

Notice of Fundamental Change, Make-Whole Fundamental Change and Supplemental Indenture

**Interactive Intelligence Group, Inc.
1.25% Convertible Senior Notes due 2020 (the “Notes”)**

December 1, 2016

**NOTICE IS HEREBY GIVEN TO THE
HOLDERS of the above-referenced Notes**

and to

**U.S. Bank National Association
10 West Market Street, Suite 1150
Indianapolis, IN 46204
Attn: Global Corporate Trust**

Ladies and Gentlemen:

This notice is hereby given by Interactive Intelligence Group, Inc., an Indiana corporation (the “Company”), as required by and pursuant to Sections 14.01(b)(iii), 14.03(b), 14.07(b) and 15.02(c) of the indenture, dated as of May 26, 2015, as supplemented on December 1, 2016 (the “Indenture”), between the Company and U.S. Bank National Association, a national banking association, as trustee (the “Trustee”), relating to the Company’s 1.25% Convertible Senior Notes due 2020 (the “Notes”), of the occurrence of a Fundamental Change and Make-Whole Fundamental Change and the execution of a Supplemental Indenture, each effective as of the date of this notice, December 1, 2016 (the “Notice Date”). The Trustee also serves as Paying Agent and Conversion Agent under the Indenture. Capitalized terms used in this Notice, unless otherwise defined herein, have the meanings ascribed to such terms in the Indenture. A copy of the Indenture was included as Exhibit 4.1 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission (the “SEC”) on May 26, 2015 and is available on the SEC’s website at www.sec.gov.

Merger Constituting a Fundamental Change and Make-Whole Fundamental Change

On the Notice Date, pursuant to that certain Agreement and Plan of Merger, dated as of August 30, 2016 (the “Merger Agreement”), by and among Giant Merger Sub Inc., an Indiana corporation (“Merger Sub”), Genesys Telecommunications Laboratories, Inc., a California corporation (“Genesys”), the Company, and, solely for the purposes of Section 5.16 of the Merger Agreement, Greeneden Lux 3 S.à r.l., a societe a responsabilite limitee under the laws of Luxembourg, Greeneden U.S. Holdings I, LLC, a Delaware limited liability company, and Greeneden U.S. Holdings II, LLC, a Delaware limited liability company, Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Genesys (the “Merger”), and each issued and outstanding share of Common Stock (other than certain shares as set forth in the Merger Agreement) was converted into the right to receive \$60.50 (the “Per Share Merger Consideration”), payable to the holder in cash, without interest and subject to tax withholding.

Notice is hereby given, pursuant to Sections 14.01(b)(iii), 14.03(b) and 15.02(c) of the Indenture, that as a result of the Merger, (1) a Fundamental Change and a Make-Whole Fundamental Change have occurred effective as of the Notice Date, which shall be the Effective Date, (2) the Company hereby designates the Fundamental Change Repurchase Date as the 20th calendar day following the Notice Date, which is December 21, 2016 (the “Fundamental Change Repurchase Date”), (3) at any time prior to the close of business on the Business Day immediately prior to the Fundamental Change Repurchase Date, each Holder of the Notes may elect to have the Company repurchase for cash all of such Holder’s Notes, or a portion thereof that is equal to a minimum of \$1,000 or a multiple of \$1,000 in excess thereof on the Fundamental Change Repurchase Date at a repurchase price equal to 100% of the principal amount of the Notes tendered for purchase, plus accrued and unpaid interest, if any, on the tendered Notes to, but excluding the Fundamental Change Repurchase Date (the “Fundamental Change Repurchase Price”) as set forth in the section entitled “*Repurchase of Notes*” below and (4) in connection with the Make-Whole Fundamental Change, each Holder of the Notes has the right to convert each \$1,000 principal amount of their Notes into a cash amount equal to the Conversion

Rate as increased by the Additional Shares, multiplied by the Per Share Merger Consideration, at any time up to, and including, the Business Day immediately prior to the Fundamental Change Repurchase Date as set forth in the section entitled “*Convertibility of the Notes and Make-Whole Premium*” below.

