JEFFERIES GROUP INC /DE/
Form 4
February 15, 2013

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DOOLEY RICHARD G

(Last) (First) (Middle)

C/O JEFFERIES & COMPANY, INC., 520 MADISON AVE.

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
JEFFERIES GROUP INC /DE/ [JEF]

3. Date of Earliest Transaction (Month/Day/Year)
02/15/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/15/2013		A (1)		886.525	A	$ 21.15	467,527	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DOOLEY RICHARD G C/O JEFFERIES & COMPANY, INC. 520 MADISON AVE. NEW YORK, NY 10022	X			

Signatures

/s/ Roland T. Kelly, by power of attorney	02/15/2013
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	Acquisition of deferred shares as a result of deferral of compensation under the Jefferies Group, Inc. 1999 Directors' Stock Compensation Plan in a transaction exempt under Rule 16-b(3)(d)(1) & (2) under the Securities Exchange Act of 1934.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Name

Benefit Change in Control

Paul Jarman

24 months salary $500,000

Gregory S. Ayers

18 months salary $300,000

Scott Welch	
18 months salary	$285,000
Frank Maylett	
18 months salary	$292,500
Jim Tanner	
18 months salary	$285,000
Mariann McDonagh (1)	
18 months salary	$

(1) Ms. McDonagh was elected Executive Vice President and Chief Marketing Officer effective April 26, 2010. The terms of her employment provide that after one year of employment as Chief Marketing Officer, Ms. McDonagh is entitled to the same benefit as our other executive officers receive under our severance compensation policy, which is 18 months of compensation or $300,000.

Option Exercises and Stock Vested

During 2010, there were no options exercised and no shares acquired by any of the named executive officers upon vesting of any restricted or other stock awards.

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, 2010 with respect to the named executive officers:

	Option Awards			
	Number of Securities Underlying Unexercised Options (#)		Option Exercise	Option Expiration
Name	**Exercisable**	**Unexercisable**	**Price**	**Date**
Paul Jarman	111,244		$ 2.70	11/04/13
	18,541		$ 5.39	11/04/13
	87,015		$ 2.00	11/04/13
	150,000		$ 2.50	11/04/13
	150,000		$ 2.50	11/04/13
	75,000		$ 2.00	11/04/13
	225,000		$ 3.50	11/04/13
	33,334	66,666	$ 1.76	03/11/14
Gregory S. Ayers	108,334	216,666	$ 1.78	03/16/14
Scott Welch	25,000		$ 3.05	11/04/13
	50,000		$ 2.00	11/04/13
	50,000		$ 2.00	11/04/13
	150,000		$ 3.50	11/04/13
	16,667	8,333	$ 4.20	11/04/13
	20,000	40,000	$ 1.76	03/11/14
Frank Maylett	166,667	83,333	$ 2.87	11/04/13
	16,667	33,333	$ 1.69	03/06/14
	8,334	16,666	$ 1.76	03/11/14
Jim Tanner	50,000	100,000	$ 2.51	11/30/14
		75,000	$ 3.42	03/10/15
Mariann McDonagh		250,000	$ 3.09	04/26/15

Board Compensation

In June 2010, the Board of Directors approved an annual compensation package for the non-employee Directors. Under the package non-employee directors receive a cash payment of $50,000 per year paid in monthly installments and an award of restricted stock units on July 1 of each year commencing in 2010 in number equal to $50,000 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 percent change in voting control of inContact or membership of the Board of Directors or a disposition of more than 50 percent 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 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, 2010:

Name	Fees Earned or Paid in Cash	Stock Awards: Value of Restricted Stock Units (1)	Total
Theodore Stern (2)	$ 118,000	$ 50,000	$ 168,000
Steve Barnett	$ 40,000	$ 60,000	$ 100,000
Paul F. Koeppe	$ 40,000	$ 60,000	$ 100,000
Blake O. Fisher, Jr. (3)	$ 65,000	$ 60,000	$ 125,000
Mark Emkjer	$ 40,000	$ 50,000	$ 90,000

(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 2010, Mr. Stern was paid monthly consulting fees for a total of $78,000, which is included in Fees Earned or Paid in Cash.

(3) During 2010, Mr. Fisher was paid $25,000 for additional service provided in his capacity as a director, which is included in Fees Earned or Paid in Cash.

