



Xactly Corporation Secures \$8 Million Series B Funding Led by Outlook Ventures and Spinner Asset Management, LLC

Outlook Ventures Cindy Padnos Appointed to Board of Directors

SAN JOSE, Calif. – March 24, 2006 – Xactly™ Corporation (www.xactlycorp.com), the leading on-demand sales compensation management company, today announced that it has secured \$8 million in Series B funding led by Outlook™ Ventures and Spinner Asset Management, LLC. In related news, the company also announced the appointment of Cindy Padnos, director, Outlook Ventures, to the Xactly board of directors. Bay Partners and Rembrandt Ventures, the lead investors in Xactly's Series A round, along with other Series A investors, also participated in the Series B financing.

The new financing will be used to increase Xactly's sales and marketing initiatives, expand the service organization and accelerate market adoption of the company's leading on-demand sales compensation management solution.

"The new financial participation of Outlook Ventures and Spinner Asset Management, LLC, combined with the renewed commitments from our existing investors, underscores the major market opportunity that we are addressing," said Christopher W. Cabrera, Xactly founder, president and CEO. "Savvy mid-size businesses are rapidly moving to our on-demand approach to automate sales compensation. These entities are realizing increases in top-line revenue growth, seeing quick ROI's as a result of rapid deployments which range from 24 hours to two weeks, and ensuring that they meet various regulatory requirements such as Sarbanes-Oxley (SOX). Perhaps most significantly, companies are seeing that they are now able to shape behavioral changes in their sales forces to sell more of the right products.

"I'm also extremely pleased to welcome Cindy Padnos to the Xactly board," continued Cabrera. "Cindy's an exceptional executive who possesses a rare combination of sales, marketing, executive management, venture capital and hands-on start-up company experience. We'll be well served by having her counsel."

Padnos' experience and focus encompasses the software, technology-enabled services, mobile and Internet/Web 2.0 sectors. Padnos has almost 20 years of operating experience including as the founder and CEO of on-demand services procurement company Vivant Corporation and as president and CEO of Acumen, a privately held performance management software company.

"I am excited to join the board of Xactly," said Padnos. "My view is that Xactly will be mainstreaming on-demand sales compensation management similar to how salesforce.com popularized on-demand CRM. Using spreadsheets to manage sales compensation is a legacy approach that predates the Internet. Why would companies want to be held back when there's an affordable, proven alternative solution in Xactly Incent? It's going to be the 'next big thing' in CRM."

About Outlook Ventures

Established in 1996, Outlook Ventures actively invests in promising early and mid stage next-generation software companies in the western United States. They work with high-potential entrepreneurs toward a shared vision. The firm's principals utilize their operations backgrounds and depth of software experience and resources to assist in building each individual portfolio company. As a result, Outlook has delivered returns in the top quartile of all venture funds and, more importantly, has helped those entrepreneurs to achieve profound impact on their industry sectors. For more information, visit www.outlookventures.com.

About Spinner Asset Management, LLC

Spinner Asset Management, LLC is an SEC-registered investment advisor with offices in New York City and Silicon Valley. Originally founded in 1993, the firm manages the Spinner Global Technology Fund,



Ltd. (the "Fund"), a private client fund that invests in smaller capitalization, information technology stocks around the world. The Fund selectively invests in private companies. For more information, visit www.spinnerasset.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.

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