

inContact, Inc.  
Form DEF 14A  
April 29, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12  
INCONTACT, INC.

(Name of Registrant as Specified in Its Charter)

Commission File Number: 001-33762

Not Applicable

(Name of Persons Filing Proxy Statement If Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

inContact, Inc.

7730 South Union Park Avenue, Suite 500

Salt Lake City, UT 84047

ANNUAL MEETING OF STOCKHOLDERS

June 10, 2015

NOTICE OF MEETING

The annual meeting of the stockholders of inContact, Inc., a Delaware corporation, will be held at 1:00 p.m., on June 10, 2015, at 7730 South Union Park Avenue, Suite 500, Salt Lake City, UT 84047, for the following purposes:

- to elect seven directors;
- to approve an amendment to the inContact 2008 Equity Incentive Plan increasing the number of common shares available for awards under the Plan by 2,000,000 to a total of 9,772,500 shares;
- to ratify the Audit Committee's appointment of Deloitte & Touche LLP as inContact's independent registered public accounting firm for the year ending December 31, 2015; and
- to act upon such other matters as may properly come before the meeting or any adjournment or postponement of the meeting.

Stockholders at the close of business on April 15, 2015 are entitled to vote in person or by proxy at the annual meeting. The annual meeting will be open to the public.

Daniel Lloyd, Corporate Secretary

April 29, 2015



inContact, Inc.

7730 South Union Park Avenue, Suite 500

Salt Lake City, UT 84047

## PROXY STATEMENT

This proxy statement is provided to stockholders of inContact, Inc. (“inContact,” “we,” “us,” “our,” or the “Company”) in connection with the annual meeting of stockholders and any adjournments or postponements of the annual meeting. The annual meeting will be held at 1:00 p.m., on June 10, 2015, at 7730 South Union Park Avenue, Suite 500, Salt Lake City, UT 84047.

## ABOUT THE MEETING, VOTING, STOCKHOLDER PROPOSALS

### AND COMPANY INFORMATION

#### Delivery and Availability of Proxy Materials

Under U.S. Securities and Exchange Commission (“SEC”) rules, we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. Beginning April 29, 2015, we mailed to our stockholders (other than those who previously requested electronic or paper delivery) a notice containing instructions on how to access our proxy materials, including our proxy statement and our annual report. On that date, our proxy statement and our Annual Report (of which our 2014 Annual Report on Form 10-K is a part) were available for review over the Internet at the website listed in the notice. The notice also instructs you on how to access your proxy card to vote through the Internet or by telephone.

This process is designed to expedite stockholders’ receipt of proxy materials, lower the cost of the annual meeting and help conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the notice. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

#### Matters to be Voted On at the Meeting and Solicitation

By authority of the Board of Directors, inContact is soliciting your vote for:

- election of seven directors;
- to approve an amendment to the inContact 2008 Equity Incentive Plan increasing the number of common shares available for awards under the Plan by 2,000,000 to a total of 9,772,500 shares;

- to ratify the Audit Committee's appointment of Deloitte & Touche LLP as inContact's independent registered public accounting firm for the year ending December 31, 2015; and

- to act upon such other matters as may properly come before the meeting or any adjournment or postponement of the meeting.

The cost of this solicitation is being borne by inContact. Proxies may be solicited on our behalf by our directors, officers and regular employees by telephone or other means. There will be no special or additional compensation for these services. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the soliciting materials to the beneficial owners of record of our common shares, and we will reimburse them for their related charges and expenses. We may also elect to engage a proxy solicitation firm to distribute and solicit proxies.

#### Persons Entitled to Vote

Stockholders of record at the close of business on April 15, 2015, the record date, are entitled to vote on matters that come before the meeting. Shares can be voted only if the stockholder is present in person or is represented by proxy.

#### How to Vote

If you own your shares through a bank or broker, you should follow the separate instructions they provide you. If your shares are registered in your name:

- You may vote in person at the annual meeting.
- You may vote over the Internet. You may vote over the Internet regardless of whether you receive your annual meeting materials through the mail or over the Internet. Simply follow the instructions on your notice of Internet access to the proxy materials or your proxy card. If you vote over the Internet, you should not vote by telephone or vote by returning a proxy card.
- You may vote by telephone. You may vote by telephone regardless of whether you receive your annual meeting materials through the mail or over the Internet. Simply follow the instructions on the proxy card. If you vote over the telephone, you should not vote by Internet or vote by returning a proxy card.



- You may vote by mail. If you received a proxy card through the mail, simply complete and sign your proxy card and mail it in the enclosed envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If no voting specification is made on your signed and returned proxy card, Theodore Stern or Paul Jarman, the persons named as proxy holders on the proxy card, will vote FOR the election of the director nominees, FOR approval of the proposed amendment to the inContact 2008 Equity Incentive Plan and FOR the ratification of the appointment by the Audit Committee of the independent auditor. If any other business is brought before the meeting, any unspecified proxies will be voted in accordance with the judgment of the proxy holders voting those shares. If you vote by mail, you should not vote by telephone or over the Internet.

#### Changing Your Vote

You can change your vote submitted by Internet, telephone or written proxy card by revoking it at any time before it is cast at the annual meeting in one of three ways:

- notify our Corporate Secretary in writing before the annual meeting that you are revoking your proxy;
- submit another proxy with a date later than your last vote made by Internet, telephone or proxy; or
- vote in person at the annual meeting.

#### Number of Votes and Quorum

Each share of inContact common stock that you own as of the record date entitles you to one vote. On April 15, 2015 there were 61,487,021 outstanding shares of our common stock. The presence of the owners of a majority of the shares entitled to vote at the annual meeting constitutes a quorum. Presence may be in person or by proxy. You will be considered part of the quorum if you attend the annual meeting, vote by Internet or telephone or return a signed and dated proxy card. Abstentions, broker non-votes and shares voted by a broker or bank holding shares for a beneficial owner are counted as present and entitled to vote for determining a quorum.

#### Required Vote to Approve each Proposal

- Election of Directors: Each of the seven Board of Director positions is separately elected. The persons who receive the most votes for each of the seven director positions will be elected. Any shares not voted (whether by abstention or otherwise) have no impact on the vote.
- Amendment of the inContact 2008 Equity Incentive Plan: The proposal to amend the inContact 2008 Equity Incentive Plan to increase the number of common shares available for awards under the Plan by 2,000,000 to a total of 9,772,500 shares requires the affirmative vote of a majority of the votes cast. Any shares not voted (whether by abstention or otherwise) have no impact on the vote.
- Ratification of Appointment of Deloitte & Touche LLP, as independent registered public accounting firm for 2015: This proposal requires the affirmative vote of a majority of the votes cast. Any shares not voted (whether by abstention or otherwise) have no impact on the vote.

#### Board Recommendations on Proposals

The Board recommends a vote FOR election of each director nominated by the Board, FOR the approval of the advisory resolution regarding the compensation of our named executive officers, FOR approval of the proposed

amendment to the inContact 2008 Equity Incentive Plan, and FOR ratification of the appointment of Deloitte & Touche LLP.

#### Selection of the Board's Director Nominees

Each of the seven nominees now serves as a director and was approved for inclusion on our slate of directors by the entire Board. Each nominee has indicated a willingness to serve as a director for the ensuing year, but in case any nominee is not a candidate at the meeting for any reason, the proxies named in the accompanying proxy form may vote for a substitute nominee selected by the Corporate Governance and Nominating Committee. Theodore Stern is Chairman of the Board. One of our directors, Paul Jarman, is also our President and Chief Executive Officer.

The Corporate Governance and Nominating Committee is responsible for reviewing the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. We believe that the minimum qualifications for serving as a director are that a nominee demonstrates an ability to make a meaningful contribution to the Board's oversight of inContact's business and affairs and have an unsullied reputation with respect to ethical conduct. Nominees for director will include individuals who, taking into account their diversity, skills, and experience in the context of the needs of the Board, as well as other relevant factors such as conflicts of interest and other commitments, would enhance the Board's ability to manage and direct our affairs and business. Although we do not have a formal policy on diversity for board members, it is a factor in assessing potential board members. Diversity not only encompasses racial and gender diversity, but it also relates to diversity of experience and background in an effort to ensure that the composition of our directors provides a strong and well balanced foundation of skill and experience.

#### Standard for Director Independence

The Board applies the definition of independence adopted by Nasdaq for determining independence of our directors. Based on that definition, we believe all of the directors nominated for election at our 2015 annual meeting are independent, except for our Chairman of the Board, Mr. Stern, Mr. Akhavan and our Chief Executive Officer, Mr. Jarman.

#### How Stockholders Can Recommend a Candidate for Election to the Board

Stockholders who wish to recommend a candidate for election to our Board should write to: Corporate Secretary, inContact, Inc. 7730 South Union Park Avenue, Suite 500, Salt Lake City, UT 84047, stating in detail the qualifications of a candidate for consideration by the Board. In considering Board candidates, the Board seeks individuals of proven judgment and competence who have strong reputations in their respective fields. The Board considers such factors as experience, education,

employment history, special talents or personal attributes, anticipated participation in Board activities, and geographic and diversity factors. The process for identifying and evaluating nominees would include detailed consideration of the recommendations and opinions of members of our Board, our executive officers, and our stockholders. There would be no difference in the process of evaluation of candidates recommended by a stockholder and those recommended by other sources.

#### How to Communicate with the Board

Stockholders interested in communicating directly with our Board may do so by writing to: Board of Directors, inContact, Inc. 7730 South Union Park Avenue, Suite 500, Salt Lake City, UT 84047. All such written correspondence is delivered to the director or directors to whom it is addressed or, if addressed generally to the Board, to all directors. Concerns relating to accounting, internal controls, or auditing matters are immediately forwarded to the Chief Executive Officer, Chief Financial Officer, and Chairman of the Audit Committee.

#### Board Attendance at Annual Meeting

Two members of our Board of Directors attended the 2014 annual meeting of shareholders. We encourage attendance by members of the board and senior executives, but attendance is not required.