This notice also will constitute notice under any other section of the Indenture, to the extent notice is required under such section, and this notice satisfies such requirements.

Repurchase of Notes

Any Holder will be able to exercise its right to receive the Fundamental Change Repurchase Price in accordance with Section 15.02 of the Indenture upon delivery of a duly completed notice (which must be in substantially the form set forth in Attachment 2 to the Form of Note attached as Exhibit A to the Indenture under the heading “*Form of Fundamental Change Repurchase Notice*,” a copy of which is attached hereto as Annex A) of the exercise of such rights (the “Fundamental Change Repurchase Notice”) to the Paying Agent, if such Note(s) are Physical Notes, or in compliance with the Depository’s procedures for surrendering interests in Global Notes, if such Note(s) are Global Notes, in each case at any time on or prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date. The delivery of a Note, if the Note is a Physical Note, for which a Fundamental Change Repurchase Notice has been timely delivered to the Paying Agent at the Corporate Trust Office of the Paying Agent and not validly withdrawn (together with all necessary endorsements for transfer) at the office of the Paying Agent, or book-entry transfer of the Note, if the Note is a Global Note, in compliance with the procedures of the Depository, in each case will be a condition to the receipt by the Holder of the Fundamental Change Repurchase Price.

A Holder may withdraw, in whole or in part, a Fundamental Change Repurchase Notice by a written notice of withdrawal delivered to the Paying Agent at any time prior to the close of business on the Business Day immediately prior to the Fundamental Change Repurchase Date by following the procedures set forth in Section 15.03 of the Indenture in the case of Physical Notes, or through the applicable procedures of the Depository, in the case of Global Notes.

Anything herein to the contrary notwithstanding, in the case of Global Notes, any Fundamental Change Repurchase Notice may be delivered or withdrawn and such Global Notes may be surrendered or delivered for purchase in accordance with the Depository’s procedures as in effect from time to time.

Notes in respect of which a Fundamental Change Repurchase Notice has been given by the Holder thereof may not be converted pursuant to the Indenture on or after the date of the delivery of such Fundamental Change Repurchase Notice unless such Fundamental Change Repurchase Notice has first been validly withdrawn in accordance with the procedures set forth in Section 15.03 of the Indenture with respect to the Notes to be converted.

Convertibility of the Notes and Make-Whole Premium

The Conversion Rate for the Notes is 16.3303 shares of Common Stock for each \$1,000 principal amount of the Notes. Holders electing to convert their Notes in connection with the Make-Whole Fundamental Change are entitled to 2.8554 Additional Shares as described in Section 14.03 of the Indenture. Accordingly, in connection with the Make-Whole Fundamental Change, each \$1,000 principal amount of the Notes is convertible into \$1,160.74, which is equal to the Conversion Rate (16.3303) plus the Additional Shares (2.8554) multiplied by the Per Share Merger Consideration. Conversion of Notes will be deemed to be “in connection with” the Make-Whole Fundamental Change if the Notice of Conversion is received by the Conversion Agent from, and including, the effective date of the Make-Whole Fundamental Change up to, and including, the Business Day immediately prior to the Fundamental Change Repurchase Date.

Conversion Procedure

In order to convert its Notes, a Holder must: (i) in the case of a Global Note, comply with the procedures of the Depository in effect and, if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h) of the Indenture and (ii) in the case of a Physical Note (1) complete, manually sign and deliver an irrevocable Notice of Conversion (which must be in the form set forth in Attachment 1 to the Form of Note attached as Exhibit A to the Indenture under the heading “*Form of Notice of Conversion*,” a copy of which is attached hereto as Annex B) at the office of the Conversion Agent and state in writing therein the principal amount of Notes to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any shares of Common Stock to be delivered upon settlement of the Conversion Obligation to be

registered, (2) surrender such Notes, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents), at the office of the Conversion Agent, (3) if required, furnish appropriate endorsements and transfer documents and (4) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h) of the Indenture.

