

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

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2014

Commission File Number: 001-35465



PARAMETRIC SOUND 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)

Former address: 13771 Danielson Street, Suite L, Poway, CA 92064

Former fiscal year-end: September 30, 2013

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Common Stock, \$0.001 par value, outstanding on May 8, 2014 was 37,843,247.

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Parametric Sound Corporation
Condensed Consolidated Balance Sheets
(in thousands, except share and per-share data)

	As of March 31, 2014 (unaudited)	As of December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,552	\$ 6,509
Accounts receivable	28,904	48,542
Inventories	41,584	49,643
Deferred tax assets	9,745	2,214
Prepaid expenses and other current assets	4,131	3,561
Prepaid income taxes	2,925	2,925
Total Current Assets	92,841	113,394
Property and equipment, net	6,229	7,369
Deferred financing costs, net	449	1,575
Deferred tax assets, long-term portion	6,322	827
Intangible assets, net	40,210	3,972
Goodwill	80,868	—
Other assets	119	170
TOTAL ASSETS	\$ 227,038	\$ 127,307
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Revolving credit facilities	\$ 34,490	\$ 39,736
Term loan, current portion	—	14,500
Subordinated notes	17,737	—
Accounts payable	28,833	44,136
Accrued liabilities	10,341	8,615
Due to shareholders, current portion	3,125	3,125
Capital lease obligation, current portion	38	—
Other current liabilities	288	1,097
Total Current Liabilities	94,852	111,209
Series B redeemable preferred stock	13,983	13,713
Income tax payable, long-term portion	1,986	1,986
Capital lease obligation, long-term portion	75	—
Deferred tax liabilities	14,325	850
Subordinated note	—	10,342
TOTAL LIABILITIES	125,221	138,100
Commitments and Contingencies		
Series A convertible stock, \$0.01 par value - 50,000,000 shares authorized; 48,689,555 shares issued and outstanding as of December 31, 2013	—	24,345
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, \$0.001 par value - 50,000,000 shares authorized; 37,651,247 shares issued and outstanding as of March 31, 2014 and 12,700,460 shares issued and outstanding as of December 31, 2013	38	13
Additional paid-in capital	85,678	(54,031)
Retained earnings	15,868	18,775
Accumulated other comprehensive income	233	105
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	101,817	(35,138)
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 227,038	\$ 127,307

See accompanying notes to Condensed Consolidated Financial Statements

Parametric Sound Corporation
Condensed Consolidated Statements of Operations
(unaudited)
(in thousands)

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
Net Revenue	\$ 38,288	\$ 29,533
Cost of Revenue	26,012	20,908
Gross Profit	<u>12,276</u>	<u>8,625</u>
Operating expenses:		
Selling and marketing	7,000	5,706
Research and development	1,998	887
General and administrative	3,573	2,370
Business transaction costs	4,228	—
Total operating expenses	<u>16,799</u>	<u>8,963</u>
Operating loss	(4,523)	(338)
Other (income) expense, net:		
Interest expense	4,240	1,314
Other (income) expense, net	(25)	389
Total other expense, net	<u>4,215</u>	<u>1,703</u>
Loss before (benefit) provision for income taxes	(8,738)	(2,041)
(Benefit) provision for income taxes	(5,832)	263
Net loss	<u>\$ (2,906)</u>	<u>\$ (2,304)</u>
Net loss per share:		
Basic	<u>\$ (0.09)</u>	<u>\$ (0.18)</u>
Diluted	<u>\$ (0.09)</u>	<u>\$ (0.18)</u>
Weighted-average shares used to compute net loss per share:		
Basic	<u>33,715</u>	<u>12,700</u>
Diluted	<u>33,715</u>	<u>12,700</u>

See accompanying notes to Condensed Consolidated Financial Statements

Parametric Sound Corporation
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (2,906)	\$ (2,304)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	1,814	936
Amortization of intangible assets	237	231
Amortization of debt financing costs	2,545	199
Stock-based compensation	1,049	708
Accrued interest on Series B redeemable preferred stock	270	243
Paid in kind interest	396	—
Deferred income taxes	(6,331)	(91)
Reversal of sales returns reserve	1,265	1,482
Reversal of doubtful accounts	(151)	—
Provision for obsolete inventory	381	—
Changes in operating assets and liabilities:		
Accounts receivable	18,618	45,190
Inventories	8,360	1,924
Accounts payable	(15,845)	(16,491)
Accrued liabilities	81	(112)
Prepaid expenses and other current assets	(646)	1,142
Income taxes payable	188	(8,106)
Other liabilities	(423)	—
Net cash provided by operating activities	8,902	24,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(468)	(254)
Cash acquired in business combination	4,093	—
Net cash provided by (used in) investing activities	3,625	(254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on revolving credit facilities	44,490	9,000
Repayment of revolving credit facilities	(49,736)	(33,000)
Repayment of capital leases	(6)	—
Repayment of term loan	(14,500)	(3,750)
Proceeds from exercise of stock options and warrants	559	—
Debt financing costs	(1,419)	—
Proceeds from issuance of subordinated notes	7,000	—
Net cash used in financing activities	(13,612)	(27,750)
Effect of exchange rate changes on cash and cash equivalents	128	—
Net decrease in cash and cash equivalents	(957)	(3,053)
Cash and cash equivalents - beginning of period	6,509	5,219
Cash and cash equivalents - end of period	\$ 5,552	\$ 2,166
SUPPLEMENTAL DISCLOSURE OF INFORMATION		
Cash paid for interest	\$ 563	\$ 725
Cash paid for income taxes	\$ 14	\$ 7,535
Value of shares issued to acquire Parametric	\$ 113,782	\$ —

See accompanying notes to Condensed Consolidated Financial Statements

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

On January 15, 2014 (the "Closing Date"), VTB Holdings, Inc., which operated the Turtle Beach business, ("VTBH", or "Turtle Beach") and Parametric Sound Corporation ("Parametric") completed the merger (the "Merger") of Paris Acquisition Corporation ("Merger Sub") with and into VTBH in accordance with the terms and conditions of the Merger Agreement dated August 5, 2013, by and among Parametric, Merger Sub and VTBH (the "Merger Agreement"). As a result of the Merger, VTBH, the accounting acquirer, and the surviving entity in the Merger, became a wholly-owned subsidiary of Parametric, a publicly-traded company, currently listed on NASDAQ under HEAR. Since VTBH is considered the accounting acquirer, the December 31, 2013 Balance Sheet and the comparative information for the quarter ended March 31, 2013 contain the results of VTBH only. The results of operations as of, and for the quarter ended March 31, 2014 contain the results of VTBH and Parametric from the January 15, 2014 acquisition date forward.

VTBH was incorporated in the state of Delaware in 2010 and is headquartered in Valhalla, New York, with additional administrative and research and development offices in San Diego and San Jose, California. In January 2011, a reorganization of the business was effected whereby VTBH became the parent holding company of the historical business of Voyetra Turtle Beach, Inc. ("VTB"). Subsequent to the reorganization, VTB was a wholly-owned subsidiary of VTBH.

VTB was incorporated in the state of Delaware in 1975 and is headquartered in Valhalla, New York with warehouse distribution centers in New York, New Jersey, Texas and California. In October 2012, VTB acquired Lygo International Limited ("Lygo"), a private limited company organized under the laws of England and Wales, which was subsequently renamed Turtle Beach Europe Limited ("TB Europe").

Parametric was incorporated in the state of Nevada in 2010 as a new wholly-owned subsidiary of LRAD Corporation and after a spin off, became a stand-alone independent public company later that year. Parametric has an administrative office and a manufacturing facility located in Poway, California.

In connection with the Merger, Parametric issued to the former holders of VTBH common stock and Series A Preferred Stock an aggregate of 30,227,100 shares of Parametric Common Stock, par value \$0.001 per share ("Parametric Common Stock"). The number of shares of Parametric Common Stock issued was computed in accordance with a formula specified in the Merger Agreement using an exchange ratio of 0.35997 shares of Parametric Common Stock for every one share of VTBH common stock or Series A Preferred Stock. Accordingly, all historical equity of the Company is presented as if subsequent to this conversion. In addition, in accordance with the terms of the Merger Agreement, all outstanding options to purchase shares of VTBH common stock were converted into options to purchase shares of Parametric Common Stock that were assumed by Parametric. These newly issued shares of Parametric Common Stock, together with the converted options, represented approximately 80% of the total issued and outstanding shares of Parametric Common Stock, on a fully-diluted basis, as of the Closing Date.

As a result of the 0.35997 exchange ratio pursuant to the Merger, shares of VTBH common stock, Series A preferred stock, historical VTBH share amounts, stock option shares and weighted average share amounts been presented, as if converted from the earliest period forward. Accordingly, the 35,282,286 shares of VTBH Common Stock presented on its previously filed Balance Sheet as of December 31, 2013, are presented herein as 12,700,460 shares. On January 15, 2014, upon the close of the Merger, VTBH's Series A Preferred Stock was converted into 17,526,640 shares of Parametric Common stock, which when added to the outstanding 12,700,460 shares of VTBH Common Stock then outstanding, comprised the 30,227,100 shares of Parametric Stock issued to former holders discussed above. These shares were combined with 7,274,622 outstanding pre-Merger Parametric shares, to arrive at a total of 37,501,722 shares issued and outstanding as of the Merger.

For accounting purposes, the Merger was treated as a "reverse acquisition" and VTBH was considered the accounting acquirer. Accordingly, VTBH's historical results of operations will replace Parametric's historical results of operations for all periods prior to the Merger, and for all periods following the Merger, the results of operations of both companies will be included in Parametric's financial statements.

