

Xactly Corporation Delivers Spring '06 Xactly Incent On-Demand Sales Compensation Management Release Incorporating the World's First Online Plan Document Approval

Xactly Also Delivers Xactly Incent for Salesforce.com's AppExchange

SAN JOSE, Calif. – May 24, 2006 – Xactly™ Corporation (www.xactlycorp.com), the leading on-demand sales compensation management company, today announced the general availability of the Spring '06 release of Xactly Incent™ incorporating the world's first online plan document approval as an integral component of an automated sales compensation application.

Simultaneous with today's announcement, Xactly also announced at Appforce, salesforce.com's (NYSE: CRM) first annual AppExchange partner, user and developer conference, the immediate availability of Xactly Incent™ for salesforce.com's AppExchange, salesforce.com's on-demand platform. Built on the AppExchange on-demand platform, Xactly Incent for AppExchange is available at www.appexchange.com. By making Xactly Incent available on AppExchange, salesforce.com customers can now benefit from automated sales compensation management within their Salesforce implementations.



"Once again we've demonstrated our leadership in the on-demand sales compensation market by delivering our third major release of Xactly Incent in less than nine months; delivered Xactly Incent for salesforce.com's AppExchange; and confirmed our technological pre-eminence with the introduction of the world's first, patent-pending, workflow-based online plan document approval," said Desta R. Buchowski, Xactly vice president of product management. "All these initiatives are designed to meet the needs of mid-market sales and finance compensation management professionals."

"In the SMB community, profit margins are often razor thin, so tools that help companies sell more of their most profitable products will be attractive to SMB customers," said Laurie McCabe, vice president for SMB Insights and Business Solutions at Access Markets International (AMI) Partners, Inc. "Therefore, the market for on-demand sales compensation management software promises to be a lucrative one. Xactly, with its new release of Xactly Incent, provides the functionality and ease-of-use that SMBs both need and demand in a sales compensation solution."

Xactly Incent Spring '06 Release Highlights

With the Spring '06 release of Xactly Incent, Xactly will have two product lines: Xactly Incent Enterprise Edition and Xactly Incent Standard Edition. Today's new features are part of the Enterprise Edition.

- Plan Document Approval –Companies distribute paper-based compensation plans with an accompanying cover letter via postal mail to individual sales reps and require them to review them and indicate with a signature whether they accept or decline the plans. This legacy approach is inefficient and time-consuming as overburdened compensation administrators struggle to first distribute the plans and then chase down completed plans in order to archive them. This process then repeats itself annually, and in some instances more frequently, with hundreds if not thousands of individual comp plans. With the Spring '06

release of Xactly Incent, the process can be managed entirely online within Xactly Incent via the plan document approval feature.

"Xactly's new plan document approval feature is a must-have for any CFO responsible for managing the administration of a company's comp plans," said Thomas L. Cronan III, Redback Networks, senior vice president of finance and administration, and an Xactly Incent customer. "The distribution and retrieval of signatures on comp plans is a time-consuming headache for finance and compensation administration professionals. This feature is long overdue in the compensation world and will free us to be more strategic with plan design and analysis rather than administration."

- Draw – Most organizations use draws – whereby an individual is given compensation in advance of anticipated performance – to integrate new, performance-based sales people into their business environment. The Spring '06 release of Xactly Incent provides companies with the flexibility to create four different types of recoverable and non-recoverable draw to meeting varying business needs.

"Xactly has delivered amazing flexibility for companies that are looking to use draw to integrate new sales people into their incentive compensation program," said Robert Conti, senior vice president, Compensation Technologies, a leading provider of services for planning, implementing and supporting incentive compensation infrastructures. "The new draw feature fully automates this process making it quick and easy to get sales people up and running and properly paid."

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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