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 2010. 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. As of December 31, 2010, inContact and its affiliates employed approximately 300 individuals who are eligible to participate in the Plan. The Board grants awards under the Plan. Awards may include incentive stock options, non-qualified stock options, stock appreciation rights, stock units, restricted stock, restricted stock units, performance shares, performance units or cash awards.

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 percent of the fair market value of such share at the time of grant or less than 110 percent 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. Awards under the Plan in the form of qualified incentive stock options outstanding or exercised totaled 908,754 shares as of December 31, 2010.

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.

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.

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 and June 2010, the Stockholders approved the Board proposals to increase the number of common shares available for awards under the 2008 Plan from 1,275,000 to 2,275,000 and 2,275,000 to 3,275,000, respectively, at the annual meetings.

The 2008 Plan authorizes 3,272,500 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 2008 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 2008 Plan. Shares surrendered in payment of the exercise price of an option will become available again for issuance or transfer under the 2008 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 2008 Plan. Awards under the 2008 Plan outstanding or exercised totaled 2,326,289 as of December 31, 2010.

The 2008 Plan is 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 2008 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. 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, 2010, we employed or used the services of approximately 300 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. Awards may include incentive stock options, non-qualified stock options, stock units, stock awards, stock appreciation rights, restricted stock units, dividend equivalents and other stock-based awards.

The 2008 Plan was effective June 2008, and is not limited in duration. The 2008 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 2008 Plan.

Description of Employee Stock Purchase Plan

In 2004, inContact adopted the 2005 Employee Stock Purchase Plan (Purchase Plan). The purpose of the Purchase Plan is to promote inContact s operating performance and growth potential by encouraging employees to acquire equity in inContact, thereby aligning their long-term interests with those of inContact. The Purchase Plan provides that up to 1,000,000 shares of common stock may be sold to participating employees. It expires at the beginning of 2014. The Compensation Committee of the Board of Directors administers the Purchase Plan.

The Purchase Plan permits eligible employees to purchase inContact common stock through payroll deductions during 35 consecutive participation periods beginning in 2005. Each participation period is three months in length. In general, eligible employees can elect for each participation period to purchase full shares through payroll deductions of up to 10 percent of base pay, but in no event may the participant s rights to purchase shares of common stock accrue at a rate that exceeds $25,000 of fair market value of common stock in a calendar year. The purchase price a participant pays for the shares is equal to the greater of $2.00 or 85 percent 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 by at the sole discretion of, the Compensation Committee administering the Purchase Plan to any whole percentage that is not less than 85 percent and not greater than 100 percent.

Eligibility to participate is extended to all regular employees of inContact and its participating subsidiaries. Officers and members of the Board of Directors who are eligible employees are also 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 28,000 shares of common stock under the Purchase Plan during 2010.

The Purchase Plan may be amended by the Board of Directors from time to time as it deems desirable without approval of the stockholders of the inContact, except to the extent stockholder approval is required by Rule 16b-3 of the Exchange Act, applicable Nasdaq or stock exchange rules, applicable provisions of the Internal Revenue Code, or other applicable laws or regulations. The Board of Directors may terminate the Purchase Plan at any time in its sole discretion.

Certain Relationships and Related Person Transactions

See the discussions above under The Board and its Committees, Executive Compensation, and Board Compensation.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the annual meeting, all six inContact directors will be elected. The Board nominates for election as directors:

Theodore Stern	Paul Jarman	Steve Barnett	Mark J. Emkjer	Blake O. Fisher, Jr.	Paul F. Koeppe

If the Proposal No. 2 described below to amend the Bylaws to classify our Board of Directors is not approved by the stockholders, then each of the nominees will be elected to serve until our next annual meeting of stockholders in 2012. If the amendment to our Bylaws is approved, then Theodore Stern and Paul Jarman will serve as the Class 1 directors until the annual meeting in 2012, Steve Barnett and Mark J. Emkjer will serve as the Class 2 directors until the annual meeting in 2013, and Blake O. Fisher, Jr., and Paul F. Koeppe will serve as the Class 3 directors until the annual meeting in 2014.