A Note will be deemed to have been converted immediately prior to the close of business on the date that the Holder has complied with the above requirements.

No Notice of Conversion with respect to any Notes may be surrendered by a Holder thereof if such Holder has also delivered a Fundamental Change Repurchase Notice that has not been validly withdrawn.

Cash Settlement upon Conversion and First Supplemental Indenture

Notice is hereby given, pursuant to Section 14.07(b) of the Indenture and in connection with the Merger, that the Company and the Trustee have entered into a First Supplemental Indenture (the "First Supplemental Indenture"), dated as of December 1, 2016, to the Indenture.

The First Supplemental Indenture provides that, at and after the effective time of the Merger, the right to convert each \$1,000 principal amount of Notes shall be changed into a right to convert such principal amount of Notes into the amount of cash that a holder of a number of shares of Common Stock equal to the Conversion Rate (subject to increase for any Additional Shares) immediately prior to the consummation of the Merger would have been entitled to receive in the Merger. Accordingly, subject to and upon compliance with the provisions of the Indenture, then for all conversions for which the relevant Conversion Date occurs from and after the effective time of the Merger (A) the consideration due upon conversion of each \$1,000 principal amount of Notes shall be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date (as may be increased by any Additional Shares pursuant to Section 14.03 of the Indenture, if applicable), multiplied by the Per Share Merger Consideration. For the avoidance of doubt, Holders who choose to convert their Notes hereafter will receive only cash and will not receive any shares of Common Stock upon conversion.

A copy of the First Supplemental Indenture is attached hereto as Annex C. The First Supplemental Indenture will be filed by the Company with the Securities and Exchange Commission as an exhibit to a Current Report on Form 8-K.

This notice will also constitute notice under any other section of the Indenture, to the extent notice is required under such section and this notice satisfies such requirements.

Paying Agent and Conversion Agent

U.S. Bank National Association, at the address stated above, is the Paying Agent and the Conversion Agent for the Notes.

Miscellaneous

Please refer to the Indenture for a more complete description of the conversion procedure relating to the Notes and the consideration due upon a repurchase or conversion of the Notes and when such consideration must be delivered by the Company. In the event of any conflicting information in this Notice and the Indenture, the information in the Indenture will control. Holders of Notes should not assume that the information in this Notice is accurate as of any date other than the date hereof.

The above-referenced CUSIP number is included solely for the convenience of the Holders of the Notes. No representation is made as to the correctness of such number either as included in this Notice or as printed on the Notes.

Very truly yours,

Interactive Intelligence Group, Inc.

Annex A

Form of Fundamental Change Repurchase Notice

ATTACHMENT 2

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: Interactive Intelligence Group, Inc.

To: U.S. Bank National Association
Global Corporate Trust Services
10 West Market, Suite 1150
Indianapolis, IN 46204
Attention: Global Corporate Trust – Interactive Intelligence Group, Inc.

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Interactive Intelligence Group, Inc. (the “**Company**”) as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is \$1,000 principal amount or a multiple thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the Business Day immediately following the corresponding Interest Payment Date, accrued and unpaid interest, if any, thereon to, but excluding, such Fundamental Change Repurchase Date. Capitalized terms used herein but not defined herein shall have the respective meanings set forth in the Indenture.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Dated: _____

Signature(s)

Social Security or Other Taxpayer
Identification Number

Principal amount to be repurchased (if less than all):
\$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Annex B

Form of Notice of Conversion

ATTACHMENT 1

[FORM OF NOTICE OF CONVERSION]

To: Interactive Intelligence Group, Inc.

To: U.S. Bank National Association
Global Corporate Trust Services
10 West Market, Suite 1150
Indianapolis, IN 46204
Attention: Global Corporate Trust – Interactive Intelligence Group, Inc.

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is \$1,000 principal amount or a multiple thereof) below designated, into, at the Company's election, cash, shares of Common Stock or a combination of cash and shares of Common Stock, as applicable, in accordance with the terms of the Indenture referred to in this Note, and directs that any cash payable and any shares of Common Stock issuable and deliverable upon such conversion, together with any cash for any fractional share, and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any shares of Common Stock or a portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note.