#### Business Sought to be Presented from the Floor

Our Bylaws provide that any item of business not included in the notice of annual meeting, including the nomination of a director, that a stockholder intends to bring to the floor of the annual meeting for action can be ruled out of order and the matter dismissed without further consideration, if the stockholder does not give written notice to inContact describing the business the stockholder intends to bring to the floor of the meeting within five business days after inContact gives written notice of the date and place of the annual meeting to its stockholders. Any such notice must be delivered to inContact on or before May 5, 2015, for the annual meeting scheduled on June 10, 2015.

#### How to Submit a Stockholder Proposal for Inclusion in the 2016 Proxy Statement; Discretionary Voting

Stockholder proposals may be submitted for inclusion in our 2016 proxy statement after the 2015 annual meeting, but must be received no later than 5:00 p.m. MST on Tuesday, December 30, 2015. Proposals should be sent via registered, certified, or express mail to: Corporate Secretary, inContact, Inc. 7730 South Union Park Avenue, Suite 500, Salt Lake City, UT 84047.

As to any proposal that is not submitted for inclusion in our proxy statement for the 2016 annual meeting of stockholders, but is instead sought to be presented directly at the meeting, certain rules adopted by the SEC permit management to vote proxies in its discretion if: (1) we receive notice of the proposal before the close of business on March 14, 2016, and advise stockholders in the proxy statement about the nature of the proposal and how management intends to vote on such matter; or (2) we do not receive notice of the proposal prior to the close of business on March 14, 2016.

#### Where to Find inContact's Code of Ethics

inContact has a Code of Ethics that applies to all of its employees and directors, including its Chief Executive Officer, Chief Financial Officer and other officers. We will provide to any person, without charge, a copy of the Code of Ethics upon written or oral request directed to Corporate Secretary, inContact, Inc., 7730 South Union Park Avenue, Suite 500, Salt Lake City, UT 84047, telephone (801) 715-5372. Furthermore, a copy of the Code of Ethics is accessible on the Corporate Governance section of the Investor Relations page on our corporate website,

<http://www.inContact.com>.

#### Where to Find inContact's Corporate Governance and Nominating Committee, Audit Committee and Compensation Committee Charters

The Board of Directors of inContact has formed a Corporate Governance and Nominating Committee, Audit Committee and Compensation Committee. Each of these Committees has a formal charter, which is made available for your examination on our corporate website at <http://www.inContact.com>. We will provide to any person, without charge, a copy of any of the charters upon written or oral request directed to Corporate Secretary, inContact, Inc., 7730 South Union Park Avenue, Suite 500, Salt Lake City, UT 84047, telephone (801) 715-5372.

#### Where to Find More Information on inContact

Our corporate website is <http://www.inContact.com>. We make available on this website, free of charge, access to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A and amendments to those materials filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically submit such material to the SEC. The SEC makes available on its website, free of charge, reports, proxy and information statements, and other information regarding issuers, such as us, that file electronically with the SEC. The SEC's website is <http://www.sec.gov>.

#### Directors and Officers

The following table sets forth the names, ages, and positions with inContact for each of the directors and officers.

6

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Name	Age	Positions	Since
Theodore Stern	85	Director and Chairman of the Board of Directors	1999
Steve Barnett	73	Director	2000
Paul F. Koepp	65	Director	2004
Blake O. Fisher, Jr.	71	Director	2004
Mark J. Emkjer	59	Director	2009
Hamid Akhavan	53	Director	2011
Paul Jarman	45	Director and Chief Executive Officer	1997
Gregory S. Ayers	53	Executive Vice President and Chief Financial Officer	2009
William ("Bill") Robinson	49	Executive Vice President of Sales	2012
Mariann McDonagh	53	Executive Vice President and Chief Marketing Officer	2010
Julian Critchfield	50	Executive Vice President and Chief Technology Officer	2014

All directors hold office until the next annual meeting of stockholders and until their successors are elected and qualify. Officers serve at the discretion of our Board. The following is information on the business experience of each director now serving and a discussion of the qualifications, attributes and skills that led to the Board of Directors' conclusion that the nominee should serve as a director.

Theodore Stern became a director of inContact in June 1999 and subsequently the Chairman of the Board of Directors and Chief Executive Officer in September 2000. Mr. Stern served in those positions until January 1, 2005, when the two positions were separated. He served on the Board of Directors of Distributed Energy Systems Corporation, a manufacturer of renewable generation systems located in Wallingford, CT from November 2003 to May 2010. He holds a Bachelor of Mechanical Engineering from the Pratt Institute and a Master of Science degree in Theoretical Mathematics from New York University. Mr. Stern is a member of the National Academy of Engineering. Mr. Stern has over 20-years of experience serving as a director with public companies. Through that service he gained experience as chairman and as a member of audit, compensation and governance committees, which we believe brings a wealth of experience and savvy to developing and overseeing the development of our strategic and operating plans consistent with effective corporate governance policies. His fourteen years of service as our Chairman gives him an in-depth knowledge of who we are and where we are going, which we believe to be valuable in making our decisions for the future.

Steve Barnett has served for more than fifteen years as an advisor to manufacturing and technology companies, as well as to public entities, on improving business operations. Mr. Barnett currently serves as an advisor to, and is on the Board of Directors of, a private electrical systems manufacturing company; as well, he also serves as an advisor and mentor to Senior Management of a global manufacturer specializing in custom engineered transformers and reactive magnetics. He previously served as Chairman of the Board of a technology company specializing in juvenile safety products. He also served on the Board of Directors for Medis Technologies Ltd., a company specializing in advanced technology regarding unique fuel cell power packs for portable electronic devices from 2004 to 2009. In addition, he served on the Board of Directors for OSI Geospatial Inc., a TSE company which delivers advanced geospatial systems and software that enable shared real-time situational awareness for military and homeland security, safety and security application on a worldwide basis from 2009 to 2011. Mr. Barnett graduated from the University of Chicago Law School with a Doctor of Jurisprudence degree. Mr. Barnett has served as a director of inContact for 15 years. His long-time service provides an excellent historical perspective that enhances the development of our strategic and operational plans going forward. His experience as a director for other software and technology companies enables him to fulfill an oversight function with respect to our research and development efforts and how to focus those efforts on exploiting market opportunities.

Paul F. Koeppe was President, CEO and founder of Superconductivity, Inc., a manufacturer of superconducting magnetic energy storage systems from 1988 to 1997 when it was acquired by American Superconductor, an electricity solutions company. He then served as Executive Vice President of Strategic Planning for American Superconductor until his retirement in 2001. From 1993 to 1995, Paul was acting CEO and Chairman of the Executive Committee of the Board of Directors of Best Power, Inc., a supplier of uninterruptible power supply equipment. Beginning August 2009, he serves as the Chairman of the Board of Directors and until 2012 Chairman of the Audit Committee for ZBB Energy Corporation, a manufacturer of large capacity energy storage systems, and served as Interim CEO from November 2009 until January 2010. Mr. Koeppe has also served as a Director of Distributed Energy Systems Corp., a public company engaged in the business of creating and delivering products and services to the energy marketplace and also as a Director of Northern Power Systems from 1998 to until 2003 when Northern was acquired by Distributed Energy Systems Corp. He holds a Bachelors Degree in Business Administration and Associate Degrees in Materials Management and Electrical Power Technology. Mr. Koeppe's service as the Chairman of the Board and previously as Chairman of the Audit Committee of ZBB Energy Corporation, which (together with his other experience) brings significant financial experience to our Board, as well as experience with sound corporate governance and internal control policies. Furthermore, his substantial experience as an executive officer followed by board service provides to us executive and employee compensation experience that we depend on to guide the policies we establish for compensating and incentivizing our employees.

Blake O. Fisher, Jr. provided management and financial consulting to the telecommunications and utility industries from May 2004 through December 2008, including financial consulting to the USDA on Rural Utilities Service's broadband program. From May 2004 to December 2004 he served as Chief Financial Officer for Fiber Utilities of Iowa, an entity that provides operation and construction services to municipal utilities. From May 2002 to May 2004 he was retired from business activities. From February 1996 to May 2002, he held senior management positions with McLeodUSA, a telecommunications provider, initially as Chief Financial Officer, then as President of the company's Western region and as Chief Development Officer. He also serves on the Board of Directors for Headwaters Incorporated, an energy and building products company. The Board believes that Mr. Fisher's chief financial officer experience is of substantial benefit in discharging the Board's oversight function with respect to financial controls and procedures, the Board's relationship with our financial staff and auditors, annual budget development and strategic planning.

Mark J. Emkjer was the CEO of the Health Services Division of WebMD from April 2009 to February 2014. From January 2003 to January 2009 he served as CEO, President and Board Member of Accelrys, Inc., a software company serving the pharmaceutical and biotech industries listed on the NASDAQ stock exchange. Prior to Accelrys, Mr. Emkjer was the President and CEO of Sunquest, a public company listed on Nasdaq that develops laboratory and pharmacy information systems for hospitals worldwide. Mr. Emkjer has held executive-level positions with other companies since graduating with a Masters in Business Administration and International Finance from the University of Miami in Florida. Mr. Emkjer's substantial experience as an executive in software companies provides significant industry experience and knowledge with respect to our product, product development, market opportunities and operational aspects of a software company. The Board believes this software industry knowledge and experience provides valuable insights for short-term and long-term operational and strategic planning.

Hamid Akhavan is a Principal at TelcomVentures LLC, a privately held investment firm with focus on Telecom-Media-Technology (TMT) space. Mr. Akhavan was previously the CEO of Unify from February 2010 to January 2014. Prior to joining Unify, Mr. Akhavan served as Chief Operating Officer (COO) at Deutsche Telekom Group, where he was responsible for the company's mobile operations in Europe, and he was also Chairman of the Executive Operating Board at Deutsche Telekom. He was also previously the CEO at T-Mobile International AG. His extensive management experience includes product development, and international sales and marketing, as well as

technology, IT and procurement. The Board believes that Mr. Akhavan's extensive management experience in the telecommunications industry and his international experience provide valuable insight to the Company as it increases its scale and scope of operation and international presence. Mr. Akhavan holds a BS degree in Electrical Engineering and Computer Science from the California Institute of Technology (Caltech) and a MS degree in the same fields from the Massachusetts

7

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Institute of Technology (MIT).

