

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: November 16, 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)

27-2767540

(I.R.S. Employer
Identification Number)

100 Summit Lake Drive, Suite 100

Valhalla, New York

(Address of principal executive offices)

10595

(Zip Code)

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.

Subordinated Note

On November 16, 2015, Turtle Beach Corporation (the “Company”) issued a \$2.5 million Subordinated Promissory Note (the “Subordinated Note”) to SG VTB Holdings, LLC, an affiliate of the Company. In satisfaction of the Company’s obligation set forth in the amendment to the Term Loan Agreement (as defined below) entered into on November 2, 2015, the proceeds of the Subordinated Note will be applied against the outstanding balance of the Term Loan, Guaranty and Security Agreement, dated July 22, 2015 (as amended, the “Term Loan Agreement”), by and among the Company, Voyetra Turtle Beach, Inc., Turtle Beach Europe Limited, VTB Holdings, Inc., Crystal Financial SPV LLC and the other lenders party to the Term Loan Agreement from time to time, and Crystal Financial LLC, as agent. The Subordinated Note will bear interest at a rate of 15% per annum until its maturity date, which is September 29, 2019. The Subordinated Note is subordinated to all senior debt of the Company, including the Company’s obligations under its asset-based revolving credit facility with Bank of America, N.A. and the other parties thereto and the Term Loan Agreement.

Security and Guaranty

On November 16, 2015, in consideration of the credit extended to the Company under the Subordinated Note, Voyetra Turtle Beach, Inc. and VTB Holdings, Inc. also entered into a Third Lien Continuing Guaranty, dated as of such date (as amended, the “Third Lien Guaranty”), under which they guarantee and promise to pay to SG VTB Holdings, LLC, on demand and in immediately available funds, any and all obligations of the Company under the Subordinated Note.

To secure the obligations of the Company under the Subordinated Note and the Third Lien Guaranty, the Company, Voyetra Turtle Beach, Inc. and VTB Holdings, Inc. (collectively, the “Debtor”) also entered into a Third Lien Security Agreement, dated as of November 16, 2015 (as amended, the “Third Lien Security Agreement,” and together with the Subordinated Note and the Third Lien Guaranty, the “Subordinated Debt Documents”). Pursuant to the Third Lien Security Agreement, the Debtor granted to SG VTB Holdings, LLC a security interest upon all property of the Debtor. The Third Lien Guaranty and the Third Lien Security Agreement will terminate upon (i) the payment in full of the Subordinated Note or (ii) the release of the guarantee or collateral, as applicable.

Subordination Agreement

On November 16, 2015, as a condition precedent to the Company’s other lenders permitting it to enter into the Subordinated Debt Documents, the Company entered into a subordination agreement (the “Subordination Agreement”), by and among Bank of America, N.A., Crystal Financial LLC, SG VTB Holdings, LLC and the Company, Voyetra Turtle Beach, Inc., Turtle Beach Europe Limited, and VTB Holdings, Inc. Pursuant to the Subordination Agreement, the parties agreed that the Company’s obligations under Subordinated Debt Documents would be subordinate in right of payment to the payment in full of all the Company’s obligations under the Term Loan Agreement and that certain Loan, Guaranty and Security Agreement, dated March 31, 2014 (as amended, the “ABL Agreement”), by and among the Company, Voyetra Turtle Beach, Inc., Turtle Beach Europe Limited, and VTB Holdings, Inc., the financial institutions party thereto as lenders, and Bank of America, N.A., as administrative agent, collateral agent and security trustee for the lenders under the ABL Agreement.

Warrant Agreement

In connection with and as additional consideration for SG VTB Holdings, LLC entering into the Subordinated Note, the Company and SG VTB Holdings, LLC entered into a Warrant Agreement, dated as of November 16, 2015, pursuant to which the Company issued to SG VTB Holdings, LLC a warrant (the “Warrant”) to purchase 1,365,410 shares of the Company’s common stock (“Common Stock”) at an exercise price of \$2.00 per share. The exercise price and the number of shares of Common Stock purchasable under the Warrant Agreement are subject to adjustment in accordance with the terms of the Warrant Agreement. The Warrant is exercisable for a period of ten years beginning on the date of issuance. The Warrant does not entitle SG VTB Holdings, LLC to any voting rights or other rights as a stockholder of the Company prior to the exercise of the Warrant. The shares of Common Stock issued and issuable upon conversion of the shares of Common Stock issued and issuable upon exercise of the Warrant, and, at all times, the shares of Common Stock issued and issuable upon exercise of the Warrant, will have the registration rights applicable to shares of Common Stock held by “Stripes Stockholder” as set forth in that certain Stockholder Agreement, dated as of August 5, 2013, as amended, by and among the Company, SG VTB Holdings, LLC and the other parties thereto, as amended.

The foregoing descriptions of the Subordinated Note, the Third Lien Guaranty, the Third Lien Security Agreement, the Subordination Agreement and the Warrant Agreement do not purport to be complete and are qualified in their entirety by the full text of the Subordinated Note, the Third Lien Guaranty, the Third Lien Security Agreement, the Subordination Agreement and the Warrant Agreement, respectively, copies of which are attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4 and 4.1, respectively.

Item 2.03 - Creation of a Direct Financial Obligation or an Obligation under an Off- Balance Sheet Arrangement of Registrant.

The information in Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 9.01 — Financial Statements and Exhibits**(d) Exhibits**

Exhibit No.	Description
4.1	Warrant, issued to SG VTB Holdings, LLC, dated November 16, 2015.
10.1	Subordinated Promissory Note, dated November 16, 2015, by and between Turtle Beach Corporation and SG VTB Holdings, LLC.
10.2	Third Lien Continuing Guaranty, dated as of November 16, 2015, by and among the Company, Voyetra Turtle Beach, Inc. and VTB Holdings, Inc.
10.3	Third Lien Security Agreement, dated as of November 16, 2015, by and among the Company, Voyetra Turtle Beach, Inc. and VTB Holdings, Inc.
10.4	Subordination Agreement, dated as of November 16, 2015, by and among Bank of America, N.A., Crystal Financial LLC, SG VTB Holdings, LLC, the Company, Voyetra Turtle Beach, Inc., Turtle Beach Europe Limited, and VTB Holdings, Inc.

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: November 20, 2015

By:

/S/ JOHN T. HANSON

John T. Hanson
Chief Financial Officer, Treasurer and Secretary

THIS WARRANT, AND THE SECURITIES ISSUABLE UPON THE EXERCISE OF THIS WARRANT, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL (WHICH MAY BE COMPANY COUNSEL) REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT, OR ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT AGREEMENT

To Purchase Shares of Common Stock of

Turtle Beach Corporation

Dated as of November 16, 2015 (the "Effective Date")

WHEREAS, SG VTB Holdings, LLC, a Delaware limited liability company (the "Warrantholder") is providing a loan of \$2,500,000 (the "Loan") to Turtle Beach Corporation, a Nevada corporation (the "Company"), pursuant to a Subordinated Promissory Note, dated as of the date hereof (the "Note");

WHEREAS, the Company desires to grant to Warrantholder, in consideration for, among other things, the Warrantholder's providing the Loan, the right to purchase shares of Common Stock (as defined below) pursuant to this Warrant Agreement (the "Agreement");

NOW, THEREFORE, in consideration of the Warrantholder providing the Loan, and in consideration of the mutual covenants and agreements contained herein, the Company and Warrantholder agree as follows:

SECTION 1. GRANT OF THE RIGHT TO PURCHASE COMMON STOCK.

For value received, the Company hereby grants to the Warrantholder, and the Warrantholder is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase, from the Company, an aggregate number of fully paid and non-assessable shares of the Common Stock equal to 1,365,410. The Exercise Price (as defined below) of such shares is subject to adjustment as provided in Section 8. As used herein, the following terms shall have the following meanings:

"Act" means the Securities Act of 1933, as amended.

"Charter" means the Company's Articles of Incorporation, Certificate of Incorporation or other constitutional document, as may be amended from time to time.

"Common Stock" means the Company's common stock, \$0.001 par value per share;

"Exercise Price" means \$2.00 per share of Common Stock;

"Liquid Sale" means the closing of a Merger Event in which the consideration received by the Company and/or its stockholders, as applicable, consists solely of cash and/or readily marketable securities.

"Merger Event" means any sale, lease or other transfer of all or substantially all assets of the Company or any reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of the Company or any Subsidiary, sale or exchange of outstanding shares (or similar transaction or series of related transactions) of the Company or any Subsidiary in which the holders of the Company or Subsidiary's outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than fifty percent (50%) of the voting powers of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether the Company or Subsidiary is the surviving entity, provided that none of the following shall constitute a Merger Event: (i) any consolidation

or merger effected exclusively to change the domicile of the Company or (ii) the sale and issuance by the Company of its equity securities to investors in a bona fide equity financing;

“Purchase Price” means, with respect to any exercise of this Agreement, an amount equal to the Exercise Price as of the relevant time multiplied by the number of shares of Common Stock requested to be exercised under this Agreement pursuant to such exercise.

“SEC” means the U.S. Securities and Exchange Commission.

SECTION 2. TERM OF THE AGREEMENT.

Except as otherwise provided for herein, the term of this Agreement and the right to purchase Common Stock as granted herein (the “Warrant”) shall commence on the Effective Date and shall be exercisable for a continuous period expiring on the tenth anniversary of the Effective Date.

SECTION 3. EXERCISE OF THE PURCHASE RIGHTS.

(a) Exercise. The purchase rights set forth in this Agreement are exercisable by the Warrantholder, in whole or in part, at any time, or from time to time, prior to the expiration of the term set forth in Section 2, by tendering to the Company at its principal office a notice of exercise in the form attached hereto as Exhibit I (the “Notice of Exercise”), duly completed and executed. Promptly upon receipt of the Notice of Exercise and the payment of the Purchase Price in accordance with the terms set forth below, and in no event later than three (3) days thereafter, the Company shall issue to the Warrantholder a certificate for the number of shares of Common Stock purchased and shall execute the acknowledgment of exercise in the form attached hereto as Exhibit II (the “Acknowledgment of Exercise”) indicating the number of shares which remain subject to future purchases, if any.

The Purchase Price may be paid at the Warrantholder’s election either (i) by cash or check, or (ii) by surrender of all or a portion of the Warrant for shares of Common Stock to be exercised under this Agreement and, if applicable, an amended Agreement representing the remaining number of shares purchasable hereunder, as determined below (“Net Issuance”). If the Warrantholder elects the Net Issuance method, the Company will issue Common Stock in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of shares of Common Stock to be issued to the Warrantholder.

Y = the number of shares of Common Stock requested to be exercised under this Agreement.

A = the fair market value of one (1) share of Common Stock at the time of issuance of such shares of Common Stock.

B = the Exercise Price.

For purposes of the above calculation, current fair market value of Common Stock shall mean with respect to each share of Common Stock:

(i)

(A) if the Common Stock is traded on a securities exchange, the fair market value shall be deemed to be the prior day closing price before the day the current fair market value of the securities is being determined; or

(B) if the Common Stock is traded over-the-counter, the fair market value shall be deemed to be the prior day closing price quoted on the NASDAQ system (or similar system) before the day the current fair market value of the securities is being determined;

(ii) if at any time the Common Stock is not listed on any securities exchange or quoted in the NASDAQ National Market or the over-the-counter market, the current fair market value of Common Stock shall be determined in good faith by its Board of Directors, unless the Company shall become subject to a Merger Event, in which case the fair market value of Common Stock shall be deemed to be the per share value received by the holders of the Company's Common Stock on a common equivalent basis pursuant to such Merger Event.

Upon partial exercise by either cash or Net Issuance, the Company shall promptly issue an amended Agreement representing the remaining number of shares purchasable hereunder. All other terms and conditions of such amended Agreement shall be identical to those contained herein, including, but not limited to the Effective Date hereof.

(b) Exercise Prior to Expiration. To the extent this Agreement is not previously exercised as to all Common Stock subject hereto, and if the fair market value of one share of the Common Stock is greater than the Exercise Price then in effect, this Agreement shall be deemed automatically exercised pursuant to Section 3(a) (even if not surrendered) immediately before its expiration. For purposes of such automatic exercise, the fair market value of one share of the Common Stock upon such expiration shall be determined pursuant to Section 3(a). To the extent this Agreement or any portion thereof is deemed automatically exercised pursuant to this Section 3(b), the Company agrees to promptly notify the Warrantholder of the number of shares of Common Stock, if any, the Warrantholder is to receive by reason of such automatic exercise.

SECTION 4. RESERVATION OF SHARES.

During the term of this Agreement, the Company will at all times have authorized and reserved a sufficient number of shares of its Common Stock to provide for the exercise of the rights to purchase Common Stock as provided for herein, and shall have authorized and reserved a sufficient number of shares of its Common Stock to provide for the conversion of the shares of Common Stock issuable hereunder.

SECTION 5. NO FRACTIONAL SHARES OR SCRIP.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Agreement, but in lieu of such fractional shares the Company shall make a cash payment therefor upon the basis of the then fair market value of one share of Common Stock.

SECTION 6. NO RIGHTS AS STOCKHOLDER.

This Agreement does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the exercise of this Agreement.

SECTION 7. WARRANTHOLDER REGISTRY.

The Company shall maintain a registry showing the name and address of the registered holder of this Agreement. Warrantholder's initial address, for purposes of such registry, is set forth below Warrantholder's signature on this Agreement. Warrantholder may change such address by giving written notice of such changed address to the Company.

SECTION 8. ADJUSTMENT RIGHTS.

The Exercise Price and the number of shares of Common Stock purchasable hereunder are subject to adjustment, as follows:

(a) Merger Event. In connection with a Merger Event that is a Liquid Sale, this Agreement shall, on and after the closing thereof, automatically and without further action on the part of any party or other person, represent the right to receive, in lieu of the shares of Common Stock that are issuable hereunder as of immediately prior to the closing of such Merger Event, the consideration payable on or in respect of such shares of Common Stock less the Purchase Price for all such shares of Common Stock (such consideration to include both the consideration payable at the closing of such Merger Event and all deferred consideration payable thereafter, if any, including, but not limited to, payments of amounts deposited at such closing into escrow and payments in the nature

of earn-outs, milestone payments or other performance-based payments), and such Merger Event consideration shall be paid to the Warrantholder as and when it is paid to the holders of the outstanding shares of Common Stock. In connection with a Merger Event that is not a Liquid Sale, the Company shall cause the successor or surviving entity to assume this Agreement and the obligations of the Company hereunder on the closing thereof, and thereafter this Agreement shall be exercisable for the same number and type of securities or other property as the Warrantholder would have received in consideration for the shares of Common Stock issuable hereunder had it exercised this Agreement in full as of immediately prior to such closing, at an aggregate Exercise Price no greater than the aggregate Exercise Price in effect as of immediately prior to such closing, and subject to further adjustment from time to time in accordance with the provisions of this Agreement. The provisions of this Section 8(a) shall similarly apply to successive Merger Events.

(b) Reclassification of Shares. Except for a Merger Event subject to Section 8(a), and subject to Section 8(e), if the Company at any time shall, by combination, reclassification, exchange or subdivision of securities or otherwise, change any of the securities as to which purchase rights under this Agreement exist into the same or a different number of securities of any other class or classes, this Agreement shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities which were subject to the purchase rights under this Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change. The provisions of this Section 8(b) shall similarly apply to successive combination, reclassification, exchange, subdivision or other change.

(c) Subdivision or Combination of Shares. If the Company at any time shall combine or subdivide its Common Stock, (i) in the case of a subdivision, the Exercise Price shall be proportionately decreased and the number of shares of Common Stock issuable hereunder shall be proportionately increased, or (ii) in the case of a combination, the Exercise Price shall be proportionately increased and the number of shares of Common Stock issuable hereunder shall be proportionately decreased.

(d) Stock Dividends. If the Company at any time while this Agreement is outstanding and unexpired shall:

(i) pay a dividend with respect to the Common Stock payable in Common Stock, then the Exercise Price shall be adjusted, from and after the date of determination of stockholders entitled to receive such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution; or

(ii) make any other distribution with respect to Common Stock (or stock into which the Common Stock is convertible), except any distribution specifically provided for in any other clause of this Section 8, then, in each such case, provision shall be made by the Company such that the Warrantholder shall receive upon exercise or conversion of this Warrant a proportionate share of any such distribution as though it were the holder of the Common Stock (or other stock for which the Common Stock is convertible) as of the record date fixed for the determination of the stockholders of the Company entitled to receive such distribution.

(e) Notice of Adjustments. If: (i) the Company shall declare any dividend or distribution upon its stock, whether in stock, cash, property or other securities; (ii) there shall be any Merger Event; (iii) the Company shall sell, lease, license or otherwise transfer all or substantially all of its assets; or (iv) there shall be any voluntary dissolution, liquidation or winding up of the Company; then, in connection with each such event, the Company shall send to the Warrantholder: (A) at least ten (10) days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote in respect of such Merger Event, dissolution, liquidation or winding up; and (B) in the case of any such Merger

Event, sale, lease, license or other transfer of all or substantially all assets, dissolution, liquidation or winding up, at least thirty (30) days' prior written notice of the date when the same shall take place (and specifying the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such Merger Event, dissolution, liquidation or winding up).

Each such written notice shall set forth, in reasonable detail, (i) the event requiring the notice, and (ii) if any adjustment is required to be made, (A) the amount of such adjustment, (B) the method by which such adjustment was calculated, (C) the adjusted Exercise Price (if the Exercise Price has been adjusted), and (D) the number of shares subject to purchase hereunder after giving effect to such adjustment, and shall be given in accordance with Section 12(f) below.

SECTION 9. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

(a) Reservation of Common Stock. The Common Stock issuable upon exercise of the Warrantholder's rights has been duly and validly reserved and, when issued in accordance with the provisions of this Agreement, will be validly issued, fully paid and non-assessable, and will be free of any taxes, liens, charges or encumbrances of any nature whatsoever; provided, that the Common Stock issuable pursuant to this Agreement may be subject to restrictions on transfer under state and/or federal securities laws. The Company has made available to the Warrantholder true, correct and complete copies of its Charter and current bylaws. The issuance of certificates for shares of Common Stock upon exercise of this Agreement shall be made without charge to the Warrantholder for any issuance tax in respect thereof (other than income taxes of the Warrantholder), or other cost incurred by the Company in connection with such exercise and the related issuance of shares of Common Stock; provided, that the Company shall not be required to pay any tax which may be payable in respect of any transfer and the issuance and delivery of any certificate in a name other than that of the Warrantholder.

(b) Due Authority. The execution and delivery by the Company of this Agreement and the performance of all obligations of the Company hereunder, including the issuance to Warrantholder of the right to acquire the shares of Common Stock and the Common Stock into which it may be converted, have been duly authorized by all necessary corporate action on the part of the Company. This Agreement: (1) does not violate the Company's Charter or current bylaws; (2) does not contravene any law or governmental rule, regulation or order applicable to it; and (3) does not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound. This Agreement constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms.

(c) Consents and Approvals. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of any state, federal or other governmental authority or agency is required with respect to the execution, delivery and performance by the Company of its obligations under this Agreement, except for the filing of notices pursuant to Regulation D under the Act and any filing required by applicable state securities law, which filings will be effective by the time required thereby.

(d) Issued Securities. All issued and outstanding shares of Common Stock, Common Stock or any other securities of the Company have been duly authorized and validly issued and are fully paid and nonassessable. All outstanding shares of Common Stock, Common Stock and any other securities were issued in full compliance with all federal and state securities laws.

(e) Registration Rights. The Company agrees and acknowledges that the shares of Common Stock issued and issuable upon conversion of the shares of Common Stock issued and issuable upon exercise of this

Warrant, and, at all times, the shares of Common Stock issued and issuable upon exercise of this Warrant, shall have the registration rights applicable to shares of Common Stock held by “Stripes Stockholder” as set forth in that certain Stockholder Agreement, dated as of August 5, 2013, by and among the Company, the Warrantholder and the other parties thereto, as amended.

(f) Exempt Transaction. Subject to the accuracy of the Warrantholder’s representations in Section 10, the issuance of the Common Stock upon exercise of this Agreement, and the issuance of the Common Stock upon conversion of the Common Stock, will each constitute a transaction exempt from (i) the registration requirements of Section 5 of the Act, in reliance upon Section 4(2) thereof, and (ii) the qualification requirements of the applicable state securities laws.

(g) Compliance with Rule 144. If the Warrantholder proposes to sell Common Stock issuable upon the exercise of this Agreement, in compliance with Rule 144 promulgated by the SEC, then, upon Warrantholder’s written request to the Company, the Company shall furnish to the Warrantholder, within ten days after receipt of such request, a written statement confirming the Company’s compliance with the filing requirements of the SEC as set forth in such Rule, as such Rule may be amended from time to time.

SECTION 10. REPRESENTATIONS AND COVENANTS OF THE WARRANTHOLDER.

This Agreement has been entered into by the Company in reliance upon the following representations and covenants of the Warrantholder:

(a) Investment Purpose. The right to acquire Common Stock is being acquired for investment and not with a view to the sale or distribution of any part thereof, and the Warrantholder has no present intention of selling or engaging in any public distribution of such rights or the Common Stock except pursuant to an effective registration statement or an exemption from the registration requirements of the Act.

(b) Private Issue. The Warrantholder understands (i) that the Common Stock issuable upon exercise of this Agreement is not registered under the Act or qualified under applicable state securities laws on the ground that the issuance contemplated by this Agreement will be exempt from the registration and qualifications requirements thereof, and (ii) that the Company’s reliance on such exemption is predicated on the representations set forth in this Section 10.

(c) Financial Risk. The Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear the economic risks of its investment.

(d) Risk of No Registration. The Warrantholder understands that if the Company does not register with the SEC pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), or file reports pursuant to Section 15(d) of the 1934 Act, or if a registration statement covering the securities under the Act is not in effect when it desires to sell (i) the rights to purchase Common Stock pursuant to this Agreement or (ii) the Common Stock issuable upon exercise of the right to purchase, it may be required to hold such securities for an indefinite period. The Warrantholder also understands that any sale of (A) its rights hereunder to purchase Common Stock or (B) Common Stock issued or issuable hereunder which might be made by it in reliance upon Rule 144 under the Act may be made only in accordance with the terms and conditions of that Rule.

(e) Accredited Investor. Warrantholder is an “accredited investor” within the meaning of SEC Rule 501 of Regulation D, as presently in effect.

SECTION 11. TRANSFERS.

Subject to compliance with applicable federal and state securities laws, this Agreement and all rights hereunder are transferable, in whole or in part, without charge to the holder hereof (except for transfer taxes) upon surrender of this

Agreement properly endorsed, provided, however, that any successor transferee makes the representations and covenants set forth in Section 10 and agrees in writing to be bound by the covenants, terms and conditions of this Warrant. Each taker and holder of this Agreement, by taking or holding the same, consents and agrees that this Agreement, when endorsed in blank, shall be deemed negotiable, and that the holder hereof, when this Agreement shall have been so endorsed and its transfer recorded on the Company's books, shall be treated by the Company and all other persons dealing with this Agreement as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Agreement. The transfer of this Agreement shall be recorded on the books of the Company upon receipt by the Company of a notice of transfer in the form attached hereto as Exhibit III (the "Transfer Notice"), at its principal offices and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. Until the Company receives such Transfer Notice, the Company may treat the registered owner hereof as the owner for all purposes.

SECTION 12. MISCELLANEOUS.

(a) Effective Date. The provisions of this Agreement shall be construed and shall be given effect in all respects as if it had been executed and delivered by the Company on the date hereof. This Agreement shall be binding upon any successors or assigns of the Company.

(b) Remedies. In the event of any default hereunder, the non-defaulting party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, including but not limited to an action for damages as a result of any such default, and/or an action for specific performance for any default where Warrantholder will not have an adequate remedy at law and where damages will not be readily ascertainable.

(c) No Impairment of Rights. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the Warrantholder against impairment. The foregoing notwithstanding, the Company shall not have been deemed to have impaired the Warrantholder's rights hereunder if the Company, through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, affects Warrantholder's rights hereunder in a manner that does not affect the Common Stock differently from the effect that such transactions have generally on the rights, preferences, privileges or restrictions of the other shares of the same class of stock.

(d) Additional Documents. The Company, upon execution of this Agreement, shall provide the Warrantholder with certified resolutions evidencing the due authorization, execution, delivery and performance of this Warrant. The Company shall also supply documentation reasonably necessary to evaluate whether to exercise (in cash or a net issuance basis) this Warrant and such other documents as the Warrantholder may from time to time reasonably request.

(e) Severability. In the event any one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.

(f) Notices. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication that is required, contemplated, or permitted under this Agreement or with respect to the subject matter hereof shall be in writing, which shall include email communication, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by facsimile, email communication or hand delivery if transmission or delivery occurs on a business day at or before 5:00 pm in the time zone of the recipient, or, if transmission or delivery occurs on a non-business day or after such time, the first business day thereafter, or the first business day after deposit with an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States mails, with proper first class postage prepaid, and shall be addressed to the party to be notified as follows:

If to Warrantholder:

SG VTB HOLDINGS, LLC.
c/o Stripes Group, LLC
Attention: Kenneth Fox
402 West 13th Street
New York, NY 10014

If to the Company:

TURTLE BEACH CORPORATION
Attention: John Hanson
12220 Scripps Summit Drive, Suite 100
San Diego, CA 92131

or to such other address as each party may designate for itself by like notice.

(g) Entire Agreement; Amendments. This Agreement constitutes the entire agreement and understanding of the parties hereto in respect of the subject matter hereof, and supersedes and replaces in its entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof. None of the terms of this Agreement may be amended except by an instrument executed by each of the parties hereto.

(h) Headings. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

(i) No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(j) No Waiver. No omission or delay by Warrantholder at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Company at any time designated, shall be a waiver of any such right or remedy to which Warrantholder is entitled, nor shall it in any way affect the right of Warrantholder to enforce such provisions thereafter.

(k) Survival. All agreements, representations and warranties contained in this Agreement or in any document delivered pursuant hereto shall be for the benefit of Warrantholder and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

(l) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(m) Consent to Jurisdiction and Venue. All judicial proceedings arising in or under or related to this Agreement may be brought in any state or federal court of competent jurisdiction located in the State of New York. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to personal jurisdiction in the State of New York; (b) waives any objection as to jurisdiction or venue the State of New York; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 12(f), and shall be deemed effective and received as set forth in Section 12(f). Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

(n) Mutual Waiver of Jury Trial. Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF THE COMPANY AND WARRANTHOLDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY THE COMPANY AGAINST WARRANTHOLDER OR ITS ASSIGNEE OR BY WARRANTHOLDER OR ITS ASSIGNEE AGAINST THE COMPANY. This waiver extends to all such Claims, including Claims that involve Persons other than Company and Warrantholder; Claims that arise out of or are in any way connected to the relationship between the Company and Warrantholder; and any Claims for damages, breach of contract, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement.

(o) Prejudgment Relief. In the event Claims are to be resolved by arbitration, either party may seek from a court of competent jurisdiction identified in Section 12(m), any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

(p) Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by its officers thereunto duly authorized as of the Effective Date.

COMPANY: TURTLE BEACH CORPORATION

By: /s/ Juergen Stark

Name: Juergen Stark

Title: Chief Executive Officer

WARRANTHOLDER:

SG VTB HOLDINGS, LLC

By: /s/ Kenneth Fox

Name: Kenneth Fox

Title: Managing Member

EXHIBIT I

NOTICE OF EXERCISE

To: Turtle Beach Corporation

- (1) The undersigned Warrantholder hereby elects to purchase [_____] shares of Common Stock of Turtle Beach Corporation, pursuant to the terms of the Warrant Agreement dated the 16th day of November, 2015 (the "Agreement") between Turtle Beach Corporation and the Warrantholder, and [CASH PAYMENT: tenders herewith payment of the Purchase Price in full, together with all applicable transfer taxes, if any.] [NET ISSUANCE: elects pursuant to Section 3(a) of the Agreement to effect a Net Issuance.]
- (2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

The representations and warranties set forth in Section 10 of the Agreement are true and correct in all material respects as of the date of this Notice of Exercise, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(Name) _____

(Address) _____

WARRANTHOLDER:SG VTB HOLDINGS, LLC

By:___

Name:___

Title:___

Date:___

EXHIBIT II
ACKNOWLEDGMENT OF EXERCISE

The undersigned Turtle Beach Corporation, hereby acknowledge receipt of the "Notice of Exercise" from SG VTB Holdings, LLC, to purchase [____] shares of Common Stock of Turtle Beach Corporation pursuant to the terms of the Agreement, and further acknowledges that [____] shares remain subject to purchase under the terms of the Agreement.

COMPANY:Turtle Beach Corporation

By: __
Name: __
Title: __
Date: __

EXHIBIT III
TRANSFER NOTICE

(To transfer or assign the foregoing Agreement, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Agreement and all rights evidenced thereby are hereby transferred and assigned to

(Please Print)

whose address is__

Dated:__

Holder's Signature:__

Holder's Address:__

Signature Guaranteed: __

NOTE: The signature to this Transfer Notice must correspond with the name as it appears on the face of the Agreement, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Agreement.

NEITHER THIS NOTE NOR THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED OR THE SECURITIES LAWS OF ANY STATE AND NEITHER THIS NOTE NOR ANY SECURITIES ISSUED PURSUANT TO ITS CONVERSION MAY BE SOLD OR TRANSFERRED IN THE ABSENCE OF REGISTRATION THEREUNDER OR AN EXEMPTION THEREFROM.

THIS NOTE, THE OBLIGATIONS HEREUNDER AND ANY LIENS SECURING SUCH OBLIGATIONS ARE SUBJECT TO THE SUBORDINATION AGREEMENT (AS DEFINED BELOW).

THIS PROMISSORY NOTE WILL BE CONSIDERED TO HAVE BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR PURPOSES OF SECTIONS 1271 ET SEQ. OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. THIS NOTE WAS ORIGINALLY ISSUED ON NOVEMBER 16, 2015. FOR INFORMATION REGARDING THE ISSUE PRICE, AMOUNT OF OID PER \$1,000 OF PRINCIPAL AMOUNT AND YIELD TO MATURITY FOR PURPOSES OF THE OID RULES, PLEASE CONTACT THE TREASURER OF THE BORROWER AT 12220 SCRIPPS SUMMIT DRIVE, SUITE 100, SAN DIEGO, CA 92131.

SUBORDINATED PROMISSORY NOTE

November 16, 2015

FOR VALUE RECEIVED, the undersigned, TURTLE BEACH CORPORATION, a Nevada corporation (the "**Company**"), hereby promises, subject to the terms and conditions hereof including Section 5, to pay to the order of SG VTB HOLDINGS, LLC (together with any successors and/or assigns, the "**Holder**"), in lawful money of the United States of America and in immediately available funds, TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) (the "**Principal Amount**"), plus any Principal Increases (as defined below) together with any accrued interest thereon that has not been capitalized, on September 29, 2019 (the "**Maturity Date**").

1. Interest. Interest shall accrue on the Principal Amount and on any Principal Increases at a rate equal to 15% per annum, and shall be calculated based upon a 365-day year. Interest on this Note shall accrue from the date hereof until the repayment in full of the Principal Amount plus any Principal Increases together with any accrued interest thereon that has not been capitalized. Interest shall be paid quarterly by increasing the principal amount of this Note (any such increase, a "**Principal Increase**") by an amount equal to the interest accrued on the Principal Amount (as increased by the Principal Increases) during such quarter.

2. Payments. The principal of this Note, together with accrued but unpaid interest thereon, shall be immediately due and payable and shall be repaid in full upon the earliest occurrence of the Maturity Date or a Change of Control, in each case subject to Section 5 and unless the holders of a majority of the aggregate outstanding principal amount of the Note

(“**Majority in Interest**”) shall otherwise agree in writing. For this purpose, a “**Change of Control**” has the meaning set forth in the Credit Agreement referenced in Section 5(a)(i) hereof.

3. Prepayment. Subject to Section 5 hereof, this Note may be prepaid at any time in whole or in part without premium or penalty.

4. Method of Payment. All payments hereunder shall be made for the account of the Holder at its office located at c/o Stripes Group, 402 West 13th Street, New York, NY 10014 or to such other address as the Holder may designate in writing to the Company.

5. Subordination.

(a) Certain Defined Terms. The following terms shall have the following meanings:

(i) “**Credit Agreement**” shall mean the Loan, Guaranty and Security Agreement, dated as of March 31, 2014, by and among the Company, Voyetra Turtle Beach, Inc., a Delaware corporation, Turtle Beach Europe Limited, a company limited by shares and incorporated in England and Wales with company number 03819186, VTB Holdings, Inc., a Delaware corporation, the financial institutions party thereto from time to time as lenders (the “**Senior Lenders**”), Bank of America, N.A., a national banking association, as agent, collateral agent and security trustee for the Senior Lenders (the “**Agent**”), and Bank of America, N.A. as sole lead arranger and sole book runner, as the same has been and may be amended, restated, amended and restated, supplemented, refinanced, renewed, replaced or otherwise modified from time to time.

(ii) “**Credit Agreement Debt**” shall mean all Obligations under, and as defined in, the Credit Agreement

(iii) “**Crystal Term Loan**” shall mean the Term Loan, Guaranty and Security Agreement, dated July 22, 2015, by and among the Company, Turtle Beach Europe Limited, a company limited by shares and incorporated in England and Wales with company number 03819186, VTB Holdings, Inc., a Delaware corporation, Voyetra Turtle Beach, Inc., a Delaware corporation, the financial institutions party thereto from time to time as lenders (the “**Term Lenders**”), Crystal Financial LLC, as agent, collateral agent and security trustee for the Lenders (the “**Term Agent**”) and sole lead arranger and sole bookrunner and the other parties thereto, as the same has been and may be amended, restated, amended and restated, supplemented, refinanced, renewed, replaced or otherwise modified from time to time.

(iv) “**Senior Debt**” shall mean the Credit Agreement Debt and all Obligations under, and as defined in, the Crystal Term Loan.

(b) Subordination Agreement. The Company and Holder agree that this Note is subordinated to the Senior Debt pursuant to that certain Subordination Agreement, dated November 16, 2015, by and among the Company, Turtle Beach Europe Limited, a company limited by shares and incorporated in England and Wales with company number 03819186, VTB Holdings, Inc., a Delaware corporation, Voyetra Turtle Beach, Inc., a Delaware corporation, the Holder, the Agent and the Term Agent (the “**Subordination Agreement**”).

6. Events of Default.

(a) An “**Event of Default**” occurs if:

(i) the Company defaults in the payment of the principal of, or interest on, this Note when the same becomes due and payable at maturity, upon acceleration, or otherwise; or

(ii) the Company shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against the Company seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and in the case of any such proceeding instituted against the Company such proceeding shall not be stayed or dismissed within sixty (60) days from the date of institution thereof.

(b) Acceleration. Subject to the provisions of Section 5, if an Event of Default (other than an Event of Default specified in clause (a)(ii) of Section 6) occurs and is continuing, the holders of at least a Majority in Interest, by written notice to the Company and the holders of Senior Debt (as provided in Section 11) (an “**Acceleration Notice**”), may declare the unpaid principal of and accrued interest on all of the Notes to be immediately due and payable. Upon such declaration, if there is at such time any Senior Debt outstanding, the principal of and interest on the Notes shall be due and payable upon the first to occur of an acceleration under the applicable Senior Debt instrument or one hundred eighty (180) days after receipt by the Agent and Term Agent of such Acceleration Notice given hereunder. If an Event of Default specified in clause (a)(ii) of Section 6 occurs, all principal of and interest on all of the Notes outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Holder. The holders of at least a Majority in Interest, by written notice to the Company, may rescind an acceleration and its consequences if (i) all existing Events of Default, other than the nonpayment of principal of or interest on the Notes which has become due solely because of the acceleration, have been cured or waived and (ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Any amounts received by the Holder in connection with any action taken pursuant to this Section 6(b) shall be subject to the provisions of Section 5.

(c) Default Rate. Any payment of principal or interest under this Note shall begin to bear interest at a penalty rate of two percent (2%) above the-then applicable interest rate per annum upon the occurrence and during the continuance of an Event of Default under this Note or an event of default under any of the Senior Debt.

(d) Majority in Interest. The holders of a Majority in Interest may direct the time, method and place of conducting any proceeding for any remedy available to the holders of the Notes or exercising any trust or power conferred on them. The Holder of this Note may not pursue

a remedy with respect to this Note unless the holders of at least a Majority in Interest consent to the pursuit of the remedy. A holder may not use the provision hereof to prejudice the rights of another holder or to obtain a preference or priority over another holder.

(e) Remedies Cumulative. A delay or omission by the Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All remedies are cumulative to the extent permitted by law.

7. Amendment and Waiver.

(a) Consent Required. Subject to the Subordination Agreement, any term, covenant, agreement or condition of the Notes may, with the consent of the Company, be amended or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Company shall have obtained the consent in writing of the holders of at least a Majority in Interest.

(b) Effect of Amendment or Waiver. Any amendment or waiver shall be binding upon the Holder, upon each future holder of any Note and upon the Company, whether or not such Note shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived or impair any right consequent thereon.

8. Replacement Notes. If a mutilated Note is surrendered to the Company or if the Holder presents evidence to the reasonable satisfaction of the Company that this Note has been lost, destroyed or wrongfully taken, the Company shall issue a replacement note of like tenor if the requirements of the Company for such transactions are met. An indemnity agreement may be required that is sufficient in the reasonable judgment of the Company to protect the Company from any loss which it may suffer. The Company may charge for its out-of-pocket expenses incurred in replacing this Note.

9. No Recourse Against Others. No director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under this Note or for any claim based on, in respect or by reason of, such obligations or their creation. The Holder by accepting this Note waives and releases all such liability. This waiver and release are part of the consideration for the issue of this Note.

10. Notices. All notices provided for or permitted hereunder shall be made in writing by hand-delivery, registered or certified first-class mail, fax or reputable courier guaranteeing overnight delivery to the other party at the following addresses (or at such other address as shall be given in writing by any party to the others):

If to the Company, to:

Turtle Beach Corporation
12220 Scripps Summit Drive, Suite 100

San Diego, CA 92131
Attention: John Hanson

and

Dechert LLP
1900 K Street, NW
Washington, D.C. 20006
Attention: Tony Chan
Fax: (202) 261-3117

If to the Holder, to the Holder's address as reflected in the books of the Company.

If to the Agent:

Bank of America, N.A.
333 South Hope Street, 13th Floor
Los Angeles, California 90071
Attention: Matthew R. Van Steenhuyse

If to the Term Agent:

Crystal Financial LLC
Two International Place, 17th Floor
Boston, Massachusetts 02110
Attention: Mirko Andric

All such notices shall be deemed to have been duly given: when delivered by hand, if personally delivered; four business days after being deposited in the mail, postage prepaid, if mailed; and on the next business day, if timely delivered to a reputable courier guaranteeing overnight delivery.

11. Successors, etc. This Note shall be binding upon and shall inure to the benefit of the Holder and the Company and their respective successors and permitted assigns.

12. Waiver of Jury Trial. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT SUCH PARTIES MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY SUIT OR ACTION ARISING OUT OF THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH OF THE PARTIES HEREBY CERTIFIES THAT NEITHER THE OTHER PARTY NOR ANY OF ITS REPRESENTATIVES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT IT WOULD NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL. FURTHER, EACH OF THE PARTIES ACKNOWLEDGES THAT THE OTHER PARTY RELIED ON THIS WAIVER OF RIGHT TO JURY TRIAL AS A MATERIAL INDUCEMENT TO ENTER INTO THIS NOTE.

13. Costs of Enforcement. The Company is obligated to pay the costs of enforcement of this Note (including without limitation the reasonable fees and expenses of counsel) incurred by or on behalf of the holder of this Note.

14. Waiver of Notice, etc. The Company hereby waives presentment, notice of dishonor or acceleration, protest and notice of protest, and any and all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Note.

15. Headings. The section headings of this Note are for convenience only and shall not affect the meaning or interpretation of this Note or any provision hereof.

16. Governing Law. This Note shall be deemed a contract under, and shall be governed by and construed in accordance with, the laws of the State of New York without giving effect to principles of conflicts of laws.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed, and the Holder has caused this Note to be duly acknowledged, as of the date set forth below.

TURTLE BEACH CORPORATION

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

ACKNOWLEDGED BY THE HOLDER
THIS 16th DAY OF NOVEMBER 2015:

SG VTB HOLDINGS, LLC

By: /s/ Kenneth Fox
Name: Kenneth A. Fox
Title: Managing Member

THIS GUARANTY, THE INDEBTEDNESS (AS HEREINAFTER DEFINED) GUARANTEED HEREUNDER, ALL OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND ANY LIENS SECURING SUCH INDEBTEDNESS OR OBLIGATIONS ARE SUBJECT TO THE SUBORDINATION AGREEMENT (AS DEFINED BELOW).

THIRD LIEN CONTINUING GUARANTY
NOVEMBER 16, 2015

TO: SG VTB HOLDINGS, LLC

1. **GUARANTY; DEFINITIONS.** In consideration of any credit extended to Borrower by Lender under the Note referred to below, and for other valuable consideration, the undersigned VTB HOLDINGS, INC., a Delaware corporation ("VTB Holdings") and VOYETRA TURTLE BEACH, INC., a Delaware corporation ("VTB," collectively, with VTB Holdings, jointly and severally, the "Guarantors" and each a "Guarantor"), jointly and severally unconditionally guarantee and promise to pay to SG VTB HOLDINGS, LLC, a Delaware limited liability company ("Lender"), on demand in lawful money of the United States of America and in immediately available funds, any and all obligations of TURTLE BEACH CORPORATION, a Nevada corporation ("Borrower") to Lender under the Subordinated Promissory Note, dated November 16, 2015 (the "Note") from Borrower to the Lender, including all principal and interest thereon (such obligations under the Note, the "Indebtedness"). This Third Lien Continuing Guaranty (this "Guaranty") is a guaranty of payment and not collection.

2. **SUCCESSIVE TRANSACTIONS; REVOCATION; OBLIGATION UNDER OTHER GUARANTIES.** This is a continuing guaranty and all rights, powers and remedies hereunder shall apply to all present and future Indebtedness of Borrower to Lender under the Note, including that arising under any successive transactions which shall either continue, increase or decrease it, and notwithstanding the dissolution, liquidation or bankruptcy (as applicable) of the Borrower or any Guarantor or any other event or proceeding affecting the Borrower or any Guarantor. Any such notice must be sent to Lender by registered U.S. mail, postage prepaid, addressed to its office as set forth in the Note, or at such other address as Lender shall from time to time designate. The obligations of each Guarantor hereunder shall be in addition to any obligations of any such Guarantor under any other guaranties of any liabilities or obligations of the Borrower or any other persons heretofore or hereafter given to Lender unless said other guaranties are expressly modified or revoked in writing; and this Guaranty shall not, unless expressly herein provided, affect or invalidate any such other guaranties.

3. **OBLIGATIONS JOINT AND SEVERAL; SEPARATE ACTIONS; WAIVER OF STATUTE OF LIMITATIONS; REINSTATEMENT OF LIABILITY.** The obligations of each Guarantor hereunder are joint and several and independent of the obligations of the Borrower or any other Guarantor, and a separate action or actions may be brought and prosecuted against each Guarantor whether action is brought against the Borrower, any other Guarantor or any other person, or whether the Borrower, any other Guarantor or any other person is joined in any such action or actions. Each Guarantor acknowledges that this Guaranty is absolute and unconditional, there are no conditions precedent to the effectiveness of this Guaranty, and this Guaranty is in full force and effect and is binding on such Guarantor as of the date written below, regardless of whether Lender obtains collateral or any guaranties from others or takes any other action contemplated by such Guarantor or with respect to any other Guarantor. Each Guarantor waives the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement thereof, and each such Guarantor agrees that any payment of any Indebtedness or other act which shall toll any statute of limitations applicable thereto shall similarly operate to toll such statute of limitations applicable to such Guarantor's liability hereunder. The liability of each Guarantor hereunder shall be reinstated and revived and the rights of Lender shall continue if and to the extent for any reason any amount at any time paid on account of any Indebtedness guaranteed hereby is rescinded or must otherwise be restored by Lender, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid. The determination as to whether any amount so paid must be rescinded or restored shall be made by Lender in its sole discretion; provided however, that if Lender chooses to contest

any such matter at the request of any Guarantor, each Guarantor agrees to indemnify and hold Lender harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Lender in connection therewith, including without limitation, in any litigation with respect thereto.

4. **AUTHORIZATIONS TO LENDER.** Each Guarantor authorizes Lender either before or after revocation hereof, without notice to or demand on such Guarantor, and without affecting such Guarantor's liability hereunder, from time to time to: (a) alter, compromise, renew, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; (b) take and hold security for the payment of this Guaranty or the Indebtedness or any portion thereof, and exchange, enforce, waive, subordinate or release any such security; (c) apply such security and direct the order or manner of sale thereof, including without limitation, a non-judicial sale permitted by the terms of the controlling security agreement, mortgage or deed of trust, as Lender in its discretion may determine; (d) release or substitute any one or more of the endorsers or any other guarantors of the Indebtedness (including any other Guarantor hereunder), or any portion thereof, or any other party thereto; and (e) apply payments received by Lender from the Borrower to any Indebtedness of the Borrower to Lender, in such order as Lender shall determine in its sole discretion, whether or not such Indebtedness is covered by this Guaranty, and each Guarantor hereby waives any provision of law regarding application of payments which specifies otherwise. Lender may without notice assign this Guaranty in whole or in part. Upon Lender's request, each Guarantor agrees to provide to Lender copies of such Guarantor's financial statements and, in any case, shall cooperate with Borrower in providing any financial information related to such Guarantor as may be required pursuant to the terms of any loan, credit or other agreement by and between Borrower and Lender.

5. **REPRESENTATIONS AND WARRANTIES.** Each Guarantor represents and warrants to Lender that: (a) this Guaranty is executed at Borrower's request; (b) [RESERVED]; (c) Lender has made no representation to such Guarantor as to the creditworthiness of the Borrower; and (d) such Guarantor has established adequate means of obtaining from the Borrower on a continuing basis financial and other information pertaining to the Borrower's financial condition. Each Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect such Guarantor's risks hereunder, and each Guarantor further agrees that Lender shall have no obligation to disclose to any Guarantor any information or material about any of the Borrower which is acquired by Lender in any manner.

6. **GUARANTORS' WAIVERS.**

(a) Each Guarantor waives any right to require Lender to: (i) proceed against the Borrower or any other person; (ii) marshal assets or proceed against or exhaust any security held from the Borrower or any other person; (iii) give notice of the terms, time and place of any public or private sale or other disposition of personal property security held from the Borrower or any other person; (iv) take any other action or pursue any other remedy in Lender's power; or (v) make any presentment or demand for performance, or give any notice of nonperformance, protest, notice of protest or notice of dishonor hereunder or in connection with any obligations or evidences of indebtedness held by Lender as security for or which constitute in whole or in part the Indebtedness guaranteed hereunder, or in connection with the creation of new or additional Indebtedness.

(b) Each Guarantor waives any defense to its obligations hereunder based upon or arising by reason of: (i) any disability or other defense of the Borrower or any other person; (ii) the cessation or limitation from any cause whatsoever, other than payment in full, of the Indebtedness of the Borrower or any other person; (iii) any lack of authority of any officer, director, partner, agent or any other person acting or purporting to act on behalf of the Borrower or any defect in the formation of the Borrower; (iv) the application by the Borrower of the proceeds of any Indebtedness for purposes other than the purposes represented by Borrower to, or intended or understood by, Lender or any Guarantor; (v) any act or omission by Lender which directly or indirectly results in or aids the discharge of the Borrower or any portion of the Indebtedness by operation of law or otherwise, or which in any way impairs or suspends any rights or remedies of Lender against the Borrower; (vi) any impairment of the value of any interest in any security for the Indebtedness or any portion

thereof, including without limitation, the failure to obtain or maintain perfection or recordation of any interest in any such security, the release of any such security without substitution, and/or the failure to preserve the value of, or to comply with applicable law in disposing of, any such security; (vii) any modification of the Indebtedness, in any form whatsoever, including any modification made after revocation hereof to any Indebtedness incurred prior to such revocation, and including without limitation the renewal, extension, acceleration or other change in time for payment of, or other change in the terms of, the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; or (viii) any requirement that Lender give any notice of acceptance of this Guaranty. Until all Indebtedness shall have been paid in full, Guarantors shall have no right of subrogation, and each Guarantor waives any right to enforce any remedy which Lender now has or may hereafter have against the Borrower or any other person, and waives any benefit of, or any right to participate in, any security now or hereafter held by Lender. Each Guarantor further waives all rights and defenses any such Guarantor may have arising out of (A) any election of remedies by Lender, even though that election of remedies, such as a non-judicial foreclosure with respect to any security for any portion of the Indebtedness, destroys such Guarantor's rights of subrogation or such Guarantor's rights to proceed against the Borrower for reimbursement, or (B) any loss of rights such Guarantor may suffer by reason of any rights, powers or remedies of the Borrower in connection with any anti-deficiency laws or any other laws limiting, qualifying or discharging Borrower's Indebtedness, whether by operation of law, or otherwise, including any rights such Guarantor may have to a fair market value hearing to determine the size of a deficiency following any foreclosure sale or other disposition of any real property security for any portion of the Indebtedness.

7. **TERMINATION.** This Guaranty, and the guarantees granted hereby, will terminate upon the earlier to occur of (i) the payment in full of the Indebtedness and (ii) the release of the guarantee of the Guarantors by any Senior Agent (as such term is defined in the Subordination Agreement).

8. **SUBORDINATION.** Any indebtedness of the Borrower now or hereafter held by any Guarantor is hereby subordinated to the Indebtedness of Borrower to Lender. Such indebtedness, if Lender requests, shall be collected and received by such Guarantor as trustee for Lender and paid over to Lender on account of the Indebtedness of Borrower to Lender but without reducing or affecting in any manner the liability of any Guarantor under the other provisions of this Guaranty.

9. **REMEDIES; NO WAIVER.** All rights, powers and remedies of Lender hereunder are cumulative. No delay, failure or discontinuance of Lender in exercising any right, power or remedy hereunder shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Lender of any breach of this Guaranty, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing.

10. **COSTS, EXPENSES AND ATTORNEYS' FEES.** Guarantors shall pay to Lender immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees, expended or incurred by Lender in connection with the enforcement of any of Lender's rights, powers or remedies and/or the collection of any amounts which become due to Lender under this Guaranty, and the prosecution or defense of any action in any way related to this Guaranty, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Lender or any other person) relating to any Guarantor or any other person or entity. All of the foregoing shall be paid by Guarantors with interest from the date of demand until paid in full at a rate of interest as set forth in the Note.

11. **SUCCESSORS; ASSIGNMENT.** This Guaranty shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties thereto; provided however, that no Guarantor may assign or transfer any of its interests or rights hereunder without Lender's prior written consent. Each Guarantor acknowledges that Lender has the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, any Indebtedness of

Borrower to Lender and any obligations with respect thereto, including this Guaranty. In connection therewith, Lender may disclose all documents and information which Lender now has or hereafter acquires relating to any Guarantor and/or this Guaranty, whether furnished by Borrower, any Guarantor or otherwise. Each Guarantor further agrees that Lender may disclose such documents and information to Borrower.

12. **AMENDMENT.** This Guaranty may be amended or modified only in writing signed by Lender and the Guarantor(s) against which it is being enforced.

13. **JOINT AND SEVERAL OBLIGATIONS; PURSUIT OF REMEDIES.** The term "Guarantors," as used herein, shall refer to each Guarantor jointly and severally, and, notwithstanding anything implied or contained herein, all promises, agreements, covenants, waivers, consents, representations, warranties and other provisions in this Guaranty are made by and shall be binding upon each and every undersigned Guarantor, jointly and severally. Lender may pursue its rights and remedies hereunder or under the Security Agreement with respect to any Guarantor hereunder without being required to pursue any other Guarantor hereunder.

14. **UNDERSTANDING WITH RESPECT TO WAIVERS; SEVERABILITY OF PROVISIONS.** Each Guarantor warrants and agrees that each of the waivers set forth herein is made with such Guarantor's full knowledge of its significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any waiver or other provision of this Guaranty shall be held to be prohibited by or invalid under applicable public policy or law, such waiver or other provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such waiver or other provision or any remaining provisions of this Guaranty.

15. **GOVERNING LAW.** This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

16. **SUBORDINATION AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, EACH GUARANTOR AGREES THAT THIS GUARANTY, AND EACH AND EVERY TERM HEREOF, THE LIENS AND SECURITY INTEREST SECURING THE OBLIGATIONS HEREUNDER (INCLUDING THE LIENS IN FAVOR OF LENDER) AND THE RIGHTS AND OBLIGATIONS OF ALL PARTIES HEREUNDER, AND EVIDENCED HEREBY, ARE SUBJECT TO THE PROVISIONS OF THAT CERTAIN SUBORDINATION AGREEMENT, DATED NOVEMBER 16, 2015, BY AND AMONG THE BORROWER, TURTLE BEACH EUROPE LIMITED, A COMPANY LIMITED BY SHARES AND INCORPORATED IN ENGLAND AND WALES WITH COMPANY NUMBER 03819186, EACH GUARANTOR, THE LENDER, BANK OF AMERICA, N.A. AND CRYSTAL FINANCIAL LLC (AS AMENDED, AMENDED AND RESTATED, SUPPLEMENTED, OTHERWISE IN EFFECT FROM TIME TO TIME, THE "SUBORDINATION AGREEMENT") AND ARE SUBORDINATE TO THE SENIOR DEBT (AS SUCH TERM IS DEFINED IN THE SUBORDINATION AGREEMENT) AND THE LIENS SECURING THE SENIOR DEBT PURSUANT TO THE SUBORDINATION AGREEMENT. EACH GUARANTOR AGREES TO BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS GUARANTY OR ANY DOCUMENT ENTER INTO IN CONNECTION HERewith AND THE TERMS OF THE SUBORDINATION AGREEMENT, THE TERMS OF THE SUBORDINATION AGREEMENT SHALL CONTROL AND GOVERN.**

17. **WAIVER OF JURY TRIAL. GUARANTORS AND LENDER WAIVE TRIAL BY JURY IN RESPECT OF ANY SUCH DISPUTE AND ANY ACTION ON SUCH DISPUTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY GUARANTORS AND LENDER, AND EACH GUARANTOR AND LENDER HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY PERSON OR ENTITY TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE LOAN DOCUMENTS. EACH OF THE GUARANTORS AND THE LENDER ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER OF JURY TRIAL. EACH GUARANTOR FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED**

IN THE SIGNING OF THIS GUARANTY AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

IN WITNESS WHEREOF, the undersigned Guarantors have executed this Guaranty, with the intention that it constitute an instrument under seal, as of the date first written above.

GUARANTORS:

VTB HOLDINGS, INC., a Delaware corporation

By: /s/ Juergen Stark

Title: Juergen Stark

VOYETRA TURTLE BEACH, INC., a Delaware corporation

By: /s/ Juergen Stark

Title: Juergen Stark

THIS AGREEMENT, THE INDEBTEDNESS (AS HEREINAFTER DEFINED), ALL OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND ANY LIENS SECURING SUCH INDEBTEDNESS OR OBLIGATIONS ARE SUBJECT TO THE SUBORDINATION AGREEMENT (AS DEFINED BELOW).

THIRD LIEN SECURITY AGREEMENT
NOVEMBER 16, 2015

1. GRANT OF SECURITY INTEREST. For valuable consideration, the undersigned TURTLE BEACH CORPORATION, a Nevada corporation ("Turtle Beach"), VTB HOLDINGS, INC., a Delaware corporation ("VTB Holdings") and VOYETRA TURTLE BEACH, INC., a Delaware corporation ("VTB;" collectively, with Turtle Beach and VTB Holdings, jointly and severally, the "Debtor"), hereby grants and transfers to SG VTB HOLDINGS, LLC, a Delaware limited liability company ("Lender") a security interest upon all Property (as defined in the Loan, Guaranty and Security Agreement, dated as of March 31, 2014, by and among Turtle Beach, VTB, Turtle Beach Europe Limited, a company limited by shares and incorporated in England and Wales with company number 03819186, VTB Holdings, the financial institutions party thereto from time to time as lenders (the "Senior Lenders"), Bank of America, N.A., a national banking association, as agent, collateral agent and security trustee for the Senior Lenders (the "Agent"), and Bank of America, N.A. as sole lead arranger and sole book runner, as the same has been and may be amended, restated, amended and restated, supplemented, refinanced, renewed, replaced or otherwise modified from time to time (the "Credit Agreement")) of Debtor, including all of the following Property, whether now owned or hereafter acquired, and wherever located (collectively, the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper, including electronic chattel paper;
- (c) all Commercial Tort Claims;
- (d) all Deposit Accounts;
- (e) all Documents;
- (f) all General Intangibles, including Intellectual Property (except any "intent to use" trademark or service mark applications for which a statement of use or amendment to allege use has not been filed and accepted by the United States Patent and Trademark Office (but only until such statement of use or amendment to allege use is filed and accepted by the United States Patent and Trademark Office));
- (g) all Goods, including Inventory, Equipment and fixtures;
- (h) all Instruments;
- (i) all Investment Property;
- (j) all Letter-of-Credit Rights;

(k) all Supporting Obligations;

(l) all monies;

(m) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any US Collateral; and

(n) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

Notwithstanding the foregoing, no security interest is granted in or Lien granted upon any Excluded Assets. Defined terms used in this Section 1 and not defined herein shall have the meanings set forth in the Credit Agreement.

2. OBLIGATIONS SECURED. The obligations secured hereby are the payment and performance of all obligations of Debtor under the Guaranty entered into by VTB Holdings and VTB, dated November 16, 2015 (the “Guaranty”) and the Subordinated Promissory Note, dated November 16, 2015 (the “Note”) from Turtle Beach to the Lender including all principal and interest thereon (collectively, the “Indebtedness”).

3. TERMINATION. This Third Lien Security Agreement (this “Agreement”), and the liens and security interests granted hereby, will terminate upon the earlier to occur of (i) the payment in full of the Indebtedness and (ii) the release of the Collateral by the Senior Agents (as such term is defined in the Subordination Agreement), and Lender shall deliver to Debtor or person designated by Debtor such termination statements, releases and other documents as reasonably requested by Debtor to effectuate the termination described in this paragraph, all at the expense of Debtor.

4. COVENANTS OF DEBTOR.

(a) Debtor agrees in general: (i) [RESERVED]; (ii) to indemnify Lender against all losses, claims, demands, liabilities and expenses of every kind caused by Debtor or resulting from any use of, application of or transaction related to the property subject hereto by or with any party other than Lender; (iii) to permit Lender to exercise its powers; (iv) to execute and deliver such documents as Lender deems necessary to create, perfect and continue the security interests contemplated hereby; (v) not to change its name, and as applicable, its chief executive office, its principal residence or the jurisdiction in which it is organized and/or registered without giving Lender prior written notice thereof; (vi) not to, without giving Lender prior written notice of the address to which Debtor is moving, change the places where Debtor keeps any material portion of the Collateral or Debtor’s records concerning the Collateral and Proceeds; and (vii) to cooperate with Lender in perfecting all security interests granted herein and in obtaining such agreements from third parties as Lender deems necessary, proper or convenient in connection with the preservation, perfection or enforcement of any of its rights hereunder.

(b) Debtor agrees with regard to the Collateral and Proceeds, unless Lender agrees otherwise in writing: (i) that Lender is authorized to file financing statements in the name of Debtor

to perfect Lender's security interest in Collateral and Proceeds; (ii) where applicable, upon Lender's request, to insure the Collateral with Lender named as loss payee, in form, substance and amounts, under agreements, against risks and liabilities, and with insurance companies satisfactory to Lender; (iii) where applicable, to operate the Collateral in accordance with all applicable statutes, rules and regulations relating to the use and control thereof, and not to use any Collateral for any unlawful purpose or in any way that would void any insurance required to be carried in connection therewith; (iv) to permit Lender to inspect the Collateral at any time; (v) to keep, in accordance with generally accepted accounting principles, complete and accurate records regarding all Collateral and Proceeds, and to permit Lender to inspect the same and make copies thereof at any reasonable time; and (vi) to provide any service and do any other commercially reasonable acts which may be necessary to maintain, preserve and protect all Collateral and, as appropriate and applicable, to keep all Collateral in good and saleable condition, to deal with the Collateral in accordance with the standards and practices adhered to generally by users and manufacturers of like property.

5. **POWERS OF LENDER.** Debtor appoints Lender its true attorney in fact to perform any of the following powers, which are coupled with an interest, are irrevocable until termination of this Agreement and may be exercised from time to time by Lender's officers and employees, or any of them, after an Event of Default (as defined below) has occurred and while it is continuing: (a) to perform any obligation of Debtor hereunder in Debtor's name or otherwise; (b) to give notice to account debtors or others of Lender's rights in the Collateral and Proceeds, to enforce or forebear from enforcing the same and make extension and modification agreements with respect thereto; (c) to release persons liable on Collateral or Proceeds and to give receipts and acquittances and compromise disputes in connection therewith; (d) to release or substitute security; (e) to resort to security in any order; (f) to prepare, execute, file, record or deliver notes, assignments, schedules, designation statements, financing statements, continuation statements, termination statements, statements of assignment, applications for registration or like papers to perfect, preserve or release Lender's interest in the Collateral and Proceeds; (g) [RESERVED]; (h) [RESERVED]; (i) to verify facts concerning the Collateral and Proceeds by inquiry of obligors thereon, or otherwise, in its own name or a fictitious name; (j) [RESERVED]; (k) to prepare, adjust, execute, deliver and receive payment under insurance claims, and to collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and to apply such amounts received by Lender, at Lender's sole option, toward repayment of the Indebtedness or, where appropriate, replacement of the Collateral; (l) to exercise all rights, powers and remedies which Debtor would have, but for this Agreement, with respect to all Collateral and Proceeds subject hereto; (m) to enter onto Debtor's premises in inspecting the Collateral; (n) [RESERVED]; (o) to preserve or release the interest evidenced by chattel paper to which Lender is entitled hereunder and to endorse and deliver any evidence of title incidental thereto; and (p) to do all acts and things and execute all documents in the name of Debtor or otherwise, deemed by Lender as necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder.

6. [RESERVED].

7. **EVENTS OF DEFAULT.** The occurrence of any of the "Events of Default" as such term is defined in the Note shall be an "Event of Default" under this Agreement.

8. REMEDIES. Upon the occurrence of any Event of Default which is continuing, Lender shall have the right to declare immediately due and payable all or any Indebtedness secured hereby and to terminate any commitments to make loans or otherwise extend credit to Debtor. Lender shall have all other rights, powers, privileges and remedies granted to a secured party upon default under the New York Uniform Commercial Code or otherwise provided by law, including without limitation, the right (a) to contact all persons obligated to Debtor on any Collateral or Proceeds and to instruct such persons to deliver all Collateral and/or Proceeds directly to Lender, and (b) to sell, lease, license or otherwise dispose of any or all Collateral. All rights, powers, privileges and remedies of Lender shall be cumulative. No delay, failure or discontinuance of Lender in exercising any right, power, privilege or remedy hereunder shall affect or operate as a waiver of such right, power, privilege or remedy; nor shall any single or partial exercise of any such right, power, privilege or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Any waiver, permit, consent or approval of any kind by Lender of any default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing. It is agreed that public or private sales or other dispositions, for cash or on credit, to a wholesaler or retailer or investor, or user of property of the types subject to this Agreement, or public auctions, are all commercially reasonable since differences in the prices generally realized in the different kinds of dispositions are ordinarily offset by the differences in the costs and credit risks of such dispositions. While an Event of Default exists: (a) Debtor will deliver to Lender from time to time, as requested by Lender, current lists of all Collateral and Proceeds; (b) Debtor will not dispose of any Collateral or Proceeds except on terms approved by Lender; (c) at Lender's request, Debtor will assemble and deliver all Collateral and Proceeds, and books and records pertaining thereto, to Lender at a reasonably convenient place designated by Lender; and (d) Lender may, without notice to Debtor, enter onto Debtor's premises and take possession of the Collateral. With respect to any sale or other disposition by Lender of any Collateral subject to this Agreement, Debtor hereby expressly grants to Lender the right to sell such Collateral using any or all of Debtor's trademarks, trade names, trade name rights and/or proprietary labels or marks. Debtor further agrees that Lender shall have no obligation to process or prepare any Collateral for sale or other disposition.

9. DISPOSITION OF COLLATERAL AND PROCEEDS; TRANSFER OF INDEBTEDNESS. In disposing of Collateral hereunder, Lender may disclaim all warranties of title, possession, quiet enjoyment and the like. Any proceeds of any disposition of any Collateral or Proceeds, or any part thereof, may be applied by Lender to the payment of expenses incurred by Lender in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds may be applied by Lender toward the payment of the Indebtedness in such order of application as Lender may from time to time elect. Upon the transfer of all or any part of the Indebtedness, Lender may transfer all or any part of the Collateral or Proceeds and shall be fully discharged thereafter from all liability and responsibility with respect to any of the foregoing so transferred, and the transferee shall be vested with all rights and powers of Lender hereunder with respect to any of the foregoing Collateral or Proceeds so transferred; but with respect to any Collateral or Proceeds not so transferred, Lender shall retain all rights, powers, privileges and remedies herein given.

10. **STATUTE OF LIMITATIONS.** Until all Indebtedness shall have been paid in full, the power of sale or other disposition and all other rights, powers, privileges and remedies granted to Lender hereunder shall continue to exist and may be exercised by Lender at any time and from time to time irrespective of the fact that the Indebtedness or any part thereof may have become barred by any statute of limitations, or that the personal liability of Debtor may have ceased, unless such liability shall have ceased due to the payment in full of all Indebtedness secured hereunder.

11. **MISCELLANEOUS.** When there is more than one Debtor named herein: (a) the word "Debtor" shall mean all or any one or more of them as the context requires; (b) the obligations of each Debtor hereunder are joint and several; and (c) until all Indebtedness shall have been paid in full, no Debtor shall have any right of subrogation or contribution, and each Debtor hereby waives any benefit of or right to participate in any of the Collateral or Proceeds or any other security now or hereafter held by Lender. Debtor hereby waives any right to require Lender to (i) proceed against Debtor or any other person, (ii) marshal assets or proceed against or exhaust any security from Debtor or any other person, (iii) perform any obligation of Debtor with respect to any Collateral or Proceeds, and (d) make any presentment or demand, or give any notice of nonpayment or nonperformance, protest, notice of protest or notice of dishonor hereunder or in connection with any Collateral or Proceeds. Debtor further waives any right to direct the application of payments or security for any Indebtedness of Debtor or indebtedness of customers of Debtor.

12. **NOTICES.** All notices, requests and demands required under this Agreement must be in writing, addressed to Lender at the address specified in any other loan documents entered into between Debtor and Lender and to Debtor at the address of its chief executive office (or principal residence, if applicable) as set forth in the Note or to such other address as any party may designate by written notice to each other party, and shall be deemed to have been given or made as follows: (a) if personally delivered, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

13. **COSTS, EXPENSES AND ATTORNEYS' FEES.** Debtor shall pay to Lender immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees, expended or incurred by Lender in connection with (a) the perfection and preservation of the Collateral or Lender's interest therein, and (b) the realization, enforcement and exercise of any right, power, privilege or remedy conferred by this Agreement, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Lender or any other person) relating to Debtor or in any way affecting any of the Collateral or Lender's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Debtor with interest from the date of demand until paid in full at a rate of interest set forth in the Note.

14. **SUCCESSORS; ASSIGNS; AMENDMENT.** This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties, and may be amended or modified only in writing signed by Lender and Debtor.

15. **SEVERABILITY OF PROVISIONS.** If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any remaining provisions of this Agreement.

16. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

17. **SUBORDINATION AGREEMENT.** Notwithstanding anything to the contrary contained herein, each and every term of this Agreement, the liens and security interest granted to Lender pursuant to this Agreement and the rights and obligations of all parties hereunder, and evidenced hereby, are subject to the provisions of the Subordination Agreement, dated November 16, 2015, by and among Turtle Beach, VTB, VTB Holdings, Turtle Beach Europe Limited, a company limited by shares and incorporated in England and Wales with company number 03819186, the Lender, Bank of America, N.A. and Crystal Financial LLC (as amended, amended and restated, supplemented, otherwise in effect from time to time, the "Subordination Agreement") and are subordinate to the Senior Debt (as such term is defined in the Subordination Agreement) pursuant to the Subordination Agreement. Each Debtor and the Lender agree to be bound by the provisions of the Subordination Agreement. In the event of any conflict between the terms of this Agreement or any document entered into in connection herewith and the terms of the Subordination Agreement, the terms of the Subordination Agreement shall control and govern. Prior to the Full Payment (as such term is defined in the Subordination Agreement) of the Senior Debt (as such term is defined in the Subordination Agreement), to the extent any Debtor is required to deliver Collateral or evidence of ownership of such Collateral to Lender hereunder, such delivery shall be made to the applicable Senior Agent (as such term is defined in the Subordination Agreement).

[remainder of page left intentionally blank – additional representations and
signature page to follow]

IN WITNESS WHEREOF, this Agreement has been duly executed, with the intention that it constitute an instrument under seal, as of the date first written above.

DEBTOR:

TURTLE BEACH CORPORATION, a Nevada corporation

By: /s/ Juergen Stark
Title: Chief Executive Office

VOYETRA TURTLE BEACH, INC., a Delaware corporation

By: /s/ Juergen Stark
Title: Chief Executive Office

VTB HOLDINGS, INC., a Delaware corporation

By: /s/ Juergen Stark
Title: Chief Executive Office

SUBORDINATION AGREEMENT

SUBORDINATION AGREEMENT (this “**Agreement**”), dated as of November 16, 2015, among (a) **BANK OF AMERICA, N.A.**, in its capacity as agent (in such capacity, the “**ABL Agent**”) for the ABL Secured Parties referred to below, (b) **CRYSTAL FINANCIAL LLC**, in its capacity as agent (in such capacity, the “**Term Agent**”; and, together with the ABL Agent, collectively, the “**Senior Agents**,” and, individually, a “**Senior Agent**”) for the Term Loan Secured Parties referred to below, (c) **SG VTB HOLDINGS, LLC** (in its capacity as the holder of the Subordinated Debt (as defined below), together with any successors and/or assigns, the “**Junior Creditor**”), and (d) (i) **TURTLE BEACH CORPORATION**, a Nevada corporation (the “**Parent**”), (ii) **VOYETRA TURTLE BEACH, INC.**, a Delaware corporation (“**Voyetra**”; and together with Parent, individually, a “**US Borrower**,” and individually and collectively, jointly and severally, the “**US Borrowers**”), (iii) **TURTLE BEACH EUROPE LIMITED**, a company limited by shares and incorporated in England and Wales with company number 03819186 (“**Turtle Beach**”; and together with its successors and assigns, also referred to hereinafter as “**UK Borrower**”; and together with the US Borrowers, individually, a “**Borrower**,” and individually and collectively, the “**Borrowers**”) and (iv) **VTB HOLDINGS, INC.**, a Delaware corporation (“**VTB**”; and together with any other party that becomes a US Guarantor, individually, a “**US Guarantor**,” and individually and collectively, jointly and severally, the “**US Guarantors**”; and together with the US Borrowers, individually, a “**UK Guarantor**” and individually and collectively, jointly and severally, the “**UK Guarantors**”; the UK Guarantors and the US Guarantors, individually, a “**Guarantor**,” and individually and collectively, the “**Guarantors**,” and the Guarantors, together with the Borrowers, collectively, the “**Obligors**”).

WHEREAS, the Borrowers, the Guarantors from time to time party thereto, the lenders from time to time party thereto (collectively, the “**ABL Lenders**”) and the ABL Agent are parties to that certain Loan, Guaranty and Security Agreement, dated as of March 31, 2014 (as amended, amended and restated, supplemented, replaced, renewed, refinanced, and otherwise in effect from time to time, the “**ABL Loan Agreement**”), pursuant to which, upon the terms and subject to the conditions contained therein, the ABL Lenders and the other “Secured Parties” under and as defined in the ABL Loan Agreement (hereinafter, the “**ABL Secured Parties**”) agreed to make loans and otherwise to extend credit to the Borrowers; and

WHEREAS, pursuant to the ABL Loan Agreement and the other ABL Loan Documents, the Guarantors have agreed to guarantee, *inter alia*, the payment and performance of the ABL Obligations (as defined herein), as provided in the ABL Loan Agreement and the other ABL Loan Documents; and

WHEREAS, to secure the ABL Obligations of the Obligors under and in connection with the ABL Loan Documents, the Obligors have granted to the ABL Agent, for the benefit of the ABL Secured Parties, Liens on substantially all of the assets of the Obligors; and

WHEREAS, the Borrowers, the Guarantors from time to time party thereto, the lenders from time to time party thereto (collectively, the “**Term Lenders**”) and, together with the Term Agent and the other “Secured Parties” as defined in the Term Loan Agreement referred to below, the “**Term Secured Parties**”; and together with the ABL Secured Parties, collectively, the “**Senior**

Secured Parties”) and the Term Agent are parties to that certain Term Loan, Guaranty and Security Agreement, dated as of July 22, 2015 (as amended, amended and restated, supplemented, replaced, renewed, refinanced, and otherwise in effect from time to time, the “**Term Loan Agreement**”), pursuant to which, upon the terms and subject to the conditions contained therein, the Term Lenders agreed to make loans and otherwise to extend credit to the Borrowers; and

WHEREAS, pursuant to the Term Loan Agreement and the other Term Loan Documents, the Guarantors have agreed to guarantee, *inter alia*, the payment and performance of the Term Loan Obligations (as defined herein), as provided in the Term Loan Agreement and the other Term Loan Documents; and

WHEREAS, to secure the Term Loan Obligations of the Obligor under and in connection with the Term Loan Documents, the Obligor has granted to the Term Agent, for the benefit of the Term Secured Parties, Liens on substantially all of the assets of the Obligor; and

WHEREAS, the Parent and the Junior Creditor are parties to that certain Subordinated Promissory Note, dated as of November 16, 2015 (as amended, amended and restated, supplemented, replaced, renewed, refinanced, and otherwise in effect from time to time in accordance with the terms of this Agreement, the “**Junior Note**”), pursuant to which, upon the terms and subject to the conditions contained therein, the Junior Creditor agreed to make loans and otherwise to extend credit to the Parent; and

WHEREAS, to secure the Subordinated Debt of the Parent under the Junior Note, Parent, Voyetra and VTB have granted to the Junior Creditor Liens on substantially all of the assets of the Parent, Voyetra and VTB pursuant to that certain Third Lien Security Agreement, dated as of November 16, 2015 (as amended, amended and restated, supplemented, replaced, renewed, refinanced, and otherwise in effect from time to time in accordance with the terms of this Agreement, the “**Third Lien Security Agreement**”) and Voyetra and VTB have guaranteed obligations of the Parent under the Junior Note and the Third Lien Security Agreement pursuant to that certain Third Lien Continuing Guaranty, dated as of November 16, 2015 (as amended, amended and restated, supplemented, replaced, renewed, refinanced, and otherwise in effect from time to time in accordance with the terms of this Agreement, the “**Third Lien Guaranty**”); and

WHEREAS, it is a condition precedent to the willingness of the Senior Secured Parties to permit the Parent to enter into the Junior Note and the other Subordinated Documents with the Junior Creditor and to continue to make loans and otherwise to extend credit to the Borrowers pursuant to the ABL Loan Agreement and the Term Loan Agreement, as applicable, that the Borrowers, the other Obligor and the Junior Creditor enter into this Agreement with the Senior Agents.

NOW, THEREFORE, in consideration of the foregoing, the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Definitions.** Terms not otherwise defined herein have the same respective meanings given to them in the ABL Loan Agreement, as in effect on the date hereof. In addition, the following terms shall have the following meanings:

ABL Loan Documents: All “Loan Documents” under and as defined in the ABL Loan Agreement and any and all guaranties and security interests, mortgages and other liens directly or indirectly guarantying or securing any of the ABL Obligations, and any and all other documents or instruments evidencing or further guarantying or securing directly or indirectly any of the ABL Obligations, whether now existing or hereafter created, and each of the other documents entered into in connection with the ABL Loan Agreement.

ABL Obligations: All “Obligations” as defined in the ABL Loan Agreement, including, without limitation, all obligations and all amounts owing, due, or secured under the terms of the ABL Loan Agreement or any other ABL Loan Document, whether now existing or arising hereafter, including all principal, premium, interest, fees, attorneys’ fees, costs, charges, expenses, reimbursement obligations, obligations to post cash collateral in respect of Letters of Credit or Bank Product or indemnities in respect thereof, any other indemnities or guarantees, and all other amounts payable under or secured by any ABL Loan Document (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Obligor, or that would have accrued or become due under the terms of the ABL Loan Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding).

Bankruptcy Code: Title 11 of the United States Code, as now or hereafter in effect or any successor thereto.

Collateral: All assets, whether real, personal or mixed, or tangible or intangible now owned or hereafter acquired by any Obligor in or upon which a Lien is granted or purported to be granted to (a) the ABL Agent and/or the Term Agent, under any of the ABL Loan Documents or the Term Loan Documents or (b) any Junior Creditor, under any of the Subordinated Documents, in each case, together with all rents, issues, profits, products and proceeds thereof. It is the intent of the parties hereto and the parties hereto agree that, so long as Full Payment of the Senior Debt has not occurred, no Lien shall be created on any asset of any Obligor securing any Subordinated Debt, if such assets are not subject to, or do not contemporaneously become subject to, a Lien securing the ABL Obligations and the Term Loan Obligations.

Debtor Relief Laws: The Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or any other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

Full Payment: (a) With respect to the ABL Obligations, payment in full, in cash, of all ABL Obligations, which payment shall be final and non-avoidable and (b) with respect to the Term Loan Obligations, payment in full, in cash, of all Term Loan Obligations, which payment shall be final and non-avoidable.

Insolvency Proceeding: Any case or proceeding commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such Person or any part of its Property; or (c) an assignment or trust mortgage for the benefit of creditors.

Senior Debt: Collectively, all ABL Obligations and all Term Loan Obligations.

Senior Default: A “Default” or “Event of Default” under (and as defined in) any of the ABL Loan Agreement or the Term Loan Agreement.

Senior Documents: Collectively, all ABL Loan Documents and all Term Loan Documents.

Subordinated Debt: All indebtedness, liabilities or obligations of any type or form whatsoever under the Junior Note and the other Subordinated Documents, including, without limitation, all “Principal Amounts” and “Principal Increases” (as defined in the Junior Note), all accrued interest thereon, and all principal, interest, fees, costs, enforcement expenses (including legal fees and disbursements), collateral protection expenses and other reimbursement or indemnity obligations created or evidenced by the Junior Note or any of the other Subordinated Documents, in each case, whether now or hereafter incurred or owing thereunder. Subordinated Debt shall expressly include any and all interest accruing or out of pocket costs or expenses incurred after the date of any filing by or against any Obligor of any petition under any Debtor Relief Law or Insolvency Proceeding, or that would have accrued or become due under the terms of the Junior Note or the Subordinated Documents but for the effect of such petition under any Debtor Relief Law or Insolvency Proceeding, and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding.

Subordinated Documents: The Junior Note, the Third Lien Guaranty, the Third Lien Security Agreement and all documents, agreements and/or instruments entered into or delivered in connection therewith, and any and all guaranties and security interests and other liens directly or indirectly guarantying or securing any of the Subordinated Debt, and any and all other documents or instruments evidencing or further guarantying or securing directly or indirectly any of the Subordinated Debt, whether now existing or hereafter created.

Term Loan Obligations: All “Obligations” as defined in the Term Loan Agreement, including, without limitation, all obligations and all amounts owing, due, or secured under the terms of the Term Loan Agreement or any other Term Loan Document, whether now existing or arising hereafter, including all principal, premium, make whole payments, interest, fees, prepayment fees, attorneys’ fees, costs, charges, expenses, reimbursement obligations, indemnities, guarantees, and all other amounts payable under or secured by any Term Loan Document (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Obligor, or that would have accrued or become due under the terms of the Term Loan Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding).

Term Loan Documents: All “Loan Documents” as defined in the Term Loan Agreement and any and all guaranties and security interests, mortgages and other liens directly or indirectly guarantying or securing any of the Term Loan Obligations, and any and all other documents or instruments evidencing or further guarantying or securing directly or indirectly any of the Term Loan Obligations, whether now existing or hereafter created, and each of the other documents entered into in connection with the Term Loan Agreement.

UCC: The Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

2. General. Each Junior Creditor agrees that the Subordinated Debt and any and all Subordinated Documents shall be and hereby are subordinated and the payment thereof is deferred until (a) the Full Payment of all ABL Obligations and (b) the Full Payment of all Term Loan Obligations, in each case, whether now or hereafter incurred or owed by any Borrower or any other Obligor. In furtherance of the foregoing, no Obligor shall make, and the Junior Creditor shall not accept, receive or retain, any payment (whether in respect of principal, interest or otherwise), distribution of money, or any other transfer of value to the Junior Creditor with respect to the Subordinated Debt until (a) the Full Payment of all ABL Obligations and (b) the Full Payment of all Term Loan Obligations, in each case, whether now or hereafter incurred or owed by any Borrower or any other Obligor.

3. Enforcement; Subrogation. Each Junior Creditor acknowledges and agrees that no Junior Creditor shall take or omit to take any action or assert any claim with respect to the Subordinated Debt or otherwise which is inconsistent with the provisions of this Agreement. Without limiting the foregoing, each Junior Creditor acknowledges and agrees that no Junior Creditor shall assert, collect or enforce the Subordinated Debt or any part thereof or take any action to foreclose or realize upon the Subordinated Debt or any part thereof or enforce any of the Subordinated Documents except to the extent (but only to such extent) that the commencement of a legal action may be required to toll the running of any applicable statute of limitation and the Junior Creditor has provided written notice to the Senior Agents at least five (5) Business Days in advance of any such action. Until the Full Payment of all Senior Debt, the Junior Creditors shall not have any right of subrogation, reimbursement, restitution, contribution or indemnity whatsoever from any Collateral of any Obligor. Each Junior Creditor further waives any and all rights with respect to marshalling.

4. Payments Held in Trust. Each Junior Creditor shall segregate, hold in trust and immediately pay over to the Senior Agent entitled thereto, in the same form of payment received, with appropriate endorsements, for application to the applicable Senior Debt, any cash amount or other Collateral or other assets that any Obligor pays to or delivers to such Junior Creditor with respect to the Subordinated Debt. Each Senior Agent is hereby authorized to make any such endorsements as agent for each Junior Creditor. This authorization is coupled with an interest and is irrevocable.

5. Defense to Enforcement. If any Junior Creditor, in contravention of the terms of this Agreement, shall commence, prosecute or participate in any suit, action or proceeding against any Obligor, then such Obligor may interpose as a defense or plea the making of this Agreement,

and any Senior Secured Party may intervene and interpose such defense or plea in its name or in the name of the applicable Obligor or Obligors. If any Junior Creditor, in contravention of the terms of this Agreement, shall attempt to collect any of the Subordinated Debt or enforce any of the Subordinated Documents, then any Senior Secured Party or any Obligor may, by virtue of this Agreement, restrain the enforcement thereof in the name of the Senior Secured Parties or in the name of the Obligors. If any Junior Creditor, in contravention of the terms of this Agreement, obtains any cash or other assets (including, any Collateral) of any Obligor as a result of any administrative, legal or equitable actions, or otherwise, each Junior Creditor agrees that each Junior Creditor shall forthwith pay, deliver and assign to Senior Agent entitled thereto, with appropriate endorsements, any such cash for application to the applicable Senior Debt and any such other assets as Collateral for such Senior Debt. Each Junior Creditor agrees not to initiate, prosecute or participate in any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of any of the Senior Debt or any Senior Document.

6. Bankruptcy, etc.

6.1. Payments relating to Subordinated Debt. At any meeting of creditors of any Obligor or in the event of any case or proceeding (including any Insolvency Proceeding), voluntary or involuntary, for the distribution, division or application of all or part of the assets of an Obligor or the proceeds thereof, whether such case or proceeding be for the liquidation, dissolution or winding up of an Obligor or its business, a receivership, insolvency or bankruptcy case or proceeding, an assignment for the benefit of creditors or a proceeding by or against an Obligor for relief under any Debtor Relief Law, the Senior Agents, on behalf of the respective Senior Secured Parties, are hereby irrevocably authorized at any such meeting or in any such proceeding to receive or collect any cash or other assets of the Obligors distributed, divided or applied by way of dividend or payment, or any securities issued on account of any Subordinated Debt, and apply such cash to or to hold such other assets or securities as Collateral for the Senior Debt, and to apply to the Senior Debt any cash proceeds of any realization upon such other assets or securities or other Collateral that the Senior Agents elect to effect, until the Full Payment of all of the Senior Debt, rendering to the Junior Creditors any surplus to which the Junior Creditors are then entitled. Each Junior Creditor irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator or other Person having authority, to pay or otherwise deliver all such amounts or assets to Senior Agents. Each Junior Creditor also irrevocably authorizes and empowers each Senior Agent, in the name of such Junior Creditor, to demand, sue for, collect and receive any and all such amounts or assets.

6.2. Proofs of Claim. Each Junior Creditor agrees to execute, verify, deliver and file any proofs of claim in respect of the Subordinated Debt requested by any Senior Agent in connection with any such proceeding and hereby irrevocably authorizes, empowers and appoints each Senior Agent its agent and attorney-in-fact to (i) execute, verify, deliver and file such proofs of claim upon the failure of any Junior Creditor promptly to do so prior to ten (10) days before the expiration of the time to file any such proof of claim (if the Junior Creditors have failed to file such proof of claim prior to such date) and (ii) vote such claim in any such proceeding upon the failure of the Junior Creditors to do so prior to five (5) days

before the expiration of the time to vote any such claim; provided that no Senior Agent shall have any obligation to execute, verify, deliver, file and/or vote any such proof of claim.

6.3. Subordinated Debt Voting Rights. At any such meeting of creditors or in the event of any such case or proceeding (including any Insolvency Proceeding by or against any Obligor), each Junior Creditor shall retain the right to vote and otherwise act with respect to the Subordinated Debt (including, without limitation, the right to vote to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension), provided that no Junior Creditor shall vote with respect to any such plan or take any other action in any way so as to contest (i) the validity of any Senior Debt or any Collateral therefor or guaranties thereof, (ii) the relative rights and duties of any holders of any Senior Debt established in any instruments or agreements creating or evidencing any of the Senior Debt with respect to any of such collateral or guaranties or (iii) each Junior Creditor's obligations and agreements set forth in this Agreement. Notwithstanding anything to the contrary contained herein, no Junior Creditor shall, without the prior written consent of each Senior Agent (which consent may be given in each Senior Agent's sole and absolute discretion), vote in support of any plan of reorganization in any such proceeding that does not provide for the Full Payment of the Senior Debt upon the confirmation of such plan of reorganization.

6.4. Financing. Notwithstanding any other provisions of this Agreement to the contrary, each Junior Creditor confirms and agrees that (i) they have no right to compel or forestall action by any Senior Agent or any of the Senior Secured Parties in respect of any of the Collateral (any Senior Agents and Senior Secured Parties being free to exercise or not exercise all or any of their rights and remedies in their sole discretion); (ii) the Senior Agents and Senior Secured Parties have full authority to deal with the Collateral; (iii) they will not act in the manner so as to adversely affect the Collateral or make it burdensome for the Senior Agents or Senior Secured Parties to realize upon the Collateral; and (iv) if any Obligor shall be subject to an Insolvency Proceeding and the Senior Agents or the Senior Secured Parties desire to permit use of cash collateral by, or provide, or consent to another Person providing, financing to, the Obligors under either Section 363 or 364 of the Bankruptcy Code, each Junior Creditor agrees that (A) it will be deemed to have consented to, will raise no objection to, and will not support or encourage any other Person objecting to, the use of such cash collateral or to such financing, (B) it will not request or accept adequate protection or any other relief in connection with the use of such cash collateral or such financing (other than with each Senior Agent's prior written consent), (C) it will subordinate (and will be deemed hereunder to have subordinated) the Liens under the Subordinated Documents (x) to financing on the same terms as the Liens under the Senior Documents are subordinated thereto (and such subordination will not alter in any manner the terms of this Agreement), (y) to any adequate protection provided to any Senior Secured Party and (z) to any "carve-out" agreed to by the Senior Agents, and (D) notice received at any time prior to the entry of an order approving such usage of cash collateral or approving on an interim basis such financing shall be adequate notice. If the Senior Agents object to (or do not affirmatively consent to or support) the use of cash collateral under the Bankruptcy Code or to the provision of any financing under either Section 363 or 364 of the Bankruptcy

Code, each Junior Creditor agrees that it will not use, refer to or rely on its capacity as a Junior Creditor in any effort by such of the Obligor to seek the use of such cash collateral or such financing.

6.5. No Objection By Junior Creditors. Each Junior Creditor agrees that with respect to the Subordinated Debt, until the Full Payment of the Senior Debt, it shall not object, contest or support any other Person objecting to or contesting, (i) any request by any Senior Secured Party for adequate protection or any adequate protection provided to any Senior Secured Party or (ii) any objection by any Senior Secured Party to any motion, relief, action or proceeding based on a claim of a lack of adequate protection or (iii) the payment of interest, fees, expenses or other amounts to any Senior Secured Party under the Bankruptcy Code or otherwise, including, without limitation, payment of any prepayment penalty or prepayment fee. The Junior Creditors agree that none of them shall seek or accept adequate protection without the prior written consent of each Senior Agent, which consent may be given in each Senior Agent's sole and absolute discretion.

6.6. 363 Sales of Collateral. No Junior Creditor shall, in an Insolvency Proceeding or otherwise, prior to the Full Payment of the Senior Debt, oppose any sale or disposition of any assets of any of the Obligor that is supported by any of the Senior Secured Parties, and Junior Creditors will be deemed to have consented under section 363 of the Bankruptcy Code (and otherwise) to any sale supported by any of the Senior Secured Parties and to have released its Liens on such assets.

6.7. Continuing Effectiveness in Insolvency. This Agreement, which the parties hereto expressly acknowledge is a "subordination agreement" under section 510(a) of the Bankruptcy Code, shall be effective before, during and after the commencement of an Insolvency Proceeding with respect to any Obligor. All references herein to each Obligor shall be deemed to apply to a trustee for the estate of such Person and to such Person as a debtor-in-possession. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Senior Lenders and Junior Creditors even if all or part of the Senior Debt (or the security interests securing the Senior Debt) are subordinated, set aside, avoided, invalidated or disallowed in connection with any such Insolvency Proceeding.

7. Lien Subordination; Collateral Matters.

7.1. Subordination of Lien of Junior Creditors. Notwithstanding the date, manner or order of grant, attachment or perfection of any Lien of any Senior Secured Party on Collateral securing any Senior Debt or any Lien of any Junior Creditor on Collateral securing any Subordinated Debt and notwithstanding any provision of the UCC, any Applicable Law or any Senior Documents or Subordinated Documents, the Senior Agents, on behalf of each applicable Senior Secured Party, and each Junior Creditor hereby agrees that (i) the Liens in favor of the Senior Secured Parties securing the Senior Debt in respect of the Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be and shall remain senior and prior to any Liens in favor of the Junior Creditors securing the Subordinated Debt in respect of the Collateral, and (ii)

any Liens in favor of the Junior Creditors securing the Subordinated Debt in respect of the Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to the Liens in favor of the Senior Secured Parties securing the Senior Debt in respect of the Collateral. Without limiting the generality of the foregoing, it is expressly agreed that all proceeds of Collateral received by any Senior Agent, Senior Secured Party or any Junior Creditor shall be paid over to the Senior Agents and Senior Secured Parties for application to the Senior Debt until the Full Payment of all Senior Debt. The foregoing shall apply regardless of the order of filing of any such liens (or the exercise of control over or possession of any Collateral) or perfection of any such security interests (or failure to make any such filing or perfect any such security interest), or the avoidance of any such security interest. Notwithstanding any failure by any Senior Agent or any other Senior Secured Party to perfect their security interests in any Collateral or any avoidance, invalidation or subordination by any third party or court of competent jurisdiction of the security interests in any Collateral granted to any Senior Secured Party, the priority and rights as between the Senior Secured Parties, on the one hand, and the Junior Creditors, on the other hand, with respect to the Collateral shall be as set forth herein.

7.2. No Remedies With Respect to Collateral. Notwithstanding any other provisions of any Subordinated Documents to the contrary, the Junior Creditors confirm and agree that (i) they have no right of possession or foreclosure on, or right to pursue any other rights or remedies with respect to, the Collateral until the Full Payment of all Senior Debt, and (ii) their only rights and remedies with respect to the Collateral or any proceeds therefrom are to receive any remaining net proceeds of foreclosure of Collateral to the extent of any excess after the Full Payment of all Senior Debt and the satisfaction of any other claims senior to the Subordinated Debt. The Junior Creditors have no right to (x) direct any Senior Agent to exercise any right, remedy or power with respect to the Collateral or pursuant to the Senior Documents or (y) consent or object to the exercise by any Senior Agent of any right, remedy or power with respect to the Collateral or pursuant to the Senior Documents or to the timing or manner in which any such right is exercised or not exercised.

7.3. Waivers. The Junior Creditors agree that they will not assert, and hereby waive, to the fullest extent permitted by Applicable Law, any right to demand, request, plead or otherwise assert, or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar rights a junior secured creditor may have under Applicable Law or any other rights a junior creditor may have under Applicable Law in respect of the Collateral or any Liens in favor of the Senior Secured Parties securing the Senior Debt in respect of the Collateral. Until the Full Payment of all the Senior Debt, the Junior Creditors waive (and hereby agree not to assert) (i) any right to request any adequate protection in respect of their liens, (ii) any right to object to any award of adequate protection to the Senior Creditors, and (iii) any right to seek relief from the automatic stay in any Insolvency Proceeding. The Junior Creditors will not contest, oppose, object to, interfere with, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any foreclosure, sale, lease, exchange, transfer or other disposition of the Collateral by any Senior Agent or any other Senior Secured Party or any other enforcement action taken (or any forbearance from

taking any enforcement action) by or on behalf of any Senior Agent or any other Senior Secured Party.

7.4. Further Assurances. Each Junior Creditor acknowledges and agrees, upon request of any Senior Agent at any time and from time to time, to execute such other documents or instruments as may be requested by such Senior Agent to further evidence of public record or otherwise the senior priority of the Liens on the Collateral securing the Senior Debt as contemplated hereby.

7.5. Books and Records. Each Junior Creditor hereby agrees to maintain on its books and records such notations as the Senior Agents may reasonably request to reflect the subordination contemplated hereby and to perfect or preserve the rights of the Senior Agents hereunder. A copy of this Agreement may be filed as a financing statement in any UCC recording office.

7.6. Release of Guaranties and Collateral. Without limiting any of the rights of any Senior Agent under the applicable Senior Documents or Applicable Law, in the event that any Senior Agent releases or discharges any guaranties of the Senior Debt given by any Obligor which has also guarantied the Subordinated Debt or any Lien on Collateral securing the Senior Debt and also securing the Subordinated Debt, such Obligor or (as the case may be) such Collateral shall thereupon be deemed to have been, and hereby is automatically and unconditionally, released from all such guaranties or Liens in favor of the Junior Creditors. Each Junior Creditor hereby authorizes each Senior Agent to file any necessary UCC termination statements (with respect to any UCC financing statements filed by any Junior Creditor) to reflect the termination or release of any Lien contemplated hereby and agrees that, within three (3) days following any Senior Agent's written request therefor, each Junior Creditor will execute, deliver and file any and all such mortgage discharges, Lien releases and other agreements and instruments as such Senior Agent reasonably deems necessary or appropriate in order to give effect to the preceding sentence. Each Junior Creditor hereby irrevocably appoints each Senior Agent, and its successors and assigns, and their respective officers, with full power of substitution, the true and lawful attorney(s) of each Junior Creditor for the purpose of effecting any such executions, deliveries and filings if and to the extent that any Junior Creditor shall have failed to perform such obligations pursuant to the foregoing provisions of this Section 7.6 within such three (3) day period.

7.7. Prohibition on Contesting Liens. Each Junior Creditor agrees that it shall not, and hereby waives any right to contest, or support any other Person in contesting, in any proceeding (including any Insolvency Proceeding by or against any Obligor), the priority, validity, perfection or enforceability of any Liens in favor of any Senior Agent or any Senior Secured Party securing the Senior Debt in respect of the Collateral. Notwithstanding any failure by any Senior Agent or any Senior Secured Party to perfect their security interests in any Collateral or any avoidance, invalidation or subordination by any third party or court of competent jurisdiction of the security interests in any Collateral granted to such Senior Agent or such Senior Secured Party, the priority and rights as between such Senior Agent or such Senior Secured Party, on the one hand, and any Junior Creditor, on the other hand, with respect to the Collateral shall be as set forth herein.

7.8. New Liens. Subject to the other provisions of this Section 7, each Obligor agrees not to grant any Lien on any of its assets, or permit any of its Subsidiaries to grant a Lien on any of its assets, in favor of any of any Junior Creditor unless, prior to or contemporaneously therewith, it, or such Subsidiary, has granted a similar Lien on such assets in favor of each Senior Agent and the other Senior Secured Parties. To the extent that the foregoing provisions are not complied with for any reason, the Junior Creditors agree that (i) any amounts received by or distributed to any Junior Creditor pursuant to or as a result of Liens granted in contravention of this Section 7.8 shall be subject to this Agreement such that proceeds thereof will be treated as proceeds of Collateral subject to Section 4 hereof and (ii) the Junior Creditors shall hold any such Collateral as agent or as bailee, as the case may be, for the each Senior Agent and the Senior Secured Parties for purposes of perfecting the Lien of the Senior Agents and the Senior Secured Parties thereon. Each Obligor hereby agrees that, if, pursuant to the provisions of either the Senior Documents or the Subordinated Documents, an Obligor shall be required to cause any Subsidiary that is not an Obligor to become an Obligor, or if for any reason an Obligor desires any such Subsidiary to become an Obligor, such Subsidiary shall execute and deliver to the Senior Agents and the Junior Creditors a joinder (in form and substance satisfactory to the Senior Agents) and shall thereafter for all purposes be a party hereto and have the same rights, benefits and obligations as an Obligor hereto on the date first written above.

7.9. Separate Liens. Each of the parties hereto acknowledges and agrees that (i) the grants of Liens in respect of the Collateral pursuant to the ABL Loan Documents, the Term Loan Documents and the Subordinated Documents each constitute separate and distinct grants of Liens and (ii) because of, among other things, their differing rights in the Collateral, the ABL Obligations, the Term Loan Obligations and the Subordinated Debt in respect of the Collateral are fundamentally different from each other, and each of the ABL Obligations, the Term Loan Obligations and the Subordinated Debt in respect of the Collateral must be separately classified in any Insolvency Proceeding by or against any Obligor. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that, in respect of the Collateral, the ABL Obligations, the Term Loan Obligations and the Subordinated Debt constitute only one secured claim (rather than separate classes of secured claims), then all distributions from the Collateral shall be made as if there were separate classes of secured claims against the Obligors in respect of the Collateral (with the effect that, to the extent that the aggregate value of the Collateral is sufficient (for this purpose ignoring all claims held by the Junior Creditors), the Senior Secured Parties shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest, fees, including, without limitation, in respect of any prepayment penalty or prepayment fee, and other claims, all amounts owing in respect of post-petition interest before any distribution is made from the Collateral in respect of the claims held by the Junior Creditors with respect to the Collateral, with the Junior Creditors hereby acknowledging and agreeing to turn over to the Senior Secured Parties amounts otherwise received or receivable by them from the Collateral to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Junior Creditors). Each Junior Creditor agrees that the Junior Creditors will not seek in any Insolvency Proceeding by or against any Obligor to be treated

as part of the same class of creditors as any Senior Secured Party and will not oppose or contest any pleading by any Senior Secured Party seeking separate classification of their respective secured claims.

7.10. Insurance Matters. Until the Payment in Full of the Senior Debt, the Senior Agents will have the sole and exclusive right (i) to be named as loss payee under any insurance policies maintained from time to time by any of the Loan Parties (except that the Junior Creditors shall have the right to be named as loss payee so long as its third lien status is identified in a manner reasonably satisfactory to the Senior Agents, and Junior Creditors turn any proceeds of any insurance policy over to Senior Agents); (ii) to adjust or settle any insurance policy or claim covering any Collateral in the event of any loss thereunder and (iii) to approve any award granted in any condemnation or similar proceeding affecting any Collateral.

8. Senior Secured Parties' Freedom of Dealing. Each Junior Creditor agrees with respect to the Senior Debt and any and all Collateral therefor or guaranties thereof, that any Obligor and any applicable Senior Agent or Senior Secured Party, may agree, at any time and from time to time, without the consent of or notice to any Junior Creditor, without incurring responsibility to any Junior Creditor, and without impairing or releasing, any of its rights, or any of the obligations of any Junior Creditor hereunder, to do any of the following:

(a) change the amount, manner, place, or terms of payment or change or extend the time of payment of or increase, renew or alter the Senior Debt, or any part thereof, or enter into or amend in any manner any agreement (including any related loan agreement, promissory notes and collateral documents) relating to the Senior Debt;

(b) sell, exchange, release, or otherwise deal with all or any part of any property or asset by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Senior Debt, or any part thereof;

(c) release any Person liable in any manner for the payment or collection of the Senior Debt, or any part thereof;

(d) exercise or refrain from exercising any rights against any Obligor or any other Person; and

(e) apply any sums, by whomsoever paid or however realized, in accordance with the Senior Documents.

Without limitation of the foregoing, each Junior Creditor, for itself and all other Junior Creditors that from time to time subsequently hold the Subordinated Debt, hereby waives any provision of the Subordinated Documents that restricts the incurrence or existence of the Senior Debt, limits any of the matters described in this Section 8, or otherwise conflicts with this Agreement or any provision of any Senior Document.

9. Modification or Sale of the Subordinated Debt. Each Junior Creditor agrees the no Junior Creditor will, at any time while this Agreement is in effect, modify any of the terms of

any of the Subordinated Debt or any of the Subordinated Documents without the prior written consent of each Senior Agent (which consent may be given in each Senior Agent's sole and absolute discretion); nor will any Junior Creditor sell, transfer, pledge, assign, hypothecate or otherwise dispose of any or all of the Subordinated Debt to any Person, other than a Person who agrees in a writing, satisfactory in form and substance to each Senior Agent, to become a party hereto and to succeed to the rights and to be bound by all of the obligations of the Junior Creditors hereunder. In the case of any such disposition by any Junior Creditor, such Junior Creditor will notify each Senior Agent at least ten (10) Business Days prior to the date of any of such proposed disposition. The subordination effected hereby shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Subordinated Debt or any of the Subordinated Documents, and the terms of this Agreement shall be binding upon the successors and assigns of the each Junior Creditor, as provided in Section 15 hereof.

10. Judicial Liens. In the event that any Junior Creditor becomes a judgment lien creditor in respect of any Collateral for any reason, such judgment lien shall be junior in priority, operation and effect to any and all Liens now existing or hereafter created or arising in favor of the Senior Agents and the other Senior Secured Parties securing the Senior Debt.

11. Termination of Subordination. This Agreement shall continue in full force and effect, and the obligations and agreements of the Junior Creditors and the Obligors hereunder shall continue to be fully operative, until the Full Payment of all of the Senior Debt. To the extent that any Obligor makes any payment on the Senior Debt that is subsequently invalidated, declared to be fraudulent or preferential or set aside or is required to be repaid to a trustee, receiver or any other party under any bankruptcy, insolvency or reorganization act, state or federal law, foreign law, common law or equitable cause (such payment being hereinafter referred to as a "**Voided Payment**"), then to the extent of such Voided Payment, that portion of the Senior Debt that had been previously satisfied by such Voided Payment shall be revived and continue in full force and effect as if such Voided Payment had never been made. In the event that a Voided Payment is recovered from any Senior Secured Party, a Senior Default shall be deemed to have existed and to be continuing under the applicable Senior Documents from the date of such Senior Secured Party's initial receipt of such Voided Payment until the full amount of such Voided Payment is restored to such Senior Secured Party. During any continuance of any such Senior Default, this Agreement shall be in full force and effect with respect to the Subordinated Debt. To the extent that any Junior Creditor has received any payments with respect to the Subordinated Debt subsequent to the date of a Senior Secured Party's initial receipt of such Voided Payment and such payments have not been invalidated, declared to be fraudulent or preferential or set aside or are required to be repaid to a trustee, receiver, or any other party under any bankruptcy act, state or federal law, foreign law, common law or equitable cause, such Junior Creditor shall be obligated and hereby agrees that any such payment so made or received shall be deemed to have been received in trust for the benefit of the Senior Secured Parties, and the Junior Creditors shall pay to the Senior Secured Parties, upon demand, the full amount so received by such Junior Creditor during such period of time to the extent necessary fully to restore to the Senior Secured Parties the amount of such Voided Payment. Upon the Full Payment of all of the Senior Debt, which payment shall be final and not avoidable, this Agreement will automatically terminate without any additional action by any party hereto.

12. Notices. All notices and other communications which are required and may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient and effective in all respects if given in writing or telecopied, delivered or mailed by registered or certified mail, postage prepaid, as follows:

ABL Agent:

Bank of America, N.A.
333 South Hope Street, 13th Floor
Los Angeles, California 90071
Attention: Matthew R. Van Steenhuyse

Term Agent:

Crystal Financial LLC
Two International Place, 17th Floor
Boston, Massachusetts 02110
Attention: Mirko Andric

Each Junior Creditor:

c/o Stripes Group
402 West 13th Street
New York, NY 10014

Each Obligor:

c/o Turtle Beach Corporation
12220 Scripts Summit Drive, Suite 100
San Diego, California 92131
Attention: Chief Executive Officer

or such other address or addresses as any party hereto shall have designated by written notice to the other parties hereto. Notices shall be deemed given and effective upon the earlier to occur of (i) the third day following deposit thereof in the U.S. mail or (ii) receipt by the party to whom such notice is directed.

13. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW. This Agreement constitutes the entire understanding among the parties hereto relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

14. Venue; Waiver of Jury Trial.

14.1. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY TERM LOAN DOCUMENTS OR ANY ABL LOAN DOCUMENTS AGAINST ANY OBLIGOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

14.2. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

14.3. EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 12. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

15. Miscellaneous.

15.1. This Agreement may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Agreement, it shall

not be necessary to produce or account for more than one such counterpart signed by the party against which enforcement is sought. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed counterpart of this Agreement by telecopier, facsimile or other electronic means (including, via electronic mail in .pdf format) shall be as effective as delivery of a manually executed counterpart thereof. The Senior Agents may, in their sole and absolute discretion, waive any provisions of this Agreement benefiting the Senior Secured Parties; provided, however, that such waiver shall be effective only if in writing and signed by each Senior Agent and shall be limited to the specific provision or provisions expressly so waived. Any modification of any provision of this Agreement, or any consent to any departure by any party from the terms hereof, shall not be effective in any event unless the same is in writing and signed by each Senior Agent and the Junior Creditor, and then such modification or consent shall be effective only in the specific instance and for the specific purpose given. This Agreement shall be binding upon the successors and/or assigns of each Junior Creditor and each Obligor and shall inure to the benefit of each Senior Agent, the Senior Secured Parties, and their respective successors and assigns, any lender or lenders refunding or refinancing any of the Senior Debt and their respective successors and assigns, but shall not otherwise create any rights or benefits for any third party.

15.2. The Senior Debt (or any portion of it) may be refinanced or replaced, in whole or in part, in each case, without notice to, or the consent (except to the extent a consent is otherwise required to permit the refinancing or replacement transaction under any Senior Document) of any other Senior Secured Party or any Junior Creditor, all without affecting the payment and Lien priorities provided for herein or the other provisions hereof; provided, however, that the holders of any such refinancing or replacement Debt (or an authorized agent or trustee on their behalf) bind themselves in writing to the terms of this Agreement pursuant to such documents or agreements (including amendments or supplements to this Agreement) as the ABL Agent and the Term Agent, as the case may be, shall reasonably request and in form and substance reasonably acceptable to the ABL Agent and the Term Agent, as the case may be. In connection with any refinancing or replacement contemplated by this Section 15.2 (and permitted under the Senior Documents), this Agreement may be amended at the request of the lenders and/or agent providing such refinancing or replacement Debt (at the sole expense of the Obligors), and without the consent of any Junior Creditor, (a) to add parties (or any authorized agent or trustee therefor) providing any such refinancing or replacement Debt, and (b) to establish that such Debt and Liens on any Collateral securing such refinancing or replacement Debt shall have the same priority as the Debt and Liens on any Collateral securing the Debt being refinanced or replaced, all on the terms provided for herein immediately prior to such refinancing or replacement.

15.3. In addition, if in connection with the Full Payment of the ABL Obligations and/or the Term Loan Obligations the Obligors enter into any replacement of the ABL Obligations and/or the Term Loan Obligations secured by all or a portion of the Collateral, then such Full Payment of the ABL Obligations and/or the Term Loan Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, such

replacement credit facility, and the obligations under the replacement credit facility shall automatically be treated as Senior Debt for all purposes of this Agreement.

15.4. Each Senior Agent, for and on behalf of itself and each Senior Secured Party, and each Junior Creditor as applicable, each acknowledge and agree to hold or control that part of the Collateral that is in its possession or control (or in the possession or control of its agents or bailees), to the extent that possession or control thereof is taken to perfect a Lien thereon under the UCC or other Applicable Law (such Collateral being referred to as the “**Control Collateral**”), as agent for the benefit of, and on behalf of, the other solely for the purpose of perfecting the security interest granted to each in such Collateral, subject to the terms and conditions of this Section 15.4. None of the Senior Agents or the Senior Secured Parties, as applicable, shall have any obligation whatsoever to the others to assure that the Collateral is genuine or owned by any relevant Obligor, or any other Person or to preserve rights or benefits of any Person. The duties or responsibilities of the Senior Agents under this Section 15.4 are and shall be limited solely to holding or maintaining control of the Control Collateral as agent for the other Person(s) for purposes of perfecting the Lien held by the other Senior Agent, as applicable. No Senior Agent is or shall be deemed to be a fiduciary of any kind for the Junior Creditors or any other Person.

16. Acknowledgements

16.1. Reliance by Senior Secured Parties. All loans and other extensions of credit outstanding on the date hereof or made or deemed made on and after the date hereof by the Senior Secured Parties to any Obligor shall be deemed to have been given and made in reliance upon this Agreement.

16.2. Independent Analysis. The Senior Agents, on behalf of each respective Senior Secured Party, and each Junior Creditor hereby agrees that each such Person has, independently and without reliance on any Senior Agent or any Senior Secured Party or any Junior Creditor, respectively, and based on documents and information deemed by it appropriate, made its own credit analysis and decision to enter into this Agreement, the applicable Senior Documents and the Subordinated Documents, and the transactions contemplated hereby and thereby and agrees that it will continue to make its own credit decision in taking or not taking any action under the applicable Senior Documents or the Subordinated Documents, or this Agreement.

17. Representations and Warranties.

17.1. Each Junior Creditor hereby represents and warrants as follows:

17.1.1. Such party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power and authority to enter into and perform its obligations under this Agreement.

17.1.2. This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency,

reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

17.1.3. The execution, delivery and performance by such party of this Agreement (i) does not require any consent or approval of, registration or filing with or any other action by any Governmental Authority and (ii) will not violate any Applicable Law or regulation or the charter, by-laws or other organizational documents of such party or any order of any Governmental Authority or any indenture, agreement or other instrument binding upon such party.

17.2. **SG VTB HOLDINGS, LLC** hereby represents and warrants that such Junior Creditor is the sole owner, beneficially and of record, of the Subordinated Debt.

18. Waivers. The Senior Secured Parties shall have no liability to the Junior Creditors with respect to, and the Junior Creditors waive any claim or defense which the Junior Creditors may now or hereafter have against the Senior Secured Parties arising from, or in connection with, the exercise by the Senior Secured Parties of their rights under this Agreement, the Senior Documents or any other documents or instruments contemplated hereby or thereby. Without limitation of the foregoing, the Junior Creditors waive any claim or defense which the Junior Creditors may now or hereafter have against the Senior Secured Parties arising from or in connection with (i) any and all actions which the Senior Secured Parties take or omit to take with respect to any Senior Document (including actions with respect to the creation, perfection or continuation of Liens in any Collateral, actions with respect to the occurrence of any Senior Default, and actions with respect to the collection of any claim for all or any part of any Senior Debt from any account debtor, guarantor or any other Person); (ii) any notice of the incurrence or increase of Senior Debt, it being understood that the Senior Secured Parties may make advances now or hereafter relating to the Senior Debt and there may be other increases to the Senior Debt without notice to or authorization of the Junior Creditors in reliance upon the provisions of this Agreement; (iii) any defense based upon or arising by reason of (A) any disability or other defense of any Obligor or any other Person; or (B) any lack of authority of any agent or any other Person acting or purporting to act on behalf of any Obligor or any Junior Creditor; or (C) any failure by the Senior Secured Parties to properly perfect any Lien in any asset of any Obligor or any other Person; or (iv) any election by the Senior Secured Parties in any Insolvency Proceeding by or against any Obligor, including any failure of the Senior Secured Parties to make any election or vote any claim with regard to the Subordinated Debt. Each Junior Creditor further hereby jointly and severally agrees to pay and to indemnify and save each Senior Secured Party harmless from and against any damage, loss, cost or expense (including reasonable fees, charges and disbursements of counsel) which such Senior Secured Party may incur or be subject to as a consequence, direct or indirect, of (I) the breach by such Junior Creditor of this Agreement, and (II) any legal action commenced to challenge the validity of this Agreement in which any Junior Creditor participates in any manner that is adverse to the rights of the Senior Secured Party hereunder. Notwithstanding any other provision of this Agreement to the contrary, the provisions set forth in this Section 18 shall survive the termination of this Agreement.

19. Specific Performance. Each of the Senior Agents and the Senior Secured Parties may demand specific performance of this Agreement by the Junior Creditors. Each Junior Creditor hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other

defense which might be asserted to bar the remedy of specific performance in any action which may be brought by any Senior Agent or any Senior Secured Party.

20. Intercreditor Agreement. As between the ABL Agent and the Term Agent, to the extent any term of this Agreement conflicts or is inconsistent with the terms of the Intercreditor Agreement, the terms of the Intercreditor Agreement shall control.

21. Conflict with Subordinated Documents. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Subordinated Documents, the terms of this Agreement shall control.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BANK OF AMERICA, N.A., in its capacity as the ABL Agent and as a Senior Agent

By: /s/ Matthew R. Van Steenhuyse

Name: Matthew R. Van Steenhuyse

Title: Senior Vice President

Turtle Beach – Subordination Agreement

CRYSTAL FINANCIAL LLC, in its capacity as the Term Agent and as a Senior Agent

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

SG VTB HOLDINGS, LLC, in its capacity as a Junior Creditor

By: /s/ Juergen Stark

Name: Juergen Stark

Title: Chief Executive Officer

OBLIGORS:

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

VTB HOLDINGS, INC., a Delaware corporation

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