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 six director positions is voted on separately. The persons who receive the most votes for each of the six 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

AMEND BYLAWS TO CLASSIFY THE BOARD OF DIRECTORS AND

PROVIDE FOR STAGGERED THREE-YEAR TERMS OF SERVICE FOR EACH CLASS

On April 15, 2011, the Board approved a proposed amendment to the Bylaws, subject to stockholder approval, to provide that the Board be divided into three classes to be designated as Class 1, Class 2 and Class 3, each of which is to be as nearly equal in number as possible. Under the new provision, each Director serves for a term ending on the date of the third Annual Meeting following the meeting at which such Director is elected. However, if a director is being elected to replace a director who ceases to serve for any reason, the newly elected director will be elected to serve the remainder of the replaced director s term. The Board of Directors is proposing the amendment to the Bylaws staggering the Board to enhance continuity of the Board of Directors and management of inContact. Although inContact has not had any problems with continuity in the past, management is of the opinion continuity will become more important to the development and stability of inContact in the future as it continues to grow in size and operations.

One effect of staggering the Board is to make it more difficult for stockholders to change a majority of Directors sitting on the Board. Under our Bylaws in effect now, stockholders can change a majority of the Board at one meeting of stockholders where directors are elected. If the proposed change is approved by the stockholders, two consecutive annual meetings of stockholders at which directors are elected are required for the stockholders to change a majority of the Board of Directors. Consequently, stockholders who are dissatisfied with the performance of the Board of Directors will find it more difficult to change a majority of the Board. Another effect of this provision is to make it more difficult for a single person or group of persons to attempt to gain control of inContact by electing a slate of directors in opposition to the nominees proposed by the Board of Directors. inContact is not presently aware of any person or group who proposes to nominate any person for election as a director in opposition to any nominee of the Board.

For the reasons set forth above, management is asking the stockholders to approve a resolution amending Article III, Section 3 of inContact s Bylaws to read as follows:

Section 3. **Election, Classification and Term of Office**. Each Director shall be elected at each annual meeting of stockholders by a plurality of votes cast at the election, but if for any reason the Directors are not elected at the annual meeting of stockholders, each Director may be elected at any special meeting of stockholders by a plurality of votes cast at the election.

The Board of Directors shall be divided into three classes to be designated as follows: Class 1, Class 2 and Class 3, each of which shall be as nearly equal in number as possible. Each Director shall serve for a term ending on the date of the third annual meeting of stockholders following the meeting at which such Director was elected; provided, however, that each initial Director elected to Class 1 in 2011 shall hold office until the annual meeting of stockholders in 2012; each initial Director elected to Class 2 in 2011 shall hold office until the annual meeting of stockholders in 2013; and each initial Director elected to Class 3 in 2011 shall hold office until the annual meeting of stockholders in 2014.

In the event of any increase or decrease in the authorized number of Directors: (a) each Director then serving as such shall nevertheless continue as a Director of the class of which he or she is a member until the expiration of his or her current term, or his or her earlier resignation, removal from office or death, and (b) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors (which is in existence immediately prior to such an increase or decrease) among the three classes of Directors so as to maintain such classes as nearly equal as possible. Any additional Director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class. In no case will a decrease in the number of Directors shorten the term of any incumbent Director. The number of Directors in the class to be elected at an annual meeting of stockholders shall be determined by the Board of Directors prior to such meeting or, in the absence of such determination, by the stockholders at such meeting. Notwithstanding the foregoing, whenever the holders of any one or more classes of Preferred Stock issued by the Company shall have the right, voting separately by class or series, to elect Directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by or pursuant to the applicable terms of this Certificate of Incorporation or of the certificate of designation or other instrument creating such class or series of Preferred Stock, and such Directors so elected shall not be divided into classes pursuant to this Section 3 unless expressly provided by such terms.

The Board of Directors recommends a vote FOR approval of the proposed amendment to the Bylaws.

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PROPOSAL NO. 3

RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP

AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011

The Audit Committee has selected and appointed the firm of Deloitte & Touche LLP as the independent registered public accounting firm to examine our financial statements for the year ending December 31, 2011. Deloitte & Touche LLP audited our financial statements for 2010 and 2009. We do not expect representatives of Deloitte & Touche LLP will attend the annual meeting.

Ratification of the selection of Deloitte & Touche LLP is not required by our bylaws or otherwise. The Board is submitting the selection to our stockholders for ratification as a matter of good corporate practice. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time after the annual meeting if it determines such a change would be in the interests of inContact and its stockholders.