Paul Jarman has served as an officer of inContact during the past eighteen years. He has served as President since December 2002 and as Chief Executive Officer since January 2005. Prior to December 2002 he served as an Executive Vice President. Mr. Jarman is one of the original founders of inContact. He earned a Bachelor of Science degree in Accounting from the University of Utah. We believe Mr. Jarman's qualifications to serve on our Board include his executive management experience, including experience for several years as our Chief Executive Officer and a long history and familiarity with inContact, which provides the Board with essential insight into the day-to-day operations of the Company.

#### Executive Officers

Information on our executive officers is presented in our Annual Report on Form 10-K for the year ended December 31, 2014.

#### STOCK OWNERSHIP

The following table sets forth the number and percentage of the outstanding shares of common stock that, according to the information supplied to inContact, were beneficially owned by each person who, to the knowledge of the Company, is the beneficial owner of more than 5% of the outstanding common stock. Except as otherwise indicated, the persons named in the table have sole voting and dispositive power with respect to all shares beneficially owned, subject to community property laws where applicable. The number of shares owned and percent of class is as of April 15, 2015 for the principal stockholders, unless otherwise noted.

Name and Address	Common Shares	Percentage of Class	
Principal stockholders:			
FMR LLC <sup>(1)</sup> 245 Summer Street  Boston, MA 02210	9,149,077	15.0	%
Bank of Montreal <sup>(1)</sup> 1 First Canadian Place  Toronto, Ontario, Canada M5X 1A1	5,618,739	9.2	%
Columbia Wanger Asset Management, LLC <sup>(2)</sup> 227 West Monroe Street, Suite 3000  Chicago, IL 60606	4,416,197	7.2	%
BlackRock, Inc. <sup>(3)</sup> 55 East 52nd Street	4,250,091	7.0	%



New York, NY 10022

The Vanguard Group <sup>(4)</sup> 100 Vanguard Blvd. Malvern, PA 19355	3,222,240	5.3	%
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- (1) Based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2015, reflecting the shareholder's beneficial ownership as of December 31, 2014.
- (2) Based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 11, 2015, reflecting the shareholder's beneficial ownership as of December 31, 2014.
- (3) Based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 2, 2015, reflecting the shareholder's beneficial ownership as of December 31, 2014.
- (4) Based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2015, reflecting the shareholder's beneficial ownership as of December 31, 2014.

The following table sets forth, as of April 15, 2015, the number and percentage of the outstanding shares of common stock that, according to the information supplied to inContact, were beneficially owned by (i) each person who is currently a director, (ii) each executive officer, and (iii) all current directors and executive officers as a group. Except as otherwise indicated, the persons named in the table have sole voting and dispositive power with respect to all shares beneficially owned, subject to community property laws where applicable.

Name (1)	Common Shares (1)	Percentage of Class (2)	
Principal stockholders:			
Ted Stern	1,304,528	2.1	%
Steve Barnett	467,588	0.8	%
Paul Koepp	345,788	0.6	%
Blake Fisher	136,288	0.2	%
Mark Emkjer	109,034	0.2	%
Hamid Akhavan	16,189	0.0	%
Paul Jarman <sup>(3)</sup>	501,214	0.8	%
Gregory Ayers <sup>(3)</sup>	114,031	0.2	%
Bill Robinson	101,880	0.2	%
Mariann McDonagh <sup>(3)</sup>	13,008	0.0	%
Julian Critchfield	47,050	0.1	%
All executive Officers and Directors as a Group (11 persons)	3,156,598	5.2	%

(1) These figures include: for Mr. Stern 116,815 shares issuable under restricted stock units; for Mr. Barnett 139,288 shares issuable under restricted stock units; for Mr. Koepp 136,288 shares issuable under restricted stock units; for Mr. Fisher 136,288 shares issuable under restricted stock units; for Mr. Emkjer 109,034 shares issuable under restricted stock units; for Mr. Akhavan 16,189 shares issuable under restricted stock units; for Mr. Jarman options to purchase 335,834 shares of common stock at exercise prices ranging from \$3.34 to \$8.73 per share and 12,500 shares issuable under restricted stock units; for Mr. Ayers options to purchase 103,029 shares of common stock at exercise prices ranging from \$3.34 to \$8.73 per share and 5,556 shares issuable under restricted stock units; for Mr. Robinson options to purchase 99,358 shares of common stock at an exercise prices ranging from \$5.06 to \$8.73 per share and 4,774 shares issuable under restricted stock units; for Ms. McDonagh 3,611 shares issuable under restricted stock units; and for Mr. Critchfield options to purchase 43,750 shares of common stock at an exercise price of \$9.00 and 6,250 shares issuable under restricted stock units.

(2) These figures represent the percentage of ownership of the named groups and individuals assuming each of them alone has exercised options to purchase common shares, and percentage ownership of all officers and directors as a group, assuming all purchase rights held by such individuals are exercised.

(3) This individual was delinquent in filing at least one Form 4 during 2014 related to the disposal of shares from the payment of payroll tax obligations by withholding shares. These transactions were disclosed on Form 5s that were filed on February 13, 2015.

## THE BOARD AND ITS COMMITTEES; CORPORATE GOVERNANCE; SECTION 16 COMPLIANCE

### The Board and Committees

Our Board of Directors has seven members. The Chairman of the Board, Theodore Stern, provides business consulting services to inContact for a monthly fee. Our Chief Executive Officer, Paul Jarman, is a member of the Board and is a

full time employee of inContact. Hamid Akhavan is a director of Unify, a reseller of our inContact portfolio of software services. The other four members of the Board, Steve Barnett, Paul F. Koeppe, Blake O. Fisher, Jr., and Mark J. Emkjer, are non-employee directors, and the Board has determined that these persons (who constitute a majority of the Board) are “independent directors” under the criteria set forth in Rule 5605(a)(2) of the Nasdaq Listing Rules. The Board met twelve times during the year ended December 31, 2014. All directors attended at least 89% of the meetings of the Board during the year ended December 31, 2014.

The Corporate Governance and Nominating Committee is appointed by the Board to: (1) identify individuals qualified to serve as members of the Board and, where appropriate, recommend individuals to be nominated by the Board for election by the stockholders or to be appointed by the Board to fill vacancies consistent with the criteria approved by the Board; (2) develop and periodically evaluate and recommend changes to inContact’s Corporate Governance Guidelines and Code of Ethics, and to review the Company’s policies and programs that relate to matters of corporate responsibility, including public issues of significance to the Company and its stakeholders; and (3) oversee an annual evaluation of the performance of the Board. The current members of the Corporate Governance and Nominating Committee are Steve Barnett (Chairman), Blake O. Fisher, Jr., Paul F. Koeppe and Mark J. Emkjer, and the Board has determined that each of the members of the Corporate Governance and Nominating Committee is “independent” under the standard set forth in Rule 5605(a)(2) of the Nasdaq Listing Rules. The Corporate Governance and Nominating Committee met four times in 2014, and all director members of the committee attended 100% of the meetings. The Corporate Governance and Nominating Committee operates under a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Corporate Governance and Nominating Committee.

The current members of the Audit Committee are Blake O. Fisher, Jr. (Chairman), Steve Barnett, Paul F. Koeppe and Mark J. Emkjer. The Audit Committee provides oversight for financial reporting matters, internal controls, and compliance with the Company’s financial policies, and meets with its auditors when appropriate. The Audit Committee met six times in 2014, and all director members of the committee attended 100% of the meetings. The Board has determined that Steve Barnett, Paul F. Koeppe and Blake O. Fisher, Jr. are “audit committee financial experts” within the meaning of Item 407(d)(5) of Regulation S-K. Further, the Board has determined that each of the members of the Audit Committee is “independent” under the standard set forth in Rule 5605(a)(2) of the Nasdaq Listing Rules. The Audit Committee operates under a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Audit Committee.

The current members of the Compensation Committee are Paul F. Koeppe, (Chairman), Steve Barnett, Blake O. Fisher, Jr. and Mark J. Emkjer, and the Board has determined that each of the members of the Compensation Committee is “independent” under the standard set forth in Rule 5605(a)(2) of the Nasdaq Listing Rules. The Compensation Committee recommends to the Board for determination compensation of our executive officers, including the chief executive officer, and addresses salary and benefit matters for other key personnel and employees of the Company. The Compensation Committee met seven times in 2014, and all director members of the committee attended 93% of the meetings. The Compensation Committee operates under a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Compensation Committee.

#### Corporate Governance Guidelines and Code of Ethics

Under the Corporate Governance Guidelines for inContact, the Audit Committee is required to conduct, at least annually, 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

review, “related party transactions” means transactions required to be disclosed pursuant to Item 404 of Regulation S-K adopted by the Commission, which are related party transactions we report in this proxy statement.

The bylaws of the Company provide that no contract or transaction between inContact and one or more of its directors or officers, or between inContact and any other corporation, firm, association, or other organization in which one or more of its directors or officers are financially interested, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee that authorizes or approves the contract or transaction, or because their votes are counted for such purpose, provided that:

- the material facts as to his, her, or their relationship or interest as to the contract or transaction are disclosed or are known to the Board of Directors or the committee and noted in the minutes, and the Board of Directors or committee, authorizes the contract or transaction in good faith by the affirmative vote of a majority of disinterested directors, even though the disinterested directors are less than a quorum;
  - the material facts as to his, her, or their relationship or interest as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved or ratified in good faith by the majority of shares entitled to vote, counting the votes of the common or interested directors or officers; or
- 
- the contract or transaction is fair as to inContact as of the time it is authorized or approved.

Under the Company’s Code of Ethics, an officer has an obligation to disclose to the Board of Directors or appropriate committee any situation that may present a conflict of interest between inContact and the officer.

#### Board Leadership Structure and Role in Risk Oversight

Our Chief Executive Officer is a member of the Board, but a different director who is not an executive officer serves as Chairman of the Board. The Board believes that this leadership structure is best at this time, as it facilitates the ability of the Board and its committees to bring independent evaluation and thinking to strategic planning for our present and future operations, and allows the Board, without the participation of our executives, to fulfill its oversight function with respect to what we do and how we do it. We believe the benefit of having the Chief Executive Officer on the Board is the information and insight about our business that he brings to each Board meeting and adds to the totality of information our Directors receive for consideration.

