

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report: December 1, 2015
(Date of earliest event reported)

Turtle Beach Corporation
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

001-35465
(Commission File
Number)

27-2767540
(I.R.S. Employer
Identification Number)

100 Summit Lake Drive, Suite 100
Valhalla, New York 10595
(Address of principal executive offices)

914-345-2255
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

Loan Amendments

On December 1, 2015, Turtle Beach Corporation, a Nevada corporation (the “Company”), entered into an amendment (the “December ABL Amendment”) to its Loan, Guaranty and Security Agreement, dated March 31, 2014 (as amended, the “ABL Agreement”), by and among the Company, Voyetra Turtle Beach, Inc., (“Voyetra” and together with the Company, the “US Borrowers”), Turtle Beach Europe Limited (“TB Europe” and together with the US Borrowers, the “Borrowers”), VTB Holdings, Inc., as guarantor (“VTB” and together with the Borrowers, the “Obligors”), the financial institutions party thereto as lenders (collectively, the “ABL Lenders”), and Bank of America, N.A., as administrative agent, collateral agent and security trustee for the ABL Lenders (the “ABL Agent”). The December ABL Amendment amended certain provisions of the ABL Agreement to, among other things, provide (a) that, prior to January 29, 2016, the Company receive net proceeds of not less than \$10.0 million of additional equity capital or additional third lien debt financing and apply such proceeds against the outstanding principal balance of the revolving line of credit under the ABL Agreement (the receipt of such proceeds and subsequent payment, the “December ABL Paydown”), (b) that the Company maintain certain amended EBITDA levels during each month beginning with the month ending December 31, 2015 through (and including) the month ending March 31, 2017 (with revised financial covenants to be agreed based on new financial projections after such date) on both an overall and segment-by-segment basis, (c) that the Obligors will make certain periodic reports to the ABL Agent and ABL Lenders with respect to certain financial metrics and (d) that the existing loan availability block remain in place.

Also on December 1, 2015, the Company entered into an amendment (the “December Term Loan Amendment,” and together with the December ABL Amendment, the “Loan Amendments”) to its Term Loan, Guaranty and Security Agreement, dated July 22, 2015 (as amended, the “Term Loan Agreement,” and together with the ABL Agreement, the “Loan Agreements”) by and among the Company, the Obligors, Crystal Financial SPV LLC and the other lenders party to the Term Loan Agreement from time to time (collectively, the “Term Loan Lenders”), and Crystal Financial LLC, as agent for the Term Loan Lenders, sole lead arranger and sole bookrunner (the “Term Loan Agent”). The December Term Loan Amendment amended certain provisions of the Term Loan Agreement to, among other things, provide (a) that the Company make the December ABL Paydown, (b) that the Company maintain certain amended EBITDA levels during each month beginning with the month ending December 31, 2015 through the termination date under the Term Loan Agreement on both an overall and segment-by-segment basis, (c) that the Obligors will make certain periodic reports to the Term Loan Agent and Term Loan Lenders with respect to certain financial metrics, (d) that the testing of the consolidated leverage ratio covenants under the Term Loan Agreement would be suspended through April 2017 and (e) that the existing loan availability block remain in place.

The foregoing descriptions of the Loan Amendments do not purport to be complete and are qualified in their entirety by the full texts of the December ABL Amendment and December Term Loan Amendment, copies of which are attached hereto as Exhibits 10.1 and 10.2, respectively. The Loan Agreements, as amended by the Loan Amendments, contain warranties and covenants that the respective parties thereto made to each other as of specific dates. The assertions embodied in those warranties and covenants were made solely for purposes of the Loan Agreements, as amended by the Loan Amendments, between the respective parties thereto and may be subject to important qualifications and limitations agreed to by such parties in connection with negotiating their respective terms, including being qualified by confidential disclosures exchanged between such parties in connection with the execution of the Loan Amendments. The warranties may be subject to a contractual standard of materiality that may be different from what may be viewed as material to investors or securityholders, or may have been used for the purpose of allocating risk between the respective parties to the Loan Agreements rather than establishing matters as facts. Moreover, information concerning the subject matter of the warranties may change after the date of the Loan Agreements or the Loan Amendments, as applicable, which subsequent information may or may not be fully reflected in the Company’s public disclosures. For the foregoing reasons, no person should rely on the warranties as statements of factual information at the time they were made or otherwise.

Item 7.01. Regulation FD Disclosure

Investor Presentation

Certain information concerning our business and financial results can be currently accessed on our website, <http://corp.turtlebeach.com/investor-relations> under the heading “Investor Presentations.” Representatives of the Company expect to use this presentation, in whole or in part, and possibly with modifications, periodically in connection with conferences and presentations to investors, analysts and others. Portions of the presentation are attached hereto as Exhibit 99.1.

The investor presentation includes financial information not prepared in accordance with generally accepted accounting principles (“Non-GAAP Financial Measures”). A reconciliation of the Non-GAAP Financial Measures included in the presentation to financial information prepared in accordance with generally accepted accounting principles (“GAAP”), as required by Regulation G, appears in Appendix A to the presentation. The information contained in the presentation is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that it may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in the presentation or this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information in Item 7.01 of this report is being furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for purposes of Section 17 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 — Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
10.1	Seventh Amendment, dated December 1, 2015, to Loan, Security and Guarantee Agreement, dated as of March 31, 2014, among Turtle Beach Corporation (f/k/a/ Parametric Sound Corporation) and Voyetra Turtle Beach, Inc. as US Borrowers and UK Guarantors, Turtle Beach Europe Limited as UK Borrower, PSC Licensing Corp. and VTB Holdings, Inc. as a US Guarantor and a UK Guarantor, and Bank of America, N.A., as Agent, Sole Lead Arranger and Sole Bookrunner.
10.2	Second Amendment, dated December 1, 2015, to Term Loan, Guaranty and Security Agreement, dated July 22, 2015, by and among Turtle Beach Corporation, Voyetra Turtle Beach, Inc. Turtle Beach Europe Limited, VTB Holdings, Inc., Crystal Financial LLC, as agent sole lead arranger and sole bookrunner and the other parties thereto.
99.1	Turtle Beach Corporation Investor Presentation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TURTLE BEACH CORPORATION

Date: December 7, 2015

By: _____
/S/ JUERGEN STARK
Juergen Stark
Chief Executive Officer and President

SEVENTH AMENDMENT TO LOAN, GUARANTY AND SECURITY AGREEMENT

This SEVENTH AMENDMENT TO LOAN, GUARANTY AND SECURITY AGREEMENT (this "Amendment") is dated as of December 1, 2015, and is entered into by and among **TURTLE BEACH CORPORATION**, a Nevada corporation, formerly known as Parametric Sound Corporation ("Parametric"), **VOYETRA TURTLE BEACH, INC.**, a Delaware corporation ("Voyetra"); and together with Parametric, individually, "US Borrower," and individually and collectively, jointly and severally, "US Borrowers"; **TURTLE BEACH EUROPE LIMITED**, a company limited by shares and incorporated in England and Wales with company number 03819186 ("Turtle Beach," also referred to hereinafter as "UK Borrower"); and together with US Borrowers, individually, "Borrower," and individually and collectively, "Borrowers"; **VTB HOLDINGS, INC.**, a Delaware corporation ("VTB" or "US Guarantor"); and together with US Borrowers, individually, a "UK Guarantor," and individually and collectively, jointly and severally, "UK Guarantors"; UK Guarantors and US Guarantor, individually, a "Guarantor," and individually and collectively, "Guarantors"), the financial institutions party hereto as lenders (collectively, "Lenders"), and **BANK OF AMERICA, N.A.**, a national banking association, as administrative agent, collateral agent and security trustee for Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent").

WHEREAS, Borrowers, Guarantors, Agent, and Lenders have entered into that certain Loan, Guaranty and Security Agreement (as amended, restated, or otherwise modified from time to time, the "Loan Agreement"), dated as of March 31, 2014; and

WHEREAS, Borrowers have requested that Agent and Lenders agree to enter into certain amendments to the Loan Agreement.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in the Loan Agreement and this Amendment, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Initially capitalized terms used but not otherwise defined in this Amendment have the respective meanings set forth in the Loan Agreement, as amended hereby.

ARTICLE II

AMENDMENTS TO LOAN AGREEMENT

2.01. New/Amended Definitions.

- (a) Section 1.1 of the Loan Agreement is hereby amended by inserting the following defined terms in the appropriate alphabetical order therein:

Headset Division EBITDA: for any period, EBITDA for the Headset Division (as determined in a manner consistent with the definition of "EBITDA" above, but solely with respect to items attributable to the Headset Division); provided, however, the calculation of EBITDA for the Headset Division shall be determined in accordance with the methodology used in the projections delivered to Agent on or

prior to the Seventh Amendment Effective Date or in such other manner acceptable to Agent.

Hypersound Division EBITDA: for any period, EBITDA for the Hypersound Division (as determined in a manner consistent with the definition of “EBITDA” above, but solely with respect to items attributable to the Hypersound Division); provided, however, the calculation of EBITDA for the Hypersound Division shall be determined in accordance with methodology used in the projections delivered to Agent on or prior to the Seventh Amendment Effective Date or in such other manner acceptable to Agent in its discretion.

Seventh Amendment: that certain Seventh Amendment to Loan, Guaranty and Security Agreement, dated as of December 1, 2015, by and among Borrowers, Guarantors, Lenders and Agent.

Seventh Amendment Effective Date: as defined in the Seventh Amendment.

Seventh Amendment Specified Mandatory Prepayment Date: as defined in the Seventh Amendment.

- (b) The definition of “Cure Amount” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.
- (c) The definition of “Cure Availability Block” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.
- (d) The definition of “Cure Expiration Date” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.
- (e) The definition of “Cure Month” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.
- (f) The definition of “Cure Net Proceeds” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.
- (g) The definition of “Cure Notice Date” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.
- (h) The definition of “Revolver Cure Net Proceeds” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.
- (i) The definition of “Seasonal Availability Block” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

Seasonal Availability Block: (i) for the period commencing on (and including) February 15 of each calendar year and ending on (and including) March 16 of such calendar year (other than for calendar year 2016, as set forth in (ii) hereof), \$8,000,000, (ii) for the period commencing on (and including) February 15, 2016, through (and including) March 16, 2016, zero (0), and (iii) at all other times, zero (0).

(j) The definition of “Simultaneous Equity Cure” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.

(k) The definition of “Specified Financial Covenants” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.

(l) The definition of “Term Loan Cure Net Proceeds” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety.

(m) The definition of “UK Borrowing Base” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

UK Borrowing Base: on any date of determination, a Dollar Equivalent amount equal to the lesser of (a) the aggregate UK Revolver Commitments or (b) the UK Accounts Formula Amount, plus the UK Inventory Formula Amount, minus the UK Availability Reserve.

(n) The definition of “US Borrowing Base” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

US Borrowing Base: on any date of determination, an amount equal to the lesser of (a) the aggregate US Revolver Commitments, minus the Temporary Availability Block, minus the Seasonal Availability Block, or (b) the sum of the US Accounts Formula Amount, plus the US Inventory Formula Amount, minus the US Availability Reserve, minus the Temporary Availability Block, minus the Seasonal Availability Block; provided that the Accounts and Inventory of Parametric shall not be included in the US Borrowing Base until Agent has completed its business due diligence with respect to such assets and the results of such due diligence are satisfactory to Agent in its Permitted Discretion.

(o) The definition of “US Term Loan Deficiency Reserve” set forth in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

US Term Loan Deficiency Reserve: As of any date of determination by Agent based on the most recent Term Borrowing Base Certificate (as defined in the Term Loan Agreement) delivered to Agent by the US Borrowers (subject to adjustments thereto made by the Term Agent), an amount equal to the greater of (a) \$0 and (b) the amount, if any, by which (i) the aggregate US Term Exposure (as defined in the Term Loan Agreement) at such time exceeds (ii) the result of (x) the US Borrowing Base (as defined in the Term Loan Agreement) minus (y) the result of (A) the US Inventory Formula Amount, plus (B) the US Accounts Formula Amount, minus (C) the Temporary Availability Block, minus (D) the Seasonal Availability Block, minus (E) the US Availability Reserve (but excluding the US Term Loan Deficiency Reserve).

2.02. **Amendment to Section 5.3.3.** Section 5.3.3 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

[Reserved].

2.03. Amendments to Section 10.3. Section 10.3 of the Loan Agreement is hereby amended as follows:

(a) Section 10.3.1 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

EBITDA.

(a) Commencing with the month ending December 31, 2015, maintain an EBITDA (measured monthly as of the last day of each month on a period-to-date basis for the period commencing on November 1, 2015, and ending on the measurement date for all measurement dates on or prior to October 31, 2016, and on a trailing twelve (12)-month basis for all measurement dates thereafter) in the amount set forth below for each such month:

Testing Date	Required EBITDA
December 31, 2015	\$8,000,000
January 31, 2016	\$4,774,000
February 29, 2016	\$2,050,000
March 31, 2016	(\$1,512,000)
April 30, 2016	(\$3,737,000)
May 31, 2016	(\$5,709,000)
June 30, 2016	(\$7,777,000)
July 31, 2016	(\$9,046,000)
August 31, 2016	(\$8,573,000)
September 30, 2016	(\$7,889,000)
October 31, 2016	(\$3,637,000)
November 30, 2016	(\$3,091,000)
December 31, 2016	(\$1,673,000)
January 31, 2017	(\$924,000)
February 28, 2017	(\$79,000)
March 31, 2017	\$1,968,000

(b) Commencing with the month ending April 30, 2017, maintain an EBITDA (measured on a trailing twelve (12)-month basis) in an amount at least ninety percent (90%) of the monthly projected EBITDA set forth in projections delivered by Borrowers to Agent and accepted by Agent in writing.

(b) Section 10.3.2 of the Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

[Reserved].

(c) Section 10.3 of the Loan Agreement is hereby amended to insert the following new Sections 10.3.5 and 10.3.6 immediately after Section 10.3.4 contained therein:

10.3.5 Alternate Minimum Headset Division EBITDA.

(a) Commencing with the month ending December 31, 2015, maintain an Headset Division EBITDA (measured monthly as of the last day of each month on a period-to-date basis for the period commencing on November 1, 2015, and ending on the measurement date for all measurement dates on or prior to October 31, 2016, and on a trailing twelve (12)-month basis for all measurement dates thereafter) in the amount set forth below for each such month:

Testing Date	Required Headset Division EBITDA
December 31, 2015	\$10,760,000
January 31, 2016	\$8,824,000
February 29, 2016	\$7,363,000
March 31, 2016	\$5,044,000
April 30, 2016	\$3,939,000
May 31, 2016	\$3,045,000
June 30, 2016	\$1,989,000
July 31, 2016	\$1,644,000
August 31, 2016	\$2,981,000
September 30, 2016	\$4,472,000
October 31, 2016	\$9,346,000
November 30, 2016	\$8,917,000
December 31, 2016	\$9,584,000
January 31, 2017	\$9,693,000
February 28, 2017	\$9,553,000
March 31, 2017	\$10,555,000

(b) Commencing with the month ending April 30, 2017, maintain an Headset Division EBITDA (measured on a trailing twelve (12)-month basis) in an amount at least ninety percent (90%) of the monthly projected Headset Division EBITDA set forth in projections delivered by Borrowers to Agent and accepted by Agent in writing.

10.3.6 Minimum Hypersound Division EBITDA.

(a) Commencing with the month ending December 31, 2015, maintain an Hypersound Division EBITDA (measured monthly as of the last day of each month on a period-to-date basis for the period commencing on November 1, 2015, and ending on the measurement date for all measurement dates on or prior to October 31, 2016, and on a trailing twelve (12)-month basis for all measurement dates thereafter) in the amount set forth below for each such month:

Testing Date	Required Hypersound Division EBITDA
December 31, 2015	(\$2,760,000)
January 31, 2016	(\$4,051,000)
February 29, 2016	(\$5,313,000)
March 31, 2016	(\$6,555,000)
April 30, 2016	(\$7,676,000)
May 31, 2016	(\$8,754,000)
June 30, 2016	(\$9,766,000)
July 31, 2016	(\$10,689,000)
August 31, 2016	(\$11,553,000)
September 30, 2016	(\$12,361,000)
October 31, 2016	(\$12,983,000)
November 30, 2016	(\$12,009,000)
December 31, 2016	(\$11,258,000)
January 31, 2017	(\$10,617,000)
February 28, 2017	(\$9,632,000)
March 31, 2017	(\$8,587,000)

(b) Commencing with the month ending April 30, 2017, maintain an Hypersound Division EBITDA (measured on a trailing twelve (12)-month basis) in an amount at least ninety percent (90%) of the monthly projected Hypersound Division EBITDA set forth in projections delivered by Borrowers to Agent and accepted by Agent in writing.

2.04. **Amendment to Section 12.6.** Section 12.6 of the Loan Agreement is hereby deleted in its entirety.

2.05. **Amendment to Section 13.8.** Section 13.8 of the Loan Agreement is hereby amended by deleted the penultimate sentence contained therein and inserting the following in lieu thereof:

On the effective date of its resignation or removal, the retiring or removed Agent shall be discharged from its duties and obligations hereunder but shall continue to have all rights and protections under the Loan Documents with respect to actions taken or omitted to be taken by it while Agent, including the indemnification set forth in **Section 14.2**, and all rights and protections under this **Section 13**.

2.06. **Amendment to Section 15.1.1(c).** Section 15.1.1(c) of the Loan Agreement is hereby amended in its entirety and the following is inserted in lieu thereof:

(c) without the prior written consent of each affected Lender, including a Defaulting Lender, no modification shall (i) increase the Revolver Commitment of such Lender; (ii) reduce the amount of, or waive or delay payment of, any principal, interest or fees payable to such Lender (except as provided in **Section 4.2**); (iii) extend the Revolver Termination Date applicable to such Lender's Obligations;

(iv) amend this clause (c) or (v) amend the definitions of Seasonal Availability Block or Temporary Availability Block.

2.07. **Amendments to Table of Contents.** The Table of Contents to the Loan Agreement shall be amended as required to reflect the amendments to the Loan Agreement set forth in Article II of this Agreement.

2.08. **Amendment to Section 5.02 of the Sixth Amendment.** Section 5.02 of the Sixth Amendment is hereby amended by deleting each reference to "November 30, 2015" in such Section 5.02 and substituting the date "December 7, 2015" in lieu thereof.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Obligor hereby represents and warrants to Agent and each Lender, as of the date hereof, as follows:

3.01. **Representations and Warranties.** After giving effect to this Amendment, the representations and warranties set forth in Section 9 of the Loan Agreement and in each other Loan Document are true and correct in all material respects on and as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate solely to an earlier date.

3.02. **No Defaults.** After giving effect to this Amendment, each Obligor is in compliance with all terms and conditions of the Loan Agreement and the other Loan Documents on its part to be observed and performed and no Default or Event of Default has occurred and is continuing.

3.03. **Authority and Pending Actions.** The execution, delivery, and performance by each Obligor of this Amendment has been duly authorized by each such Obligor (as applicable) and there is no action pending or any judgment, order, or decree in effect which is likely to restrain, prevent, or impose materially adverse conditions upon the performance by any Obligor of its obligations under the Loan Agreement or the other Loan Documents.

3.04. **Enforceability.** This Amendment constitutes the legal, valid, and binding obligation of each Obligor, enforceable against each such Obligor in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting the enforcement of creditors' rights or by the effect of general equitable principles.

ARTICLE IV

CONDITIONS PRECEDENT AND FURTHER ACTIONS

4.01. **Conditions Precedent.** This Amendment shall not be binding upon Agent, Lenders or any Obligor until each of the following conditions precedent have been satisfied in form and substance satisfactory to Agent (such date, the "Seventh Amendment Effective Date"):

- (a) The representations and warranties contained herein and in the Loan Agreement, as amended hereby, shall be true and correct in all material respects as of the date hereof, after giving effect

to this Amendment, as if made on such date, except for such representations and warranties limited by their terms to a specific date;

(b) Each Obligor shall have delivered to the Agent duly executed counterparts of this Amendment which, when taken together, bear the authorized signatures of the Borrowers, the Agent, and the Lenders;

(c) Obligors shall have delivered to Agent a fully-executed copy of an amendment to the Term Loan Agreement substantially similar to this Amendment (the "Second Amendment to Term Loan Agreement") and otherwise acceptable to Agent and Lenders;

(d) Agent shall have received a fully-executed and effective amendment to the Intercreditor Agreement in form and substance satisfactory to Agent and Lenders; and

(e) Obligors shall have paid to Agent, for the benefit of itself and Lenders, a fee in the amount of \$150,000 (the "Amendment Fee"), which Amendment Fee each Obligor hereby expressly agrees and acknowledges shall be fully earned as of the Seventh Amendment Effective Date.

4.02. **Further Actions.** Each of the parties to this Amendment agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to affect the purposes of this Amendment.

ARTICLE V

AFFIRMATIVE COVENANTS

5.01. Equity Infusion and/or Additional Third Lien Debt.

(a) Obligors hereby covenant and agree that, on or prior to January 29, 2016 (the "Seventh Amendment Specified Mandatory Prepayment Date"), (a) US Obligors shall receive net proceeds of not less than \$10,000,000 in the form of (i) additional equity capital, in form and substance, and on terms, satisfactory to Agent in all respects and/or (ii) additional financing from either Sponsor and the other Third Lien Creditors pursuant to the Third Lien Subordinated Note(s) and the other Third Lien Loan Documents, which shall be in form and substance, and on terms, satisfactory to Agent in all respects and (b) the net proceeds of any such equity capital and/or additional Third Lien Debt in an aggregate amount of not less than \$10,000,000 shall be applied as a mandatory prepayment of the US Revolver Loans outstanding on the Seventh Amendment Specified Mandatory Prepayment Date (and solely to the extent that the outstanding principal balance of US Revolver Loans has been reduced by such mandatory prepayment to, or is, \$0, such net proceeds may be received as cash to the balance sheet of the US Obligors for use as working capital in the business of the US Obligors) (such transaction, and all matters related thereto, entered into in connection therewith or contemplated thereby, collectively, the "Additional Liquidity Transaction").

(b) Obligors hereby covenant and agree to (i) provide Agent with status updates with respect to the Additional Liquidity Transaction on (w) December 15, 2015, (x) December 31, 2015, (y) January 8, 2016, and (z) January 15, 2016, and as otherwise reasonably requested by Agent, and such status updates shall be in scope and detail satisfactory to Agent in all respects, and (ii) deliver to Agent all presentations prepared for, or delivered to, investors or potential investors in connection the Additional Liquidity Transaction, including, without limitation, that certain presentation used by Oppenheimer with

certain investors, promptly after such preparation and/or delivery, and deliver to Agent any other written materials in connection with the Additional Liquidity Transaction as Agent may request from time to time.

ARTICLE VI

COSTS AND EXPENSES

Without limiting the terms and conditions of the Loan Documents, notwithstanding anything in the Loan Documents to the contrary, Obligors jointly and severally agree to pay on demand: (a) all reasonable costs and expenses incurred by Agent in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant to this Amendment and any and all subsequent amendments, modifications, and supplements to this Amendment, including, without limitation, the reasonable costs and fees of Agent's legal counsel; and (b) all reasonable costs and expenses reasonably incurred by Agent in connection with the enforcement or preservation of any rights under the Loan Agreement, this Amendment, and/or the other Loan Documents, including, without limitation, the reasonable costs and fees of Agent's legal counsel.

ARTICLE VII

MISCELLANEOUS

7.01. **No Course of Dealing.** The consents and waivers set forth herein are a one-time accommodation only and relate only to the matters set forth in Article III herein. The consents and waivers are not a consent to any other deviation of the terms and conditions of the Loan Agreement or any other Loan Document unless otherwise expressly agreed to by Agent and Lenders in writing.

7.02. **Cross-References.** References in this Amendment to any Section are, unless otherwise specified, to such Section of this Amendment.

7.03. **Instrument Pursuant to Loan Agreement.** This Amendment is a Loan Document executed pursuant to the Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered, and applied in accordance with the terms and provisions of the Loan Agreement. Any failure by Obligors to comply with any of the terms and conditions of this Amendment, including, without limitation, any of the undertakings set forth in Article V hereof, shall constitute an immediate Event of Default.

7.04. **Acknowledgment of the Obligors.** Each Obligor hereby represents and warrants that the execution and delivery of this Amendment and compliance by such Obligor with all of the provisions of this Amendment: (a) are within the powers and purposes of such Obligor; (b) have been duly authorized or approved by the board of directors (or other appropriate governing body) of such Obligor; and (c) when executed and delivered by or on behalf of such Obligor will constitute valid and binding obligations of such Obligor, enforceable in accordance with its terms. Each Obligor reaffirms its obligations to perform and pay all amounts due to Agent or Lenders under the Loan Documents (including, without limitation, its obligations under any promissory note evidencing any of the Loans) in accordance with the terms thereof, as amended and modified hereby.

7.05. **Loan Documents Unmodified.** Each of the amendments provided herein shall apply and be effective only with respect to the provisions of the Loan Document specifically referred to by such amendments. Except as otherwise specifically modified by this Amendment, all terms and provisions of the Loan Agreement and all other Loan Documents, as modified hereby, shall remain in full force and effect

and are hereby ratified and confirmed in all respects. Nothing contained in this Amendment shall in any way impair the validity or enforceability of the Loan Documents, as modified hereby, or alter, waive, annul, vary, affect, or impair any provisions, conditions, or covenants contained therein or any rights, powers, or remedies granted therein, except as otherwise specifically provided in this Amendment. Subject to the terms of this Amendment, any lien and/or security interest granted to Agent, for the benefit of Lenders, in the Collateral set forth in the Loan Documents shall remain unchanged and in full force and effect and the Loan Agreement and the other Loan Documents shall continue to secure the payment and performance of all of the Obligations.

7.06. **Parties, Successors and Assigns.** This Amendment represents the agreement of Obligors, Agent and each Lenders signatory hereto with respect to the subject matter hereof, and there are no promises, undertakings, representations, or warranties relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents. This Amendment shall be binding upon and inure to the benefit of Obligors, Agent, Lenders, and their respective successors and assigns, except that (a) no Borrower shall have the right to assign its rights or delegate its obligations under any Loan Documents; and (b) any assignment by a Lender must be made in compliance with Section 14.3 of the Loan Agreement.

7.07. **Counterparts.** This Amendment may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of a signature page of this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of such agreement. This Amendment may be executed and delivered by facsimile or electronic mail, and will have the same force and effect as manually signed originals.

7.08. **Headings.** The headings, captions, and arrangements used in this Amendment are for convenience only, are not a part of this Amendment, and shall not affect the interpretation hereof.

7.09. **Miscellaneous.** This Amendment is subject to the general provisions set forth in the Loan Agreement, including, but not limited to, Sections 15.14, 15.15, and 15.16.

7.10. **Severability.** Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

7.11. **Release.**

(a) EACH OBLIGOR HEREBY IRREVOCABLY RELEASES AND FOREVER DISCHARGES AGENT, LENDERS AND THEIR AFFILIATES, AND EACH SUCH PERSON'S RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, MEMBERS, ATTORNEYS AND REPRESENTATIVES (EACH, A "RELEASED PERSON") OF AND FROM ALL DAMAGES, LOSSES, CLAIMS, DEMANDS, LIABILITIES, OBLIGATIONS, ACTIONS OR CAUSES OF ACTION WHATSOEVER (EACH, A "CLAIM") THAT SUCH OBLIGOR MAY NOW HAVE OR CLAIM TO HAVE AGAINST ANY RELEASED PERSON ON THE DATE OF THIS AMENDMENT, WHETHER KNOWN OR UNKNOWN, OF EVERY NATURE AND EXTENT WHATSOEVER, FOR OR BECAUSE OF ANY MATTER OR THING DONE, OMITTED OR SUFFERED TO BE DONE OR OMITTED BY ANY OF THE RELEASED PERSONS THAT BOTH (1) OCCURRED PRIOR TO OR ON THE DATE OF THIS AMENDMENT AND (2) IS ON ACCOUNT OF OR IN ANY WAY CONCERNING, ARISING OUT OF OR FOUNDED UPON THE LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT.

(b) EACH OBLIGOR INTENDS THE ABOVE RELEASE TO COVER, ENCOMPASS, RELEASE, AND EXTINGUISH, INTER ALIA, ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION THAT MIGHT OTHERWISE BE RESERVED BY THE CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

(c) EACH OBLIGOR ACKNOWLEDGES THAT IT MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE NOW KNOWN OR BELIEVED TO BE TRUE WITH RESPECT TO SUCH CLAIMS, DEMANDS, OR CAUSES OF ACTION, AND AGREES THAT THIS AMENDMENT AND THE ABOVE RELEASE ARE AND WILL REMAIN EFFECTIVE IN ALL RESPECTS NOTWITHSTANDING ANY SUCH DIFFERENCES OR ADDITIONAL FACTS.

7.12. **Total Agreement.** This Amendment, the Loan Agreement, and all other Loan Documents constitute the entire agreement, and supersede all prior understandings and agreements, among the parties relating to the subject matter hereof.

7.13. **Amendment to Term Loan Agreement.** Each of the undersigned Lenders and Agent hereby acknowledge that as of the Seventh Amendment Effective Date, Obligors, Term Agent and Term Loan Lenders are agreeing to the Second Amendment to Term Loan Agreement in the form attached hereto as Annex I. Agent and Lenders hereby acknowledge and consent to the Second Amendment to Term Loan Agreement, including, without limitation, for purposes of the Intercreditor Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the day and year first written above.

BORROWERS:

TURTLE BEACH CORPORATION, a Nevada corporation, formerly known as Parametric Sound Corporation

By: /s/ John T. Hanson

Name: Juergen Stark

Title: Chief Financial Officer, Treasurer and Secretary

VOYETRA TURTLE BEACH, INC.,

a Delaware corporation

By: /s/ John T. Hanson

Name: Juergen Stark

Title: Chief Financial Officer, Treasurer and Secretary

TURTLE BEACH EUROPE LIMITED,

a company limited by shares and incorporated in England and Wales with company number 03819186

By: /s/ John T. Hanson

Name: Juergen Stark

Title: Chief Financial Officer, Treasurer and Secretary

Signature Page to Seventh Amendment to Loan, Guaranty and Security Agreement

BANK OF AMERICA, N.A.,
as Agent and Lender

By: /s/ Matthew Van Steenhuyse
Name: Matthew Van Steenhuyse
Title: Senior Vice President

Guarantor Consent to Seventh Amendment to Loan, Guaranty and Security Agreement

GUARANTOR CONSENT

The undersigned hereby consents to the foregoing Amendment and hereby (a) confirms and agrees that notwithstanding the effectiveness of the foregoing Amendment, each Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of the foregoing Amendment, each reference in any Loan Document to the "Loan Agreement," "thereunder," "thereof" or words of like import shall mean and be a reference to the Loan Agreement, as amended by the foregoing Amendment, (b) confirms and agrees that the pledge and security interest in the Collateral granted by it pursuant to any Security Documents to which it is a party shall continue in full force and effect, (c) acknowledges and agrees that such pledge and security interest in the Collateral granted by it pursuant to such Security Documents shall continue to secure the Obligations purported to be secured thereby, as amended or otherwise affected hereby, and (d) agrees to be bound by the release set forth in Section 6.11 of the Amendment.

VTB HOLDINGS, INC.,
a Delaware corporation

By:
Name:
Title:

Guarantor Consent to Seventh Amendment to Loan, Guaranty and Security Agreement

ANNEX I

SECOND AMENDMENT TO TERM LOAN AGREEMENT

Attached hereto

Annex I to Seventh Amendment to Loan, Guaranty and Security Agreement

SECOND AMENDMENT TO TERM LOAN, GUARANTY AND SECURITY AGREEMENT

This **SECOND AMENDMENT TO LOAN, GUARANTY AND SECURITY AGREEMENT** (this "Amendment") is dated as of December 1, 2015, and is entered into by and among **TURTLE BEACH CORPORATION**, a Nevada corporation, formerly known as Parametric Sound Corporation ("Parametric"), **VOYETRA TURTLE BEACH, INC.**, a Delaware corporation ("Voyetra"); and together with Parametric, individually, "US Borrower," and individually and collectively, jointly and severally, "US Borrowers"; **TURTLE BEACH EUROPE LIMITED**, a company limited by shares and incorporated in England and Wales with company number 03819186 ("Turtle Beach," also referred to hereinafter as "UK Borrower"); and together with US Borrowers, individually, "Borrower," and individually and collectively, "Borrowers"; **VTB HOLDINGS, INC.**, a Delaware corporation ("VTB," individually, a "US Guarantor," and individually and collectively, jointly and severally, "US Guarantors"; and together with US Borrowers, individually, a "UK Guarantor," and individually and collectively, jointly and severally, "UK Guarantors"; UK Guarantors and US Guarantors, individually, a "Guarantor," and individually and collectively, "Guarantors"; **CRYSTAL FINANCIAL SPV LLC**, **CRYSTAL FINANCIAL LLC** and the other lenders party to the Term Loan Agreement (as such term is defined below) from time to time (collectively, "Lenders"), and **CRYSTAL FINANCIAL LLC**, as agent, collateral agent and security trustee for Lenders (in such capacities, together with its successors and assigns in such capacities, "Agent").

WHEREAS, Borrowers, Guarantors, Agent, and Lenders have entered into that certain Term Loan, Guaranty and Security Agreement, dated as of July 22, 2015, as amended by that certain First Amendment to Term Loan, Guaranty and Security Agreement, dated as of November 2, 2015 (the "First Amendment") (as further amended, restated, or otherwise modified from time to time, the "Term Loan Agreement"); and

WHEREAS, Borrowers have requested that Agent and Lenders agree to enter into certain amendments to the Term Loan Agreement.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in the Term Loan Agreement and this Amendment, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Initially capitalized terms used but not otherwise defined in this Amendment have the respective meanings set forth in the Term Loan Agreement, as amended hereby.

ARTICLE II

AMENDMENTS TO TERM LOAN AGREEMENT

2.01. New/Amended Definitions.

- (a) Section 1.1 of the Term Loan Agreement is hereby amended by inserting the following defined terms in the appropriate alphabetical order therein:

Hypersound Division EBITDA: for any period, EBITDA for the Hypersound Division (as determined in a manner consistent with the definition of “EBITDA” above, but solely with respect to items attributable to the Hypersound Division); provided, however, that calculation of EBITDA for the Hypersound Division shall be determined in accordance with methodology used in the projections delivered to Agent on or prior to the Closing Date or in such other manner acceptable to Agent in its discretion.

Second Amendment: that certain Second Amendment to Term Loan, Guaranty and Security Agreement, dated as of December 1, 2015, by and among Borrowers, Guarantors, Lenders and Agent.

Second Amendment Effective Date: as defined in the Second Amendment.

Second Amendment Specified Mandatory Prepayment Date: as defined in the Second Amendment.

(b) The definition of “ABL Revolver Cure Net Proceeds” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(c) The definition of “Availability Block” set forth in Section 1.1 of the Term Loan Amendment is hereby deleted in its entirety and the following is inserted in lieu thereof:

“Availability Block: the sum of (i) an amount equal to (x) prior to January 1, 2016, \$8,000,000, and (y) from and after January 1, 2016, \$9,000,000, and (ii) the Seasonal Availability Block then in effect.

(d) The definition of “Cure Amount” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(e) The definition of “Cure Availability Block” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(f) The definition of “Cure Expiration Date” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(g) The definition of “Cure Month” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(h) The definition of “Cure Net Proceeds” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(i) The definition of “Cure Notice Date” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(j) The definition of “Seasonal Availability Block” set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

Seasonal Availability Block: (i) for the period commencing on (and including) February 15 of each calendar year and ending on (and including) March 16 of such

calendar year (other than for calendar year 2016, as set forth in clause (ii) hereof), \$8,000,000, (ii) for the period commencing on (and including) February 15, 2016, through (and including) March 16, 2016, zero (0), and (iii) at all other times, zero (0).

(k) The definition of "Simultaneous Equity Cure" set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(l) The definition of "Specified Financial Covenants" set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(m) The definition of "Term Loan Cure Net Proceeds" set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety.

(n) Clause (a)(ii) in the definition of "UK Maximum Borrowing Amount" set forth in Section 1.1 of the Term Loan Agreement is hereby amended by deleting the text "minus the UK Availability Reserve" in such clause (a)(ii).

(o) The definition of "US Maximum Borrowing Amount" set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

"US Maximum Borrowing Availability: an amount equal to the lesser of (a) the sum of (i) the aggregate US Term Exposure, plus (ii) the result of the ABL US Revolver Commitments then in effect (or, if such commitments have been terminated, the aggregate ABL Revolver Usage), minus the Availability Block and (b) the US Borrowing Base at such time."

(p) The definition of "US Term Loan Deficiency Reserve" set forth in Section 1.1 of the Term Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

US Term Loan Deficiency Reserve: the "US Term Loan Deficiency Reserve" as defined in the ABL Revolver Loan Agreement as in effect on the Closing Date, as amended on the Second Amendment Effective Date, and without giving effect to any further amendments or modifications of such definition or any component definitions (or any sub-component definitions) thereof which would make more credit available to any of the Obligors.

2.02. **Amendment to Section 5.3.5.** The text of Section 5.3.5 of the Term Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

[Reserved].

2.03. **Amendments to Section 8.1.2.** Section 8.1.2 of the Term Loan Agreement is hereby amended by deleting the text "the "Temporary Availability Block", the "Seasonal Availability Block" or the "Cure Availability Block" " that appears therein in its entirety and the following is inserted in lieu thereof:

"the "Temporary Availability Block", or the "Seasonal Availability Block".

2.04. **Amendments to Section 10.3.** Section 10.3 of the Term Loan Agreement is hereby amended as follows:

(a) Section 10.3.1 of the Term Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

10.3.1 EBITDA. Commencing with the month ending October 31, 2016, maintain an EBITDA for Parent and its Subsidiaries on a consolidated basis (measured monthly as of the last day of each month for the trailing twelve month period then-ended) in an amount not less than the amount set forth in the table below opposite such date:

Trailing Twelve-Month Period Ending	Required EBITDA
October 31, 2016	(\$3,637,000)
November 30, 2016	(\$3,091,000)
December 31, 2016	(\$1,673,000)
January 31, 2017	(\$924,000)
February 28, 2017	(\$79,000)
March 31, 2017	\$1,968,000
April 30, 2017, May 31, 2017, and June 30, 2017	\$18,700,000
July 31, 2017, August 31, 2017, and September 30, 2017	\$19,500,000
October 31, 2017 and the last day of each month thereafter	\$20,000,000

(b) Section 10.3.2 of the Term Loan Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

10.3.2 Minimum Headset Division EBITDA. Commencing with the month ending October 31, 2016, maintain a Headset Division EBITDA (measured monthly as of the last day of each month for the trailing twelve month period then-ended) in an amount not less than the amount set forth in the table below opposite such date:

Trailing Twelve-Month Period Ending	Headset Division EBITDA
October 31, 2016	\$9,346,000
November 30, 2016	\$8,917,000
December 31, 2016	\$9,584,000
January 31, 2017	\$9,693,000
February 28, 2017	\$9,553,000

March 31, 2017	\$10,555,000
April 30, 2017, May 31, 2017, June 30, 2017, July 31, 2017, August 31, 2017, and September 30, 2017	\$18,000,000
October 31, 2017, November 30, 2017, and December 31, 2017	\$19,000,000
January 31, 2018, February 28, 2018, and March 31, 2018	\$19,250,000
April 30, 2018, May 31, 2018, and June 30, 2018	\$19,500,000
July 31, 2018 and the last day of each month thereafter	\$20,000,000

(c) Section 10.3.3 of the Term Loan Agreement is hereby amended by adding the following sentence at the end of such Section 10.3.3:

Notwithstanding the foregoing in this **Section 10.3.3**, Consolidated Leverage Ratio shall not be tested pursuant to this **Section 10.3.3** solely for the periods ending December 31, 2015, January 31, 2016, February 29, 2016, March 31, 2016, April 30, 2016, May 31, 2016, June 30, 2016, July 31, 2016, August 31, 2016, September 30, 2016, October 31, 2016, November 30, 2016, December 31, 2016, January 31, 2017, February 28, 2017, and March 31, 2017.

(d) Section 10.3.4 of the Term Loan Agreement is hereby amended by deleting the amount "\$7,200,000" under the heading "Capital Expenditure" and opposite the date "December 31, 2016" in the table appearing in such Section in its entirety and the amount "\$5,750,000" is inserted in lieu thereof in such table.

(e) Section 10.3 of the Term Loan Agreement is hereby amended to insert the following new Sections 10.3.7, 10.3.8 and 10.3.9 immediately after Section 10.3.6 contained therein:

10.3.7 Alternate EBITDA #2. Commencing with the month ending December 31, 2015, and continuing through (and including) the month ending September 30, 2016, maintain EBITDA in the amount set forth below for each such month, measured on a period-to-date basis commencing on November 1, 2015, and ending on the last day of each such month:

Month-Ending Testing Date	Required EBITDA
December 31, 2015	\$8,000,000
January 31, 2016	\$4,774,000
February 29, 2016	\$2,050,000
March 31, 2016	(\$1,512,000)
April 30, 2016	(\$3,737,000)
May 31, 2016	(\$5,709,000)
June 30, 2016	(\$7,777,000)
July 31, 2016	(\$9,046,000)

August 31, 2016	(\$8,573,000)
September 30, 2016	(\$7,889,000)

10.3.8 Alternate Headset Division EBITDA #2. Commencing with the month ending December 31, 2015, and continuing through (and including) the month ending September 30, 2016, maintain Headset Division EBITDA in the amount set forth below for each such month, measured on a period-to-date basis commencing on November 1, 2015, and ending on the last day of each such month:

Month-Ending Testing Date	Required Headset Division EBITDA
December 31, 2015	\$10,760,000
January 31, 2016	\$8,824,000
February 29, 2016	\$7,363,000
March 31, 2016	\$5,044,000
April 30, 2016	\$3,939,000
May 31, 2016	\$3,045,000
June 30, 2016	\$1,989,000
July 31, 2016	\$1,644,000
August 31, 2016	\$2,981,000
September 30, 2016	\$4,472,000

10.3.9 HYPERSOUND DIVISION EBITDA.

(a) Commencing with the month ending December 31, 2015, and continuing through (and including) the month ending September 30, 2016, maintain Hypersound Division EBITDA in the amount set forth below for each such month, measured on a period-to-date basis commencing on November 1, 2015, and ending on the last day of each such month:

Month-Ending Testing Date	Required Hypersound Division EBITDA
December 31, 2015	(\$2,760,000)
January 31, 2016	(\$4,051,000)
February 29, 2016	(\$5,313,000)
March 31, 2016	(\$6,555,000)
April 30, 2016	(\$7,676,000)
May 31, 2016	(\$8,754,000)
June 30, 2016	(\$9,766,000)
July 31, 2016	(\$10,689,000)
August 31, 2016	(\$11,553,000)
September 30, 2016	(\$12,361,000)

(b) Commencing with the month ending October 31, 2016, maintain Hypersound Division EBITDA (measured monthly as of the last day of each month for the trailing twelve month period then-ended) in an amount not less than the amount set forth in the table below opposite such date:

Trailing Twelve-Month Period Ending	Required Hypersound Division EBITDA
October 31, 2016	(\$12,983,000)
November 30, 2016	(\$12,009,000)
December 31, 2016	(\$11,258,000)
January 31, 2017	(\$10,617,000)
February 28, 2017	(\$9,632,000)
March 31, 2017	(\$8,587,000)

2.05. **Amendment to Section 12.6.** Section 12.6 (Limited Right to Cure) of the Term Loan Agreement is hereby deleted in its entirety.

2.06. **Amendment to Section 13.8.** Section 13.8.1 of the Term Loan Agreement is hereby amended by deleting the penultimate sentence contained therein and inserting the following in lieu thereof:

On the effective date of its resignation or removal, the retiring or removed Agent shall be discharged from its duties and obligations hereunder but shall continue to have all rights and protections under the Loan Documents with respect to actions taken or omitted to be taken by it while Agent, including the indemnification set forth in **Section 14.2**, and all rights and protections under this **Section 13**.

2.07. **Amendment to Section 5.02 of First Amendment.** Section 5.02 of the First Amendment is hereby amended by deleting each reference to "November 30, 2015" in such Section 5.02 and substituting the date "December 7, 2015" in lieu thereof.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Obligor hereby represents and warrants to Agent and each Lender, as of the date hereof, as follows:

3.01. **Representations and Warranties.** After giving effect to this Amendment, the representations and warranties set forth in Section 9 of the Term Loan Agreement and in each other Loan Document are true and correct in all material respects on and as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate solely to an earlier date.

3.02. **No Defaults.** After giving effect to this Amendment, each Obligor is in compliance with all terms and conditions of the Term Loan Agreement and the other Loan Documents on its part to be observed and performed and no Default or Event of Default has occurred and is continuing.

3.03. **Authority and Pending Actions.** The execution, delivery, and performance by each Obligor of this Amendment has been duly authorized by each such Obligor (as applicable) and there is no action pending or any judgment, order, or decree in effect which is likely to restrain, prevent, or impose materially adverse conditions upon the performance by any Obligor of its obligations under the Term Loan Agreement or the other Loan Documents.

3.04. **Enforceability.** This Amendment constitutes the legal, valid, and binding obligation of each Obligor, enforceable against each such Obligor in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting the enforcement of creditors' rights or by the effect of general equitable principles.

ARTICLE IV

CONDITIONS PRECEDENT AND FURTHER ACTIONS

4.01. **Conditions Precedent.** This Amendment shall not be binding upon Agent, Lenders or any Obligor until each of the following conditions precedent have been satisfied in form and substance satisfactory to Agent (such date, the "Second Amendment Effective Date"):

(a) The representations and warranties contained herein and in the Term Loan Agreement, as amended hereby, shall be true and correct in all material respects as of the date hereof, after giving effect to this Amendment, as if made on such date, except for such representations and warranties limited by their terms to a specific date;

(b) Each Obligor shall have delivered to the Agent duly executed counterparts of this Amendment which, when taken together, bear the authorized signatures of the Obligors, the Agent, and the Lenders;

(c) Obligors shall have delivered to Agent a fully-executed copy of an amendment to the ABL Revolver Loan Agreement substantially similar to this Amendment (the "Seventh Amendment to ABL Revolver Loan Agreement") and otherwise acceptable to Agent and Lenders;

(d) The Agent shall have received a fully-executed and effective amendment to the Intercreditor Agreement in form and substance satisfactory to the Agent and Lenders; and

(e) Obligors shall have paid to Agent, for the benefit of itself and Lenders, a fee in the amount of \$150,000 (the "Second Amendment Fee") in immediately available funds, which Second Amendment Fee each Obligor hereby expressly agrees and acknowledges shall be fully earned as of the Second Amendment Effective Date.

4.02. **Further Actions.** Each of the parties to this Amendment agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to affect the purposes of this Amendment.

ARTICLE V

FFIRMATIVE COVENANTS

5.01. **Equity Infusion and/or Additional Third Lien Debt.**

(f) The Obligors hereby covenant and agree that, on or prior to January 29, 2016 (the "Second Amendment Specified Mandatory Prepayment Date"), (a) US Obligors shall receive net proceeds of not less than \$10,000,000 in the form of (i) additional equity capital, in form and substance, and on terms, satisfactory to Agent in all respects and/or (ii) additional debt financing from either Sponsor or the other Third Lien Creditors pursuant to the Third Lien Subordinated Note(s) and the other Third Lien Loan Documents, which shall be in form and substance, and on terms (including subordination terms), satisfactory to the Agent in all respects and (b) the net proceeds of any such equity capital and/or additional Third Lien Debt in an aggregate amount of not less than \$10,000,000 shall be applied as a mandatory prepayment of the ABL Revolver Loans outstanding on the Second Amendment Specified Mandatory Prepayment Date (and solely to the extent that the outstanding principal balance of ABL Revolver Loans has been reduced by such mandatory prepayment to, or is, \$0, such net proceeds may be received as cash to the balance sheet of the US Obligors for use as working capital in the business of the US Obligors) (such transaction, and all matters related thereto, entered into in connection therewith or contemplated thereby, collectively, the "Additional Liquidity Transaction").

(g) The Obligors hereby covenant and agree to (i) provide the Agent with status updates with respect to the Additional Liquidity Transaction on (w) December 15, 2015, (x) December 31, 2015, (y) January 8, 2016 and (z) January 15, 2016, and as otherwise reasonably requested by the Agent, and such status updates shall be in scope and detail satisfactory to the Agent in all respects, and (ii) deliver to the Agent all presentations prepared for, or delivered to, investors or potential investors in connection the Additional Liquidity Transaction, including, without limitation, that certain presentation used by Oppenheimer with certain investors, promptly after such preparation and/or delivery, and deliver to the Agent any other written materials in connection with the Additional Liquidity Transaction as the Agent may request from time to time.

ARTICLE VI

COSTS AND EXPENSES

Without limiting the terms and conditions of the Loan Documents, notwithstanding anything in the Loan Documents to the contrary, Obligors jointly and severally agree to pay on demand: (a) all reasonable costs and expenses incurred by Agent in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant to this Amendment and any and all subsequent amendments, modifications, and supplements to this Amendment, including, without limitation, the reasonable costs and fees of Agent's legal counsel; and (b) all reasonable costs and expenses reasonably incurred by Agent in connection with the enforcement or preservation of any rights under the Term Loan Agreement, this Amendment, and/or the other Loan Documents, including, without limitation, the reasonable costs and fees of Agent's legal counsel.

ARTICLE VII

MISCELLANEOUS

7.01. **No Course of Dealing.** The consents and waivers set forth herein are a one-time accommodation only. The consents and waivers herein are not a consent to any other deviation of the terms and conditions of the Term Loan Agreement or any other Loan Document unless otherwise expressly agreed to by Agent and Lenders in writing.

7.02. **Cross-References.** References in this Amendment to any Section are, unless otherwise specified, to such Section of this Amendment.

7.03. **Instrument Pursuant to Term Loan Agreement.** This Amendment is a Loan Document executed pursuant to the Term Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered, and applied in accordance with the terms and provisions of the Term Loan Agreement. Any failure by the Obligor to comply with any of the terms and conditions of this Amendment, including, without limitation, any of the undertakings set forth in [Article V](#) hereof, shall constitute an immediate Event of Default.

7.04. **Acknowledgment of the Obligors.** Each Obligor hereby represents and warrants that the execution and delivery of this Amendment and compliance by such Obligor with all of the provisions of this Amendment: (a) are within the powers and purposes of such Obligor; (b) have been duly authorized or approved by the board of directors (or other appropriate governing body) of such Obligor; and (c) when executed and delivered by or on behalf of such Obligor will constitute valid and binding obligations of such Obligor, enforceable in accordance with its terms. Each Obligor reaffirms its obligations to perform and pay all amounts due to Agent or Lenders under the Loan Documents (including, without limitation, its obligations under any promissory note evidencing any of the Loans) in accordance with the terms thereof, as amended and modified hereby.

7.05. **Loan Documents Unmodified.** Each of the amendments provided herein shall apply and be effective only with respect to the provisions of the Loan Document specifically referred to by such amendments. Except as otherwise specifically modified by this Amendment, all terms and provisions of the Term Loan Agreement and all other Loan Documents, as modified hereby, shall remain in full force and effect and are hereby ratified and confirmed in all respects. Nothing contained in this Amendment shall in any way impair the validity or enforceability of the Loan Documents, as modified hereby, or alter, waive, annul, vary, affect, or impair any provisions, conditions, or covenants contained therein or any rights, powers, or remedies granted therein, except as otherwise specifically provided in this Amendment. Subject to the terms of this Amendment, any lien and/or security interest granted to Agent, for the benefit of Lenders and the other Secured Parties, in the Collateral set forth in the Loan Documents shall remain unchanged and in full force and effect and the Term Loan Agreement and the other Loan Documents shall continue to secure the payment and performance of all of the Obligations.

7.06. **Parties, Successors and Assigns.** This Amendment represents the agreement of Obligors, Agent and each Lender signatory hereto with respect to the subject matter hereof, and there are no promises, undertakings, representations, or warranties relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents. This Amendment shall be binding upon and inure to the benefit of Obligors, Agent, Lenders, and their respective successors and assigns, except that (a) no Borrower shall have the right to assign its rights or delegate its obligations under any Loan Documents; and (b) any assignment by a Lender must be made in compliance with [Section 14.3](#) of the Term Loan Agreement.

7.07. **Counterparts.** This Amendment may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of a signature page of this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of such agreement. This Amendment may be executed and delivered by facsimile or electronic mail, and will have the same force and effect as manually signed originals.

7.08. **Headings.** The headings, captions, and arrangements used in this Amendment are for convenience only, are not a part of this Amendment, and shall not affect the interpretation hereof.

7.09. **Miscellaneous.** This Amendment is subject to the general provisions set forth in the Term Loan Agreement, including, but not limited to, Sections 15.14, 15.15, and 15.16.

7.10. **Severability.** Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

7.11. **Release.**

(a) EACH OBLIGOR HEREBY IRREVOCABLY RELEASES AND FOREVER DISCHARGES AGENT, LENDERS AND THEIR AFFILIATES, AND EACH SUCH PERSON'S RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, MEMBERS, ATTORNEYS AND REPRESENTATIVES (EACH, A "RELEASED PERSON") OF AND FROM ALL DAMAGES, LOSSES, CLAIMS, DEMANDS, LIABILITIES, OBLIGATIONS, ACTIONS OR CAUSES OF ACTION WHATSOEVER (EACH, A "CLAIM") THAT SUCH OBLIGOR MAY NOW HAVE OR CLAIM TO HAVE AGAINST ANY RELEASED PERSON ON THE DATE OF THIS AMENDMENT, WHETHER KNOWN OR UNKNOWN, OF EVERY NATURE AND EXTENT WHATSOEVER, FOR OR BECAUSE OF ANY MATTER OR THING DONE, OMITTED OR SUFFERED TO BE DONE OR OMITTED BY ANY OF THE RELEASED PERSONS THAT BOTH (1) OCCURRED PRIOR TO OR ON THE DATE OF THIS AMENDMENT AND (2) IS ON ACCOUNT OF OR IN ANY WAY CONCERNING, ARISING OUT OF OR FOUNDED UPON THE TERM LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT.

(b) EACH OBLIGOR INTENDS THE ABOVE RELEASE TO COVER, ENCOMPASS, RELEASE, AND EXTINGUISH, INTER ALIA, ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION THAT MIGHT OTHERWISE BE RESERVED BY THE CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

(c) EACH OBLIGOR ACKNOWLEDGES THAT IT MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE NOW KNOWN OR BELIEVED TO BE TRUE WITH RESPECT TO SUCH CLAIMS, DEMANDS, OR CAUSES OF ACTION, AND AGREES THAT THIS AMENDMENT AND THE ABOVE RELEASE ARE AND WILL REMAIN EFFECTIVE IN ALL RESPECTS NOTWITHSTANDING ANY SUCH DIFFERENCES OR ADDITIONAL FACTS.

7.12. **Total Agreement.** This Amendment, the Term Loan Agreement, and all other Loan Documents constitute the entire agreement, and supersede all prior understandings and agreements, among the parties relating to the subject matter hereof.

7.13. **Amendment to ABL Revolver Loan Agreement**. Each of the undersigned Lenders and the Agent hereby acknowledge that as of the Second Amendment Effective Date, the Obligors, the ABL Revolver Agent and the ABL Revolver Lenders are agreeing to the Seventh Amendment to Loan Agreement in the form attached hereto as Annex I. The Agent and the Lenders hereby acknowledge and consent to the Seventh Amendment to ABL Revolver Loan Agreement, including, without limitation, for purposes of the Intercreditor Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the day and year first written above.

BORROWERS:

TURTLE BEACH CORPORATION,
a Nevada corporation

By: /s/ Juergen Stark
Name: Juergen Stark
Title: Chief Executive Officer

VOYETRA TURTLE BEACH, INC.,
a Delaware corporation

By: /s/ Juergen Stark
Name: Juergen Stark
Title: Chief Executive Officer

TURTLE BEACH EUROPE LIMITED,
a company limited by shares and incorporated in England and Wales

By: /s/ Juergen Stark
Name: Juergen Stark
Title: Chief Executive Officer

AGENT AND LENDERS:

CRYSTAL FINANCIAL LCC, as Agent

By: /s/ Mirko Andric
Name: Mirko Andric
Title: Managing Director

CRYSTAL FINANCIAL SPV LLC, as a Lender

By: /s/ Mirko Andric
Name: Mirko Andric
Title: Managing Director
CRYSTAL FINANCIAL LLC, as a Lender

By: /s/ Mirko Andric
Name: Mirko Andric
Title: Managing Director

GUARANTOR CONSENT

The undersigned hereby consents to the foregoing Amendment and hereby (a) confirms and agrees that notwithstanding the effectiveness of the foregoing Amendment, each Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of the foregoing Amendment, each reference in any Loan Document to the "Term Loan Agreement," "thereunder," "thereof" or words of like import shall mean and be a reference to the Term Loan Agreement, as amended by the foregoing Amendment, (b) confirms and agrees that the pledge and security interest in the Collateral granted by it pursuant to any Security Documents to which it is a party shall continue in full force and effect, (c) acknowledges and agrees that such pledge and security interest in the Collateral granted by it pursuant to such Security Documents shall continue to secure the Obligations purported to be secured thereby, as amended or otherwise affected hereby, and (d) agrees to be bound by the release set forth in Section 7.11 of the Amendment.

VTB HOLDINGS, INC., a Delaware corporation

By: /s/ Juergen Stark
Name: Juergen Stark
Title: Chief Executive Officer

Guarantor Consent to Second Amendment to Term Loan, Guaranty and Security Agreement

ANNEX I

SEVENTH AMENDMENT TO ABL REVOLVER LOAN AGREEMENT

Please see attached.



TURTLE BEACH
CORPORATION

NASDAQ: HEAR

CORPORATE PRESENTATION

DECEMBER 2015

Important Cautions Regarding Forward Looking Statements

Forward-Looking Information

This presentation includes “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements are statements that are not historical facts including statements about our beliefs and expectations and statements containing the words “may,” “could,” “would,” “should,” “believe,” “expect,” “anticipate,” “plan,” “estimate,” “target,” “project,” “intend,” “foresee,” and similar expressions. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein. A discussion of some of these risks and uncertainties that could cause Turtle Beach Corporation’s results to differ materially from those described in the forward-looking statements include, for example, statements regarding benefits of the recently completed merger, integration plans, expected synergies, market opportunities, future products and anticipated future financial and operating performance and results, including estimates for growth, and the other factors discussed in our public filings, including the section entitled “Risk Factors” in Turtle Beach’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and other periodic reports filed with the SEC and available on the SEC’s website, www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Turtle Beach Corporation undertakes no obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation. This presentation also contains trademarks and trade names that are property of their respective owners.

Non-GAAP Financial Measures

This presentation contains certain financial measures, including adjusted EBITDA that the Securities and Exchange Commission defines as “non-GAAP financial measures.” These non-GAAP financial measure, as calculated by the Company, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these non-GAAP financial measures are not a measurement of financial performance or liquidity under GAAP and should not be considered an alternative to the Company’s other financial information determined under GAAP. Management believes that such non-GAAP financial measures, when read in conjunction with the Company’s reported results, can provide useful supplemental information for investors analyzing period to period comparisons of the Company’s results. “Adjusted EBITDA” is defined by the Company as net income (loss) before interest, taxes, depreciation and amortization, stock-based compensation (non-cash), and certain special items that we believe are not representative of core operations. See Appendix A for a reconciliation of these non-GAAP measures.

Who We Are








- ▶ **Turtle Beach** is a premier audio innovation company
- ▶ **We develop and commercialize** audio technologies for large addressable markets with our Turtle Beach® and *HyperSound*® brands
 - ▶ **Turtle Beach:** The dominant gaming headset brand in early stages of major industry growth cycle
 - ▶ **HyperSound:** Directional audio offering with commercial market viability and recent launch into a \$5 billion hearing health category
- ▶ **We have a strong and growing patent portfolio**¹
 - ▶ 48 issued
 - ▶ 109 pending



1) As of Nov 24, 2015.

Strong Headset Business & Disruptive New Audio Technology



	Headsets	HyperSound
Overview	Market share leader with large, loyal customer base	Breakthrough audio technology that allows directed placement of sound
Markets	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Console Gaming</p>  </div> <div style="text-align: center;"> <p>PC Gaming</p>  </div> <div style="text-align: center;"> <p>Mobile</p>  </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Healthcare</p>  </div> <div style="text-align: center;"> <p>Commercial</p>  </div> <div style="text-align: center;"> <p>Consumer</p>  </div> <div style="text-align: center;"> <p>Licensing</p>  </div> </div>
Catalysts	Early stages of gaming console transition	Launched <i>HyperSound Clear™</i> into the \$5B hearing health market in Q4-15
Financial Profile	\$165M in sales, ~26% gross margins (FY-15E) ¹	Target gross margins of 50+% ¹

1) As of the date hereof, the Company reaffirms the guidance originally issued on November 9, 2015. Sales guidance represents mid point of range.



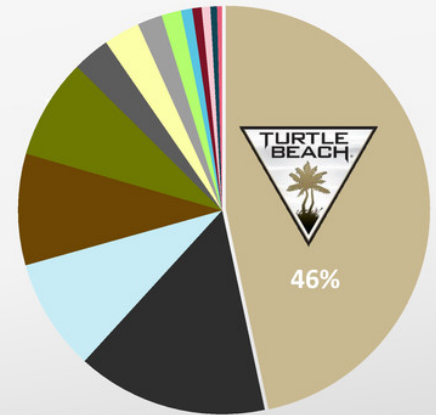
Gaming Headsets

Dominant Gaming Audio Provider with Leading Market Share

- ▶ **#1** gaming headset in 2014 by market share
 - ▶ **46%** of U.S. market
 - ▶ **52%** of U.K. market
- ▶ Broad portfolio of headsets for **Xbox** and **PlayStation**, and growing offering of **PC** gaming headsets
- ▶ Headsets in over **25K storefronts** in over **40 countries** as of Q4 2015
- ▶ Awareness among Xbox and PlayStation console gamers **increasing 40%** from 2012 to 2014
- ▶ Turtle Beach accounted for **six of the top 10 headsets sold in the U.S.** during 2014

— #1 IN —
GAMING AUDIO

2014 U.S. Gaming Headset Market Share



“Old Gen” Gaming Consoles

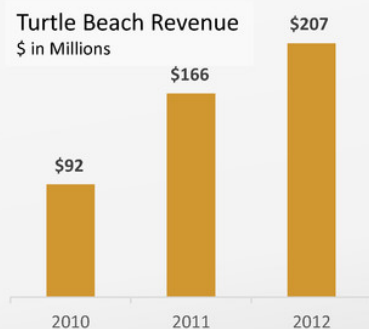
Xbox 360



PlayStation 3 (PS3)



Turtle Beach Revenue
\$ in Millions



“Console Transition”

- Announced Q1 2013
- Launched Nov 2013

“New Gen” Gaming Consoles

Xbox One



PlayStation 4 (PS4)



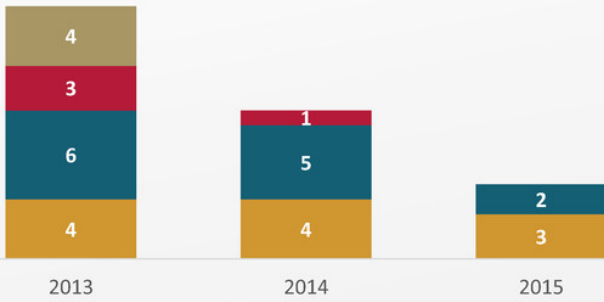
- ▶ Users immediately began slowing purchases at announcement, particularly mid and high tier
- ▶ Limited forward compatibility with existing headset models → new portfolio of headsets needed
- ▶ Xbox One required license and proprietary new connectivity hardware (“console adapter”)
- ▶ Microsoft delayed all gaming headsets for Xbox One until March 2014

Our Portfolio Transition is Nearly Complete

Discontinued the Majority of our Old Gen Headsets & Launched New Portfolio in Just Two Years

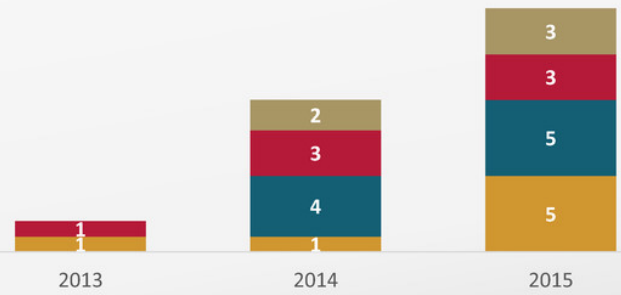
Old Gen Models

- Low (<\$50)
- Upper Mid (\$100-200)
- Lower Mid (\$50-99)
- High (>\$200)



New Gen Models

- Low (<\$50)
- Upper Mid (\$100-200)
- Lower Mid (\$50-99)
- High (>\$200)

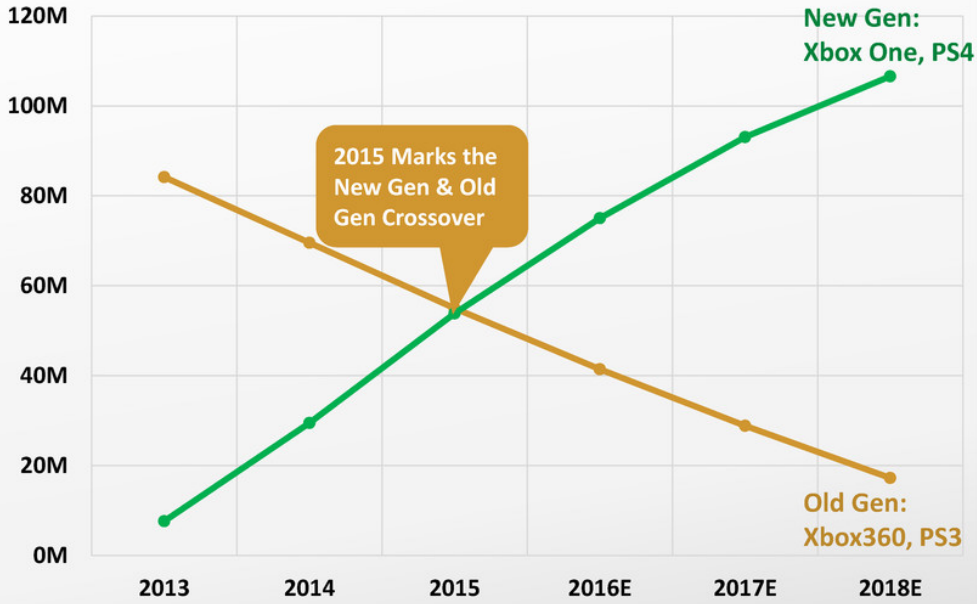


- Transition caused sales declines & higher expenses
- Credit given to retailers to help old gen sell-through
- Old gen inventory write-offs contributed to higher COGS
- Initial increase in R&D costs for new gen development

- Broadest lineup of new gen headsets
- Many were first-to-market and/or with industry-leading capabilities
- New gen headsets contributing YTD Q3-15 gross margin ~1,000 bps higher than old gen

2015 Marks Expected Installed Base Crossover Point

Active Installed Base of Consoles



Source: DFC, May 2015.

2015-2016

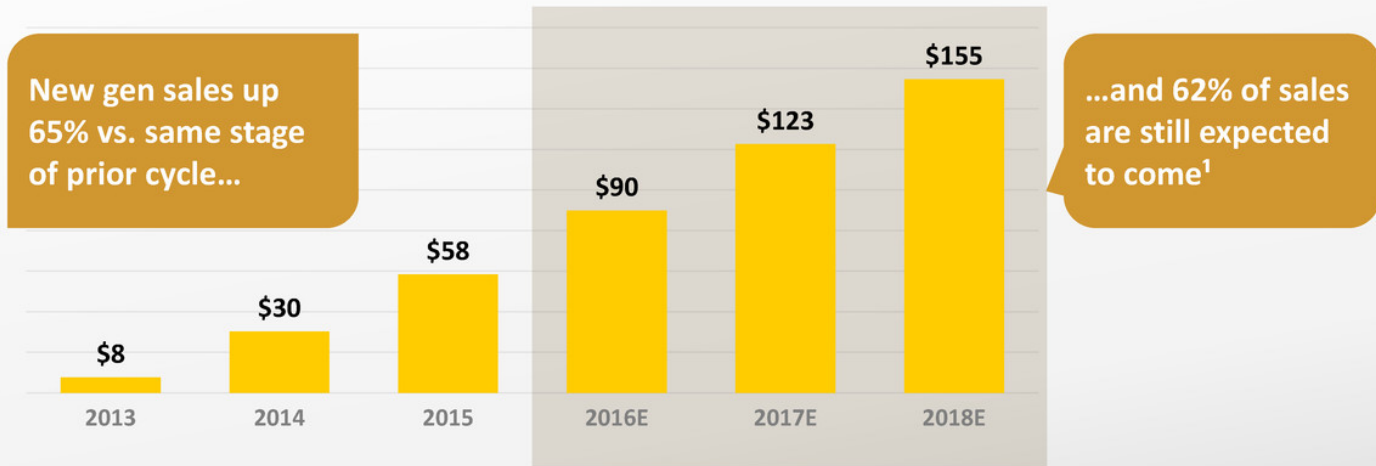
- ▶ New gen ramp begins to offset old gen decline
- ▶ New gen headset portfolio largely complete
- ▶ New gen active installed base expected to cross over old gen in Q4-15 – *almost two years earlier than initial industry projection*

2017-2018

- ▶ New gen installed base peaks in 2018 after rapid growth
- ▶ Normalized industry growth expected following 2018

Console Transition Expected to Drive Growth

Cumulative Xbox One & PS4 Sales (\$ in Millions)



Console Cycles Have Typically Lasted Eight Years, So We Are Still in Early Innings

Source: DFC Intelligence Forecasts: Worldwide Console Forecast, May 2015.

1) Percentage of total cumulative expected Xbox One and PS4 unit sales through 2018.

PS4™

XBOX ONE

PX24 Surround Headset

- Multi-platform compatibility
- Virtual Surround Sound
- Superhuman Hearing *(1st & only innovation)*
- SuperAmp powered amp *(1st & only innovation)*



ELITE 800X Premium Wireless Headset

- 2nd 100% wireless on XB1 *(1st & only innovation)*
- Active noise cancellation *(1st & only innovation)*
- DTS Headphone: X Surround *(1st & only innovation)*
- Superhuman Hearing *(1st & only innovation)*
- Dual HQ boom-less mics
- Charging stand & transmitter; bluetooth equipped



RECON 60P Stereo Headset

- New over-ear design for extended comfort
- 40mm speaker drivers, USB powered amplifier
- 3.5mm connection plugs directly into controller
- Removable mic



STEALTH 420X Wireless Headset

- 3rd 100% wireless on XB1 *(1st & only innovation)*
- Separate game and chat volume
- Mic monitoring
- Voice prompts & removable mic



RECON 50P Stereo Headset

- Brand new over-ear design for extended comfort
- 40mm speaker drivers
- 3.5mm connection plugs directly into controller
- Removable mic



RECON 30X Chat Communicator

- Slotted ear-cup design
- Over-ear design for extended comfort
- 40mm speaker drivers
- In-line master volume and mic mute controls



We Cover All Key Price Points – More than Any Competitor

Retail ASP	<\$50		\$50 - \$99		\$100 - \$200		>\$200	
	PS4	Xbox One	PS4	Xbox One	PS4	Xbox One	PS4	Xbox One
	Recon 60P Recon 50P P4c	Recon 50X Recon 30X	Stealth 400 PX22	XO4 Stealth XO1 PX24	Stealth 500P	Stealth 420X XO7 Pro	Elite 800	Stealth 500X Elite 800X
Sony			Silver Wired Gold Wireless					
Microsoft		XB1 Chat		XB1 Stereo				
Astro					A40 + M80	A40 + MixAmp A50	A40 + MixAmp A50	
PDP	LVL 5+ LVL 3 LVL 1	LVL 3 LVL 1	AG 9	AG 9 LVL 5+				
Mad Catz	Kaiken Kama	Kaiken Kama		Kunai				



Advanced Chat

Chat technology like noise gate, chat boost, variable microphone monitor



Digital Signal Processing (DSP)

Game audio and chat presets that can be customized using a new mobile app



Bluetooth

Dual-pairing Bluetooth in most wireless headsets for chat, mobile gaming, audio calls and music streaming



Active Noise Cancellation

1st gaming headset to use noise cancellation for both inbound audio and outbound chat



DTS Headphone:X

1st gaming headsets with DTS 7.1 surround sound to provide incredibly accurate and immersive directional sound



Superhuman Hearing™

Provides a competitive advantage by making important, quiet sounds louder and easier to hear

...And Strong Distribution

Strong Retail Presence

Product sales in over 40 countries with over 280,000 points of distribution

Sample retailers



Great Partnerships

Partnerships with industry leading brands



12,000+ Interactive Displays

Market leader in deploying interactive gaming headset displays



PC Gaming

International

- ▶ Launched eight new SKUs in 2014
- ▶ Launched PC gaming accessories in 2014 including:
 - ▶ Keyboards
 - ▶ Mice
 - ▶ Mouse pads
- ▶ **PC gaming more popular than console gaming in markets like Germany, China and other parts of Asia**

Sample PC Products

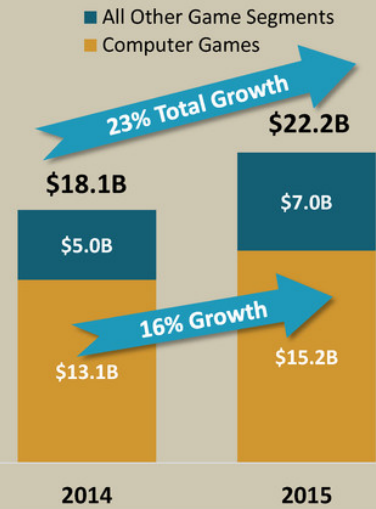


PC Gaming

International

- ▶ New gen console sales even stronger internationally
- ▶ Strong growth in Europe led by U.K. and strong share gains in Germany and France
- ▶ China represents long-term growth opportunity for console and PC gaming headsets
 - ▶ China lifted video game console ban in Sept 2013
 - ▶ Turtle Beach first-to-market with Xbox One gaming headsets
 - ▶ 446M Chinese gamers²
 - ▶ China represents <5% of our revenues today

Chinese Games Market Sales Forecast¹



1) Newzoo 2015 Global Games Market Report Premium.
 2) CGA, Newzoo China vs. US report Aug 2015.



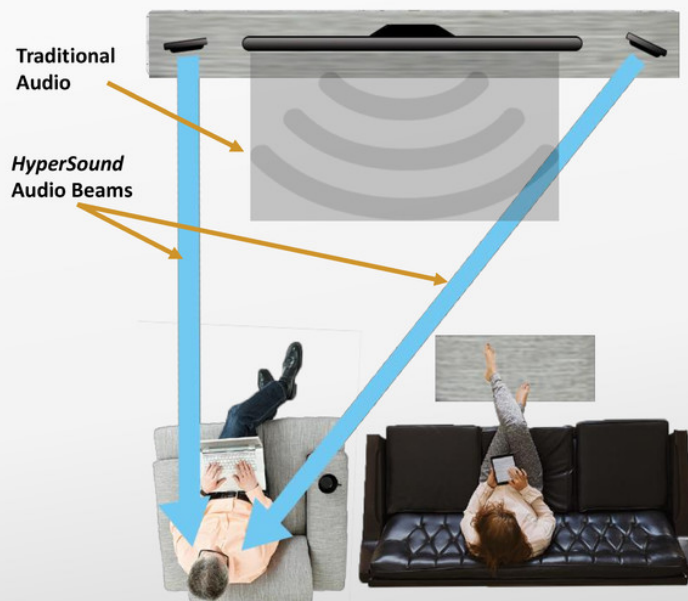
 **HYPER SOUND**



▶ How does *HyperSound* work?

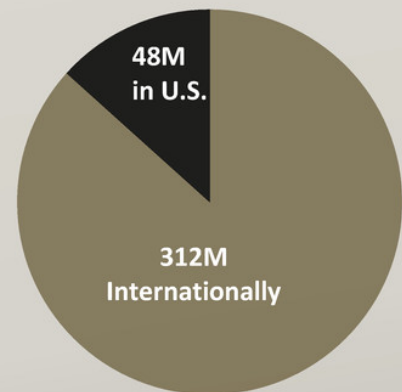
- ▶ Thin panels generate an ultrasound beam
 - ▶ Audio is injected into and carried by the beam
 - ▶ Sound is contained to the air within the ultrasound beam
 - ▶ Eliminates most background noise when in beam
- ▶ Q4-15 launch into \$5 billion hearing health market via *HyperSound Clear™* product
- ▶ Viability in commercial markets demonstrated by national retail chain rollout (Best Buy)
- ▶ Future opportunities in consumer markets and licensing agreements

How *HyperSound* Works



- ▶ Global hearing aid market is worth **\$5 billion**¹
- ▶ 35-40% of people 65+ suffer from hearing loss¹
- ▶ ~13M hearing aids are sold annually¹
- ▶ *HyperSound Clear* improves the listening experience and speech intelligibility for individuals with hearing loss
- ▶ Targets living room TV/audio solution to improve speech comprehension, intelligibility and enhanced listening experience
- ▶ Potential complementary and incremental revenue stream for audiologists, since current hearing aid conversion ratio is very low:
 - ▶ ~4% in ages 50-59²
 - ▶ ~22% in ages 80+²













360 Million or 5% of the World's Population Suffer from Disabling Hearing Loss¹



HyperSound Clear improves the listening experience and speech intelligibility for individuals with hearing loss

1) Johns Hopkins School of Medicine, Nov 2011. World Health Organization, 2013.
2) The Hearing Review, Tech Topic, Oct 2015.

U.S. Market Structure & Channel Approach

Retail Channel	Market Size	Channel Landscape	✓ = Signed deals
Independent & Buying Groups	8,000 Points of Sale (POS) 1.2M Units ¹	 ✓  ✓  ✓	Initial channel focus for HyperSound Clear represents 90%+ of the points of sale
Retail Store Front	4,000 POS 750K Units ¹	 ✓     	
Veterans Admin.	800 POS 725K Units ¹	 Department of Veterans Affairs	
Direct to Consumer	300 POS 450K Units ¹	  	

1) Approximate units of hearing aids sold via this channel. 19

- ▶ Hired Rodney Schutt in 2014 to run *HyperSound* team
 - ▶ Former president/CEO of two large hearing aid companies, Widex and Unitron, and previously a senior executive at GE Healthcare
 - ▶ Assembled a team of seasoned audiology industry experts to drive channel development at Turtle Beach
- ▶ Two years of product development on *HyperSound Clear 500P* completed with shipments started late Oct 2015
- ▶ FDA 510 (K) clearance in Feb 2014 allows us to market the product as an “aid to hearing”
- ▶ Partnered with Foxconn for manufacturing (the largest contract manufacturer of electronic products)
- ▶ Sold through Hearing Health Care professionals for MSRP of \$1,675 and programmed for specific user’s hearing profile
- ▶ Through our partnership with CaptionCall®, offering limited time complimentary white glove installation



- ▶ Secured channel relationships with 5,600+ hearing health offices and retail locations in the U.S. – **representing ~45% of total distribution points**
- ▶ First months of launch will focus on **small subset of 5,600 offices** as we integrate channel and consumer feedback and increase supply
- ▶ **Current production schedule through 2015 is limited and already fully allocated**
- ▶ By the end of Q1-16, we expect to increase our manufacturing output and the number of hearing healthcare partner locations that carry *HyperSound Clear*

We're Partnered with ~45% of the Hearing Health Locations Across the U.S.

**AUDCONNEX**
PRACTICE STRATEGY. ENHANCED.

**Beltone**
New England



**BATTERY BENELUX**
HEARING HEATH AND HEARING CENTER

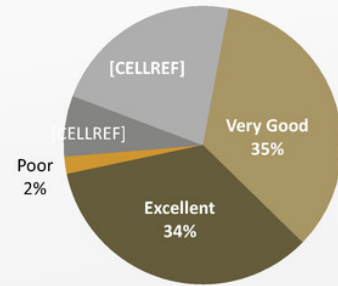
**AMG**
Audiology Management Group, Inc.

**ARC**
Amplified Resource Group, LLC

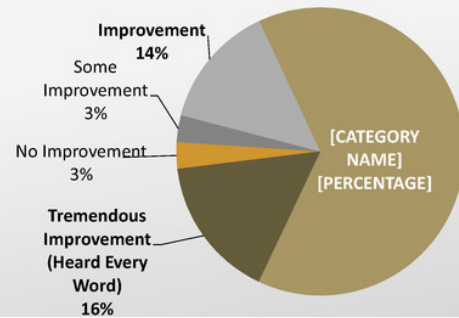
**AHAA**
AMERICAN HEARING AID ASSOCIATES

- ▶ **Study:** Surveyed 58 adults exposed to two minute demonstration of *HyperSound Clear* at the conclusion of their audiologist appointment
- ▶ **Results:**
 - ▶ 69% rated the audio experience as “very good” or “excellent”
 - ▶ 79% said *HyperSound Clear* improved their ability to hear and understand speech
 - ▶ 69% said they would either maybe, probably or definitely purchase
- ▶ **Our conclusion:** *HyperSound Clear* may have substantial value for consumers with hearing loss and provides clinicians with another intervention option for patients with hearing loss (especially with poor attach rates of hearing aids)

How do you rate your listening experience with *HyperSound*?



Does *HyperSound* improve your speech recognition ability?



Commercial

Consumer & Licensing

- ▶ Pre-defined sound zones for in-store promotional, informational, beaconing and way-finding messages
- ▶ Audio for interactive kiosks and displays
 - ▶ 20M digital signs currently in North America¹
 - ▶ 34M ATMs, vending machines and self-services kiosks in N. America by 2015²
 - ▶ 2.5M self-service kiosks by 2015²
- ▶ *HyperSound*/Kiosk pairing has shown a near 50% sales increase in a retail environment³
- ▶ In Nov. 2014, achieved first wide-scale deployment via Activision Call of Duty® retail displays in ~1,000 Best Buy stores
- ▶ Pursuing other showcase installations at brand name retailers



1) BUNN Research, Jan. 2014.
2) *Self-Service Markets: ATMs, Kiosks, Vending Machines*, BCC Research, Mar. 2011.
3) POPAI | *HyperSound In-Store Research Report*, Jun. 2015.

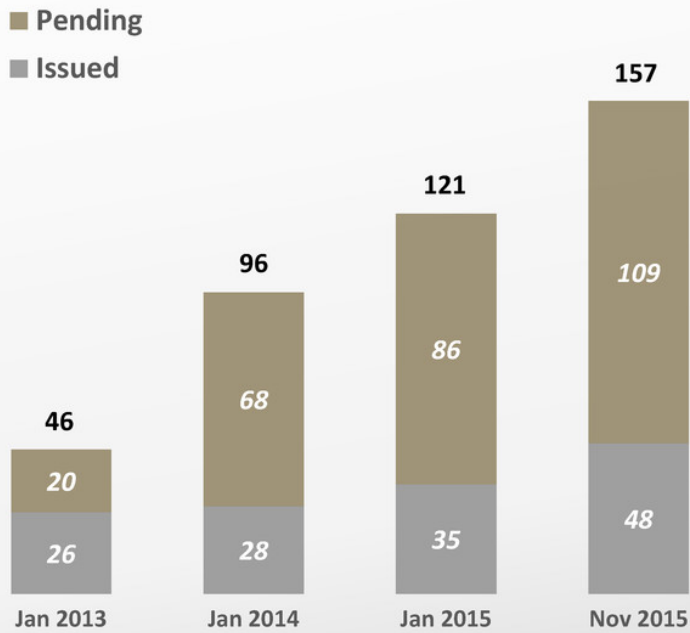
Commercial

Consumer & Licensing

- ▶ Immersive, directed 3D audio presents **consumer** opportunities for:
 - ▶ Home theater systems
 - ▶ Entertainment and gaming soundbars
 - ▶ Computer speakers
- ▶ Evaluating consumer product opportunities in 2016 and beyond
- ▶ Potential **licensing** market opportunities include:
 - ▶ Automotive and other transportation markets
 - ▶ Government and military applicants
 - ▶ Displays and televisions
- ▶ Plans to pursue licensing opportunities in 2016 and beyond



Strong & Rapidly Growing Patent Portfolio¹



▶ Headset innovations:

- ▶ Audio processing
- ▶ Gaming specific features

▶ *HyperSound* innovations:

- ▶ Emitter construction
- ▶ Ultrasound and emitter electronics
- ▶ Digital signal processing techniques
- ▶ Market uses of ultrasound audio

1) As of Nov 24, 2015.



 **TURTLE BEACH**
FINANCIAL SUMMARY

- ▶ Headset business was highly disrupted 2013-2015 by console transition, impacting revenue, margin, costs and profitability
- ▶ Turtle Beach new gen portfolio is now largely complete and old gen is under 25% of revenue, which should improve headset margins
- ▶ Headset business is targeting 30%+ gross margins with minimal OpEx growth
- ▶ Development and commercialization of *HyperSound Clear* hearing product began Jan 2014, with over \$23 million in investment in 2014 and 2015
- ▶ *HyperSound Clear* launched Oct 2015 and is expected to produce ~\$2 million of initial revenue in Q4 and gradually ramp revenue as supply and distribution increase
- ▶ HyperSound business is targeting 50%+ gross margins once scale is achieved late 2016
- ▶ Growth in revenues expected to provide strong profitability leverage given large portion of operating costs don't scale with revenues

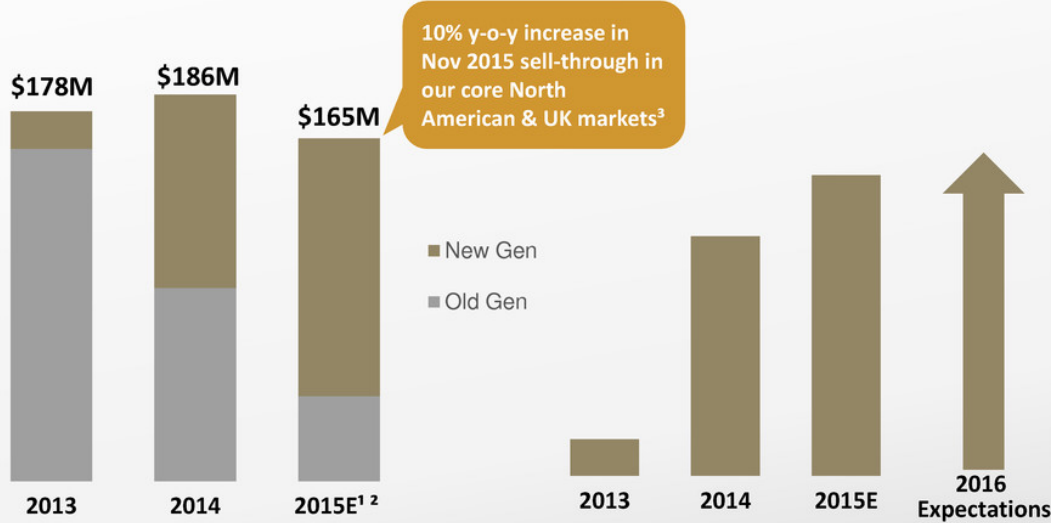
Headset EBITDA expected to improve as new gen headsets increase in share of revenue

HyperSound EBITDA expected to improve as HyperSound Clear product is now launched and ramping revenues

Almost Completed Revenue Transition to New Gen

Total Headset Revenues Transition Since 2013

New Gen Revenues Growing Quickly



- ▶ Old gen revenues less than 25% of business at year end
- ▶ New gen expected to continue to grow in 2016
- ▶ New gen headsets producing year-to-date gross margin ~1,000 basis points higher than old gen
- ▶ Gross margin and EBITDA margins expected to improve in 2016

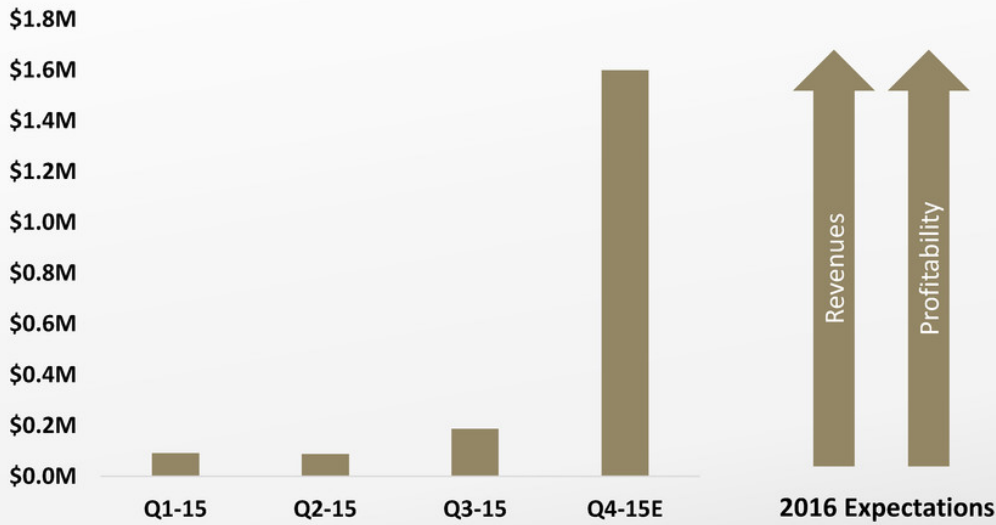
Note: Old gen, new gen revenue splits are approximations.

1) As of the date hereof, the Company reaffirms the guidance originally issued on November 9, 2015. Represents mid point of guidance range.

2) Strong U.S. dollar expected to impact Q4-15 international revenue by \$15-\$20 million.

3) Management estimates based upon data received from the Company's retail partners and may not be indicative of financial results for the corresponding period.

HyperSound Revenues Beginning to Ramp



- ▶ Almost two years of investment to commercialize hearing product
- ▶ Product launched late Oct 2015
- ▶ Revenues expected to gradually increase for first months as supply and points of distribution increase
- ▶ Increasing *HyperSound* revenues expected to significantly reduce net investment in 2016

Balance Sheet Overview

- ▶ Secured \$15 million term loan July 2015
- ▶ In Nov 2015, prepaid \$2.5 million of term loan with proceeds of additional sub debt, which the lenders required come from Stripes (our largest shareholder)
- ▶ Peak borrowing season on asset-based loan occurs Sept to Nov leading up to holiday season
- ▶ Loan balance decreases significantly post-holiday season as receivables are collected
- ▶ \$46.6 million federal and \$19.4 million state net operating losses (NOLs) as of Sept 30, 2015 offset taxable income
- ▶ NOLs do not begin to expire until 2029

Capitalization		
<i>(\$ Millions)</i>	As of 12-31-14	As of 9-30-15
Cash & Equivalents	\$7.9	\$3.1
Debt		
Revolver (asset-based loan)	\$36.9	\$20.6
Term Loans	\$7.7	\$21.4
Subordinated Notes	\$0.0	\$14.3
Preferred Stock	\$14.9	\$15.8
Total Debt	\$59.5	\$72.2
Cash and Availability	\$22.9	\$16.3

Business Outlook - Summary of 2015 Guidance¹

\$ in millions

Headsets					HyperSound		Consolidated				
	Q4-15		2015		Launched Q4-15		Q4-15		2015		
	Low	High	Low	High			Low	High	Low	High	
Revenue	\$82	\$92	\$160	\$170	2015 Revenue: \$2-\$3	Adj. EBITDA	\$9.5	\$13	\$(12)	\$(8)	
Growth	-11%	Flat	-14%	-8%	Gross margin target: 50%	Growth	-9%	25%	N/A	N/A	
Gross Margin	~31%		~26%		Lower in the first 3-4 quarters as business scales	Net Income	\$3.5	\$7	\$(33)	\$(29.5)	
Growth	~280 bps		~(120) bps		2015 Net Investment: \$13-\$14	Growth	46%	192%	N/A	N/A	
Adj. EBITDA	>\$13.7		\$2	\$5		EPS	\$0.08	\$0.16	\$(0.78)	\$(0.70)	
Growth	N/A		-83%	-58%		Growth	33%	167%	N/A	N/A	

1) As of the date hereof, the Company reaffirms the guidance originally issued on November 9, 2015.

Key Takeaways

- ▶ Market leading console gaming headset brand in early stages of “once-in-a-decade” industry growth cycle
- ▶ Broad market share opportunities in PC gaming headsets and international markets
- ▶ *HyperSound* launch into \$5B hearing health category represents strong growth opportunity
- ▶ *HyperSound* commercialization and new gen headset transition expected to meaningfully improve margins, profitability and cash flows



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www.turtlebeachcorp.com

www.turtlebeach.com


www.hypersound.com



Appendix



Experienced Management Team

 <p>Juergen Stark CEO</p> <ul style="list-style-type: none"> • COO of Motorola Mobility's mobile business • 10 years as principal at McKinsey & Company 	  <p>John Hanson CFO</p> <ul style="list-style-type: none"> • EVP and CFO at Dialogic • CFO at One Communications Corp 
 <p>Rodney Shutt SVP, GM - HyperSound</p> <ul style="list-style-type: none"> • 25+ years of experience in the hearing health medical device industries • Past president/CEO of Luminetx, Aspyra, Unitron Hearing, and Widex Hearing, both leading hearing aid companies 	  <p>Richard Kuvalik CTO</p> <ul style="list-style-type: none"> • 15+ years in consumer audio • Led peripheral products for PlayStation at Sony 
 <p>Rob Andris SVP, Global Supply Chain & Ops</p> <ul style="list-style-type: none"> • 20 years in supply chain management • VP, Global Supply Chain Operations with Hewlett Packard 	  <p>Daniel Lee SVP of Marketing</p> <ul style="list-style-type: none"> • 20+ years of consumer industry experience • Harman, LG Electronic and Hitachi 
 <p>Yuka Yu SVP of Global Consumer Sales</p> <ul style="list-style-type: none"> • 15 years in consumer audio • Led peripheral products for PlayStation at Sony 	  <p>Megan Wynne VP Legal & Licensing</p> <ul style="list-style-type: none"> • 5 years with I-Flow, a Kimberly-Clark Health Care Company • 13 years with Morris Polich & Purdy law firm 
 <p>Scott Steele SVP of Product Development</p> <ul style="list-style-type: none"> • 23 years of experience in technology product development • Founded Green Edge Technologies and served for 2 years as its CEO 	  <p>Woody Norris Chief Scientist</p> <ul style="list-style-type: none"> • Noted life-long inventor and entrepreneur • Lemelson-MIT Prize for the invention of HyperSound 



Ron Doornink
Chairman

- Former Chairman and CEO of Activision Publishing (NASDAQ: ATVI)
- Operating partner of Stripes Group, LLC
- Founder and principal of Erasmus Equity Investments



Juergen Stark
CEO and Director

- COO of Motorola Mobility's mobile business
- 10 years as Principal at McKinsey & Company, Inc.
- MBA, Harvard Business School; B.S. Aerospace, University of Michigan



Ken Fox
Director

- Managing partner of Stripes Group, LLC
- Former Managing Director and co-founder of Internet Capital Group (NASDAQ: ICGE)
- Co-founder of A-10 Capital and Sentinel Fund



William Keitel
Director

- Former CFO of Qualcomm Incorporated (NASDAQ: QCOM)
- During his time at the company grew revenues from ~\$800M to ~\$25B
- Held senior financial roles at Nortel (OTC: NRTLQ) and Pepsico (NYSE: PEP)



Lauren DeBuono
Director

- Partner at leading CFO consulting services firm FLG Partners, LLC
- Former President and CEO of Coapt Systems, Inc.
- Former COO and CFO of hearing aid manufacturer ReSound Corp.



Dr. Andrew Wolfe, PhD
Director

- Founder and principal of Wolfe Consulting
- Former Chief Technology Officer for SONICblue, Inc.
- B.S.E.E. in Electrical Engineering and Computer Science, Johns Hopkins; Ph.D. in Computer Engineering, Carnegie Mellon