Accountant Fees and Services

The aggregate fees and expenses billed by our principal accounting firm, Deloitte & Touche LLP for fees and expenses billed during fiscal years ended December 31, 2010 and 2009 were as follows (in thousands):

	2010	**2009**
Audit fees	$ 264	$ 301
Audit related fees	82	124
Total audit and related fees	346	425
Other consulting fees		
Tax preparation fees	64	52
Total fees	$ 410	$ 477

Audit related fees were for reviews of our filings on Form 10-Q for 2010 and 2009 and certain other SEC filings, meetings with the Audit Committee and work required by our filing registration statements.

Each of the permitted non-audit services has been pre-approved by the Audit Committee or the Audit Committee s Chairman pursuant to delegated authority by the Audit Committee, other than de minimus non-audit services for which the pre-approval requirements are waived in accordance with the rules and regulations of the Securities and Exchange Commission.

Policy for Approval of Audit and Permitted Non-Audit Services

The Audit Committee charter provides that the Audit Committee will pre-approve audit services and non-audit services to be provided by our independent auditors before the accountant is engaged to render these services. The Audit Committee may consult with management in the decision-making process, but may not delegate this authority to management. The Audit Committee may delegate its authority to pre-approve services to one or more committee members, provided that the designees present the pre-approvals to the full committee at the next committee meeting.

The affirmative vote of the holders of a majority of the common shares voted on the proposal and represented at the annual meeting in person or by proxy is required to ratify the selection of Deloitte & Touche LLP. The Board of Directors recommends that you vote FOR this proposal.

PROPOSAL NO. 4

NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with recently adopted Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), which was added under the Dodd-Frank Wall Street Reform and Consumer Protection Act, inContact is asking stockholders to vote on a non-binding advisory resolution to approve the compensation of its named executive officers, as described above in this proxy statement in Compensation Discussion and Analysis, Summary Compensation Table, and the related compensation tables and narrative.

As described in detail in Compensation Discussion and Analysis beginning on page 10, our executive compensation program is designed to attract, motivate and retain talented and experienced executives who lead the Company s business, and to motivate them to achieve short and long-term financial and strategic company goals that enhance stockholder value. We believe that the compensation of our named executive officers is reasonable and strongly focused on pay for performance principles. Through cash bonus plans we incentivize our executives to achieve short-term financial performance goals, and we use equity incentives to align the interests of our executive officers with those of stockholders and our long-term goals and interests. Please read the Compensation Discussion and Analysis , as well as the compensation tables and narrative that follow it, for additional details about our executive compensation programs and compensation of our named executive officers in 2010. The Compensation Committee and the Board believe that these compensation policies and arrangements are effective in implementing our compensation philosophy and in achieving its goals.

For the reasons set forth above, we ask that the stockholders approve the following non-binding advisory resolution at the annual meeting:

RESOLVED, that the stockholders of inContact, Inc. (the Company) approve, on an advisory basis, the compensation of the Company s named executive officers set forth in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narrative in the proxy statement for the Company s 2011 Annual Meeting of Stockholders.

The vote on this advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Board of Directors. However, the Board and the Compensation Committee will review and consider the vote when making future executive compensation decisions.

The Board of Directors recommends a vote FOR the advisory resolution approving the compensation of inContact s named executive officers as described in this proxy statement.

PROPOSAL NO. 5

ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, we are providing our stockholders the opportunity to cast an advisory vote on whether future non-binding advisory votes on the compensation of our named executive officers should occur every one, two or three years. After careful consideration of the frequency alternatives, the Board of Directors believes that conducting an advisory vote on executive compensation every THREE years is appropriate for inContact and its stockholders at this time.

You may cast your vote on your preferred voting frequency by choosing one year, two years, or three years, or you may abstain from voting on the matter, when you vote in response to the resolution set forth below:

RESOLVED, that the option of once every one year, two years, or three years that receives the highest number of votes cast on this resolution shall be the preferred frequency with which inContact, Inc. (the Company) is to hold an advisory vote on the approval of the compensation of the Company s named executive officers set forth in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narrative in the Company s proxy statement.