Dated: _____

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or

Notes are to be delivered, other than
to and in the name of the registered holder.

Fill in for registration of shares if
to be issued, and Notes if to
be delivered, other than to and in the
name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)
Please print name and address

Principal amount to be converted (if less than all):
\$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof
must correspond with the name as written upon the face of
the Note in every particular without alteration or
enlargement or any change whatever.

Social Security or Other Taxpayer
Identification Number

Annex C

First Supplemental Indenture

INTERACTIVE INTELLIGENCE GROUP, INC.

and

U.S. BANK NATIONAL ASSOCIATION,

AS TRUSTEE

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF DECEMBER 1, 2016

TO THE

INDENTURE

DATED AS OF MAY 26, 2015

1.25% CONVERTIBLE SENIOR NOTES DUE 2020

FIRST SUPPLEMENTAL INDENTURE

This FIRST SUPPLEMENTAL INDENTURE (this “First Supplemental Indenture”), dated as of December 1, 2016, is by and between Interactive Intelligence Group, Inc., an Indiana corporation (the “Company”), and U.S. Bank National Association, as trustee (the “Trustee”).

RECITALS:

WHEREAS, the Company and the Trustee have heretofore entered into that certain Indenture, dated as of May 26, 2015 (the “Indenture”) to provide for the issuance of \$150,000,000 aggregate principal amount of the Company’s 1.25% Convertible Senior Notes due 2020 (the “Notes”);

WHEREAS, the Company entered into an Agreement and Plan of Merger, dated as of August 30, 2016 (the “Merger Agreement”), by and among the Company, Genesys Telecommunications Laboratories, Inc., a California corporation (“Parent”), Giant Merger Sub Inc., an Indiana corporation and a direct, wholly owned subsidiary of Parent (“Merger Sub”), and, solely for the purposes of Section 5.16 of the Merger Agreement, Greeneden Lux 3 S.à r.L., a societe a responsabilite limitee under the laws of Luxembourg, Greeneden U.S. Holdings I, LLC, a Delaware limited liability company, and Greeneden U.S. Holdings II, LLC, a Delaware limited liability company;

WHEREAS, pursuant to the Merger Agreement, Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation (the “Merger”);

WHEREAS, as a result of the Merger, the Company will be a wholly owned subsidiary of Parent and, at the effective time of the Merger, each issued and outstanding share of the Company’s common stock, \$0.01 par value per share (the “Common Stock”) (other than shares to be canceled or converted in accordance with Section 2.1 of the Merger Agreement), shall be converted into the right to receive \$60.50 per share (the “Per Share Merger Consideration”), payable in cash, without interest, less any applicable taxes required to be withheld;

WHEREAS, the Merger constitutes a Share Exchange Event;

WHEREAS, Article 11 of the Indenture permits the Company to merge with another Person so long as certain conditions have been met;

WHEREAS, Section 14.07 of the Indenture provides, among other things, that in the case of any Share Exchange Event, pursuant to which the Common Stock would be converted into, or exchanged for, stock, other securities or other property or assets (including cash or any combination thereof), then, at and after the effective time of such Share Exchange Event, the right to convert each \$1,000 principal amount of Notes shall be changed into a right to convert such principal amount of Notes into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of shares of Common Stock equal to the Conversion Rate immediately prior to such Share Exchange Event would have owned or been entitled to receive upon such Share Exchange

Event (as may be increased by the Additional Shares provided for pursuant to Section 14.03 of the Indenture as a consequence of the Merger, except that a Holder shall not receive the Additional Shares if such Holder does not convert its Notes “in connection with” a Make-Whole Fundamental Change);

WHEREAS, as a result of the Merger, pursuant to Section 14.07 of the Indenture, each \$1,000 principal amount of Notes will be convertible into cash in an amount equal to the Conversion Rate in effect on the Conversion Date (as may be increased by the Additional Shares pursuant to Section 14.03 of the Indenture) multiplied by the price paid per share of Common Stock in such Share Exchange Event; and

