

Xactly Corporation Completes \$4 Million Venture Financing Led by Bay Partners and Rembrandt Ventures

SAN JOSE, Calif. – September 6, 2005 – Xactly™ Corporation (www.xactlycorp.com), the first and only company to deliver a real-time, web-based, on-demand sales compensation application that enables companies to incent right and sell more, today announced that it has completed a \$4 million first round of institutional venture financing led by Bay Partners and Rembrandt Ventures.

"We're pleased to partner with two of the industry's leading venture firms, Bay Partners and Rembrandt Ventures," said Christopher Cabrera, founder, president and CEO, Xactly Corporation. "This funding will allow us to further invest in our development efforts and aggressively expand our sales and marketing initiatives. Bay and Rembrandt bring extensive operational experience and a large network of contacts, partners and resources that will help accelerate our growth."

"Xactly is ideally positioned to capitalize on the industry momentum shift now underway for low cost, on-demand software solutions that are easy to procure, deploy and use such as Salesforce," said Gerald Casilli, general partner, Rembrandt Ventures. "Xactly's management team possesses deep domain expertise in developing, selling and marketing enterprise-level sales compensation solutions. They are now leveraging that knowledge and experience to deliver the power of an enterprise-level solution, in an on-demand model, at a fraction of the cost."

"Bay Partners is excited to invest in Xactly as they deliver on a broad, mid-market need for an on-demand sales compensation application," said Chris Noble, general partner, Bay Partners. "The vast majority of companies today take an archaic and decades old approach of using Excel spreadsheets to tackle sales compensation issues. Xactly's solution – Xactly Incent™ – does away with this obsolete approach and gives companies web-based real-time visibility into their sales compensation plans helping them to sell more."

About Bay Partners

Bay Partners is an early-stage venture capital firm active in wireline, wireless and enterprise software and services investing with over \$1 billion of capital under active management. Since its founding in 1976, Bay Partners has funded over 250 companies including Exodus Communications, Informatica, Digital Island, Brocade Communications, WebLogic and Sonic Wall. For more information, visit www.baypartners.com.

About Rembrandt Ventures

Rembrandt Ventures, established in 1997, is a private equity venture fund which targets investments in early and expansion stage high technology companies that demonstrate potential for significant growth. Collectively, Rembrandt and its Principals have assisted in the formation and financing of more than 60 wireless, e-commerce, optical networking, wireless infrastructure, Internet media and information technology companies. For more information, visit www.rembrandtvc.com.

About Xactly Corporation

Xactly Corporation delivers on-demand sales compensation applications that enable companies to incent right and sell more. In today's spreadsheet paradigm, companies tend to simplify or unnecessarily complicate their incentive programs. These programs, delivered with no real-time visibility, often leave the sales force unmotivated, resulting in unpredictable results. Xactly Incent allows companies to easily and affordably design, implement, manage and audit optimized incentive programs. With these improved programs in place, Xactly Incent provides sales with unprecedented real-time visibility via the web. The combination of the right incentives with complete visibility motivates sales to sell more. For more information, visit www.xactlycorp.com or call 1-866-GO-XACTLY.



T 408.977.3132

F 408.977.1261

www.xactlycorp.com

400 Race Street, San Jose, CA 95126

Media Contact:

Dan Rampe
Director of Corporate Communications
Xactly Corporation
Tel: 408-977-3132, ext. 310
Email: drampe@xactlycorp.com

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