

## **Corporate Governance Guidelines**

### **PURPOSE**

The Board of Directors (the "Board") of inContact, Inc. ("inContact" or "the Company") has adopted these Corporate Governance Guidelines (the "Guidelines") to address certain Corporate Governance issues. The Corporate Governance and Nominating Committee with management's assistance, is responsible for overseeing and reviewing these Guidelines and reporting and recommending to the Board any changes to the Guidelines. These guidelines shall be posted on the Company's website accessible to investors.

### **BOARD COMPOSITION**

#### **Independence**

A majority of the members of the Board shall meet the criteria for independence as required by any applicable law and the listing standards of NASDAQ. Under such standards a person is not "independent" if he or she has a relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. At least annually the Corporate Governance and Nominating Committee shall:

1. review candidates' qualifications for membership on the Board based on the criteria established by the Nominating and Corporate Governance Committee listed below;
2. evaluate current Directors for re-nomination to the Board and assess performance of such Director;
3. review the composition of the Board in light of the current challenges and needs of the Board and determine whether it may be appropriate to add or remove individuals after considering issues of independence, judgment, diversity, age, skills, background and experience; and
4. review the independence of all Directors and affirmatively make a determination as to the independence of each Director as documented in the minutes of the Corporate Governance and Nominating Committee.

#### **Membership Criteria**

In evaluating the suitability of candidates, the Corporate Governance and Nominating Committee shall take into account many factors, including a candidate's: (i) understanding of elements relevant to the success of a publicly traded company in the current business environment; (ii) understanding of inContact's business; and (iii) appropriate educational and professional background. The Board and the Corporate Governance and Nominating Committee will also give consideration to a candidate's judgment, competence, experience, special talents or other personal attributes. The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity, and contacts relevant to inContact's business. When evaluating the suitability of an incumbent Director for nomination for reelection, the Corporate Governance and Nominating Committee shall also consider the Director's past performance,

including attendance at meetings, participation, and contributions to the activities of the Board as well as the Director's ability to make contributions after any significant change in circumstances (including changes in employment or professional status).

## **Board Size**

Under inContact's Bylaws, the Board has the authority to fix, from time to time, the size of the Board and to fill vacancies that may occur between meetings of the stockholders. The Board periodically evaluates whether a larger or smaller board would be preferable, depending upon the needs of the Board and availability of qualified candidates. The Bylaws provide that the number of Directors constituting the whole Board shall not be less than one and not more than fifteen.

## **Selection of Nominees**

The Board is responsible for selecting the nominees for election to the Board. The Corporate Governance and Nominating Committee, after consultation with the Chairman of the Board and the receipt of any nominee recommendations from other Directors and/or stockholders, is responsible for identifying and recommending to the Board qualified candidates to be nominated for election as Directors at the Annual Meeting or to be appointed by the Board to fill vacancies occurring between Annual Meetings. The invitation to join the Board is extended by the Board through the Chairman of the Board.

## **DIRECTOR QUALIFICATIONS**

### **Term**

Directors are elected annually to one-year terms.

### **Retirement Age**

The policy of the Board is to avoid a mandatory retirement age for Directors which would have the disadvantage of discontinuing the availability and contributions of Directors who are otherwise capable and valuable members of the Board.

### **Simultaneous Service on Other Public Company Boards**

The policy of the Board is that every director should seek the consent of the Board and confirm the absence of any actual or potential conflict prior to accepting any invitation to serve on another corporate board or with a government or advisory group.

It is the expectation of the Board that every member have sufficient time to commit to preparation for and attendance at Board and Committee meetings. Therefore, no Director should serve on more than four other boards of publicly traded companies unless the Director demonstrates to the Corporate Governance and Nominating Committee that such additional service will not interfere with his or her performance as a Director of inContact. In addition, no

member of the Audit Committee may serve on more than three other audit committees of publicly traded companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the inContact's Audit Committee. Directors should advise the Chairperson of the Corporate Governance and Nominating Committee and the Chairman of the Board in advance of: (i) accepting an invitation to serve on another board of directors; or (ii) significant commitments involving affiliation with other businesses or governmental units. Service on boards and/or committees of other organizations should be consistent with inContact's conflict of interest policies as set forth in inContact's Code of Ethics.

## **Conflicts of Interest**

At least annually, the Audit Committee, with the assistance of management, shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and all such transactions must be approved by the Audit Committee. For purposes of this paragraph, "related party transactions" means transactions required to be disclosed pursuant to Securities and Exchange Commission ("SEC") Regulation S-K, Item 404.

Each Director and Executive Officer of inContact should immediately report to the Audit Committee any transaction in which he or she, or any member of his or her immediate family, is or proposes to be involved which falls within the scope of the preceding paragraph.

If a Director has a direct or indirect personal interest in a matter before the Board, the Director shall disclose the interest to the full Board, shall recuse themselves from participation in the discussion of such matter and shall not vote on such matter.

## **Change in Status**

If a Director's principal occupation, business activity, or business association changes substantially during his or her tenure as a director, then such Director shall inform the Corporate Governance and Nominating Committee in writing of such change and offer to resign from the Board. The Corporate Governance and Nominating Committee shall review the facts and circumstances relating to such offer to resign and shall recommend to the Board the action to be taken by the Board with respect to such offer to resign.

It shall be the responsibility of each director and prospective director to disclose to the Board any relationship that could impair his or her independence or any conflict of interest with the Company. Relationships that should be disclosed may include, among others, affiliations of a director or prospective director or an immediate family member (defined as a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home) of a director or prospective director with a (1) customer, supplier, distributor, dealer, reseller or other channel partner of the Company; (2) lender, outside legal counsel, investment banker or consultant of the Company; (3) a significant stockholder of the Company; (4) charitable or not-for-profit institution that has received or receives donations from the Company; or (5) competitor or other person having an interest adverse to the Company.

Each Director shall complete an annual questionnaire providing information necessary for the Company to assist the Board in reconfirming each director's independence and making any required disclosures in the Company's proxy statement.

## **Director Responsibilities Oversight**

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Delaware law. In performing their duties, the primary responsibility of the Directors is to exercise their business judgment in the best interests of the Company. The Board has developed a number of specific expectations of Directors, set forth in these Guidelines, to promote the discharge of this responsibility and the efficient conduct of the Board's business.

In performing its functions, the Board and its Committees, as necessary and appropriate, have access to and are entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. Each Director must act in what he or she reasonably believes to be in the best interests of inContact and must exercise his or her best business judgment.

Directors may contact the CEO at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management, including general counsel, internal auditors, and accountants; provided, however, Directors should avoid interfering with the day-to-day effectiveness of management. The Board expects that there will be frequent opportunities for Directors to meet with the CEO and other members of management in Board and Committee meetings and in other formal or informal settings. Further, the Board encourages senior management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas; and/or (b) are managers with future potential that senior management believes should be given exposure to the Board.

## **Commitment, Attendance and Participation**

inContact expects Directors to be active and engaged in discharging their duties and to keep themselves informed about the business and financial affairs of inContact.

Directors should make every effort to attend, in person, Board meetings and meetings of Board Committees of which they are members unless the meeting is conducted by teleconference. Directors should devote appropriate time to Board materials in advance of meetings and be sufficiently familiar with inContact's business (including financial statements, capital structure, risks and competition) to facilitate active and effective participation in Board and Committee deliberations. The Company will make appropriate personnel available to answer Directors' questions about aspects of inContact's business and to provide assistance to the Board and its Committees.

The Board reviews inContact's financial performance on a regular basis at Board meetings and through periodic updates, with a particular focus on peer and competitive comparisons. These

reviews include the views of management and may include those of investors and securities analysts.