Our directors believe it is a Board-level function to provide oversight with respect to the management of risks. Accordingly, our Board regularly engages in risk oversight by evaluating our circumstances and opportunities for the purpose of trying to strike a reasonable balance between anticipated risks we are willing to accept to create opportunities to achieve rewards that are consistent with our short and long-term business objectives. While certain risks are in the purview of Committees of the Board, and are scrutinized closely at the Committee level, the full Board has responsibility for risk oversight.

Our Board believes each action, either directly or indirectly by association with other circumstances and events, could create or enhance risk exposure at any level of our operations. As management modifies and refines our strategic plan, it:

- Assesses risks it believes may be associated with implementation of the strategy,

- Briefs the Board on the potential risks,
- Seeks from the Board guidance on how to proceed and appropriate authorization, and
- Develops systemic processes and procedures it believes will enable employees to monitor the level of various risks as part of a process to gather information reported “up the ladder” to the Board for consideration in its oversight of our risk profile and deciding on future strategies and actions.

Our Board is assisted in its oversight responsibilities by the standing Board committees, which have assigned areas of oversight responsibility for various matters as described in the Committee charters. For example, our Audit Committee assists the Board’s oversight of the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm. Pursuant to its charter the Audit Committee also considers our policies with respect to risk assessment and risk management. The Compensation Committee oversees the compensation of our chief executive officer and other executive officers and evaluates the appropriate compensation incentives to motivate senior management to grow long-term stockholder returns without undue risk taking. Our Corporate Governance and Nominating Committee periodically evaluate and recommend changes to our Corporate Governance Guidelines and Code of Ethics.

With respect to consideration of risks related to compensation, our Board has reviewed potential risks related to compensation policies and practices applicable to all employees and has concluded that they are not reasonably likely to have a material adverse effect on our company.

#### Audit Committee Report

The purposes of the Audit Committee are set forth in the Committee’s written charter. As provided in the charter, the role of the committee is to assist the Board of Directors in its oversight on matters relating to accounting, financial reporting, internal control, auditing, regulatory compliance activities and other matters the Board deems appropriate. The Committee also selects inContact’s independent registered public accounting firm in accordance with the provisions set out in the charter. Management, however, is responsible for the preparation, presentation and integrity of inContact’s financial statements, and for the procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for planning and carrying out proper audits and reviews.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the 2014 Annual Report on Form 10-K of inContact with management and the independent registered public accounting firm. In addition, the Committee has discussed with the independent registered public accounting firm the matters required to be discussed pursuant to Statement of Auditing Standards No. 61, as modified or supplemented. The Committee has also received from the independent registered public accounting firm the written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board, considered whether the provision of non-audit services by the independent registered public accounting firm is compatible with maintaining the independent registered public accounting firm’s independence, and discussed with the independent registered public accounting firm its independence.

In reliance on the reviews and discussions with management and the independent registered public accounting firm referred to above, and subject to the limitations



on the responsibilities and role of the Audit Committee set forth in the charter and discussed above, the Committee recommended to the Board of Directors, and the Board approved, that the audited financial statements of inContact be included in its 2014 Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

Respectfully submitted by the members of the Audit Committee of the Board of Directors:

Blake O. Fisher, Jr. (Chairman)

Paul F. Koeppe

Steve Barnett

Mark J. Emkjer

#### Section 16(a) Filing Compliance

Section 16(a) of the Securities Exchange Act of 1934 (Exchange Act) requires officers and directors of inContact and persons who own more than ten percent of a registered class of its equity securities to file reports of ownership and changes in their ownership on Forms 3, 4 and 5 with the Commission, and forward copies of such filings to the Company. Based on the copies of filings received by the Company during the most recent fiscal year the directors, officers and beneficial owners of more than ten percent of the equity securities of inContact registered pursuant to Section 12 of the Exchange Act have filed on a timely basis all required Forms 3, 4 and 5 and any amendments thereto.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The primary objectives of our compensation policies are to attract and retain experienced and well-qualified executive officers, and provide incentives for financial and business achievements that benefit our stockholders. The Compensation Committee of the Board is charged with the responsibility of evaluating compensation and benefits for our executive officers and recommending specific compensation packages to the Board. The Compensation Committee also evaluates and recommends to the Board compensation arrangements for our non-employee Directors.

### Objectives of our Compensation Programs

We are committed to providing total compensation packages that are intended to retain and motivate talented employees. We believe in pay for performance and we link performance to pay throughout our organization in order to create the appropriate level of incentives. We actively manage our compensation structures and levels to adapt to changes in the marketplace and the continuing evolution of inContact. Changes in the economic and business climate over the past years have resulted in heightened interest and concern by stockholders and others with respect to compensation levels for executives in American business. The Compensation Committee is sensitive to these concerns and pursues its work with a view to establishing compensation packages and arrangements that address our need to attract and retain executive officers and incentivize those officers to manage our business to achieve short-term objectives for the coming year and long-term sustainable growth, while at the same time paying compensation at a level that is within the limits of our budget.

### How the Compensation Committee Performs its Tasks

At each meeting of the Compensation Committee the members evaluate the ongoing performance of our executive officers. It is the Committee's practice in November of each year to discuss with the Chief Executive Officer executive

performance during the year, the impact of executive performance on our growth and operations, and any other factors related to retention, advancement, or changes in job responsibilities. Following this evaluation and dialog, the Chief Executive Officer makes recommendations to the Compensation Committee on levels of compensation for our executives in the coming year. For the Chief Executive Officer, our Chairman of the Board discusses his recommendations for compensation for our Chief Executive Officer with him with a view to obtaining his input and evaluation of his performance and goals for the coming year and a compensation package that is reasonable in relation to the compensation recommended for our other executive officers. This process results in specific compensation proposals for all of the executive officers, which are submitted to the Compensation Committee by our Chief Executive Officer for discussion, final modification, as appropriate, and final approval, all of which is our practice to complete in January so that compensation arrangement for each executive officer is set for the year.

The Compensation Committee strives to strike a balance between salary, performance based cash bonus, and long-term incentive compensation in the form of stock awards in an effort to align the compensation of our executive officers with the long-term interests of our shareholders by linking compensation to what the Committee views as superior company and individual performance on an annual and long-term basis. The Compensation Committee's conclusions and recommendations on the compensation packages for our executive officers are the product of a subjective analysis of a number of factors, including:

- the Company's performance,
- our business goals for the coming year,
- our annual budget and forecast,
- the individual officer's performance, experience, skills and tenure with the Company, and
- changes to the officer's position and individual goals for the coming year.

The Compensation Committee's conclusions and recommendations on the compensation packages for our executive officers are based on the total mix of information from the sources described above, as well as the Committee members' general knowledge of executive compensation practices and their personal evaluations of the likely effects of compensation levels and structure on the attainment of our business and financial objectives. From time to time during the year the Compensation Committee may use its discretion to adjust any of the components of compensation to achieve our goal of recruiting, developing, motivating, and retaining individuals with the skills necessary to execute our business strategy.

At the annual meeting of stockholders in 2014, our stockholders approved a non-binding advisory say-on-pay proposal on executive compensation for inContact's named executive officers with over 95% of the shares represented at the meeting and entitled to vote on the proposal voting for the proposal.. The Compensation Committee reviewed the results of the stockholder vote and took the high percentage of votes cast in favor of the proposal as an indication that our stockholders supported the compensation practices that we had adopted. The Compensation Committee will continue to monitor our current compensation structure and consider the results of future non-binding, advisory say-on-pay votes of our stockholders when establishing our pay programs in the future. A substantial majority of stockholders voting on the





non-binding advisory vote on how frequently we seek a non-binding advisory vote on executive compensation selected three years, so we intend to hold such a vote every three years consistent with that input from the stockholders.

#### Compensation Consultant

For 2014 we did not use the services of an executive consulting firm to contribute to the process of fixing 2014 compensation for our named executive officers. In October 2012, the Compensation Committee retained the services of the independent executive consulting firm Radford Consulting Services, or Radford, to conduct a competitive review and analysis of inContact’s executive and equity compensation programs. The results of Radford’s review and analysis were reported to the Compensation Committee and considered in setting 2013 pay packages. The Compensation Committee did not expect that engaging Radford to conduct another review and analysis for 2014 would add significant new information to what was previously reported.

#### Peer Group Analysis

In 2013 the Compensation Committee adopted a comparative group of companies (“peer group”) for analysis purposes. The peer group of 20 companies is set forth below:

Actuate	Bazaarvoice	Brightcove
BroadSoft	Callidus Software	Carbonite
Clicksoftware Technologies	Demandware	Descartes Systems Group
Imperva	Interactive Intelligence Group	iPass
Keynote Systems	LivePerson	Monotype Imaging Holdings
Pros Holdings	Responsys	Shoretel
Tangoe	Vocus	

When considering the competitiveness of executive officer compensation levels, the Compensation Committee reviews the compensation of each executive officer against the available market data for that executive officer from the foregoing benchmarking peer group. The Compensation Committee did not use a formula to set pay in relation to this market data; rather it considered a number of factors, including the benchmarked market data, in determining compensation for each executive officer relative to such data.

#### The Elements of our Compensation Packages

In line with our compensation objectives, the Compensation Committee seeks to maintain the salary component of each officer’s compensation at a moderate level; to provide bonuses based on short-term financial performance; and to also provide stock awards, consisting primarily of options and restricted stock awards, the value of which the Committee believes will be appropriate in relation to future shareholder value, depending on long-term appreciation in the market value of our common stock. The Committee analyzes each of these elements separately, and then expands the analysis to consider each element in the context of the overall compensation packages. inContact also provides what it considers to be a moderate package of retirement, medical and other benefits. In determining the proper allocation of each executive officer’s compensation among these elements, the Compensation Committee has sought to achieve for each executive an appropriate balance between economic security and compensation that is at risk based on our performance.

#### Base Salary

For 2014 base salary adjustments were determined based on an assessment of the executive's job responsibilities, performance against job responsibilities, overall Company performance, competitive salary information, and overall economic conditions. Annually, during the fourth and first quarter of the year, the Compensation Committee considers these factors in assessing potential adjustments to base salaries for each of our executive officers. For the purpose of setting base salary levels and adjustments to base salary, there is no formulaic method, instead the Compensation Committee will consider individual performance, impact the executive officer had on the overall business, and anticipated future contributions to the Company's short and long-term success. In addition, the Compensation Committee will also consider the market reference point for each executive officer's base salary based on the 50th percentile of companies in our peer group for the executive officers' particular role.

#### Cash Bonus

Early each year, following Board approval of the annual operating budget and financial forecast for the upcoming year, the Compensation Committee sets performance expectations to be used in determining cash bonus awards for that year, which are expressed as targets for key financial performance indicators. After the end of the performance period, the Committee meets to evaluate and develop a consensus as to the Company's actual performance relative to these targets. To provide the Compensation Committee the flexibility to adjust for and react to unexpected events, such as changes in our operations or industry that could not reasonably be anticipated, we prefer not to rely solely on a formulaic approach that result in automatic payouts. Rather, the Compensation Committee retains discretion to adjust actual awards as it views appropriate given circumstances at the time of the award.

In January 2014, the Board approved an Executive Officer Bonus Plan for the 2014 year that was a variable cash based incentive plan. Under the plan bonuses could be earned based on achieving stated performance criteria for the full year. All of our named executive officers ("NEOs") participated in the plan except for the Executive Vice President of Sales, who has a separate sales commission compensation arrangement. Performance measure components were organic software revenue, software revenue run rate, bookings and Adjusted EBITDA, which were derived from our budget and business plan for the year, as approved by the Board of Directors, and were intended to be targets that were likely to be achieved, but not assured. The bonus for the year was allocated on a percentage basis to the four performance measures as follows:

Weighted values	
Organic software revenue	30%
Software revenue run rate	30%
Bookings	30%
Adjusted EBITDA	10%

The four components of the plan each had a threshold and were calculated independently. A partial bonus was payable subject to first achieving the component's cliff or threshold. The threshold for organic software revenue was achieving approximately 97% of budget for the year, the threshold for software revenue run rate was achieving approximately 97%, for bookings was achieving approximately 90% of budget for the year, and for consolidated Adjusted EBITDA was achieving approximately 90% of budget. Payment on each component began at 80% of the percentage of the total bonus allocated to each component, and increased straight line basis to 100% based on achieving 100% of the component goal. Payment on each component accelerated on a straight-line basis to 150% for achieving in excess of 100% of the component goal. The bonus payable to our NEOs for the year assuming 100% of performance goals are achieved ranged from a high of \$165,000 to a low of \$86,700. The financial performance measure targets in 2014, the amount achieved, and the percent of target actually achieved are listed below:

	Target Amount	Amount Achieved	Percent of Target Achieved	
Organic Software Revenue	\$82,663,000	\$84,718,000	102	%
Software Revenue	\$101,201,000	\$106,171,000	105	%
Bookings	\$38,538,000	\$39,616,000	103	%
Adjusted EBITDA	\$2,080,000	\$6,734,000	324	%

Our NEOs earned 139% of the target bonus possible on the financial performance measure targets in 2014.

William Robinson received quarterly commissions in 2014 based on estimated annual contract value. If the aggregate amount of annualized new contract revenue equaled or exceeded 90% of the quarterly target derived from our annual budget, a commission would be paid on a sliding scale based on the percentage of the quarterly target achieved. The commission payable started at 7% at 90% of the quarterly target and increased 0.4% for each additional 2 percentage points of quarterly target achieved up to 9% commission at 100% of the quarterly target, and then increased an additional 0.5% for each additional 25 percentage points of the quarterly target achieved in excess of 100% to a maximum of 11% commission for 200% of the quarterly target. The quarterly new contract revenue targets in 2014 were approximately \$8.0 million for the first quarter, \$9.6 million for the second quarter, \$10.4 million for the third quarter, and \$10.6 million for the fourth quarter. Mr. Robinson achieved the target in each quarter, so that the \$286,650 of non-equity incentive plan compensation paid was effectively 9.0% of annualized new contract revenue. Mr. Robinson did not participate in the Executive Officer Bonus Plan for 2014 because his incentives were provided through the commission arrangement, which was established by our Chief Executive Officer consistent with past commission arrangements with our EVP of Sales.

For 2015, the Executive Officer Bonus Plan continues to focus on Company financial performance. Financial performance measures will be calculated annually and include Software revenue, annualized Software revenue run rate at the end of the year, Software bookings (subscription and perpetual), and consolidated Adjusted EBITDA, which will be compared to our budget for the year, as approved by the Board of Directors, and are intended to be targets that are likely to be achieved, but not assured. The four components of the financial performance goals will each have a threshold and will be calculated independent of the other components. Consistent with our goal of compensating performance, the Compensation Committee will set maximum target bonus compensation percentages for our executive officers near the 50th percentile relative to our industry peer group.

#### Stock Options and Stock Awards

The Compensation Committee uses stock options and stock awards as an important component of our overall compensation program due to its effect on retaining executives, aligning executives' financial interests with the interests of stockholders and rewarding the achievement of inContact's long-term strategic goals. Stock options and stock awards provide our executive officers with the opportunity to maintain an equity interest in inContact and to

share in the appreciation of the value of our stock.

Through October 2012 we made equity awards to our executive officers solely in the form of stock options. In November 2012, we began also granting restricted stock awards (“RSAs”), to all of our executive officers. Our Compensation Committee believes that RSAs provide a valuable addition to balance our executive officer long-term incentive program. Compared with stock options, we do not have to issue as many RSAs to achieve a given level of value to our executive officers, so, to the extent RSAs are issued in lieu of stock options, the dilutive effect of our employee equity incentives on our outstanding shares will be reduced. The Compensation Committee believes that equity-based awards that include a combination of stock options and RSAs provide an appropriate balance between expenses, dilution, alignment with shareholder interests, compensatory value and retention value. The Compensation Committee also recognizes that RSAs provide a more direct correlation between the compensation expense we must record for financial accounting purposes and the actual value delivered to our executive officers.

The Compensation Committee targeted equity awards for the executive officers at approximately the 50th percentile relative to our industry peer group. Equity awards to individual executives were based on benchmark data for executive in similar positions at peer companies, the executive’s past performance and future expected performance and contributions, the retention value of the executive’s equity holdings, the executive’s cash compensation as compared to market, and input from the Chief Executive Officer for those other than himself. Stock options were also commonly issued as an inducements to accept employment with inContact. The detail of options granted in 2014 is set forth in the table for Grants of Plan Based Awards.

#### The 401(k) Plan

Under the 401(k) Plan, our executive officers and generally all full-time domestic exempt and non-exempt employees may contribute a portion of their compensation to the plan on a pre-tax basis. There were no changes to these arrangements during 2014.

#### Employee Stock Purchase Plan (“Purchase Plan”)

The purpose of the Purchase Plan is to provide an opportunity for eligible employees to purchase a limited number of shares of our common stock at a discount through voluntary automatic payroll deductions. The Purchase Plan is designed to attract, retain, and reward our employees and to strengthen the mutuality of interest between our employees and our stockholders. Our Board may at any time amend, suspend or discontinue the Purchase Plan, subject to any stockholder approval needed to comply with the requirements of the SEC and the Internal Revenue Code. The aggregate number of shares of our common stock that may be issued under the Purchase Plan will not exceed 1,000,000 shares (subject to mandatory adjustment in the event of a stock split, stock dividend, recapitalization, reorganization or similar transaction). The maximum amount eligible for purchase of shares through the Purchase Plan by any employee in any year will be \$25,000. The purchase price a participant pays for the shares is equal to 85% of the closing market bid price of the common stock on the first business day or the last business day of each participation period, whichever is lower. This percentage may be changed prior to a participation period at the sole discretion of the Compensation Committee administering the Purchase Plan to any whole percentage that is not less than 85% and not greater than 100%. Officers and members of the Board of Directors who are eligible employees are permitted to participate. An employee is ineligible to participate if immediately after a grant the employee would own stock possessing five percent or more of the total combined voting power or value of all classes of stock of inContact. We issued 113,049 shares of common stock under the Purchase Plan during 2014. A total of 359,180 shares of common stock have been issued under the Purchase Plan.



## Severance Policy

Executive officers that have been employed by inContact for at least one year will receive severance benefits upon the involuntary termination of their employment in the event of a purchase of inContact or a change of control. The policy is intended to help keep executive officers focused on their work responsibilities during the uncertainty that accompanies a potential change of control, to provide benefits for a period of time after a change of control transaction, and to help us attract and retain key talent. Under the policy, the Chief Executive Officer would receive 24 months of base salary and our other named executive officers would receive 18 months of base salary. These payments are made if the executive officer's employment terminates within six months of the change of control under certain circumstances. The Board of Directors adopted a formal written policy in August 2011 for applying the change in control severance compensation arrangement established previously. The amount due in the event of a purchase or change in control of inContact did not change.

## Regulatory Considerations

The tax and accounting consequences of utilizing various forms of compensation are considered when adopting new or modifying existing compensation. We have administered our incentive and equity compensation programs, severance plans and change in control agreements in compliance with federal tax rules affecting non-qualified deferred compensation. Under Section 162(m) of the Internal Revenue Code, publicly-held corporations may not take a tax deduction for compensation in excess of \$1.0 million paid to any of the executive officers named in the Summary Compensation Table during any fiscal year. There is an exception to the \$1.0 million limitation for performance-based compensation meeting certain requirements. To maintain flexibility in compensating executives in a manner designed to promote varying corporate goals, the Compensation Committee has not adopted a policy requiring all compensation to be deductible under 162(m). However, the Compensation Committee considers deductibility under Section 162(m) with respect to compensation arrangements for executives. We believe our annual and long-term incentive compensation programs for executives qualify as performance-based compensation and are not subject to any deductibility limitations under Section 162(m).

## Code of Ethics Violations

It is our policy under our Code of Ethics to take appropriate action against any executive officer whose actions are found to violate the Code or any other policy of inContact. Disciplinary actions may include immediate termination of employment and, where inContact has suffered a loss, pursuing its remedies against the executive officer responsible. inContact will cooperate fully with the appropriate authorities where laws have been violated .

## Insider Trading and Blackout Policy

Our Insider Trading and Blackout Policy prohibits directors, officers, employees and consultants from trading Company securities during regularly scheduled blackout periods surrounding the announcement of earnings and filing annual and quarterly reports with the SEC as well as all other times an individual is in possession of material non-public information. Prohibited trading includes purchases and sales of stock derivative securities such as put and call options and convertible debentures or preferred stock, and debt securities (debentures, bonds and notes).

## Non-employee Director Compensation

The Compensation Committee has followed the same program for compensating non-employee Directors for over five years with occasional increases in the cash or equity portion of the program based solely on the decision these increases were appropriate to compensate Directors for their time and effort. The Compensation Committee has retained the services of the independent executive consulting firm Radford Consulting Services, or Radford, to conduct a competitive review and analysis of inContact's compensation program for non-employee Directors with respect to their service on the Board and Board committees. The results of the review and analysis by Radford will be

considered by the Compensation Committee when it takes up the task of determining a compensation program for non-employee Directors for their service during the 12-month period beginning July 1, 2015.

#### Summary of Compensation Table

The following table sets forth certain information with respect to compensation for each year in the three-year period ended December 31, 2014 earned by or paid to our chief executive officer, our chief financial officer and our three other most highly compensated executive officers who were serving at fiscal year-end, together referred to as our named executive officers:



## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (1)	Bonus (2)	Non-Equity Incentive Plan Compensation (3)	Stock Awards (4)	Option Awards (4)	All Other Compensation (5)	Total Compensation
Paul Jarman <sup>(6)</sup> Chief Executive Officer	2014	\$ 330,000	\$-	\$ 208,350	\$ 436,500	\$ 759,745	\$ 18,877	\$ 1,753,473
	2013	\$ 300,000	\$-	\$ 66,000	\$-	\$ 904,620	\$ 15,444	\$ 1,286,064
	2012	\$ 280,000	\$ 40,000	\$ 145,200	\$ 157,500	\$ 475,439	\$ 14,028	\$ 1,112,167
Gregory S. Ayers EVP and Chief Financial Officer	2014	\$ 265,000	\$-	\$ 129,640	\$ 193,998	\$ 365,257	\$ 20,137	\$ 974,032
	2013	\$ 250,000	\$-	\$ 42,500	\$-	\$-	\$ 18,555	\$ 311,055
	2012	\$ 240,000	\$ 20,000	\$ 87,600	\$ 104,475	\$ 314,629	\$ 15,443	\$ 782,147
Julian Critchfield	2014	\$ 283,562	\$-	\$ 196,400	\$ 225,000	\$ 913,780	\$ 16,231	\$ 1,634,973
	2013	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	2012	\$-	\$-	\$-	\$-	\$-	\$-	\$-
William Robinson <sup>(7)</sup> EVP of Sales	2014	\$ 260,000	\$-	\$ 286,650	\$ 166,682	\$ 313,836	\$ 18,108	\$ 1,045,276
	2013	\$ 250,000	\$-	\$ 221,912	\$-	\$-	\$ 15,287	\$ 487,199
	2012	\$ 117,808	\$-	\$ 69,000	\$-	\$ 683,775	\$ 6,093	\$ 876,676
Mariann McDonagh <sup>(8)</sup> EVP and Chief Marketing Officer	2014	\$ 305,000	\$ 30,000	\$ 120,765	\$ 126,096	\$ 237,419	\$ 30,543	\$ 849,823
	2013	\$ 253,000	\$ 50,000	\$-	\$ 228,250	\$-	\$ 41,434	\$ 572,684
	2012	\$ 224,000	\$ 50,000	\$ 47,600	\$ 93,975	\$ 283,166	\$ 19,631	\$ 718,372

(1) Amounts shown include deferrals to the 401(k) Plan.

(2) These amounts represent bonuses paid outside of plans established. With the exception of amounts reported for Ms. McDonagh in 2014, 2013 and 2012 of \$30,000, \$50,000 and \$50,000, respectively, which relate to guaranteed bonuses, the amounts reported were awarded in recognition of significant transactions that the Compensation Committee believes have, and will likely continue to, enhance shareholder value.

(3) Our executives were eligible for cash bonuses under plans established for the stated years, subject to achieving certain performance objectives.

(4) This column represents the aggregate grant date fair value of restricted stock awards and stock option awards granted during the year indicated, in accordance with ASC Topic 718 and do not correspond to the actual value that may be realized by

the named executives.

- (5) The 2014, 2013 and 2012 amounts for Mr. Jarman and Mr. Robinson reflect employee benefit insurance premiums. The 2014 amount for Mr. Critchfield reflect employee benefit insurance premiums. The 2014, 2013 and 2012 amounts for Mr. Ayers and Ms. McDonagh reflect 401(k) matching contributions and employee benefit insurance premiums.
- (6) In November 2013, Mr. Jarman had 398,505 options expire where the Company's stock price exceeded the exercise price of the options. Also in November 2013, Mr. Jarman was awarded 232,868 shares of restricted stock. These transactions were accounted for as a modification and did not result in any additional fair market value because the market value of the restricted stock awarded approximated the market value of the expired options.
- (7) Mr. Robinson became Executive Vice President of Sales in July 2012. Mr. Robinson's 2012 salary was pro-rated to reflect his service for the months employed. The amount of non-equity incentive plan compensation listed for Mr. Robinson includes \$37,500 of sales commissions paid for 2012, \$221,912 of sales commissions paid for 2013 and \$286,650 of sales commission paid for 2014. Mr. Robinson does not participate in our Variable Cash Based Incentive Plan.
- (8) Ms. McDonagh's annual base salary was increased from \$245,000 to \$270,000 in August 2013.

#### Grants of Plan Based Awards

The following table sets forth certain information with respect to grants of plan-based restricted stock and stock option awards for the year ended December 31, 2014 with respect to the named executive officers. Each of the restricted stock and stock options granted during the year vest in four equal annual installments commencing one year after the date of grant and expire ten years from grant date.

Name	Date	Number of Securities Underlying Restricted Stock and Stock Options Awards	Grant Date Fair Value of Restricted Stock and Stock Option Awards (1)
Paul Jarman	01/28/14	200,000	\$ 1,196,245
Gregory S. Ayers	01/28/14	94,337	\$ 559,256
Julian Critchfield	01/20/14	200,000	\$ 1,138,780
William Robinson	01/28/14	81,055	\$ 480,518
Mariann McDonagh	01/28/14	61,319	\$ 363,515

- (1) This column shows the grant date fair value of the plan-based stock and stock option awards to the named executives during 2014 in accordance with ASC Topic 718. Generally, the grant date fair value is the amount that we will expense in our financial statements over the vesting schedule for the award. Fair value of each stock option is calculated using the Black-Scholes value on the grant date. Fair value of each restricted stock is calculated using

the closing price of the common stock on date of grant.

Discussion of Summary Compensation Table and Plan Based Awards

The annual base salary of our executive officers is determined each year at the discretion of the Compensation Committee. The annual salaries for our named executive officers are:

15

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Name	2014 Salary	2015 Salary
Paul Jarman	\$330,000	\$350,000
Gregory S. Ayers	\$265,000	\$300,000
Julian Critchfield	\$283,562	\$315,000
William Robinson	\$260,000	\$270,000
Mariann McDonagh	\$305,000	\$325,000

At the beginning of 2014 the annual base salary for Mariann McDonagh, our Chief Marketing Officer, was \$275,000, and she had a guaranteed bonus of \$50,000 for the year. In April 2014, the compensation arrangement was adjusted so that the annual base salary for Mrs. McDonagh for 2014 was raised to \$305,000, and her guaranteed bonus for the year was reduced to \$30,000.

Potential Payments Upon Change In Control

The Board of Directors adopted a severance compensation policy for our named executive officers in 2006, which was formally written and adopted in August 2011. The severance policy provides that our executive officers that have been employed by inContact for at least a year shall receive severance benefits upon the involuntary termination of their employment within six months after a change of control.

A change in control occurs if: (i) any person acquires beneficial ownership of 50% or more of either the then-outstanding shares of our common stock, or the combined voting power of our then-outstanding voting securities entitled to vote generally in the election of directors; (ii) persons who currently constitute the Board of Directors cease for any reason to constitute at least a majority of the Board; or (iii) consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of our assets, or our acquisition of assets or stock of another entity, in each case, unless, (a) all or substantially all of the individuals and entities who were the beneficial owners of either the outstanding shares of our common stock, or the combined voting power of our outstanding voting securities entitled to vote generally in the election of directors immediately prior to the transaction beneficially own, directly or indirectly, more than 50% of, respectively, our then-outstanding shares of common stock and the combined voting power of our then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from the transaction, (b) no person beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from the transaction, or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed prior to the transaction, and (c) at least a majority of the members of the Board of Directors of the corporation resulting from the transaction were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for the transaction

Under the policy, the Chief Executive Officer would receive 24 months of base salary and our other named executive officers would receive 18 months of base salary and amounts payable would be paid in a lump sum on the 65<sup>th</sup> day following the participant's termination date. The following table shows the amount of severance that would have been paid to our named executive officers serving at the end of 2014 assuming the benefit accrued as of December 31, 2014:

Name	Benefit	Payments Upon a Change in Control
Paul Jarman	24 months salary	\$660,000

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Gregory S. Ayers	18 months salary	\$397,500
Julian Critchfield	18 months salary	\$425,342
William Robinson	18 months salary	\$390,000
Mariann McDonagh	18 months salary	\$457,500

Option Exercises and Stock Vested

During 2014, certain named executive officers acquired shares upon vesting of restricted stock awards.

Name	Restricted Stock Acquisition	
	Number of Shares Acquired on Vesting	Value Realized on Vesting
Paul Jarman	87,623	\$758,644
Gregory S. Ayers	6,633	\$55,784
Mariann McDonagh	14,301	\$114,188

During 2014, certain named executive officers exercised stock options, as described in the following table:

Name	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise
Paul Jarman	100,000	\$684,755
Gregory S. Ayers	380	\$3,032
William Robinson	3,400	\$17,462
Mariann McDonagh	50,417	\$126,606

Outstanding Equity Awards at Fiscal Year End

The table on the following page sets forth certain information with respect to outstanding equity awards at December 31, 2014 with respect to the named executive officers:

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Name	Option Awards			Option Exercise Price	Option Expiration Date	Stock Awards		Award Grant Date
	Number of Securities Underlying Option (#)	Unexercised	Options			Unreleased Restricted Stock (#)	Not Vested	
Paul Jarman	85,000	-	\$ 3.34	01/18/16	-	-	-	
	-	30,544	\$ 8.73	01/28/24	-	-	-	
	-	119,456	\$ 8.73	01/28/24	-	-	-	
	-	-	\$ -	-	-	50,000	01/28/2014	
	4,445	8,888	\$ 7.50	11/06/18	-	-	-	
	95,556	191,111	\$ 7.50	11/06/18	-	-	-	
	-	-	\$ -	-	-	155,245	11/06/2013	
	2,044	19,047	\$ 5.25	11/16/17	-	-	-	
111,289	37,620	\$ 5.25	11/16/17	-	-	-		
-	-	\$ -	-	-	10,000	11/16/2012		
Gregory S. Ayers	35,738	-	\$ 3.34	01/18/16	-	-	-	
	14,262	-	\$ 3.34	01/18/16	-	-	-	
	-	34,362	\$ 8.73	01/28/24	-	-	-	
	-	37,753	\$ 8.73	01/28/24	-	-	-	
	-	-	\$ -	-	-	22,222	01/28/2014	
	16,888	19,047	\$ 5.25	11/16/17	-	-	-	
	58,112	18,453	\$ 5.25	11/16/17	-	-	-	
-	-	\$ -	-	-	6,633	11/16/2012		
Julian Critchfield	-	44,444	\$ 9.00	01/20/24	-	-	-	
	-	130,556	\$ 9.00	01/20/24	-	-	-	
	-	-	\$ -	-	-	25,000	01/20/2014	
William Robinson	-	45,816	\$ 8.73	01/28/24	-	-	-	
	-	16,146	\$ 8.73	01/28/24	-	-	-	
	-	-	\$ -	-	-	19,093	01/28/2014	
	163,267	83,333	\$ 5.06	07/12/17	-	-	-	
Mariann McDonagh	-	34,362	\$ 8.73	01/28/24	-	-	-	
	-	12,513	\$ 8.73	01/28/24	-	-	-	
	-	-	\$ -	-	-	14,444	01/28/2014	
	-	-	\$ -	-	-	16,666	08/06/2013	
	8,444	19,047	\$ 5.25	11/16/17	-	-	-	
	25,306	14,703	\$ 5.25	11/16/17	-	-	-	
-	-	\$ -	-	-	5,966	11/16/2012		

Board Compensation

In June 2014, the Board of Directors approved the annual compensation package for the non-employee Directors. Under the package non-employee directors receive a cash payment of \$60,000 per year paid in monthly installments and an award of restricted stock units on July 1 of each year in number equal to \$60,000 divided by the fair market value of inContact's common stock at July 1 of each annual period, which is the grant date. The restricted stock units vest in equal monthly installments over the one-year period following the date of the award; provided, that vesting is accelerated in the event of a greater than 50% change in voting control of inContact or membership of the Board of Directors or a disposition of more than 50% of the assets of inContact (a "Corporate Event"). Each restricted stock unit represents the right to receive one share of inContact common stock (subject to adjustment in the event of a stock

dividend, share combination, recapitalization or similar event as provided in the Plan) upon termination of service as a director for any reason or the occurrence of a Corporate Event. The compensation package also provides for additional annual issuances of restricted stock units to the chairperson of the Audit Committee, Compensation Committee, or Corporate Governance and Nominating Committee of the Board, in number equal to \$10,000 divided by the fair market value of inContact's common stock on July 1 of each annual period, which is the grant date. As non-employee directors serve for a term commencing with election at the annual meeting, we believe compensation arrangements should follow the same period of service.

Directors who are also our full-time employees or who are executive officers of significant shareholders receive no additional compensation for serving as a Director. The following table summarizes the compensation paid to the non-employee Directors for the year ended December 31, 2014:

Name	Fees Earned or Paid in Cash	Stock Awards: Value of Restricted Stock Units (1)	Total
Theodore Stern (2)	\$144,000	\$ 60,000	\$204,000
Steve Barnett	\$60,000	\$ 70,000	\$130,000
Paul F. Koeppe	\$60,000	\$ 70,000	\$130,000
Blake O. Fisher, Jr.	\$60,000	\$ 70,000	\$130,000
Mark Emkjer	\$60,000	\$ 60,000	\$120,000
Hamid Akhavan	\$60,000	\$ 60,000	\$120,000

(1) This column represents the aggregate grant date fair value of restricted stock units granted during the year calculated in accordance with ASC Topic 718 and do not correspond to the actual value that may be realized by the Directors.

(2) During 2014, Mr. Stern was paid monthly consulting fees for a total of \$84,000, which is included in Fees Earned or Paid in Cash.

In January 2015, the Compensation Committee evaluated the services of the Directors and the advances made by inContact during the six-month period ended December 31, 2014, and decided that additional compensation should be granted in the form of Restricted Stock Units awarded under inContact’s Plan as follows:

Name	No. of Restricted Stock Units	Value of Restricted Stock Units <sup>(1)</sup>
Ted Stern	2,210	20,000
Steve Barnett	2,210	20,000
Paul Koeppe	2,210	20,000
Blake Fisher	2,210	20,000
Mark Emkjer	2,762	25,000
Hamid Akhavan	2,762	25,000

(1) This column represents the aggregate grant date fair value of restricted stock units granted in accordance with ASC Topic 718 and do not correspond to the

actual value that may be realized by the Directors.

The restricted stock units vest in equal monthly installments following the date of the award over the remaining 5-month service term of the Directors in 2015; provided, that vesting is accelerated in the event of a Corporate Event, which is defined above. Each restricted stock unit represents the right to receive one share of inContact common stock (subject to adjustment in the event of a stock dividend, share combination, recapitalization or similar event as provided in the Plan) upon termination of service as a director for any reason or the occurrence of a Corporate Event.

#### Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Paul F. Koeppe, Steve Barnett, Blake O. Fisher, Jr. and Mark J. Emkjer, and no other directors served on the Compensation Committee during 2014. No interlocking relationship exists between our Board of Directors or Compensation Committee and the board of directors or compensation committee of any other company, nor has any interlocking relationship existed in the past.

#### Report of Compensation Committee on Executive Compensation

Paul F. Koeppe is the Chairman of the Compensation Committee and Steve Barnett, Blake O. Fisher, Jr. and Mark J. Emkjer serve on the Committee. The Compensation Committee has reviewed and discussed the “Compensation Discussion and Analysis” required by Item 402(b) of Regulation S-K with management. Based on that review and discussion with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

Paul F. Koeppe, Chairman

Steve Barnett



Blake O. Fisher, Jr.

Mark J. Emkjer

#### 1999 Long Term Stock Incentive Plan

The purpose of the Long Term Stock Incentive Plan (the “Plan”), adopted in March 1999, is to provide directors, officers, employees and consultants with additional incentives by increasing their ownership interests in inContact. Directors, officers and other employees of inContact and its subsidiaries are eligible to participate in the Plan. In addition, awards may be granted to consultants providing valuable services to inContact. The Board grants awards under the Plan and may include non-qualified stock options, stock appreciation rights, stock units, restricted stock, restricted stock units, performance shares, performance units or cash awards.

The Plan was effective March 11, 1999, and is not limited in duration. No incentive stock option may be granted more than 10 years after the effective date. The Plan may be amended by the Board without the consent of the stockholders, except that stockholder approval is required for any amendment that materially increases the aggregate number of shares of stock that may be issued under the plan or materially modifies the requirements as to eligibility for participation in the Plan.

The Board has discretion to determine the terms of an award under the Plan, including the type of award, number of shares or units covered by the award, option price, term, vesting schedule, and post-termination exercise period or payment. Notwithstanding this discretion: (i) the number of shares subject to an award granted to any individual in any calendar year may not exceed 100,000 shares; (ii) the option price per share of common stock may not be less than 100% of the fair market value of such share at the time of grant or less than 110% of the fair market value of such shares if the option is an incentive stock option granted to a stockholder owning more than ten percent of the combined voting power of all classes of the stock of inContact (a “10% stockholder”); and (iii) the term of any incentive stock option may not exceed 10 years, or five years if the option is granted to a 10% stockholder. The total shares available for issuance under the Plan was 282,676 as of December 31, 2014.

A maximum of 1,200,000 shares of common stock may be subject to outstanding awards, determined immediately after the grant of any award under the Plan. Shares of common stock, which are attributable to awards that have expired, terminated, or been canceled or forfeited during any calendar year, are available for issuance or use in connection with future awards.

#### 2008 Equity Incentive Plan

The inContact 2008 Equity Incentive Plan was adopted by our Board in April 2008 and approved by our stockholders at the annual meeting in June 2008. Please see the description of this plan presented below under “PROPOSAL NO. 2 – INCREASE NUMBER OF SHARES AVAILABLE FOR AWARDS UNDER THE 2008 EQUITY INCENTIVE PLAN.”

PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the annual meeting, all seven inContact directors will be elected to serve until the annual meeting of shareholders in the year 2015. The Board nominates for election as directors:

Theodore Stern Paul Jarman Steve Barnett Mark J. Emkjer Blake O. Fisher, Jr. Paul F. Koeppe Hamid Akhavan  
These nominees have been selected by the Corporate Governance and Nominating Committee and nominated for election by the Board of Directors, and will be elected by a plurality of the votes cast. Any shares not voted, whether by abstention or otherwise, have no impact on the vote.

Although it is anticipated that each nominee will be able to serve as a director, should any nominee become unavailable to serve, the proxies will be voted for such other person or persons as may be designated by our Board.

Each of the seven director positions is voted on separately. The persons who receive the most votes for each of the seven director positions will be elected. The Board of Directors recommends a vote "FOR" the election of each of the nominees listed above.