After careful consideration, the Board believes that a triennial advisory vote complements our goal to create a compensation program that enhances long-term stockholder value. As described in the Compensation Discussion and Analysis, our executive compensation program is designed to motivate executives to achieve short-term and long-term corporate goals that enhance stockholder value. A triennial vote will provide stockholders the ability to compare our compensation program to long-term performance. The Compensation Committee would also benefit from this longer time period between advisory votes. Three years will give the Compensation Committee sufficient time to evaluate our compensation program (as compared to our performance over that same period) and to implement necessary changes.

Stockholders will be able to specify one of four choices for this proposal on the proxy card: three years, two years, one year, or abstain. Stockholders are not voting to approve or disapprove the Board s recommendation. This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Board of Directors. Notwithstanding the Board s recommendation and the outcome of the stockholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

Generally, approval of any matter presented to stockholders requires a majority of the votes cast. However, because this vote is advisory and non-binding, if none of the frequency options receive a majority of the votes cast, the option receiving the greatest number of votes will be considered the frequency recommended by the stockholders. Even though this vote will neither be binding on inContact or the Board, nor will it create or imply any change in the duties of inContact or the Board, the Board of Directors will take into account the outcome of this vote in making a determination on the frequency by which advisory votes on executive compensation will be included in our proxy statement.

The Board of Directors recommends that you vote for the option of THREE YEARS as to the frequency of the advisory vote on the compensation of the Company s named executive officers.

OTHER MATTERS

As of the date of this proxy statement, the Board knows of no other matters that may come before the annual meeting. However, if any matters other than those referred to herein should be presented properly for consideration and action at the annual meeting, or any adjournment or postponement thereof, the proxies will be voted with respect thereto in accordance with the best judgment and in the discretion of the proxy holders.

The cost of soliciting proxies in the accompanying form is paid by us. In addition to solicitations by mail, a number of regular employees of inContact may solicit proxies in person or by telephone.

The above notice and proxy statement are sent by order of the Board of Directors.

Paul Jarman, Chief Executive Officer

May 2, 2011

INCONTACT INC

7730 SOUTH UNION PARK AVE

SUITE 500

MIDVALE, UT 84047

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M35639-P08053

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

INCONTACT INC

For All

Withhold All

For All Except

To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

Nominees:*

01) Theodore Stern

04) Mark J. Emkjer

02) Paul Jarman

05) Blake O. Fisher, Jr.

03) Steve Barnett

06) Paul F. Koeppe

The Board of Directors recommends you vote FOR the following proposals:

For

Against

Abstain

2. AMEND BYLAWS TO CLASSIFY THE BOARD OF DIRECTORS AND PROVIDE FOR STAGGERED THREE-YEAR TERMS OF SERVICE FOR EACH CLASS.

3. RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011.

4. NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION.

The Board of Directors recommends you vote 3 years on the following proposal:

1 Year

2 Years

3 Years

Abstain

5. ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION.

*Note to Proposal 1: If all nominees are elected and Proposal 2 to amend the Bylaws to classify the board of directors is approved, then nominees 01 and 02 will be Class 1 directors serving until the annual meeting in 2012, nominees 03 and 04 will be Class 2 directors serving until the annual meeting in 2013, and nominees 05 and 06 will be Class 3 directors serving until the annual meeting in 2014.

NOTE: As of the date of this proxy statement, the Board knows of no other matters that may come before the annual meeting. However, if any matters other than those referred to herein should be presented properly for consideration and action at the annual meeting, or any adjournment or postponement thereof, the proxies will be voted with respect thereto in accordance with the best judgement and in the discretion of the proxy holders.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and 10-K Wrap are available at www.proxyvote.com.

M35640-P08053

inContact, Inc.

7730 South Union Park Avenue

Suite 500

Midvale, UT 84047

ANNUAL MEETING OF SHAREHOLDERS

JUNE 15, 2011

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Theodore Stern and Paul Jarman, and each of them, as Proxies, each with the power to appoint his substitute, and hereby authorizes each of them to represent and to vote, as designated on the reverse side, all the shares of common stock of inContact, Inc. (the Company) held of record by the undersigned on April 18, 2011, at the Annual Meeting of Shareholders to be held on June 15, 2011, and at any adjournment or postponement thereof. Please mark, sign, date and promptly return the proxy card using the enclosed envelope. If your address is incorrectly shown, please print changes.

Continued and to be signed on reverse side