## **Loyalty and Ethics**

Directors should comply with their duty of loyalty to the Company in accordance with Delaware law. inContact's Code of Ethics, deal with activities of Directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should devote appropriate time to familiarize themselves with the Code's provisions in these areas and should consult with the Company's counsel in the event of any issues.

## **Confidentiality**

The proceedings and deliberations of the Board and its Committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her service as a Director.

## **Board Meetings**

The Board meets at least quarterly with additional meetings as needed. The Board may also take action in writing and without a meeting if all the members of the Board sign a written consent.

The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of item(s) on the agenda. Management will seek, to the extent practical, to provide to all Directors the appropriate materials three to five days in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases, due to the sensitive nature of the matter, it may not be appropriate. Materials presented to the Board or its Committees should provide the information needed for the Directors to make an informed judgment.

## **Executive Sessions of Independent Directors**

Independent Directors will meet in executive session, with no management Directors, non-independent Directors or management personnel present, at least quarterly or when a Director makes a request of the Lead Director. Executive sessions shall be chaired by a Director (the "Lead Director"), who shall be selected by the independent Directors at least annually from among the Committee Chairpersons, provided that no Director may serve two consecutive terms as Lead Director. The Lead Director will prepare the agenda for the executive session and any Director may request the Lead Director to add an item to the agenda. When and to the extent appropriate, a portion of each such session may include dialog with the Chairman of the Board. Interested persons may contact the Lead Director or the independent Directors by sending written comments to the Secretary of the Company who will send such comments to the Independent Directors. In addition, in the event a person desires to submit a concern or complaint regarding accounting, internal accounting controls or auditing matters, they may do so

by using various confidential methods provided on inContact's Web site at [www.incontact.com](http://www.incontact.com), including anonymous reporting through the whistleblower hotline at 1-877-314-3996. Depending on the significance of the matter, the Compliance Department will either summarize submissions for the relevant Directors, keeping the originals available for inspection by the Directors, or will forward the original materials as addressed. Submissions will be kept confidential if requested.

## **COMMITTEES**

### **Board Committees**

The Board has established the following primary Committees: Audit Committee, Corporate Governance and Nominating Committee, and Compensation Committee. Each of these Committees has a written charter setting forth its responsibilities, duties and authorities. The Board may add new Committees or remove existing Committees as it deems advisable for purposes of fulfilling its primary responsibilities.

Only Directors meeting the requirements of the Sarbanes-Oxley Act of 2002 and any rules there under promulgated by the SEC, the rules of the NASDAQ and any other applicable rules or regulations may serve on such three committees. The Board may, from time to time, establish or maintain additional committees as it deems appropriate and in the best interests of inContact.

While the rotation of committee members and committee chairs at fixed intervals should be considered periodically, rotation is not required because the Board believes there are significant benefits attributable to continuity and experience gained in service on a particular committee over time.

Each of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee shall operate pursuant to its own written charter, which shall be approved and adopted by the Board. Such charters shall, among other things, set forth the purpose, goals and responsibilities of the particular committee, the procedures for committee member appointment and removal and provisions relating to committee structure, operations and reporting to the Board. The charters also shall provide for an annual evaluation of each committee's performance, which are documented in each respective committee's minutes. Each of such committees shall periodically review and assess the adequacy of its charter and recommend any proposed changes in such charter to the Board.

### **Committee Composition**

Each of the Corporate Governance and Nominating Committee, the Audit Committee and Compensation Committee is composed of at least three Directors, and each such Director is independent in accordance with the listing standards of the NASDAQ and any additional independence requirements of the Board. In addition, no member of the Audit Committee may receive any consulting, advisory, or other compensatory fee from inContact, other than fees for serving on the Board or a Committee.

## **Assignment of Committee Members**

The Corporate Governance and Nominating Committee is responsible, after consultation with the Chairman of the Board and other Directors, for the recommendation to the Board of assignment of Board members to various Committees and appointment of Chairpersons. Committee members shall be appointed by the Board based upon the recommendations of the Corporate Governance and Nominating Committee.

## **Committee Agendas**

The Chairperson of each Committee, in consultation with management and members of the Committee, as appropriate, will develop the Committee's agenda for each meeting. All Directors, whether members of a Committee or not, are invited to make suggestions to a Committee Chairperson for additions to the agenda of his or her Committee or to request that an item from a Committee agenda be considered by the Board.

## **Committee Reports**

After a Committee meets or otherwise takes action, it shall, as soon as practicable, make a report of its activities at a meeting of the Board. Each Committee shall have meeting minutes.

## **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

Management, working with the Corporate Governance and Nominating Committee, will provide an orientation process for new Directors, background material on inContact's operations and business plans, and meetings with senior management.

## **COMPENSATION**

### **Evaluating and Approving Compensation for the CEO**

In accordance with the NASDAQ's requirements, the Compensation Committee evaluates the performance of the CEO against inContact's goals and objectives and, after consulting with the Board, approves the compensation level of the CEO, and then reports its actions to the Board.

### **Director Compensation**

The Board, using the recommendations of the Compensation Committee, conducts a review at least once every two years of the components and amount of Board compensation (including benefits) in relation to other similarly situated companies to ensure that Board compensation is consistent with market practices. Based on that review, the Board adjusts compensation as appropriate. Directors who are also employees of inContact or its subsidiaries receive no separate compensation for serving as Directors or as members of Board Committees.

In so reviewing and recommending director compensation, the Compensation Committee shall, among other things:

1. identify corporate goals and objectives relevant to director compensation;
2. evaluate the performance of the Board in light of such goals and objectives and recommend director compensation based on such evaluation and such other factors as the Compensation Committee deems appropriate and in the best interests of inContact (including the cost to inContact of such compensation); and
3. recommend to the Board any long-term incentive component of director compensation, taking into account awards made to directors in past years, inContact's business and financial performance, shareholder return, the value of similar incentive awards at comparable companies and such other factors as the Compensation Committee deems appropriate and in the best interests of inContact (including the cost to inContact of such compensation).

After consideration of the recommendations of the Compensation Committee with respect to compensation for inContact's directors, the Board shall determine such compensation; however, with respect to equity grants which may be made to Directors under plans administered by the Compensation Committee, such determination shall be in the form of a recommendation from the Board to the Compensation Committee.

## **Management Succession**

The Corporate Governance and Nominating Committee shall review and report to the Board on inContact's succession planning, including succession planning in the case of the incapacitation, retirement or removal of the CEO. The CEO shall periodically provide a report to the Corporate Governance and Nominating Committee evaluating and recommending potential successors to the CEO, along with a review of any development plans recommended for such individuals. The CEO also shall provide to the Board, on an ongoing basis, his or her recommendation as to a successor in the event of an unexpected emergency.

The Compensation Committee shall evaluate the performance of the executive officers of inContact and shall present its findings to the full Board. The Board shall review the Compensation Committee's report in order to ensure that the performance of inContact's executive officers is satisfactory and that such executive officers are providing the best leadership for inContact in both the long- and short-term.

## **Annual Performance Evaluation of the Board**

Through a formal survey or other appropriate means, the Corporate Governance and Nominating Committee shall lead the Board through an annual self-evaluation process to determine whether it and its Committees are functioning effectively. As soon as possible following completion of each annual self-evaluation, the Corporate Governance and Nominating Committee shall report the results of the self-evaluation process to the Board.

Each Committee shall conduct a self-evaluation at least annually and report the results to the Corporate Governance and Nominating Committee for further report to the Board. Each Committee's evaluation should compare the performance of the Committee with the requirements of its written charter.



## **PUBLIC INTERACTIONS AND CODE OF ETHICS**

### **Board's Interaction with Institutional Investors, Press, Customers, Etc**

The Board believes that the management speaks for the Company. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

### **Code of Ethics**

The Board has adopted a Code of Ethics applicable to members of the Board of Directors and to the officers and employees of inContact and its consolidated subsidiaries.

Effective as of June 7, 2007