PROPOSAL NO. 2

INCREASE NUMBER OF SHARES AVAILABLE FOR AWARDS UNDER THE 2008 EQUITY INCENTIVE PLAN

The inContact 2008 Equity Incentive Plan (the "2008 Plan") was adopted by our Board in April 2008 and approved by our stockholders at the annual meeting in June 2008. In December 2008, the 2008 Plan was amended by the Board to decrease the number of common shares available for awards under the Plan from 1,500,000 to 1,272,500, on account of stock options issued to certain employees outside of the Plan. In June 2009, June 2010, June 2012, June 2013 and June 2014, the Stockholders approved the Board's proposals to increase the number of common shares available for awards under the 2008 Plan to 2,272,500, to 3,272,500, to 5,272,500, to 6,772,500 and to 7,772,500, respectively, at the annual meetings.

The Board believes that stock-based incentives are essential to attract and retain the services of individuals who are likely to make significant contributions to our success, to encourage ownership of our common stock by employees and directors, and to promote our success by providing both rewards for exceptional performance and long-term incentives for future contributions to the Company.

The 2008 Plan currently authorizes the issuance of up to 7,772,500 shares of common stock pursuant to awards granted under the Plan. Of those shares, 2,829,684 related to previously exercised or vested award and 4,598,379 are subject to outstanding awards at April 15, 2015, leaving only 344,437 shares available for future awards. The Board of Directors does not believe that the number of shares available for issuance under the 2008 Plan is sufficient in light of our compensation strategy and objectives. Accordingly, the Board is proposing to increase the number of shares available under the 2008 Plan by 2,000,000 shares, from 7,772,500 to 9,772,500. Specifically, the Board is requesting the stockholders to approve an amendment to Article III of Section 1 of the 2008 Plan so that it reads as follows:

Section 1. Stock Subject to Plan. The Stock to be subject to or related to Plan Awards may be either authorized and unissued shares or shares held in the treasury of the Company. The maximum number of shares of Stock with respect to which Plan Awards may be granted under the Plan, subject to adjustment in accordance with the provisions of

Article IX, shall be 9,772,500 shares.

The Board recommends that shareholders approve amendment of the Plan in order to allow the Company to continue to offer stock options and alternative equity awards to employees, directors and consultants as part of its overall compensation package. The material features of the 2008 Plan are summarized below.

#### Potential Dilutive Impact of Increase Number of Shares Available for Awards under the 2008 Plan

**Burn Rate Analysis.** In making the original recommendation for Board approval of the proposed increase in the number of shares authorized for awards under the 2008 Plan by 2,000,000 shares, the Compensation Committee (the “Committee”) considered inContact’s desire to have a sufficient number of shares available for grant that would enable inContact to meet its compensation objectives. In setting the amount of shares being sought in this proposal, the Committee considered the historical equity awards granted in the past three years. In fiscal years 2014, 2013 and 2012, under the 2008 Plan inContact granted equity awards representing a total of approximately 1,848,090 shares, 1,280,276 shares, and 1,252,000 shares, respectively. For these three years under the 2008 Plan, inContact’s average burn rate for share awards under the 2008 Plan as a percentage of average basic shares outstanding in those years was 2.72% based on the Institutional Shareholder Services (“ISS”) calculation methodology, which is well below the ISS burn rate benchmark guideline of 7.88% for the Software and Services industry. inContact determined that this is the industry in which we operate because our 2014 software revenue represented approximately 59% of our total revenue and our 2014 software operating costs represented approximately 93% of our total operating expenses.

**Overhang Analysis.** The total number of shares authorized for awards under the 2008 Plan at April 15, 2015, was 9,772,500. Of that number 2,829,684 shares were issued in prior years upon the exercise or vesting of awards, 4,598,379 shares were subject to outstanding awards, and 344,437 shares were available for future awards. The sum of the shares subject to outstanding awards and available for future awards (commonly referred to as the overhang) as a percentage of that sum plus 61,487,021 shares of common stock outstanding is 8.0%. An increase of 2,000,000 shares authorized under the 2008 Plan to a total of 9,772,500 shares would increase the number of shares subject to outstanding awards and available for future awards under the 2008 Plan by 3.3% to 6,942,816, or 11.3% of that amount plus the number of common shares outstanding at April 15, 2015. In the overall mix of factors considered by the Committee in recommending the proposed increase to the Board, overhang was not significant.

**Projected Equity Award Grants.** While the terms of the 2008 Plan specify the maximum number of shares of common stock that may be subject to awards, the actual grant of awards will continue to be subject to the Committee’s business judgment and discretion. Since the 2008 Plan does not contemplate the amount or timing of specific equity awards, it is not possible to calculate the amount of subsequent dilution that may ultimately result from such awards. No proposals have been made to the Committee with respect to grants, and it is expected that grants of awards will be consistent with past practices in the absence of any future developments that would give reason for deviating from those practices.

Based on the foregoing, the Committee and the Board believe that the proposal to amend the inContact 2008 Plan increasing the number of common shares available for awards under the Plan by 2,000,000 to a total of 9,772,500 shares, as described in this proposal is appropriate and beneficial to inContact because it allows inContact to continue to offer stock options and alternative equity awards to employees, directors, and consultants as part of its overall

compensation package.

19

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## Material Features of the Plan

General. The Plan provides that grants may be made in any of the following forms:

- Incentive stock options
  
- Nonqualified stock options
  
- Stock units
  
- Stock awards
  
- Stock appreciation rights (“SARs”)
  
- Dividend equivalents
  
- Other stock-based awards

The Plan (as amended if the proposed amendment is approved) will authorize 9,772,500 shares of our common stock for issuance, subject to adjustment in certain circumstances as described below. If and to the extent options and SARs granted under the Plan terminate, expire or are cancelled, forfeited, exchanged or surrendered without being exercised or if any stock awards, stock units, or other stock-based awards are forfeited, terminated, or otherwise not paid in full, the shares subject to such grants will become available again for purposes of the Plan. Shares surrendered in payment of the exercise price of an option will become available again for issuance or transfer under the Plan. To the extent any grants are paid in cash, and not in shares of common stock, any shares previously subject to such grants will again be available for issuance or transfer under the Plan.

Administration. The Plan will be administered and interpreted by the Board of Directors or a committee designated by the Board. We have designated our Compensation Committee to fulfill that role of Plan administrator. However, our Board of Directors will approve and the Committee will administer all grants made to non-employee directors. References to the Committee include our Board of Directors where appropriate. The Committee may delegate authority to administer the Plan to one or more subcommittees, as it deems appropriate.

The Committee has the authority to (i) determine the individuals to whom grants will be made under the Plan, (ii) determine the type, size, terms and conditions of the grants, (iii) determine when grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms and conditions of any previously issued grant, subject to the limitations described below and (v) deal with any other matters arising under the Plan. The Committee presently consists of Paul F. Koeppe, Blake O. Fisher, Jr., Steve Barnett and Mark J. Emkjer, each of whom is a non-employee director of our company.

Eligibility for Participation. All of our employees and the employees of our subsidiaries, all of our non-employee directors, and consultants and advisors who perform services for us and our subsidiaries are eligible to receive grants under the Plan. As of December 31, 2014, we employed or used the services of approximately 945 persons who are

eligible to receive grants under the Plan. The Committee is authorized to select the persons to receive grants from among those eligible and the Committee will determine the number of shares of our common stock that are subject to each grant.

#### Types of Awards.

##### Stock Options

The Committee may grant options intended to qualify as incentive stock options within the meaning of section 422 of the Code (“ISOs”) or “nonqualified stock options” that are not intended to so qualify (“NQSOs”) or any combination of ISOs and NQSOs. Anyone eligible to participate in the Plan may receive a grant of NQSOs. Only our employees and employees of our subsidiaries may receive a grant of ISOs.

The Committee will fix the exercise price per share of options on the date of grant. The exercise price of options granted under the Plan will be equal to the grant date closing price of a share of stock as reported on the exchange where our stock trades. However, if the grantee of an ISO is a person who holds more than 10% of the total combined voting power of all classes of our outstanding stock, the exercise price per share of an ISO granted to such person must be at least 110% of grant date closing price.

The Committee will determine the term of each option, but for an ISO the term shall not exceed 10 years from the date of grant. However, if the grantee of an ISO is a person who holds more than 10% of the combined voting power of all classes of our outstanding stock, the term of the ISO may not exceed five years from the date of grant. To the extent that the aggregate fair market value of shares of our common stock, determined on the date of grant, with respect to which ISOs become exercisable for the first time by a grantee during any calendar year exceeds \$100,000, such ISOs will be treated as NQSOs.

The Committee will determine the terms and conditions of options, including when they become exercisable. The Committee may accelerate the exercisability of any options. The Committee will also determine under what circumstances a grantee may exercise an option after termination of employment or service. Generally, if a grantee ceases to be employed by, or provide service to, us for any reason other than disability, death, or termination for cause, the grantee’s options will terminate 90 days following the date on which the grantee ceases to be employed by, or provide service to, us. If a grantee ceases to be employed by, or provide service to, us on account of the grantee’s disability or death, the grantee’s options will terminate one year following the date on which the grantee ceases to be employed by, or provide service to, us. In each case described above, the Committee may specify a different option termination date, but in any event no later than the expiration of the option term. If a grantee ceases to be employed by, or provide service to, us on account of termination for cause, the grantee’s options will terminate immediately.

A grantee may exercise an option by delivering notice of exercise to us. The grantee will pay the exercise price and any withholding taxes for the option: (i) in cash, (ii) unless the Committee determines otherwise, by delivering shares of our common stock already owned by the grantee and having a fair market value on the date of exercise equal to the exercise price or by attestation to ownership of shares of our common stock having a fair market value on the date of exercise at least equal to the exercise price, (iii) by payment through a broker in accordance with the procedures permitted by Regulation T of the Federal Reserve Board or (iv) by such other method as the Committee may approve.

##### SARs

The Committee may grant SARs to anyone eligible to participate in the Plan. SARs may be granted in connection with, or independently of, any option granted under the Plan. Upon exercise of an SAR, the grantee will receive an amount equal to the excess of the fair market value of our common stock on the date of exercise over the base amount for the SAR. Payment will be made in shares of our common stock.

The base amount of each SAR will be determined by the Committee and will be equal to the per share exercise price of the related option or, if there is no related