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

Description of the Business

Parametric is a premier audio innovation company with deep expertise and relevant experience in developing, commercializing and marketing audio technologies across a range of large addressable markets under the Turtle Beach and HyperSound brands. Turtle Beach is the worldwide leading provider of feature-rich headset solutions for use across multiple platforms, including video game and entertainment consoles, handheld consoles, personal computers, or PCs, Macintosh computers, or Macs, tablets and mobile devices. HyperSound is a novel patent protected sound delivery technology that delivers immersive, directional audio which offers unique benefits in a variety of commercial and consumer audio applications, and is capable of increasing the ability of persons with hearing impairments to perceive and comprehend audio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared pursuant to the rules of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), have been condensed or omitted pursuant to those rules and regulations. We believe disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary to fairly state the financial position, results of operations and cash flows with respect to the interim consolidated financial statements have been included. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire fiscal year. All intercompany accounts and transactions have been eliminated in consolidation. Reference is made to the 2013 annual financial statements ("Annual Report") included in our Prospectus Supplement filed with the SEC on April 24, 2014 that contains information useful to understanding the Company's businesses and financial statement presentations. The Condensed Consolidated Balance Sheet as of December 31, 2013 was derived from the Company's most recent audited financial statements, but does not include all disclosures required by GAAP for a year end balance sheet. Our significant accounting policies and practices are presented as Notes 1 and 2 to the Consolidated Financial Statements included in the Annual Report.

For 2013, VTBH recorded its results on a four-four-five week basis such that its fiscal quarters ended on the last Saturday of each calendar quarter. For the fourth quarter of each year, VTBH used December 31 as both its fiscal and calendar quarter ending date. For 2014, Parametric changed to recording results on a calendar month and quarterly basis. This change is not expected to have a material impact on Parametric's 2014 financial results or their comparability with prior year periods.

Recent Accounting Pronouncements

In February 2013, the FASB issued an update to the authoritative guidance related to the release of cumulative translation adjustments into net income (loss) when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a foreign entity. This update will be effective for fiscal years beginning after December 15, 2013. The adoption of this guidance is not expected to have a significant impact on Parametric's consolidated financial position or results of operations.

3. FAIR VALUE MEASUREMENT

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, derivative instruments, revolving lines of credit and long-term debt. Cash equivalents are stated at amortized cost, which approximated fair value as of the consolidated balance sheet dates, due to the short period of time to maturity. Cash, accounts receivable and accounts payable are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment. The revolving credit facilities and long-term debt and subordinated notes are stated at the carrying value as the stated interest rate approximates market rates currently available to the Company. As of March 31, 2014 and December 31, 2013, the Company has not elected the fair value option for any financial assets and liabilities for which such an election would have been permitted.

Assets and liabilities recorded at fair value on a recurring basis in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level I - Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level II - Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level III - Unobservable inputs that are supported by little or no market data for the related assets or liabilities. The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Financial instruments consist of Level I and Level II assets and liabilities. Level I assets include highly liquid money market funds that are included in cash and cash equivalents. Level II liabilities include derivative instruments. The Company does not have any Level III assets or liabilities.

The following table sets forth the fair value of financial assets and liabilities by level within the fair value hierarchy:

As of March 31, 2014				
	Level I	Level II	Level III	Total
(in thousands)				
Financial Assets and Liabilities:				
Cash and cash equivalents - money market funds	\$ 19	\$ —	\$ —	\$ 19
Total financial assets	\$ 19	\$ —	\$ —	\$ 19
Other current liabilities - derivative liabilities	\$ —	\$ (29)	\$ —	\$ (29)
Total financial liabilities	\$ —	\$ (29)	\$ —	\$ (29)

As of December 31, 2013				
	Level I	Level II	Level III	Total
(in thousands)				
Financial Assets and Liabilities:				
Cash and cash equivalents - money market funds	\$ 19	\$ —	\$ —	\$ 19
Total financial assets	\$ 19	\$ —	\$ —	\$ 19
Other current liabilities - derivative liabilities	\$ —	\$ (392)	\$ —	\$ (392)
Total financial liabilities	\$ —	\$ (392)	\$ —	\$ (392)

4. CONCENTRATIONS OF REVENUE AND ACCOUNTS RECEIVABLE

Significant customers are those which represent 10% or more of the gross revenues for each period presented or gross accounts receivable balance at each balance sheet date. For each significant customer, revenue as a percentage of total revenues and accounts receivable as a percentage of gross accounts receivable are as follows:

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

<u>Customers</u>	<u>Percentage of Revenues</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Customer A	22%	10%
Customer B	15%	23%
Customer C	11%	16%

<u>Customers</u>	<u>Percentage of Accounts Receivable</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Customer A	28%	24%
Customer B	18%	20%

5. CONDENSED CONSOLIDATED BALANCE SHEET COMPONENTS

Inventories, net

Inventories, net consist of the following:

	<u>As of</u> <u>March 31, 2014</u>	<u>As of</u> <u>December 31, 2013</u>
	<u>(in thousands)</u>	
Raw materials	\$ 2,867	\$ 5,499
Finished goods	38,717	44,144
Total inventories, net	<u>\$ 41,584</u>	<u>\$ 49,643</u>

Allowance for Sales Returns

The sales return reserves, which is classified as a reduction of accounts receivable, consist of the following activity:

	<u>As of</u> <u>March 31, 2014</u>	<u>As of</u> <u>December 31, 2013</u>
	<u>(in thousands)</u>	
Sales return reserves, beginning balance	\$ 6,266	\$ 7,748
Reserve accrual	1,236	20,146
Recoveries and deductions, net	(2,501)	(21,628)
Sales return reserves, ending balance	<u>\$ 5,001</u>	<u>\$ 6,266</u>

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

Property and Equipment, net

Property and equipment, net consists of the following:

	As of March 31, 2014	As of December 31, 2013
	(in thousands)	
Machinery and equipment	\$ 551	\$ 249
Software and software development	674	581
Furniture and fixtures	264	144
Tooling	1,909	1,756
Leasehold improvements	86	59
Demonstration units and convention booths	10,098	10,014
Total property and equipment, gross	13,582	12,803
Less: accumulated depreciation and amortization	(7,353)	(5,434)
Total property and equipment, net	\$ 6,229	\$ 7,369

Accrued Liabilities

Accrued liabilities consist of the following:

	As of March 31, 2014	As of December 31, 2013
	(in thousands)	
Accrued Expenses	\$ 5,619	\$ 5,295
Accrued compensation expenses	2,387	2,089
Other	2,335	1,231
Total accrued liabilities	\$ 10,341	\$ 8,615

Warranty Accruals

The warranty accruals are included in accrued liabilities on the consolidated balance sheets and consist of the following:

	As of March 31, 2014	As of December 31, 2013
	(in thousands)	
Warranty - beginning of period	\$ 139	\$ 165
Warranty costs accrued	154	614
Warranty claims	(161)	(640)
Warranty - end of period	\$ 132	\$ 139

6. BUSINESS COMBINATION

On January 15, 2014, VTBH completed the merger with and into Parametric in an all-stock, tax-free reorganization pursuant to the Merger Agreement. Subsequent to the Merger, Parametric under the leadership of the VTBH management team and Parametric's board of directors is comprised of two former directors from Parametric and five directors selected by the former stockholders of VTBH.

Parametric issued to the former holders of VTBH common stock and Series A Preferred Stock an aggregate of 30,227,100 shares of Parametric Common Stock. The number of shares of Parametric Common Stock issued was computed in accordance with the formula specified in the Merger Agreement using an exchange ratio of 0.35997. Accordingly, all historical equity of Parametric is presented as if subsequent to this conversion. In addition, in accordance with the terms of the Merger Agreement, all then outstanding options to purchase shares of VTBH Common Stock were converted into options to purchase 3,960,783 shares of Parametric Common Stock that were assumed by Parametric. These newly issued shares of Parametric Common

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

Stock, together with the converted options, represented approximately 80% of the total issued and outstanding shares of Parametric Common Stock, on a fully-diluted basis as of the Closing Date.

The Merger was accounted for as a reverse acquisition pursuant to which VTBH was considered the acquiring entity for accounting purposes. As such, VTBH's historical results of operations replace Parametric's historical results of operations for all periods prior to the Merger.

Parametric, the accounting acquiree, was a publicly-traded audio technology company focused on developing new directed audio products for commercial, consumer and health care markets. VTBH entered into the Merger to acquire and commercialize Parametric's technology and gain access to capital market opportunities as a public company.

Transaction Costs

Subsequent to March 2013, Parametric began to incur costs related to the merger which were expensed in the periods in which they were incurred as business transaction costs on Parametric's Condensed Consolidated Statements of Operations. Business transaction costs expensed during the quarter ended March 31, 2014, include:

	(in thousands)
Legal fees	\$ 785
Accounting fees	84
Advisory fees	2,704
Termination and severance	450
Other	205
Total Transaction Costs	\$ 4,228

Merger fees include success based fees payable to investment bankers for both merger parties.

Purchase Consideration and Net Assets Acquired

The fair value of Parametric Common Stock used in determining the purchase price was \$14.30 per share, the closing price on January 15, 2014. The fair value of outstanding stock options of Parametric included in the purchase consideration was determined by the calculating the cumulative vesting attributable to Parametric employees for periods prior to the Merger, using the Black-Scholes option pricing model. Assumptions used in Black-Scholes calculations during such periods included: volatility ranging from 87% to 90%; risk-free interest rates ranging between 0.47% and 0.92%; forfeiture rates ranging from 1.1% to 4.1 %; and expected lives ranging from 3.28 to 4.61 years.

The purchase price is as follows:

	(in thousands)
Fair Value of Parametric shares outstanding	\$ 104,027
Fair Value of Parametric stock options	9,755
Purchase Price	\$ 113,782

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following presents the preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed on January 15, 2014:

	(in thousands)
Cash and cash equivalents	\$ 4,093
Accounts receivable	95
Deferred tax asset	6,696
Other current assets	740
Property and equipment	206
Intangible assets:	
In-process research and development (IPR&D)	27,100
Developed technology	8,880
Customer relationships	270
Trade name	170
Goodwill	80,868
Accounts payable and accrued liabilities	(1,741)
Capital lease obligation	(120)
Deferred tax liabilities	(13,475)
Total Net Assets Acquired	\$ 113,782

Any changes in the estimated fair values of the net assets recorded for this business combination upon the finalization of more detailed analyses of the facts and circumstances that existed at the date of the transaction will change the allocation of the purchase price. Any subsequent changes to the purchase allocation during the measurement period that are material will be adjusted retrospectively.

The amount allocated to in-process research and development represents an estimate of the fair value of purchased in-process technology for research projects ("IPR&D"), primarily related to directed audio solutions that beam sound to a specific listening area without the ambient noise of traditional speakers. IPR&D is considered an indefinite-lived intangible asset until the completion or abandonment of the associated research and development efforts. Accordingly, during the development period, the IPR&D is not amortized but subject to impairment review. No amortization of the IPR&D has been reflected in the combined consolidated financial statements as the assets are considered indefinite-lived.

The acquired intangible assets relating to developed technology, customer relationships and trade name are subject to amortization. Developed technology is being amortized over an estimated useful life of approximately seven years with the amortization being included within cost of revenue. Customer relationships and trade name are being amortized over an estimated useful life of two years and five years with the amortization being included within sales and marketing expense.

The excess purchase consideration over the fair values of assets acquired and liabilities assumed is recorded as goodwill. Goodwill is not amortized but tested for impairment on an annual basis or when the indicator for impairment exists.

The goodwill recorded is not tax deductible since the transaction was structured as a tax-free exchange.

Amounts allocated to deferred tax assets of \$6.7 million and deferred tax liabilities of \$13.5 million, relate to acquired net operating loss carryforwards and indefinite lived intangible assets, respectively.

Parametric Sound Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

Unaudited Pro Forma Information

Supplemental information on a pro forma basis assuming the Merger occurred on January 1, 2013 is presented below for the quarters ended March 31, 2014 and 2013:

		Quarter Ended March 31, 2014		Quarter Ended March 31, 2013
		(in thousands)		
Pro Forma Net Revenues	\$	38,288	\$	29,688
Pro Forma Net Income (Loss)	\$	(4,996)	\$	(4,310)

Pro forma results include \$1.2 million in pre-merger business transaction costs in addition to the \$4.2 million in merger-related business transaction costs recorded in the Condensed Consolidated Financial Statements.

7. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The gross carrying amount and accumulated amortization of goodwill and other intangible assets is as follows:

As of March 31, 2014				
	Amortization Period at Date of Acquisition	Gross Carrying Value	Accumulated Amortization	Net Book Value
		(in thousands)		
Customer relationships	2-13 years	\$ 5,796	\$ 1,828	\$ 3,968
Non-compete agreements	2 years	177	127	50
In-process Research and Development	Indefinite	27,100	—	27,100
Developed technology	7 years	8,880	6	8,874
Trade names	5 years	170	7	163
Patent and trademarks	Indefinite	55	—	55
Total Intangible Assets		<u>\$ 42,178</u>	<u>\$ 1,968</u>	<u>\$ 40,210</u>
Goodwill		<u>\$ 80,868</u>		<u>\$ 80,868</u>

As of December 31, 2013				
	Amortization Period at Date of Acquisition	Gross Carrying Value	Accumulated Amortization	Net Book Value
		(in thousands)		
Customer relationships	2-13 years	\$ 5,526	\$ 1,623	\$ 3,903
Non-compete agreements	2 years	177	108	69
Total		<u>\$ 5,703</u>	<u>\$ 1,731</u>	<u>\$ 3,972</u>

Amounts presented as of December 31, 2013 reflect the acquisition of TB Europe in October, 2012. For the quarters ended March 31, 2014 and March 31, 2013, amortization expense of approximately \$0.2 million and \$0.2 million on the intangible assets was recognized in the accompanying consolidated statements in selling and marketing expenses.

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As of March 31, 2014, estimated annual amortization expense related to intangible assets in future periods is as follows:

Estimated Amortization Expense		
(in thousands)		
2014	\$	1,088
2015		2,343
2016		2,049
2017		1,882
2018		1,802
Thereafter		3,891
Total	\$	13,055

Parametric tests goodwill and intangible assets during the fourth quarter of each year or more frequently if events occur that may be expected to reduce the fair value of a reporting unit below its carrying amount. Goodwill and in-process R&D relate to the Merger as described in Footnote 6 - Business Combination. No testing was deemed necessary in the first quarter of 2014.

8. LONG-TERM DEBT

Parametric's long-term debt obligations are as follows:

	As of	
	March 31, 2014	December 31, 2013
(in thousands)		
Revolving credit facility, maturing March 2019	\$ 34,490	\$ —
Revolving line of credit	—	39,736
Term loans	—	14,500
Subordinated notes	17,737	10,342
Total outstanding debt	52,227	64,578
Less: current portion of revolving line of credit	(34,490)	(39,736)
Less: current portion of term loan	—	(14,500)
Less: current portion of subordinated notes	(17,737)	—
Total noncurrent portion of long-term debt	\$ —	\$ 10,342

Total interest expense, inclusive of amortization of deferred financing costs, on long-term debt obligations was \$4.0 million, and \$1.0 million for quarters ended March 31, 2014 and 2013.

Loan Agreement

On March 31, 2014, Parametric and certain of its subsidiaries entered into a new asset based revolving credit agreement ("Loan Agreement"). The Loan Agreement was entered into by and among Parametric, VTB (together with Parametric "US Borrowers"), TB Europe Limited (the "UK Borrower", and together with the US Borrowers, the "Borrowers"), PSC Licensing Corp. ("PSC"), and VTBH (together with PSC, the "US Guarantors", and together with the US Borrowers, the "UK Guarantors"); and Bank of America, N.A., as Agent, Sole Lead Arranger and Sole Bookrunner ("Bank of America").

The proceeds of this borrowing were used to repay a former lender's revolving credit facility in the US and an invoice factoring arrangement in the UK.

The Loan Agreement is a \$60,000,000 credit facility with designated sub-facility limits of \$50,000,000 for the US Borrowers and \$10,000,000 for the UK Borrower. Actual credit availability under the Loan Agreement will fluctuate because it is subject to a borrowing base limitation that is calculated based on a percentage of eligible trade accounts receivable and inventories, the balances of which fluctuate, and is subject to discretionary reserves and revaluation adjustments. The Borrowers may utilize the

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Loan Agreement for borrowings as well as for the issuance of bank guarantees, letters of credit and other general corporate purposes as defined by the Loan Agreement.

The Loan Agreement matures in 5 years.

Borrowings will bear interest at a rate that varies depending on the type of loan and the Borrower. The interest rate will be calculated using a base rate plus a margin. Depending on the type of loan, the base rate will either be a rate published by Bank of America or LIBOR. The margin will range from 1.00% to 1.50% for U.S. base rate loans and from 2.00% to 2.50% for U.S. LIBOR loans and U.K. loans. As of March 31, 2014, interest rates for outstanding borrowings were 4.75% for base rate loans and 2.75% for LIBOR rate loans. The Loan Agreement also provides for an unused line fee, letter of credit fees, and agent fees.

If certain availability thresholds are not met, the Loan Agreement requires Parametric and its restricted subsidiaries to maintain on a consolidated basis a fixed charge coverage ratio (defined as the ratio, determined on a consolidated basis for Parametric and its subsidiaries for the most recent four Fiscal Quarters, of (a) EBITDA minus capital expenditures (except those financed with Borrowed Money other than Revolver Loans) and cash taxes paid (b) Fixed Charges (the sum of cash interest expense plus scheduled principal payments made on Borrowed Money, Distributions made in cash, and the Permitted Earnout Payment) (as such capitalized terms are defined in the Loan Agreement).

The Loan Agreement also contains affirmative and negative covenants that, subject to certain exceptions, limit our ability to take certain actions, including our ability to incur debt, pay dividends and repurchase stock, make certain investments and other payments, enter into certain mergers and consolidations, engage in sale leaseback transactions and transactions with affiliates and encumber and dispose of assets. Obligations under the Loan Agreement are secured by a security interest and lien upon substantially all of the Parametric's assets.

At March 31, 2014, Parametric was in compliance with all financial covenants under the Loan Agreement, and excess borrowing availability was approximately \$6.4 million.

Loan and Security Agreement

Term Loan

In October 2010, Turtle Beach entered into a loan and security agreement (the "Loan and Security Agreement") with various financial institutions. The Loan and Security Agreement provided for term loans aggregating to \$28.0 million. Turtle Beach's obligations under this credit facility were secured by a first priority lien against substantially all of Turtle Beach's assets. The term loans bore interest at the greater of (i) the minimum interest rate of 5.50% or (ii) LIBOR plus 4.0% per annum. Interest was due monthly.

In August 2012, the Loan and Security Agreement was amended and restated to increase the principal amount on the term loans to \$45.0 million and to amend the maturity date to August 22, 2015. Turtle Beach drew down \$45 million of the term loan in connection with the amendment, of which \$22.1 million went to pay off the outstanding balance. The term loans bore interest at Turtle Beach's option at (i) the Adjusted Base Rate plus the applicable margin ranging from 2.50% to 3.25% as determined by Turtle Beach's total leverage ratio, or (ii) LIBOR, plus the applicable margin ranging from 3.50% to 4.25%. The Applicable Base Rate is equal to the highest of (a) the Prime Rate as determined by the syndication agent, (b) Federal Funds Rate plus 0.5% and (c) the LIBOR rate plus 1%.

On January 15, 2014, we repaid \$7.0 million of the term loan with proceeds from a \$7.0 million subordinated note, and on February 28, 2014 we repaid the remaining \$7.5 million principal balance with funds from operations, as required by amendments to the Loan and Security Agreement entered into during the first quarter of 2014. See "2014 Amendments" below.

Revolving Line of Credit

In August 2011, the Loan and Security Agreement was amended and restated with various financial institutions to include a \$15.0 million revolving line of credit. In August 2012, the Loan and Security Agreement was amended and restated to increase the borrowing capacity on the revolving line of credit to \$55.0 million. As part of the amendment, the outstanding balance of \$10.0 million was paid off. During the year ended December 31, 2012, subsequent to the amendment, Turtle Beach drew down \$38.0 million on the revolving line of credit. The maturity date on the revolving line of credit was amended to August 22, 2015. The revolving line of credit was subject to limitations based on specific percentages of eligible accounts receivables and inventory and bore interest at Turtle Beach's option at (i) the Adjusted Base Rate plus the applicable margin ranging from

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2.50% to 3.25% as determined by its total leverage ratio, or (ii) LIBOR, plus the applicable margin ranging from 3.50% to 4.25%. The Applicable Base Rate is equal to the highest of (a) the Prime Rate as determined by the syndication agent, (b) Federal Funds Rate plus 0.5% and (c) the LIBOR rate plus 1%.

2013 Amendments to Term Loan and Subordinated Notes

Turtle Beach entered into amendments to the Loan and Security Agreement in July 2013 and August 2013 (the "2013 Amendments"). The 2013 Amendments waived certain defaults of the fixed charge coverage ratio by Turtle Beach and also provided for a new minimum EBITDA financial covenant, modifications of the fixed charge coverage ratio and maximum total leverage ratio for periods ending on or after September 28, 2013, and a modification of annual clean-down requirements with which Turtle Beach would need to comply in order to provide for an increase in the eligible amount outstanding under the facility. In addition, the 2013 Amendments amended the interest rate on the outstanding term loans under the Loan and Security Agreement and required Turtle Beach to issue \$10.0 million of subordinated notes to reduce the outstanding borrowings on the term loan. In August 2013, Turtle Beach issued \$10.0 million of subordinated notes to certain affiliated investors, including SG VTB Holdings, LLC, Turtle Beach's chief executive officer and a director of Turtle Beach.

On January 15, 2014, we issued an additional \$7.0 million of subordinated notes on similar terms and used the proceeds to pay off an equivalent amount of term loan debt.

2014 Amendments

On January 15, 2014, in connection with the consummation of the Merger, Parametric became an obligor and guarantor under the Loan and Security Agreement, and the Company entered into an amendment to the Loan and Security Agreement to (i) allow the Company to incur an additional \$7.0 million of subordinated indebtedness, (ii) provide for the repayment of the term loan portion of the facility by February 28, 2014, (iii) change the maturity of the revolving line of credit portion of the facility to September 27, 2014, (iv) reduce the commitments under the revolving line of credit to \$35.0 million after March 1, 2014, (v) increase the margin pursuant to which interest on outstanding amounts under the Loan and Security Agreement was calculated by 0.75%, and (vi) modify the financial covenants contained in the Loan and Security Agreement.

On March 13, 2014, the Company entered into an amendment to the Loan and Security Agreement to (i) increase the maximum principal amount of the lenders' revolving loan commitment between February 28, 2014 and April 15, 2014 from \$35 million to approximately \$39 million, (ii) provide that the borrowers, on or prior to April 15, 2014, would reduce the aggregate dollar amount of revolving loans outstanding under the Loan and Security Agreement to the lesser of \$35 million or the Company's borrowing base (calculated in accordance with the terms of the Loan and Security Agreement) as of such date, (iii) waive the Company's obligation to deliver certain certificates regarding its liquidity and borrowing base for the fiscal month ended February 28, 2014, and to specify the delivery date of such certificates during March 2014 and April 2014, (iv) eliminate a requirement that the borrowers reduce the aggregate dollar amount of revolving loans and swing loans outstanding under the Loan and Security Agreement to an amount no greater than \$25 million for a thirty consecutive day period during the first fiscal quarter of each fiscal year, and (v) eliminate the lenders' obligation to make additional revolving loan commitments after February 28, 2014.

Deferred Financing Costs

Amortization of deferred financing costs is included in interest expense on the accompanying consolidated statements of operations and for the quarter ended March 31, 2014 and 2013, was \$2.5 million and \$0.2 million respectively. The amount for the quarter ended March 31, 2014 includes the write-off of \$2.2 million in deferred financing costs associated with the Loan and Security Agreement that was repaid during the quarter.

Invoice Factoring

Prior to March 31, 2014, VTBH's, UK subsidiary ("TB Europe") utilized accounts receivable factoring arrangements with a third-party financial institution in order to accelerate its cash collections from product sales. These arrangements provided for the transfer of ownership of eligible trade accounts receivable up to a maximum of £5.0 million at any time, without recourse, to the third-party financial institution in exchange for cash.

As of December 31, 2013, TB Europe had sold \$5.7 million of trade accounts receivable to the third-party financial institution, which were netted against accounts receivable on the accompanying Condensed Consolidated Balance Sheet.

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This invoice factoring arrangement was terminated on March 31, 2014, and related borrowings were fully paid with proceeds from the Loan Agreement described above.

Subordinated Notes

On August 30, 2013, VTBH issued \$10.0 million of subordinated notes (the "August Notes") that bear interest at a rate of (i) 10% per annum for the first year and (ii) 20% per annum for all periods thereafter, with interest accruing and being added to the principal amount of the August Notes quarterly. Principal and interest on the August Notes are due upon maturity of the August Notes, which shall occur on the one year anniversary of the later of (i) the term loan maturity date under VTBH's former loan and security agreement or (ii) the revolving line of credit termination date thereunder. The proceeds from the August Notes were used to repay an equivalent portion of VTBH's then outstanding term loans.

In connection with the Third Amendment of VTBH's former loan and security agreement, on January 15, 2014, VTBH issued an additional \$7.0 million subordinated note (the "January Note") to SG VTB, the proceeds of which were applied against the outstanding balance of the term loan under the former loan and security agreement. The January Note bears interest at a rate of (i) 10% per annum until December 31, 2014 (which is the maturity date of the January Note) and (ii) 20% per annum for all periods thereafter, with interest accruing and being added to the principal amount of the January Note quarterly. The other terms of the January Note are substantially similar to the terms of the August Notes.

9. COMMITMENTS AND CONTINGENCIES

Litigation

Parametric is involved in certain legal proceedings from time to time in the normal course of its operations. Parametric believes that the eventual outcome of such proceedings will not have a material adverse effect on Parametric's consolidated financial position or its consolidated results of operations or cash flows.

On August 5, 2013, VTBH and Parametric announced that they had entered into the Merger Agreement pursuant to which VTBH would acquire an approximately 80% ownership interest and existing Parametric shareholders would maintain an approximately 20% ownership interest in the combined company. Following the announcement, several of Parametric's shareholders filed class action lawsuits in California and Nevada seeking to enjoin the Merger. The plaintiffs in each case alleged that members of Parametric's Board of Directors breached their fiduciary duties to the shareholders by agreeing to a Merger that allegedly undervalued Parametric. VTBH was named as a defendant in these lawsuits under the theory that VTBH aided and abetted Parametric's board of directors in allegedly violating their fiduciary duties. The plaintiffs in both cases sought a preliminary injunction seeking to enjoin closing of the Merger, which by agreement was heard by the Nevada court with the California plaintiffs invited to participate. On December 26, 2013, the court in the Nevada cases denied the plaintiffs' motion for a preliminary injunction. Following the closing of the Merger, the Nevada plaintiffs filed a second amended complaint, which makes essentially the same allegations and seeks monetary damages as well as an order rescinding the Merger. The California plaintiffs dismissed their action without prejudice, and sought to intervene in the Nevada action, which was permitted by the Nevada court. VTBH believes that the plaintiffs' claims against it are without merit and intends to vigorously defend itself in the litigation. As of March 31, 2014, the Company is unable to estimate a possible loss or range of possible loss in regards to this matter; therefore, no litigation reserve has been recorded in the consolidated financial statements.

On November 20, 2013, Shana Vasek, a purported shareholder of Parametric, filed a class action lawsuit in the United States District Court for the District of Nevada, under the caption Vasek v. Parametric Sound Corp., Case No.2:13-cv-02148-JAD-GWF, naming the same defendants, asserting substantially the same allegations and seeking substantially the same relief as named, asserted and sought in the above-referenced consolidated action pending in Nevada state court. In addition to asserting substantially the same claims for breach of fiduciary duty and aiding and abetting as asserted in the above-referenced consolidated action pending in Nevada state court, the plaintiff in the federal court action asserts a claim for violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 14a-9. VTBH believes that the plaintiffs' claims against it are without merit and intends to vigorously defend itself in litigation. As of March 31, 2014, Parametric is unable to estimate a possible loss or range of possible loss in regards to this matter; therefore, no litigation reserve has been recorded in the consolidated financial statements.

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10. ACCUMULATED OTHER COMPREHENSIVE INCOME

	(in thousands)
Balance at December 31, 2013	\$ 105
Foreign currency exchange adjustments	128
Balance at March 31, 2014	<u>\$ 233</u>

11. NET LOSS PER SHARE OF COMMON STOCK

The following table sets forth the computation of basic and diluted net loss per share of common stock attributable to common stockholders:

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	(in thousands, except per-share data)	
Numerator:		
Basic and diluted:		
Net Loss	\$ (2,906)	\$ (2,304)
Basic:		
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic	33,715	12,700
Diluted:		
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic	33,715	12,700
Added weighted-average effect of dilutive securities	—	—
Weighted-average shares used in computing net loss per share attributable to common stockholders, diluted	33,715	12,700
Net loss per share:		
Basic	\$ (0.09)	\$ (0.18)
Diluted	\$ (0.09)	\$ (0.18)

As described in Footnote 1 - Organization and Description of the Business, current period and historical weighted-average shares amounts reflect the application of a 0.35997 conversion ratio to historical VTBH share, and weighted-average share amounts. For the quarter ended March 31, 2013, weighted-average shares used in computing net loss per share are for Turtle Beach common shares only in conformity with U.S. GAAP reporting standards.

The following weighted-average shares of common stock equivalents were excluded from the computation of diluted net loss per share of common stock for the periods presented because including them would have been antidilutive.

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	(in thousands)	
Stock options to purchase common stock	5,664	3,658
Warrants to purchase common stock	51	—
Unvested restricted stock awards	4	—
Total	<u>5,719</u>	<u>3,658</u>

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12. INCOME TAXES

In order to determine the quarterly provision for income taxes, Parametric uses an estimated annual effective tax rate, which is based on expected annual income and statutory tax rates in the various jurisdictions in which Parametric operates. To the extent that application of the estimated annual effective tax rate is not representative of the quarterly portion of actual tax expense expected to be recorded for the year, Parametric determines the quarterly provision for income taxes based on actual year-to-date income (loss). Certain significant or unusual items are separately recognized in the quarter during which they occur and can be a source of variability in the effective tax rates from quarter to quarter.

Income tax benefit for the quarter ended March 31, 2014 was \$5.8 million, resulting in an effective benefit rate of 70.0%. Parametric's effective tax rate at March 31, 2014 differs from the United States federal statutory rate of 35% mostly due to permanent differences relating to non-deductible transaction costs and non-deductible interest on the Series B Preferred Stock.

Income tax expense for the quarter ended March 31, 2013 was \$0.3 million, resulting in an effective tax expense rate of 12.9% , which differs from the expected federal statutory rate primarily due to non-deductible interest on the Series B Preferred Stock.

As a result of the Merger and legacy NOLs of Parametric, Parametric has a NOL of approximately \$13.0 million which is available to offset future taxable income, subject to IRS code Section 382 limitations on actual usage. Parametric has not recorded a valuation allowance against the related deferred tax asset because it is considered more likely than not that the company will have future taxable income sufficient to utilize its deferred tax assets.

Parametric is subject to income taxes domestically and in various foreign jurisdictions. Significant judgment is required in evaluating Parametric's uncertain tax positions and determining its provision for income taxes. As of March 31, 2014, Parametric had uncertain tax positions of \$1.5 million. Parametric recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. Parametric did not incur any material interest or penalties related to income taxes in any of the periods presented. Parametric does not anticipate any significant events or circumstances that would cause a material change to these uncertainties during the ensuing year.

On September 19, 2013, the Internal Revenue Service issued final regulations under sections 162(a) and 263(a) of the Internal Revenue Code pertaining to the treatment of amounts paid to acquire, produce or improve tangible property. Parametric is currently analyzing how it will be affected by the regulations but does not anticipate any material impact on its financial statements.

Parametric files U.S., state and foreign income tax returns in jurisdictions with various statutes of limitations. Parametric's consolidated federal tax return for 2012 is currently under examination. The federal tax years open under the statute of limitations are 2010 through 2012, and the state tax years open under the statute of limitations are 2009 through 2012.

13. GEOGRAPHICAL INFORMATION

The following table represents total net revenues based on where customers are physically located:

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	(in thousands)	
United States	\$ 27,085	\$ 22,809
Europe	9,790	4,516
Other	1,413	2,208
Total revenues	\$ 38,288	\$ 29,533

Revenues earned in the United Kingdom comprised \$9.5 million and \$3.5 million for the quarters ended March 31, 2014 and 2013. No other country outside of the United States comprised 10% or greater of total revenues for the quarters ended March 31, 2014 and 2013.

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14. RELATED PARTY

Subordinated Notes

On August 30, 2013, VTBH issued \$10.0 million of subordinated notes (the "August Notes") to Juergen Stark, VTBH's chief executive officer, Ronald Doornink, a director of VTBH, and SG VTB Holdings, LLC ("SG VTB"), VTBH's largest shareholder. The August Notes bear interest at a rate of (i) 10% per annum for the first year and (ii) 20% per annum for all periods thereafter, with interest accruing and being added to the principal amount of the August Notes quarterly. Principal and interest on the August Notes are due upon maturity of the August Notes, which shall occur on the one year anniversary of the later of (i) the term loan maturity date under VTBH's former loan and security agreement or (ii) the revolving line of credit termination date thereunder. The proceeds from the August Notes were used to repay an equivalent portion of VTBH's then outstanding term loans.

In connection with the Third Amendment of VTBH's former loan and security agreement, on January 15, 2014, VTBH issued an additional \$7.0 million subordinated note (the "January Note") to SG VTB, the proceeds of which were applied against the outstanding balance of the term loan under the former loan and security agreement. The January Note bears interest at a rate of (i) 10% per annum until December 31, 2014 (which is the maturity date of the January Note) and (ii) 20% per annum for all periods thereafter, with interest accruing and being added to the principal amount of the January Note quarterly. The other terms of the January Note are substantially similar to the terms of the August Notes.

15. STOCK-BASED COMPENSATION

Parametric recognized stock-based compensation for employees and non-employees in connection with the 2011 Equity Incentive Plan (the "2011 Plan") in the accompanying consolidated statements of operations as follows:

	For the Quarter Ended March 31,	
	2014	2013
	(in thousands)	
Cost of revenue	\$ 30	\$ 20
Selling and marketing	120	75
Product development	206	65
General and administrative	693	548
Total stock-based compensation	\$ 1,049	\$ 708

Determination of Fair Value

The estimated grant date fair value of stock-based awards granted was calculated using the Black-Scholes option-pricing model, based on the assumptions discussed below:

	For the Quarter Ended March 31, 2014
Expected term (in years)	6.1 - 6.3
Risk-free interest rate	1.9% - 2.0%
Expected volatility	49.7% - 49.8%
Dividend rate	0%

Each of these inputs is subjective and generally requires significant judgment to determine.

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2011 Plan

In January 2011, VTBH adopted the 2011 Plan that covers certain employees, consultants and directors of Parametric who are entitled to stock options and restricted stock, as applicable, pursuant to the provisions of respective award agreements. The 2011 Plan is shareholder-approved and was terminated as to new grants at the Merger when there were options on 3,960,783 shares outstanding.

Stock options are time-based and exercisable within ten years of the date of grant, but only to the extent they have vested. The options generally vest as specified in the option agreements or upon a change in control of Parametric, subject to continued employment with Parametric. In the event participants in the 2011 plan cease to be employed or engaged by Parametric, then all of the options would be forfeited if they are not exercised within 90 days.

2013 Plan

On October 30, 2013 the Board of Directors adopted, and on December 27, 2013 the stockholders approved, the 2013 Stock-Based Incentive Compensation Plan (the "2013 Plan"), that became effective upon consummation of the Merger on January 15, 2014. The total number of shares of common stock authorized for grant under the 2013 Plan is 2,250,000 shares plus 122,000 shares authorized to be granted but not issued under Parametric's prior 2012 Plan, plus any shares that may become available through forfeitures or otherwise terminate under the 2012 Plan. Parametric's 2012 Plan terminated as to new grants at the Merger but existing options outstanding as of the Merger continued.

Parametric also had outstanding options to purchase up to 19,500 shares of the Company's common stock at March 31, 2014 that were granted outside of the stock plans as an inducement grant in accordance with NASDAQ rules.

Shares Available for Grant

The following table presents the stock activity and the total number of shares available for grant as of March 31, 2014:

	(in thousands)
Balance at December 31, 2013	1,439
VTBH 2011 Plan terminated at Merger	(1,439)
2013 Plan adopted at Merger	2,372
Options granted	(947)
RSAs granted	(6)
Balance at March 31, 2014	<u>1,419</u>

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Stock Option Activity

	Options Outstanding			
	Number of Shares Underlying Outstanding Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
			(In years)	
Outstanding at December 31, 2013	3,960,783	4.70	8.45	3,031,094
Granted	947,327	15.63		
Assumed in acquisition	1,392,854	6.02		
Exercised	(127,179)	4.60		
Forfeited	(52,752)	—		
Outstanding at March 31, 2014	<u>6,121,033</u>	<u>6.92</u>	<u>7.96</u>	<u>48,829,243</u>
Vested and expected to vest at March 31, 2014	<u>6,121,033</u>	<u>6.92</u>	<u>7.96</u>	<u>48,829,243</u>
Exercisable at March 31, 2014	<u>2,769,932</u>	<u>4.50</u>	<u>5.81</u>	<u>26,592,151</u>

As described in Footnote 1 - Organization and Description of the Business, option share and exercise prices, reflect the application of the 0.35997 conversion ratio pursuant to the Merger Agreement, to historical VTBH share, and weighted average share amounts.

The weighted average grant date fair value of options granted during the three months ended March 31, 2014 was \$8.60.

Aggregate intrinsic value represents the difference between the estimated fair value of the underlying common stock and the exercise price of outstanding, in-the-money options. The aggregate intrinsic value of options exercised was \$1.3 million for the three months ended March 31, 2014.

The total estimated grant date fair value of employee options vested during the three months ended March 31, 2014 was \$4.6 million. As of March 31, 2014, total unrecognized compensation cost related to non-vested stock options granted to employees was \$13.0 million. These costs will be amortized on a straight-line basis over a weighted average vesting period of 2.7 years.

Restricted Stock Awards Activity

	RSAs outstanding	Weighted Average Grant Date Fair Value
Unvested at January 1, 2014	—	\$ —
Granted	6,396	15.63
Unvested at March 31, 2014	<u>6,396</u>	<u>15.63</u>
Expected to vest at March 31, 2014	<u>6,396</u>	<u>\$ 15.63</u>

As of March 31, 2014 total unrecognized compensation cost related to the unvested Restricted Stock Awards ("RSA") granted to members of the Board of Directors was \$0.1 million. This cost will be amortized on a straight-line basis over a weighted average vesting period of 3.8 years.

Phantom Equity Activity

In November 2011, VTBH adopted a 2011 Phantom Equity Appreciation Plan that covers certain employees, consultants, and directors ("Participants") of VTBH who are entitled to phantom units, as applicable, pursuant to the provisions of respective award agreements. This Phantom Equity Appreciation Plan is shareholder-approved, which permits the granting of phantom units to VTBH's Participants of up to 1,500,000 units. Said units are not exercisable or convertible into actual shares of Parametric Common Stock but give the holder a right to receive a cash bonus equal to the appreciation in value between the exercise price and value of the Parametric Common Stock at the time of a change in control event as defined in the plan.

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As March 31, 2014 and 2013, 1,255,280, and 1,357,410 phantom units at a weighted-average exercise price of \$1.58 and \$0.97 have been granted and are outstanding. Because these phantom units are not exercisable or convertible into common shares, said amounts and exercise prices were not subject to the exchange ratio provided by the Merger agreement. As of March 31, 2014 compensation expense related to the Phantom Equity Appreciation Plan units remained unrecognized because as of those dates a change in control, as defined in the Plan, had not occurred.

16. SUBSEQUENT EVENTS

Equity Offering

On April 24, 2014, Parametric entered into an Underwriting Agreement (the "Underwriting Agreement") with Needham & Company, LLC, as representative for the several other underwriters named therein, relating to an underwritten public offering (the "Offering") of 4,000,000 shares of its Common Stock, at a price to the public of \$10.00 per share (the "Offering Price"). Under the terms of the Underwriting Agreement, Parametric also granted the underwriters a 30-day option to purchase up to an additional 600,000 shares of Common Stock at the Offering Price less the underwriting discount and estimated offering expenses payable by Parametric. On April 29, 2014, Parametric received net proceeds from the Offering of approximately \$35.6 million after deducting the underwriting discount and estimated offering expenses payable by Parametric. Parametric intends to use the net proceeds from the Offering to repay certain indebtedness and for working capital and other general corporate purposes. The shares were delivered to the underwriters on April 29, 2014.

The offering was made pursuant to the Parametric's effective registration statement on Form S-3 (Registration Statement No. 333-188389) previously filed with the Securities and Exchange Commission and a preliminary and final prospectus supplement thereunder.

Partial Repayment of Bank of America Facility

On April 30, 2014, Parametric repaid \$10.0 million of debt outstanding under the Loan Agreement as contemplated upon the occurrence of a public offering or Liquidity Event, as defined therein. The Loan Agreement permits Parametric to immediately re-borrow these funds, subject to accounts receivable- and inventory-based borrowing availability.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our operations should be read together with our unaudited condensed consolidated financial statements and the related notes included in Part I of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and the related notes included in our Prospectus Supplement filed with the Securities Exchange Commission on April 24, 2014. This discussion and analysis contains forward-looking statements that are based on the beliefs, as well as assumptions made by, and information currently available to, its management. Actual results could differ materially from those discussed in or implied by forward-looking statements for various reasons.

Business Overview

Parametric Sound Corporation (the "Company") is an audio technology company that markets innovative products under the Turtle Beach and HyperSound brands. The Company designs and markets premium audio peripherals for video game consoles, personal computers and mobile devices under the Turtle Beach brand (TurtleBeach.com), including officially-licensed headsets for the next-generation Xbox One and PlayStation 4 consoles. Under the HyperSound brand (HyperSound.com), the Company markets pioneering directed audio solutions that beam sound to a specific listening area without the ambient noise of traditional speakers. HyperSound has applications in digital signage and kiosks, consumer electronics and health care. The Company's mission is to utilize innovative technology to create exceptional audio experiences across a wide range of consumer and commercial applications.

On January 15, 2014, Parametric Sound Corporation completed a merger (the "Merger") with VTB Holdings, Inc. ("VTBH"), which operates the Turtle Beach business. The Merger resulted in a company with a new investment profile and unaudited pro forma combined net revenue of \$179 million for the year ended December 31, 2013. The Company's stock is traded on NASDAQ under the symbol HEAR (formerly PAMT) and the Company anticipates changing its legal name from Parametric Sound Corporation to Turtle Beach Corporation in May of 2014.

Audio technology and digital signal processing are core competencies of the combined companies, and we intend to leverage these competencies to continue to expand both our headset and HyperSound product portfolios. We consider continued innovation and state-of-the-art product development key factors to our future success. The Merger combined the unique intellectual property and HyperSound product platform of Parametric Sound Corporation with the commercialization skills and resources of Turtle Beach, including proven product design, product development, supply chain management, sales and marketing. We believe that the strength of the Turtle Beach headset business provides a strong foundation that will enable us to invest in the advancement and commercialization of HyperSound.

Headset Business Overview

Turtle Beach is a leading designer, developer and marketer of premium audio peripherals for video game console, handheld console, personal computer and mobile platforms. Turtle Beach launched its first gaming headset in 2005, and played a significant role in developing the market for advanced gaming headsets. Today's consumers know Turtle Beach for advanced gaming headsets, which allow video game players to experience high-quality, immersive surround sound and to communicate with others while playing video games. Turtle Beach is the only gaming headset company that is officially licensed by all three major gaming consoles platforms – Microsoft Xbox, Sony PlayStation and Nintendo Wii. In addition, Turtle Beach has licensing agreements with major software and entertainment brands, including Activision, Blizzard, Disney and Marvel to create co-branded headsets with popular franchises, such as *Call of Duty*® and *Star Wars*. Turtle Beach believes that its licensing agreements with leading console and software companies provide a competitive advantage and build brand awareness. Turtle Beach branded headsets are now distributed in 44 countries across North America, South America, Europe, the Middle East, Africa, Australia, and Asia. The headsets are sold at more than 27,000 storefronts, including major retailers such as Amazon, Apple, Best Buy, GameStop, HMV, Target and Walmart.

We believe that the primary growth drivers for our console gaming headset business are:

- Cumulative sales of 163 million consoles, in the aggregate, of Xbox 360, Xbox One, PlayStation 3, and PlayStation 4 consoles as of year-end 2013, as estimated in the March 2014 DFC Intelligence: Worldwide Console Forecast;
- Projected sales of next-generation Xbox One and PlayStation 4 consoles, which are forecasted to reach 149 million cumulative units by 2018, as estimated in the March 2014 DFC Intelligence: Worldwide Console Forecast;

- The increase in multiplayer online gaming, whether console-, mobile-, or PC-based, in which a gaming headset provides the additional benefit of being a communication device;
- The launch of new console video game titles, which we believe increases foot traffic into retail stores and lifts console gaming headset sales; and
- The installed base of more than 7 million Turtle Beach headsets, which we expect to drive upgrades and replacements.

Business Trends

The gaming industry experienced a cyclical event in 2013 as Microsoft and Sony each introduced new consoles for the first time in eight years. Turtle Beach's gaming headset business was materially impacted in 2013 by the beginning of this multi-year transition from sixth generation consoles to seventh generation consoles. After Sony announced the PlayStation 4 in February 2013 and Microsoft announced the Xbox One in May 2013, consumers began delaying gaming purchases in advance of the introduction of the new consoles, negatively impacting global sales of console hardware and software.

Turtle Beach focused in 2013 on investment and consolidation with the goal of positioning itself for renewed growth in 2014. Turtle Beach increased spending and investment in personnel and infrastructure to enter or strengthen its position in new geographic regions and expand the product line into areas outside of console gaming headsets. In October 2013, Turtle Beach launched a new line of wireless media headsets as part of its strategy to broaden its base of users from console gaming headsets to headsets for music, movies, and mobile gaming. In addition, Turtle Beach signed a licensing agreement with Microsoft to create audio solutions for the Xbox One.

The consumer response to Xbox One and PlayStation 4 has been overwhelmingly positive, creating a growing installed base of users and a market for next generation headsets. We believe we are well positioned to benefit from the anticipated growth in the segment as consumers purchase new consoles over the next three years and beyond. DFC Intelligence estimates Xbox One cumulative sales will increase approximately 23 times from a base of 2.8 million in 2013 to 63 million in 2018, and estimates PlayStation 4 cumulative sales will increase approximately 21 times from a base of 4.2 million to 86 million over the same period. In addition, industry analysts expect Microsoft and Sony to continue to support their current generation consoles over the next few years and, as a result, we anticipate that there will continue to be a significant market through 2014 for our headsets that are compatible with Xbox 360 and PlayStation 3.

Seasonality

Our gaming headset business is seasonal with a significant portion of sales and profits typically occurring around the holiday period. Historically, more than 50% of Turtle Beach's revenues are generated during the period from September through December as new headsets are introduced and consumers engage in holiday shopping.

PlayStation 4 console launch

In preparation for the launch of the PlayStation 4 in November 2013, we introduced two headsets designed for the new console, the P4C and PX4. In addition, we aggressively marketed many current generation headsets in our portfolio that were also compatible with the new console. As a result, sales of PlayStation 4 compatible headsets played a large role in Turtle Beach's improved performance at the end of 2013, which carried over to the first quarter of 2014.

Xbox One console launch

At this time, Turtle Beach remains one of only two announced audio companies currently licensed and approved by Microsoft to develop and sell Xbox One compatible audio products. In order for headsets to receive integrated voice and chat audio from the Xbox One, a Microsoft proprietary hardware adapter is required. Due to the inclusion of this proprietary adapter, older headsets lacking a license from Microsoft, including older Turtle Beach headsets, are not compatible with the Xbox One without the separately purchased adapter.

In October 2013, Microsoft informed Turtle Beach that the adapter and software created by Microsoft and required to enable full headset functionality on the Xbox One would not be implemented until the first quarter of 2014. As a result, Turtle Beach deferred the launch of its XO Four and XO Seven headsets until the first quarter of 2014.

Turtle Beach launched the first-ever Xbox One compatible headsets on March 6, 2014. Consumer reaction to the new headsets -- the XO FOUR, XO SEVEN and Titanfall Atlas -- has been positive, which helped Turtle Beach achieve a 74% dollar share of Xbox One headsets in the first quarter of 2014 according to sales tracking data from the NPD Group, Inc.

Investments in People and Infrastructure

Turtle Beach's net revenues have more than doubled from 2010 to 2012 and it has continued to invest in building internal capabilities, including the hiring of new executives, significantly expanding the number of internal product development, product management, and operational personnel, and increasing marketing expenditures and investment in retail selling displays. In addition, Turtle Beach acquired a United Kingdom based distributor, Lygo International Limited (now Turtle Beach Europe Ltd) in October 2012, which added sales and marketing staff and expenses as well as warehouse and distribution facilities. We intend to continue to invest in internal capabilities to support longer term growth.

Geographic Expansion

Turtle Beach has a strong market position in North America, United Kingdom, and Australia. Turtle Beach is also one of the top gaming headset providers in the rest of Europe but believes there is further opportunity for growth. Asia, in particular China, and Latin America are viewed by the Company as additional long-term growth opportunities. The Company intends to continue investing in a stronger presence and growth in these regions.

Total points of distribution is a standard retail trade term used to summarize distribution breadth by multiplying the number of retail outlets selling a product by the number of those products in each location. It takes into account how widely products are available and how many items are available. Points of distribution for Turtle Beach headsets nearly tripled overall from 2011 to 2013, increasing from approximately 128,000 to approximately 370,000. The international growth rate over the three-year period was 490%, with points of distribution increasing from approximately 27,000 to 159,000.

Product Portfolio

Turtle Beach offers a variety of headsets at retail price points ranging from \$30 to \$300 and has offerings across all major gaming platforms. As gaming consoles have evolved from dedicated video game platforms to home entertainment hubs, and mobile devices have become platforms for entertainment, we have continued to evolve our Turtle Beach headsets to reflect how content is consumed. For example, in October 2013, we introduced media headsets, the iSeries, that can bring sophisticated audio processing technology to consumers watching movies or listening to music, as well as playing video games. These new headsets are available at Apple retail stores, with expanded distribution anticipated later in 2014. While the stereo headphone category is large and very competitive, Turtle Beach management believes that the availability of the iSeries in Apple stores and the underlying technology innovation in the products will be an important catalyst for expanding its consumer base. This initiative represents an investment of over \$3 million in product development and marketing in 2013.

HyperSound Business Overview

Technology Target Markets

Several innovations have made HyperSound a distinctly different technology from previous ultrasonic audio solutions. These patent-protected innovations provide a competitive advantage over other solutions in the marketplace. Digital signal processing has significantly improved audio quality and frequency response, electronics advancements have enabled the use of low voltage cables and lowered overall power consumption, and innovations in emitter panel design have improved the ratio of audio volume to panel size, allowing for the production of much smaller panels. Combined, these improvements open the door to the use of HyperSound in a host of commercial and consumer applications that was closed to past ultrasonic sound technologies.

We are currently focusing our product development efforts for HyperSound-based products in the following three areas: commercial, health care and consumer applications. We are also pursuing licensing opportunities in addition to the products we are commercializing.

Commercial Applications

Among potential commercial applications, we are currently marketing our HyperSound technology to retailers and audio-visual integrators for use in settings where directed audio and sound zones are beneficial, such as digital signage and interactive retail displays. Digital signage is a growing form of direct advertising, capturing an increasing share of advertising spending. Restaurants, banking, retail outlets, museums and other outlets and organizations employ commercial displays to communicate with patrons, many of which currently have no audio. Interactive retail displays and related computer terminals such as ATMs, power applications for communication, commerce, entertainment and education. Electronic gaming and casino slot machines are also becoming increasingly sophisticated computerized entertainment devices. We believe the ability to focus sound on the user in front of such displays or devices, while limiting or removing sound disruption outside the listening area, offers utility unavailable with traditional speakers. HyperSound creates discrete in-store promotional audio zones that offer a personal experience to an individual while preventing noise pollution that could be heard by surrounding customers.

Health Care

We believe our research studies, including preference testing and clinical trials, demonstrate that HyperSound technology offers improved comprehension of audio for persons with varying types of hearing impairments by delivering higher volume and clarity of audio to hearing impaired listeners when compared to a conventional acoustic speaker. In February 2014, we received clearance from the U.S. Food and Drug Administration, or FDA, for the marketing of the HyperSound audio system as a hearing improvement device. We are focused on bringing a product to market that will have a positive impact on the quality of life for people with certain hearing disabilities. With over 48 million people in the United States experiencing hearing impairments, we believe hearing health represents a strong opportunity for us, and that our technology will fill a need in the market.

Consumer Applications

Our HyperSound technology has the potential to be developed into consumer products for various applications, including computers, video game consoles, televisions, home theater and home audio. With the advent of flat panel displays for use in televisions and mobile devices, manufacturers have been focused on creating thinner products often at the expense of sound quality. We believe this has created an opportunity to develop integrated and companion HyperSound products that improve the audio experience by providing immersive 3D sound. We believe that our ability to create a 3D sound image from two thin emitters, compared to a five- or seven-speaker surround sound set-up using conventional speakers will deliver a compelling and enhanced audio experience for consumers.

Basis of Presentation

Merger Agreement

On January 15, 2014, VTB Holdings, Inc. ("VTBH") and Parametric Sound completed the merger of Paris Acquisition Corporation ("Merger Sub") with and into VTBH in accordance with the terms and conditions of the Merger Agreement, dated August 5, 2013 (the "Merger Agreement"), by and among Parametric Sound, VTBH and Merger Sub (the "Merger"). As a result of the Merger, VTBH, the surviving entity in the Merger, became a wholly-owned subsidiary of Parametric Sound. For accounting purposes, the Merger was treated as a "reverse acquisition" and VTBH was considered the accounting acquirer. Parametric Sound Corporation is operating under the Turtle Beach management team, and its Board of Directors consists of two former Parametric Sound directors and five directors selected by Turtle Beach. Accordingly, Turtle Beach's historical results of operations will replace Parametric Sound's historical results of operations for all periods prior to the Merger, and for all periods following the Merger, the results of operations of both companies will be included in Parametric Sound's financial statements. Prior to the Merger, Parametric Sound had a September 30 fiscal year end, which was subsequently changed to a December 31 calendar year end after the Merger.

In connection with the Merger, Parametric Sound Corporation issued to the former holders of VTBH common stock and Series A Preferred Stock an aggregate of 30,227,100 shares of Parametric Sound common stock, par value \$0.001 per share ("Parametric Sound Common Stock"). The number of shares of Parametric Sound Common Stock issued was computed in accordance with a formula specified in the Merger Agreement using an exchange ratio of 0.35997 shares of Parametric Sound Common Stock for every one share of VTBH common stock or Series A Preferred Stock. In addition, in accordance with the terms of the Merger Agreement, all outstanding options to purchase shares of VTBH common stock were converted into options to purchase shares of Parametric Sound Common Stock that were assumed by Parametric Sound Corporation. These newly issued shares of Parametric Sound Common Stock, together with the converted options, represented approximately 80%

of the total issued and outstanding shares of Parametric Sound Common Stock, on a fully-diluted basis, as of the closing date of the Merger.

Revenue

Prior to the Merger, the Company's historical revenues were primarily derived from the sale of gaming headsets and accessories, including replacement parts for gaming headsets and audio cables. During 2014, revenues will also include the sale of HyperSound products for commercial, health care and consumer applications.

During 2013, the majority of the Company's revenues were derived from sales of headsets designed primarily for use with the Xbox and PlayStation consoles. The majority of the Company's products are distributed domestically to specialty retailers of consumer electronics, superstores, online retailers and wholesalers, and internationally through TB Europe and to wholesalers. Products are also sold directly to consumers through the Company's website. International sales are generally shipped directly from the Company's suppliers in China to international wholesalers.

We recognize revenue when all of the following criteria are met: (1) persuasive evidence exists of an arrangement with the customer reflecting the terms and conditions under which the services will be provided; (2) services have been provided or delivery has occurred; (3) the fee is fixed or determinable; and (4) collection is reasonably assured. Collectability is assessed based on a number of factors, including the creditworthiness of a customer and transaction history.

Net revenues are influenced by numerous factors such as product volume and mix, pricing, geographic mix, foreign currency exchange rates, the mix between sales to resellers and end users and adjustments for sales returns, price protection programs and co-op programs.

Cost of Revenue and Gross Profit

The Company's cost of revenue primarily consists of manufacturing costs associated with its headsets and subsequent to the merger, manufacturing costs associated with production of HyperSound products. Cost of revenue also includes costs for product royalties, warranty expense, logistics and facilities costs, freight and personnel costs (including stock compensation expenses). Gross profit percentage is influenced by numerous factors such as product volume and mix, pricing, geographic mix, the mix between sales to resellers and end-users, third-party costs (including both raw material and manufacturing costs), warranty costs and charges related to returns and customer promotional programs.

Operating Expenses

The Company's significant operating expenses are selling and marketing, research and development, and general and administration. The components of sales and marketing expenses include trade shows and events, promotions, salaries and benefits, direct media advertising, in-store advertising and interactive retail displays. Personnel expenses are the largest category of expense and include salaries, benefits, bonuses, sales commissions and stock-based compensation expense.

Selling and Marketing Expenses. Selling and marketing expenses are the Company's largest functional category of total operating expense. These expenses primarily consist of media and advertising, which include online search engine optimization, investment in retail sales displays and tradeshow. Expenses also include salaries and benefits related to the Company's worldwide direct sales force, sales commissions, travel and entertainment costs, sales support, sales development and outside sales consultants. The Company plans to continue to invest in sales and marketing efforts, including a plan to increase the number of sales personnel worldwide in order to expand reach in international markets as well as to expand the HyperSound businesses. In addition, the Company intends to continue to grow its marketing and promotional expenditures to build brand awareness for both Turtle Beach and HyperSound brands.

Research and Development Expenses. Research development expenses are costs related to the development and enhancement of the Company's Headset and HyperSound related products. These expenses consist of salaries and benefits, information technology, consulting, engineering samples and prototypes and allocation of facility-related costs. The Company expects its development costs to increase in absolute dollars as it continues to expand product offerings and its global reach.

General and Administrative Expenses. General and administrative expenses consist primarily of salaries and benefits, professional fees and depreciation. General and administrative personnel costs include the Company's executive, finance, human resources, information technology and external legal functions. Professional fees consist primarily of accounting, tax, legal, recruiting and other consulting costs, including costs associated with being a public company.