WHEREAS, Section 14.07 of the Indenture also provides that upon a Share Exchange Event, the Company shall execute with the Trustee a supplemental indenture permitted under Section 10.01(g) of the Indenture providing for such change in the right to convert each \$1,000 principal amount of Notes;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions

For all purposes of this First Supplemental Indenture, except as otherwise herein expressly provided or unless the context otherwise requires: (i) the terms and expressions used herein shall have the same meanings as corresponding terms and expressions used in the Indenture and (ii) the words “herein,” “hereof” and “hereby” and other words of similar import used in this First Supplemental Indenture refer to this First Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE 2

AMENDMENT OF INDENTURE

Section 2.01 Conversion of Notes

At and after the effective time of the Merger:

(a) in accordance with and subject to Section 14.07 of the Indenture, the right to convert each \$1,000 principal amount of Notes shall be changed into the right to convert such principal amount of Notes into the amount of cash that a holder of the number of shares of Common Stock equal to the Conversion Rate immediately prior to the Merger (as may be increased by the Additional Shares provided for pursuant to Section 14.03 of the Indenture in the case of a conversion made in connection with a Make-Whole Fundamental Change) would have owned or been entitled to receive upon the Merger; and

(b) pursuant to Section 14.07 of the Indenture, upon conversion of the Notes by a Holder, the Company will pay or cause to be paid to such Holder, for each \$1,000 principal amount of Notes, cash in an amount equal to the Conversion Rate in effect on the Conversion Date (as may be increased by the Additional Shares pursuant to Section 14.03 in the case of a conversion made in connection with a Make-Whole Fundamental Change), *multiplied* by the Per Share Merger Consideration.

ARTICLE 3

MISCELLANEOUS

Section 3.01 Severability

In case any provision of this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.02 Modification, Amendment and Waiver

The provisions of this First Supplemental Indenture may not be amended, supplemented, modified or waived, unless otherwise provided in the Indenture, except by the execution of a supplemental indenture in compliance with Article 10 of the Indenture.

Section 3.03 Ratification of Indenture; Supplemental Indenture Part of the Indenture

Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. In the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this First Supplemental Indenture, then the terms and conditions of the Indenture shall prevail. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

Section 3.04 Trust Indenture Act Controls

If any provision of this First Supplemental Indenture limits, qualifies or conflicts with the duties imposed by any of Sections 310 to 317, inclusive, of the Trust Indenture Act, through operation of Section 318(c) thereof, such imposed duties shall control.

Section 3.05 Governing Law

This First Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 3.06 Trustee Makes No Representation

The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture. The recitals and statements contained in this First Supplemental Indenture shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same.

The Trustee is hereby authorized and directed to execute and deliver this Supplemental Indenture. In executing this Supplemental Indenture, the Trustee shall enjoy all of the rights, protections, benefits, indemnities and immunities granted to it under the Indenture.

Section 3.07 Multiple Counterparts

The parties may sign multiple counterparts of this First Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 3.08 Headings

The headings of the Articles and Sections of this First Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 3.09 Successors

All agreements of the Company in this First Supplemental Indenture shall bind its successors. All agreements of the Trustee in this First Supplemental Indenture shall bind its successor.

Section 3.10 Calculations in Respect of the Notes

The Company shall make all calculations under this First Supplemental Indenture and the Notes. The Company shall make all these calculations in good faith, and, absent manifest error, such calculations shall be final and binding on all Holders. The Company shall provide schedules of its calculations to the Trustee as required hereunder, and the Trustee shall be entitled to conclusively rely on the accuracy of any such calculation without independent verification.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the date and year first above written.

INTERACTIVE INTELLIGENCE GROUP, INC.

By: _____
Name: Ashley A. Vukovits
Title: Chief Financial Officer, Senior Vice
President of Administration,
Secretary and Treasurer

U.S. BANK NATIONAL ASSOCIATION,
solely as Trustee hereunder and not in its individual
capacity

By: _____
Name:
Title: