to create and extend relationships with prospects and customers, and ease high-volume transaction exchanges with suppliers and partners, all of which enhance customer satisfaction and profitability. Vignette’s V/5 Platform equips businesses with a unified view across multiple customers, partners, suppliers, products and interactions, giving companies the ability to maximize and measure the return on investment of all their online relationships and initiatives.

IBM (WebSphere™ Products) The WebSphere™ family of products from IBM (NYSE: IBM) offers customers an open, standards-based Java™ server runtime environment, along with Web site development tools, commerce software and management software to help companies build, manage and deploy powerful, portable e-business applications. Based on the J2EE standards, the IBM® WebSphere™ products provide a superior solution for building next generation business solutions that integrate quickly with a customer’s existing IT infrastructure, leveraging their investments in people, processes and technology. IBM® WebSphere™-based solutions deliver the flexibility and scalability demanded by today’s high-velocity companies with the reliability that has always powered business computing.

Plumtree Plumtree Software is the founder and leader of the corporate portal market. Plumtree’s portal technology is the foundation of a new generation of business-to-business commerce, based on the exchange of ideas, information and services. Using corporate portals as the gateway to proprietary resources and wide-ranging Internet services, Plumtree is opening businesses to a network of customers, partners, and employees. As a result, systems that had never seen the light of day are coming together on the Web for new audiences, bringing into focus a complete view of the business, and empowering organizations to work together more closely than ever before.

Calico Calico (Nasdaq: CLIC) provides eBusiness applications that enable mid-to-large enterprises and Net Markets to deliver unique value to their customers and superior financial results for their shareholders by selling on the Internet. Calico products are based on open standards and designed to enable a robust sales lifecycle which increases customer satisfaction, retention and allows the simplified selling of customized and higher value products. Calico supports rapid and cost-effective integration with existing enterprise applications with Calico Enterprise Connectors™, which enable companies to integrate customer-facing web-based selling applications with enterprise applications and existing content.

Motive Motive Communications is a premier leader in online customer care. Motive’s products automatically connect online users to a company’s answers and experts when they have problems. These products are used to build unique e-service networks that foster customer loyalty, drive revenue, supercharge the bandwidth for information technology (IT), and increase market share. This year, tens of millions of new customers will be wired to use Motive-powered e-service networks, as many of the world’s leading high-tech products now are being manufactured with Motive technology built in.

Partner Strategy

Perficient is targeting value-added, services rich segments of the Internet software market including IRM and personalization (Vignette), B2B Exchanges and sell-side automation (Calico), Corporate Portals (Plumtree) and e-support (Motive). In addition to its growing portfolio of “native” Internet application providers, Perficient has also developed a V-PSO relationship with IBM centered around their enabling “middleware” platform for Web-based transaction systems, WebSphere™. This is significant, because, in addition to deploying and integrating a variety of Web applications, tomorrow’s successful Internet services firms will need to seamlessly and cost effectively link these solutions to existing legacy systems inside and outside the enterprise. IBM’s WebSphere™ provides a critical link to these legacy systems.

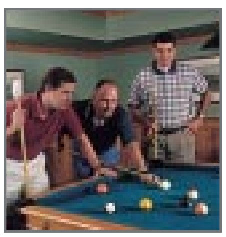
Corporate Portal

In order to keep our globally dispersed Perfessionals connected in a "virtual community," we launched "MyPerficient.com," a secure, global corporate portal implemented using Plumtree's Corporate Portal product. MyPerficient.com brings together in one simple, personalized Web page all the information and productivity tools relevant to Perfessionals, including Perficient, partner and market news, productivity tools for travel, time and expense entry, benefits administration and a wealth of best practices and quality management information directories and documentation. The Portal is accessible to our Perfessionals anytime and anywhere: whether at home, project sites, or airports around the globe.

The Best People

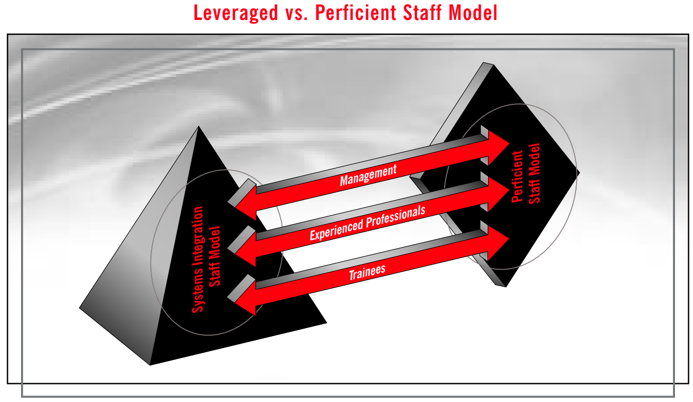
Perfessionals Our “Perfessionals” represent the best IT consulting professionals in the Internet industry today. They combine a depth of understanding of current technologies with the ability to handle the “heavy lifting”: the integration to the existing high value IT assets that are the basis for doing real e-business. This unique skill set has made our Perfessionals the “go to” teams when our partners need experts who have one agenda: client satisfaction.

The Staffing Diamond Perficient is an attractive destination for consultants because we do not follow a traditional “high leverage” staff model characterized by massive numbers of junior consultants bound to rigid methodologies that can suppress innovation. Perficient employs an “expert” model in which small, high impact teams provide an environment for fast-paced professional and personal growth that rewards the innovative thinking that end-customers value.



This focus on seasoned professionals allows us to deliver our partners’ Internet solutions with a speed and quality that is unrivaled in the industry. It also allows us to focus our professional development skills on training these consultants in the intricacies of our partners’ technologies and the best practices for their deployment.

Leveraged vs. Perficient Staff Model



The Perficient Promise As Perfessionals, we have codified our commitments to each other in the Perficient Promise, six simple commitments we make to each other. Periodically, we review our performance as a company, as a management team and as peers relative to this commitment.

- We work with cutting-edge Internet technologies and leading-edge clients
- We maintain an informal team culture
- We provide our Perfessionals with world-class infrastructure support services
- We offer rapid advancement opportunities
- We provide competitive incentives including meaningful equity ownership
- We reinvest in continuing training and education
- We treat each other with respect

World Class Deployments

Described below is a small sample of the over 170 successful Internet consulting engagements we completed in 1999 for over 90 world-leading companies and emerging dot.coms, using software from our industry-leading Internet software company partners.

HomePortfolio.com HomePortfolio™ is the leading Internet destination for premium home design products. The site presents a rich, easy-to-navigate editorial selection of top-of-the-line and hard-to-find products and directs users to their nearest retailers. By creating dynamic new relationships between consumers, manufacturers, and design professionals, HomePortfolio™ is making possible unprecedented market efficiency, personalization, and customer satisfaction. Using Calico's MarketMaker™ product, Perficient implemented this online market with over 23,000 products from more than 1,000 manufacturers and 32,000 retailers serving over 50,000 registered users.

eHow Touting the most originally created how-to solutions in the industry, eHow is the Internet's one-stop resource for getting things done. The service is based on a contextual commerce model, in which how-to content is matched with relevant, comprehensive sets of products and services in a compelling, convenient purchase environment. As part of this model, an editorial network of 200+ people continually build a database of thousands of "eHows" or how-to solutions. By working with distributors, eHow can offer more than a million products that will be presented as part of the how-to solution, and may be purchased direct through the eHow site. Using Vignette's StoryServer™ products, Perficient implemented a comprehensive product fulfillment and financial transaction management services platform for the eHow site capable of supporting the more than 1.5 million unique visitors the site receives each month.

SBC Communications Inc. SBC Communications Inc. is a global communications leader. Through its subsidiaries' trusted brands—Southwestern Bell, Ameritech, Pacific Bell, SBC Telecom, Nevada Bell, SNET and Cellular One—and world-class network, SBC's subsidiaries provide local and long-distance phone service, wireless and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as directory advertising and publishing. SBC sought to improve customer service and reduce costs by enabling customers of all of its U.S. holding companies to self-manage their telecommunications service options (such as three-way calling, call forwarding and caller ID) over the web. Using Vignette's StoryServer™ for content creation and management and IBM's WebSphere™ products for legacy integration, Perficient developed a system which supports the provisioning needs for over 60 million access lines and currently processes over 30,000 orders per week.

Health Management Systems Health Management Systems (HMS) is one of the largest healthcare information technology companies in the nation. HMS is a global provider of decision support, payor systems, and revenue services to more than 1,000 healthcare organizations, including integrated delivery networks, hospitals, MCOs, commercial insurers, physician groups, clinics, and long-term care facilities. Using IBM's VisualAge for Java™ and WebSphere™ products, Perficient designed and developed HMS's next-generation ProAlliance™ product, which provides healthcare insurers web-based centralized critical information about healthcare providers, from credentialing and demographics to the most complex pricing arrangements.

Financial Review

Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and notes thereto and the other financial information included elsewhere in this filing. In addition to historical information, this management's discussion and analysis of financial condition and results of operations and other parts of this filing contain forward-looking information that involve risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information as a result of certain factors, including but not limited to, those set forth under "Risk Factors" and elsewhere in this filing.

We were incorporated in September 1997 and began generating revenue in February 1998. We generate revenues from professional services performed for end-user customers of our partners and associated reimbursable out-of-pocket expenses. We refer to the Internet companies with which we work as our "partners." To date, our limited number of partners have consisted of Internet software companies and we expect that Internet software companies will comprise our partners for the foreseeable future. Our contractual relationships are with our partners rather than their end-user customers. We perform services on a time-and-materials basis and are reimbursed for expenses. We recognize revenue for fees as services are performed and reimbursable expenses as incurred.

We established our first partner relationship with Vignette Corporation, an Internet relationship management software company, in February 1998. During 1999, we established partner relationships with four additional Internet software companies. Most of our revenues for the near future are expected to be derived from Vignette with smaller portions derived from these newer partner relationships. In December, 1999, we began providing services to Plumtree, Inc. Total revenue during 1999 from partners other than Vignette were approximately $102,000. As a result, our revenues and operating results are subject to substantial variations based on Vignette's sales and the frequency with which we are chosen to perform services for Vignette's end-user customers. Our agreement with Vignette may be terminated at any time by Vignette or by us. The agreement does not obligate Vignette to use our services for any minimum amount or at all, and Vignette may use the services of our competitors. Nevertheless, we are restricted, for as long as the agreement is in place, from performing services for Vignette's competitors.

Our plan is to establish additional partner relationships with Internet software companies and increase our number of information technology professionals. In connection with our planned expansion, we expect to incur substantial expenses in anticipation of identifying and being retained by new partners. Therefore, we expect that we will continue to incur losses during 2000. We plan to spend significant amounts on:

- Recruiting, training and equipping information technology professionals;
- Expanding our management and technology infrastructure;
- Expanding our physical facilities;
- Sales and marketing expenses; and
- Working capital and general corporate purposes, including potential acquisitions.

The number of information technology professionals who have agreed to perform services for the Company has increased from zero at December 31, 1997 to 8 at December 31, 1998 and to 43 at December 31, 1999. We expect our number of information technology professionals to grow significantly during the next 12 months. Our personnel costs represent a high percentage of our operating expenses and are relatively fixed in advance of each quarter. Accordingly, if revenues do not increase at a rate equal to expenses, we will incur continuing losses and our business, financial condition, operating results and liquidity will be materially and adversely affected.

Results of Operations

FISCAL YEAR ENDED DECEMBER 31, 1998 COMPARED TO DECEMBER 31, 1999

Consulting Revenues. Revenues increased from $826,000 for the twelve months ended December 31, 1998 to $3,155,000 for the twelve months ended December 31, 1999. The increase in revenues reflected the increase in the number of projects performed and in the number of information technology professionals employed. Our revenues for the twelve months ended December 31, 1998 and 1999 consisted of $694,000 and $2,648,000, respectively, in fees generated by our information technology professionals and $132,000 and $507,000, respectively, of reimbursable expenses. During the twelve month period ended December 31, 1999, 96% of our revenues came from Vignette.

Cost of Consulting Revenues. Cost of revenues, consisting of direct costs, primarily salaries and benefits for information technology professionals assigned to projects and of reimbursable expenses, increased from $401,000 for the twelve months ended December 31, 1998 to $1,541,000 for the twelve months ended December 31, 1999. The number of information technology professionals who have agreed to perform services for the Company increased from 8 for the twelve months ended December 31, 1998 to 43 for the twelve months ended December 31, 1999.

Gross Margin. Gross margin increased from $425,000 for the twelve months ended December 31, 1998 to $1,614,000 for the twelve months ended December 31, 1999. Gross margin as a percentage of consulting revenues was 51% and the gross margin of consulting fees over direct costs of consulting fees, without respect to reimbursable expenses, was 61% for the twelve months ended December 31, 1998 and 1999.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of marketing activities to solicit partners, salaries and benefits, travel costs and non-reimbursable expenses. Selling, general and administrative expenses increased from $357,000 for the twelve months ended December 31, 1998 to $2,197,560 for the twelve months ended December 31, 1999. The increase in selling, general and administrative expenses was related to our increased marketing activities to solicit additional partners and to increases in overhead costs necessary to support the growth in our workforce. We expect these expenses to increase in absolute dollar amounts in connection with our planned expansion.

Management's Discussion and Analysis or Plan of Operations

Stock Compensation. Stock compensation expense consists of non-cash compensation arising from certain sales of stock and option grants to officers, directors or other affiliated persons. We have recognized $880,000 in non-cash compensation in connection with the sale of stock that occurred in January 1999. In addition, we have recorded in stockholders' equity on our balance sheet aggregate deferred stock compensation totaling $228,000 in connection with stock options that were granted in January 1999. Stock option expense will be recognized to the extent of approximately $19,000 per quarter over a three year period ending January 2002, which is the end of the vesting period for the related options. We have recognized approximately $76,000 in non-cash compensation expense during the twelve month period ended December 31, 1999 relating to the vesting of these options. Total non-cash compensation expense for the twelve month period ended December 31, 1999 was $956,000.

Liquidity and Capital Resources

We received approximately $6.3 million in July 1999 from an initial public offering of 1,000,000 shares of our common stock, net of underwriting discounts, commissions and expenses. The primary purposes of the initial public offering were to obtain additional equity capital, create a public market for our common stock and facilitate future access to public markets. Pending the use of proceeds, we have invested the net proceeds of the offering in investment grade, interest-bearing securities. Prior to the offering, we financed our operations primarily through equity financing and bank borrowings. Through June 30, 1999, we had raised $400,000 from private sales of our common stock.

We have a factoring agreement with Silicon Valley Bank, which allows us to borrow up to $1,000,000 against our qualifying accounts receivables. Borrowings under this agreement, which expires July 1, 2000, bear interest at the bank's prime rate. In connection with this bank agreement, we issued warrants to the Bank to acquire up to 3,750 shares of our common stock at $8 per share. As of December 31, 1999, there were no borrowings under this loan agreement.

Cash used in operations for the twelve months ended December 31, 1998 was $55,000 and cash used in operations for the twelve months ended December 31, 1999 was $6,171,264. As of December 31, 1999, we had $5,819,000 in cash and working capital of $6,028,000. On August 3, 1999, our initial public offering was completed and our cash increased by approximately $6.3 million. The timing and amount of our capital requirements will depend on a number of factors, including demand for our services, the need to develop new partner relationships, competitive pressures and the availability of complementary businesses that we may wish to acquire.

On February 7, 2000, we sold 400,000 shares of Perficient common stock at $14 per share in a private placement. We intend to use the proceeds of approximately $5,500,000 from the private placement to fund the cash portion of the purchase price of the anticipated merger with Compete, for our operations and general corporate purposes, and to pay the promissory note payable six months from the Compete closing.

In connection with the anticipated acquisition of Compete, we have agreed to pay to the shareholders and vested option holders of Compete $3,500,000 in cash and we will agree to pay $2,527,500 six months from the date of the closing of the merger. We intend to use the proceeds of the private placement to fund the initial cash payment and expect that we will fund the repayment of the notes from working capital. We expect to close the merger with Compete by July 1, 2000. The closing of the merger, however, is conditioned upon, among other things, obtaining the consent of Perficient's stockholders. Accordingly, there can be no assurances that the acquisition will be completed.

If our capital is insufficient to fund our activities in either the short or long term, we may need to raise additional funds. If we raise additional funds through the issuance of equity securities, our existing stockholders' percentage ownership will be diluted. These equity securities may also have rights superior to our common stock. Additional debt or equity financing may not be available when needed or on satisfactory terms. If adequate funds are not available on acceptable terms, we may be unable to expand our services, respond to competition, pursue acquisition opportunities or continue our operations.

Recent Developments

As of January 3, 2000, we acquired by merger Loredata, Inc. In addition, on February 14, 2000 we agreed to acquire by merger, Compete, Inc. See Item 1—Business—"Recent Developments" for more information with respect to these two acquisitions. The following unaudited pro forma data gives effect to the acquisition of LoreData, Inc. and the proposed merger with Compete, Inc. as if all such transactions had been consummated on December 31, 1999 in the case of balance sheet data and January 1, 1999 with respect to financial data and operations data. The pro forma information gives effect to these transactions under the purchase method of accounting. The pro forma combined condensed financial statements are based on the historical financial statements of Perficient, LoreData and Compete and their related notes thereto previously filed by us with the Securities and Exchange Commission on Form 8-K on March 17, 2000. This pro forma information is presented for informational purposes only and may not necessarily be indicative of the results that actually would have occurred had the merger been consummated at the dates indicated, nor are they necessarily indicative of future operating results or financial position.

Unaudited Pro Forma Condensed Consolidated Balance Sheet

As of December 31, 1999

	Pro Forma
Assets	
Current assets:	
Cash	$ 6,700,452
Accounts receivable, net	1,840,696
Other assets	142,422
Income tax receivable	10,916
Total current assets	8,694,486
Property and equipment	439,430
Accumulated depreciation	(33,813)
Goodwill, net	60,906,298
Other assets	11,453
Total assets	$70,017,854
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 363,013
Short-term borrowings	2,971,276
Other current liabilities	383,814
Total current liabilities	3,718,103
Note payable to related party, less current portion	48,968
Capital lease obligation	119,515
Total liabilities	3,886,586
Stockholders' equity:	
Common Stock	6,282
Additional paid-in capital	67,653,790
Unearned stock compensation	(152,000)
Retained earnings (deficit)	(1,376,804)
Total stockholders' equity	66,131,268
Total liabilities and stockholders' equity	$70,017,854

Unaudited Pro Forma Condensed Statements of Operations

For the Year Ended December 31, 1999

	Pro Forma
Statement of Operations Data:	
Consulting revenue	$ 11,146,993
Cost of consulting revenue	6,597,036
Gross margin	4,549,957
Selling, general and administrative	4,826,433
Stock compensation	956,000
Intangibles amortization	20,247,829
Income (loss) from operations	(21,480,305)
Interest income (expense)	83,179
Income (loss) before income taxes	(21,397,126)
Other expense	30,000
Provision (benefit) for income taxes	(17,777)
Net income (loss)	$(21,409,349)
Supplemental Data:	
Net income (loss) per share: basic and diluted[1]	$ (4.14)
Shares used in computing net income (loss) per share[2]	5,166,138
Diluted supplemental weighted-average shares outstanding	5,577,380
Supplemental Data:	
Net income (loss) as reported	$(21,409,349)
Non-cash charges[3]	21,414,330
Provision (benefit) for income taxes[4]	(20,912)
Supplemental net income before non-cash charges	$ 25,893
Supplemental net income before non-cash charges per share—basic	$ 0.01
Supplemental net income before non-cash charges per share—diluted	$ 0.00

(1) The computation of net loss and diluted supplemental net loss per share excludes Perficient Common Stock issuable upon exercise of certain employee stock options, as their effect is antidilutive.

(2) Pro forma diluted supplemental shares outstanding include estimate of 1,231,709 shares for contingent consideration issuable to certain selling shareholders under the terms of the merger agreements.

(3) Non-cash charges include stock compensation, amortization of intangible assets, including Goodwill, and depreciation expense.

(4) Supplemental net income and supplemental income per share data include a tax provision at an assumed effective rate of 37% for all periods presented.

This information is not necessarily indicative of the results we would have obtained had we owned and operated these businesses as of the beginning of the period discussed. We have based these supplemental adjustments on estimates and available information we deem appropriate.

Balance Sheets

	December 31, 1998	December 31, 1999
Assets		
Current assets:		
Cash	$ 22,996	$ 5,818,918
Accounts receivable	164,961	563,334
Other assets	—	142,422
Income tax receivable	—	10,916
Total current assets	187,957	6,535,590
Computer equipment:		
Hardware	46,442	69,442
Software	6,471	41,783
Furniture and fixtures	—	3,415
	52,913	114,640
Accumulated depreciation	(10,863)	(33,813)
Net property and equipment	42,050	80,827
Total assets	$230,007	$ 6,616,417
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 18,640	$ 165,176
Income tax payable	19,219	—
Accrued liabilities	12,639	199,150
Total current liabilities	50,498	364,326
Deferred income tax	1,350	—
Total liabilities	51,848	364,326
Commitments and contingencies		
Stockholders' equity:		
Common Stock, $0.001 par value; 20,000,000 shares authorized; 2,000,000 and 3,503,333 shares issued and outstanding at December 31, 1998 and 1999, respectively	2,000	3,503
Additional paid-in capital	148,000	7,777,392
Unearned stock compensation, net of $76,000 in amortization for the year ended December 31, 1999	—	(152,000)
Retained earnings (deficit)	28,159	(1,376,804)
Total stockholders' equity	178,159	6,252,091
Total liabilities and stockholders' equity	$230,007	$ 6,616,417

See accompanying notes.

Statements of Cash Flows

	Year Ended December 31, 1998	1999
Operating Activities		
Net income (loss)	$ 40,228	**$(1,404,963)**
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	10,530	**22,950**
Non-cash stock compensation	—	**956,000**
Gain from disposal of fixed assets	(822)	**—**
Deferred income taxes	8,362	**(1,350)**
Changes in operating assets and liabilities:		
Accounts receivable	(164,961)	**(398,373)**
Other assets	911	**(142,422)**
Income tax receivable	—	**(10,916)**
Accounts payable	18,640	**146,536**
Income tax payable	19,219	**(19,219)**
Accrued liabilities	12,639	**186,511**
Net cash used in operating activities	(55,254)	**(665,246)**
Investing Activities		
Purchase of property and equipment	(47,870)	**(61,727)**
Proceeds from disposal of fixed assets	5,596	**—**
Net cash used in investing activities	(42,274)	**(61,727)**
Financing Activities		
Proceeds from line of credit	35,000	**802,673**
Payments on line of credit	(35,000)	**(802,673)**
Proceeds from stock issuances	100,000	**6,522,895**
Net cash provided by financing activities	100,000	**6,522,895**
Increase in cash	2,472	**5,795,922**
Cash at beginning of year	20,524	**22,996**
Cash at end of year	$ 22,996	**$ 5,818,918**
Supplemental non-cash financing activities:		
January 12, 1999 issuance of 500,000 common shares in exchange for shareholder receivable	$ —	**$ 250,000**

See accompanying notes.

Statements of Operations

	Year Ended December 31, 1998	1999
Consulting revenue	$825,800	$ 3,154,936
Cost of consulting revenue	400,977	1,541,389
Gross margin	424,823	1,613,547
Selling, general and administrative	357,014	2,197,560
Stock compensation	—	956,000
Interest expense	—	13,380
Interest income	—	(127,518)
Income (loss) before income tax	67,809	(1,425,875)
Income tax benefit (expense)	(27,581)	20,912
Net income (loss)	$ 40,228	$(1,404,963)
Net income (loss) per share—basic and diluted	$ 0.02	$ (0.47)

See accompanying notes.

Statements of Stockholders' Equity

	Common Stock		Additional Paid-In Capital	Unearned Stock Compensation	Retained Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount				
Issuance of common stock at inception	1,000,000	$1,000	$ 49,000	$ —	$ —	$ 50,000
Net loss	—	—	—	—	(12,069)	(12,069)
Balance at December 31, 1997	1,000,000	1,000	49,000	—	(12,069)	37,931
Issuance of common stock	1,000,000	1,000	99,000	—	—	100,000
Net income	—	—	—	—	40,228	40,228
Balance at December 31, 1998	2,000,000	2,000	148,000	—	28,159	178,159
Issuance of common stock	1,503,333	1,503	7,401,392	—	—	7,402,895
Unearned compensation	—	—	228,000	(228,000)	—	—
Amortization of unearned compensation	—	—	—	76,000	—	76,000
Net loss	—	—	—	—	(1,404,963)	(1,404,963)
Balance at December 31, 1999	**3,503,333**	**$3,503**	**$7,777,392**	**$(152,000)**	**$(1,376,804)**	**$ 6,252,091**

See accompanying notes.

Notes to Financial Statements

December 31, 1999 (Information subsequent to December 31, 1999 is unaudited)

1. Business Overview

Perficient, Inc. (the "Company") works with Internet software companies by providing them a professional services organization to implement and integrate the software products. The Company effectively operates as an internal services organization. The Company was incorporated on September 17, 1997 in Texas. The Company began operations in 1997 and is structured as a "C" corporation. On May 3, 1999 the Company reincorporated in Delaware.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Consulting revenues are comprised of revenue from consulting fees recognized on a time and material basis as performed.

Advertising Expense

The cost of advertising is expensed as incurred. Advertising cost for the years ended December 31, 1998 and December 31, 1999 were immaterial to the financial statements.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives, which is three years.

Segments

The Company considers its business activities as a single segment.

Stock-Based Compensation

Financial Accounting Standards Board Statement No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION (FAS 123), prescribed accounting and reporting standards for all stock-based compensation plans, including employee stock options. As allowed by FAS 123, the Company has elected to account for its employee stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, (APB 25).

Recently Issued Accounting Standards

In June 1998, the FASB issued FAS 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended by FAS 137 which is effective for fiscal years beginning after June 15, 2000. This statement requires companies to record derivatives on the balance sheet as assets or liabilities measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. FAS 133 will be effective for the Company's year ended December 31, 2001. Management believes that this statement will not have a material impact on the Company's financial position or results of operations.

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS (SAB 101), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The application of SAB 101 did not have a material impact on the financial statements of the Company.

In March 1999, the FASB issued an exposure draft entitled "Accounting for Certain Transactions involving Stock Compensation," which is a proposed interpretation of APB 25. However, the exposure draft has not been finalized. Once finalized and issued, the current accounting practices for transactions involving stock compensation may need to change and such changes could affect the Company's future operating results.

3. Net Income (Loss) Per Share

The Company follows the provisions of SFAS No. 128, EARNINGS PER SHARE. Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Net income per share, assuming dilution, includes the effect of dilutive potential common stock issuable upon exercise of stock options using the treasury stock method.

Diluted net loss per share has not been presented for the year ended December 31, 1999, as the effect of the assumed exercise of stock options and warrants is antidilutive due to the Company's net loss. Total common stock equivalents not included in diluted net loss per share amounted to 251,750 common stock equivalents.

Computations of the net income (loss) per share for the year ended December 31, 1999 are as follows:

	Year Ended December 31, 1998	Year Ended December 31, 1999
Numerator:		
Income (loss) from continuing operations—numerator for basic earnings per share	$ 40,228	**$(1,404,963)**
Denominator:		
Denominator for basic earnings per share—weighted-average shares	1,750,000	**3,000,556**
Effect of dilutive securities:		
Stock options	124,000	—
Denominator for diluted earnings per share—adjusted weighted-average shares and assumed conversions	1,874,000	**3,000,556**
Basic earnings per share	$ 0.02	**$ (0.47)**
Diluted earnings per share	$ 0.02	**$ (0.47)**

Notes to Financial Statements

December 31, 1999 (Information subsequent to December 31, 1999 is unaudited)

4. Concentration of Credit Risk and Significant Customers

Cash and accounts receivable potentially expose the Company to concentrations of credit risk. Excess cash is placed with highly rated financial institutions. The Company provides credit, in the normal course of business, to its customers. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. The Company generally requires certain up-front payments from customers, and customers can be denied access to services in the event of non-payment. One customer accounted for approximately 100% and 97% of accounts receivable and 91% and 96% of revenues at December 31, 1998 and 1999, and for the years then ended, respectively.

5. Employee Benefit Plan

The Company has a qualified 401(k) profit sharing plan available to full-time employees who meet the plan's eligibility requirements. This defined contribution plan permits employees to make contributions up to maximum limits allowed by Internal Revenue Code. The Company, at its discretion, matches a portion of the employee's contribution under a predetermined formula based on the level of contribution and years of vesting services. No contributions were made to the plan in 1998 or 1999. The Company's related costs for the plan during 1998 and 1999 were $1,750 and $1,564, respectively.

6. Stock Options

Pro forma information regarding net income is required by SFAS 123, ACCOUNTING FOR STOCK-BASED COMPENSATION, which also requires that the information be determined as if the Company had accounted for its employee stock options granted under the fair value method prescribed by SFAS 123. The fair value for these options was estimated at the date of grant using the Black-Scholes pricing model with the following weighted-average assumptions:

	For the Year Ended December 31,	
	1998	1999
Risk-free interest rate	6.00%	**6.00%**
Dividend yield	0.00%	**0.00%**
Weighted-average expected life of options	5 years	**5 years**
Expected volatility	.65	**.622**

The Company has granted stock options to various employees under the terms of the respective employee agreements. The stock options generally vest over three years. The term of each option is ten years from the date of grant.

At December 31, 1998 the Company did not reserve common stock for future issuance and no options were designated as being available for future grants. At December 31, 1999, 2,150,000 shares of common stock were reserved for future issuance and 1,651,666 options were available for future grants.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma compensation expense and net income (loss) is as follows:

	Year Ended December 31, 1998	1999
Pro forma compensation expense	$ 7,266	**$ 63,748**
Pro forma net income (loss)	$32,962	**$(1,468,711)**
Pro forma earnings per share—basic and diluted	$ 0.02	**$ (0.49)**

A summary of changes in common stock options during 1998 and 1999 is as follows:

	Shares	Range of Exercise Prices	Weighted-Average Exercise Price
Options outstanding at December 31, 1997	80,000	$0.05–0.60	$0.53
Options vested, December 31, 1997	556	$0.05–0.60	$0.53
Options granted	249,000	0.05–0.50	0.40
Options exercised	—	—	—
Options canceled	(56,667)	0.60	0.40
Options outstanding at December 31, 1998	272,334	0.05–0.60	0.40
Options vested, December 31, 1998	50,222	$0.05–0.60	$0.38
Options granted	272,000	0.05–8.12	4.25
Options exercised	(3,333)	0.20	0.20
Options canceled	(42,667)	0.20–8.12	3.74
Options outstanding at December 31, 1999	**498,334**	**$0.05–8.12**	**$2.22**
Options vested, December 31, 1999	**197,667**	**$0.05–8.12**	**$1.95**

The following summarizes information related to stock options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Options	Weighted-Average Exercise Price
$0.05–$0.60	372,334	$0.44	8.69 Years	157,667	$0.42
3.50	16,000	3.50	9.25 Years	—	—
7.50– 8.12	110,000	8.06	9.68 Years	40,000	8.00
$0.05–$8.125	498,334	$2.22	8.92 Years	197,667	$1.95

At December 31, 1998 and 1999, the weighted-average remaining contractual life of outstanding options was 9.54 years and 8.92 years, respectively.

Notes to Financial Statements

December 31, 1999 (Information subsequent to December 31, 1999 is unaudited)

The weighted-average grant-date fair value of options granted is as follows:

	Year Ended December 31, 1998	1999
Granted at market prices	$0.40	**$1.60**
Granted at below market prices	$ —	**$5.40**

7. Line of Credit

On July 1, 1999, the Company entered into an agreement with a bank to borrow up to $1,000,000 against qualified accounts receivables with full recourse. Under the contract, the bank shall purchase the accounts receivable under the following terms: 80% of the balance is remitted at the sale date, the rest is remitted upon receipt of the balance due from the customer less finance and administrative fees charged by the bank. The agreement has a one-year term and borrowings under the agreement bear interest at the bank's prime rate. In connection with this agreement, the Company issued warrants to the bank to purchase 3,750 shares at the initial public offering price of $8 per share. As the effect of the warrants are not material to the financial statements, the Company has not discounted the line of credit to separately account for the warrants.

8. Income Taxes

As of December 31, 1999, the Company had tax net operating loss carryforwards of approximately $274,000 that will begin to expire in 2019 if not utilized.

Utilization of net operating losses may be subject to an annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986. The annual limitation may result in the expiration of net losses before utilization.

Significant components of the provision for income taxes attributable to continuing operations are as follows:

	1998	1999
Current:		
Federal	$17,661	**$(17,661)**
State	1,558	**(1,558)**
Total current	19,219	**(19,219)**
Deferred:		
Federal	7,684	**(1,583)**
State	678	**(110)**
Total deferred	8,362	**(1,693)**
	$27,581	**$(20,912)**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes as of December 31, 1998 and 1999 are as follows:

	1998	1999
Deferred tax liabilities:		
Depreciable assets	$(6,292)	$ (9,985)
Total deferred tax liabilities	(6,292)	(9,985)
Deferred tax assets:		
Tax carryforwards	—	101,265
Bad debt	—	25,181
Stock compensation	—	28,121
Accrued liabilities and other	4,942	17,364
Total deferred tax assets	4,942	171,931
Valuation allowance for deferred tax assets	—	(161,946)
Net deferred tax assets	4,942	9,985
Net deferred taxes	$(1,350)	$ —

The Company has established a valuation allowance equal to the net deferred tax assets due to uncertainties regarding the realization of deferred tax assets based on the Company's lack of earnings history. The valuation allowance increased by approximately $162,000 during 1999.

The Company's provision for income taxes differs from the expected tax expense (benefit) amount computed by applying the statutory federal income tax rate of 34% to income before income taxes as a result of the following:

	1998	1999
Tax at statutory rate of 34%	$23,057	$(472,897)
State taxes, net of federal benefit	1,653	(14,798)
Stock-based compensation	—	299,200
Permanent items	2,288	5,638
Change in valuation allowance	—	161,945
Other	583	—
	$27,581	$ (20,912)

Notes to Financial Statements

December 31, 1999 (Information subsequent to December 31, 1999 is unaudited)

9. Commitments and Contingencies

The Company leases equipment under an operating lease that expires in 2000. Future lease commitments are as follows:

2000	$ 84,606
2001	116,208
2002	70,878
Total	$271,692

In addition, the Company has entered into a sublease with a related party for office rent. The agreement is month-to-month. For the years ended December 31, 1998 and 1999, the Company recorded rent expense of $16,707 and $88,666, respectively.

10. Subsequent Events

On January 3, 2000, the Company acquired LoreData, Inc., a Connecticut corporation, and merged LoreData, Inc. into a wholly-owned subsidiary, Perficient Acquisition Corp., a Delaware corporation. Perficient Acquisition Corp. is the surviving corporation to the merger and will continue under the name, "Perficient LoreData, Inc." LoreData, Inc. was a 17 person Internet professional services firm based in New London, CT. The Company acquired LoreData for an aggregate purchase price of (i) $385,000 in cash that was paid at closing, (ii) 30,005 shares of common stock, also paid at closing, and (iii) 131,709 shares of common stock that are being held in escrow for disposition by the escrow agent in accordance with an Escrow Agreement dated as of January 3, 2000.

On January 14, 2000 the Board of Directors authorized an additional 1,100,000 shares of Common Stock to be available under the Company's Stock Option/Stock Issuance Plan. An additional 50,000 shares of Common Stock were authorized and added to the Plan on February 14, 2000.

On February 7, 2000, the Company completed an $8.1 million private placement of common stock. The Company intends to use the proceeds from the private placement to further accelerate its previously announced acquisition program and for other corporate purposes. A total of 400,000 shares of common stock were issued and sold by the Company, resulting in gross proceeds to the Company of $5.6 million. The private placement was priced at $14 per share. Gilford Securities Incorporated acted as placement agent in connection with the private placement.

On February 16, 2000, the Company entered into an Agreement and Plan of Merger with Compete, Inc. ("Compete"), Perficient Compete, Inc., and the shareholders of Compete. The aggregate purchase price of Compete consists of (i) $3,500,000 in cash, (ii) $2,527,500 in promissory notes to be repaid within six months following the closing, (iii) 2,200,000 shares of common stock, of which 1,100,000 shares are subject to adjustment and (iv) the assumption of Compete, Inc.'s outstanding employee options. The closing of the acquisition of Compete is conditioned upon, among other things, obtaining the consent of Perficient's stockholders. Accordingly, there can be no assurance that the acquisition will be completed.

Report of Independent Auditors

The Board of Directors
Perficient, Inc.

We have audited the accompanying balance sheets of Perficient, Inc. (the "Company"), as of December 31, 1998 and 1999, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Perficient, Inc. at December 31, 1998 and 1999, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Austin, Texas
February 21, 2000

Market for Common Equity and Related Stockholder Matters

MARKET INFORMATION: Since the effective date of our registration statement on July 28, 1999, shares of our common stock have been listed on the Nasdaq® SmallCap Market under the symbol “PRFT” and on the Boston Stock Exchange under the symbol “PRF.”

The table below sets forth, for the calendar quarters indicated, the reported high and low closing prices of our common stock as reported on the Nasdaq SmallCap Market.

	Market Price	
	High	Low
1999		
Third Quarter	$12.00	$6.25
Fourth Quarter	17.88	6.50

HOLDERS: As of March 27, 2000, we believe that there were in excess of 400 beneficial owners of our common stock.

DIVIDENDS: We have not declared any dividends on our common stock during any period covered by the above table and we do not intend to pay dividends in the foreseeable future. We intend to retain future earnings, if any, to fund the development and growth of our business. Future dividends, if any, will be determined by our Board of Directors.

Corporate Information

Board of Directors
John T. (Jack) McDonald
Chief Executive Officer and Director
Perficient, Inc.

Sam Fatigato
Chief Operating Officer and Director
Perficient, Inc.

Steven G. Papermaster
Chairman of the Board

David S. Lundeen
Director

Phillip J. Rosenbaum
Director

Dr. W. Frank King
Director

Corporate Information
Corporate Headquarters
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Phone: (512) 531-6000
Fax: (512) 531-6011
Web site: www.perficient.com

Securities Information
The Company's Common Stock commenced trading in August 2000 on The Nasdaq SmallCap Market℠, under the symbol PRFT and on the Boston Stock Exchange under the symbol PRF.

The Company has never declared or paid any cash dividends on its Common Stock.

Investor Information
- Shareholder Account Questions

The Transfer Agent for the Company's Common Stock is Continental Stock Transfer & Trust Company. Please contact the Transfer Agent directly concerning changes in address, name or ownership, lost certificates and to consolidate multiple accounts.

Continental Stock Transfer & Trust Company
2 Broadway
New York, New York 10004

- Investor Inquiries

For investor/analyst inquiries and to request or access financial documents such as this annual report, SEC Form 10-K and press releases, please visit the Company's web site, www.perficient.com or contact the Investor Relations Department:

Investor Relations Department
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Austin, TX 78731
Phone: (512) 531-6000
Fax: (512) 531-6011
e-mail: investorrelations@perficient.com

Annual Meeting
The Annual Meeting of Shareholders of Perficient, Inc., will be held on Thursday, June 29, 2000 at 9:00 a.m. at the Hyatt Regency Town Lake, 208 Barton Springs Road, Austin, Texas 78704.

General Information
Members of the media and others seeking general information about Perficient, Inc. should contact:

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Independent Auditors
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Austin, TX 78701

Forward-Looking Statements
This annual report contains forward-looking statements that are subject to risk and uncertainties, including, but not limited to, the impact of competitive services, services demand and market acceptance risks, fluctuations in operating results and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. For such statements, the Company claims the protection of the safe harbor for forward-looking statements under the Private Litigation Securities Act of 1995. Certain pro-forma financial information presented in this annual report gives effect to the completed acquisitions of Compete, Inc. and LoreData, Inc. and assumes those transactions had occurred on January 1, 1999. There can be no assurance that the businesses of Compete and LoreData can be successfully integrated into the Company's business. The pro forma information is subject to various assumptions and adjustments set forth more particularly in the Annual Report on Form 10-K and other filings with the SEC. There can be no assurance that the reported pro forma results of Perficient, Compete and Loredata will be an accurate indication of the results of operations of the combined companies.

Designed by Curran & Connors, Inc. / www.curran-connors.com

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