Business Transaction Costs. Business transaction costs consist primarily of legal, accounting and investment banker fees associated with the Merger transactions. Costs include legal costs related to due diligence, contract reviews and preparation of SEC documents, accounting and public company readiness costs related to the increased requirements for operating as a public company, accounting firms review and audit of transaction related SEC filings, and fees paid to investment bankers including fairness opinions and success bonuses upon close of the Merger.

Other Expense, net

Other Expense, net, is comprised of the following items:

Interest expense consists primarily of cash interest expense on the Company's revolving credit facility, term loan, non-cash interest on subordinated notes and Series B preferred Stock and amortization of financing costs.

Other expense consists primarily of foreign currency exchange gains and losses. The Company's foreign currency exchange gains and losses relate to transactions and asset and liability balances denominated in currencies other than the U.S. dollar. The Company expects its foreign currency gains and losses to continue to fluctuate in the future due to changes in foreign currency exchange rates. Other expenses also include derivatives to partially offset exposure to foreign currency exchange risk.

Provision for Income Taxes

The provision for income taxes consists of federal and state income taxes in the United States, income taxes in certain foreign jurisdictions and deferred income taxes reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and includes uncertain tax positions. Earnings from the Company's non-U.S. activities are subject to local country income taxes and may be subject to U.S. income taxes.

Results of Operations

The following table sets forth the Company's statement of operations for the periods presented:

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	(in thousands)	
Net Revenue	\$ 38,288	\$ 29,533
Cost of Revenue	26,012	20,908
Gross Profit	12,276	8,625
Operating expenses:		
Selling and marketing	7,000	5,706
Research and development	1,998	887
General and administrative	3,573	2,370
Business transaction costs	4,228	—
Total operating expenses	16,799	8,963
Operating loss	(4,523)	(338)
Other (income) expense, net:		
Interest expense	4,240	1,314
Other (income) expense, net	(25)	389
Total other expense, net	4,215	1,703
Loss before (benefit) provision for income taxes	(8,738)	(2,041)
(Benefit) provision for income taxes	(5,832)	263
Net loss	\$ (2,906)	\$ (2,304)

Results for the quarter ended March 31, 2013 include the accounts of VTBH only, since VTBH is considered the accounting acquirer in the January 15, 2014 Merger transaction. Results for the quarter ended March 31, 2014 include VTBH and the results of Parametric subsequent to the date of acquisition.

Quarter Ended March 31, 2014 Compared to Quarter Ended March 31, 2013

Net Revenue

Net revenue for the quarter ended March 31, 2014 totaled \$38.3 million, or \$8.8 million (30%) higher than a year ago. The increase was primarily driven by Xbox One headset revenue. Microsoft delayed gaming headset audio when the Xbox One console was rolled out (November 2013) until March 2014. In late February 2014, the Company began shipping Xbox One headsets on a global basis to position for the release of gaming headset audio on March 11, 2014. The Company is one of two third parties licensed to manufacture and sell headsets for Xbox One today. The Microsoft delay resulted in a deferral of headset sales from the 2013 holiday season into the first half of 2014. In addition, the Titanfall game for Xbox One was released in March, and the Company sells a licensed headset for this multi-player game. The new Playstation and Xbox consoles released in November 2013 have sold over 12 million units total as of April 2014, exceeding industry estimates.

Cost of Revenue

Cost of revenue for the quarter ended March 31, 2014 totaled \$26.0 million, or 67.9% of net revenue as compared to 70.8% of net revenue a year ago. The lower cost of revenue on a percent-of-net revenue basis was driven by lower product costs and royalties, driven by product and customer mix, and offset by higher freight-in and warehouse costs associated with positioning Xbox One headsets in retailers in time for Microsoft headset audio release in March.

Selling and Marketing

Selling and marketing expenses for the quarter ended March 31, 2014 totaled \$7.0 million, representing an increase of \$1.3 million, or 23%, compared to \$5.7 million for the quarter ended March 31, 2013. This increase was primarily due to a \$0.5 million increase in depreciation expenses primarily related to the expansion of interactive retail display kiosks into two large retailers in the fourth quarter of 2013, \$0.5 million increase in salary and benefit expenses, \$0.4 million of marketing costs for the HyperSound business and a \$0.2 million increase in international marketing costs. These increased expenses were partially offset by, a \$0.3 million decrease in advertising expenses.

Research and Development

Research and development expenses for the quarter ended March 31, 2014 total \$2.0 million, representing an increase of \$1.1 million, or 122%, compared to \$0.9 million for the quarter ended March 31, 2013. This increase was primarily due to \$0.5 million in costs in HyperSound business, and \$0.3 million of expenses related to staff additions made during 2013.

General and Administrative

General and administrative expenses for the quarter ended March 31, 2014 totaled \$3.6 million, representing an increase of \$1.2 million, compared to \$2.4 million for the quarter ended March 31, 2013. The increase was primarily due to a \$0.5 million related to additional finance and accounting headcount to support being a public company, \$0.4 million in accounting and consulting temporary staffing costs, added to assist with the bank refinancing and equity offering and \$0.3 million in expenses related to the HyperSound business.

Business Transaction

Business transaction expenses for the quarter ended March 31, 2014 increased \$4.2 million compared to the quarter ended March 31, 2013. The increase was primarily due to investment banker success fees of \$2.7 million payable upon the close of the Merger as well as associated legal and accounting fees.

Interest Expense, net

Interest expense, net, increased by \$2.9 million for the quarter ended March 31, 2014, as compared to March 31, 2013, primarily due to the increased amortization costs as a result of the write-off of \$2.2 million of unamortized debt issuance costs related to the payoff of Turtle Beach's previous credit facility on March 31, 2014. The remaining increase during the quarter

ended March 31, 2014 was due to the the addition of the subordinated notes and higher interest rates on the revolver and term loan balance outstanding under the old credit facility that was retired on March 31, 2014.

Income Taxes

Income tax benefit was \$5.8 million for the quarter ended March 31, 2014, which represented a decrease of \$6.1 million from the income tax expense of \$0.3 million for the quarter ended March 31, 2013. The effective tax rate in 2013 was a provision of approximately 70%. The difference between the effective tax rate and the statutory tax rates is primarily related to differences in book and tax treatment of stock based compensation, transaction costs, interest on the Series B Preferred Stock and other non-deductible expenses.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) before interest, taxes, depreciation and amortization, stock-based compensation (non-cash), non-cash amortization of payments to founders and certain business transaction expenses. Management believes Adjusted EBITDA is a useful measure to help evaluate its business, analyze trends, measure performance, prepare financial projections and make strategic decisions.

Management adjusts net income (loss) for business transaction costs from its calculations of Adjusted EBITDA because it believes that such items are not representative of core operations. For the quarter ended March 31, 2014, business transaction costs consisted of acquisition-related costs in the amount of \$4.2 million related to the Merger.

We believe Adjusted EBITDA provides useful information to investors about us and our financial condition and results of operations for the following reasons: (i) it is one of the measures used by our board of directors and management team to evaluate our operating performance; (ii) it is one of the measures used by our management team to make day-to-day operating decisions; (iii) the adjustments made in our calculation of Adjusted EBITDA (business transaction costs, payments to our founders, and stock-based compensation) are often viewed as either non-recurring or not reflective of ongoing financial performance or have no cash impact on operations; and (iv) it is used by securities analysts, investors and other interested parties as a common operating performance measure to compare results across companies in our industry by backing out potential differences caused by variations in capital structures (affecting relative interest expense), and the age and book value of facilities and equipment (affecting relative depreciation expense).

The term Adjusted EBITDA is not defined under U.S. generally accepted accounting principles ("U.S. GAAP") and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool, and when assessing our operating performance, you should not consider Adjusted EBITDA in isolation, or as a substitute for net income (loss) or other consolidated income statement data prepared in accordance with U.S. GAAP. We compensate for these limitations by relying primarily on our U.S. GAAP results and using Adjusted EBITDA only as a supplemental measure. Some of these limitations include, but are not limited to:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- Adjusted EBITDA does not reflect income taxes or the cash requirements for any tax payments; and
- Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Adjusted EBITDA (and a reconciliation to net income (loss), the nearest GAAP financial measure) for the quarters ended March 31, 2014 and 2013 are as follows:

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	(in thousands)	
Net loss	\$ (2,906)	\$ (2,304)
Interest expense, net	4,240	1,314
Depreciation and amortization	2,051	1,167
Stock-based compensation	1,049	708
(Benefit) provision for income taxes	(5,832)	263
Business transaction costs	4,228	—
Payments to founders	—	527
Adjusted EBITDA	<u>\$ 2,830</u>	<u>\$ 1,675</u>

Adjusted EBITDA increased for the quarter ended March 31, 2014 as compared to the quarter ended March 31, 2013 primarily due to increased revenues related to headsets for the Xbox One console.

Liquidity and Capital Resources

The Company has funded its operations and acquisitions in recent periods primarily with its operating cash flows, proceeds from debt financings and invoice factoring.

The table below presents a summary of our cash flows for the quarters ended March 31, 2014 and 2013:

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	(in thousands)	
Cash and Cash equivalents at beginning of year	\$ 6,509	\$ 5,219
Net cash provided by operating activities	8,902	24,951
Net cash provided by (used in) investing activities	3,625	(254)
Net cash (used in) financing activities	(13,612)	(27,750)
Effect of foreign exchange on cash	128	—
Cash and Cash equivalents at end of year	<u>\$ 5,552</u>	<u>\$ 2,166</u>

Net cash provided by operating activities

Net cash provided by operating activities was \$8.9 million during the first quarter of 2014 compared to \$25.0 million during the first quarter of 2013. For the quarter ended March 31, 2014 the cash provided by operating activities consisted primarily of decreases in accounts receivable, inventory and accounts payable of \$18.6 million, \$8.4 million and \$15.8 million, respectively. For the quarter ended March 31, 2013 the cash provided by operating activities consisted primarily of decreases in accounts receivable, inventory, accounts payable and income taxes payable of \$45.1 million, \$1.9 million, \$16.5 million and \$8.1 million, respectively.

Net cash provided by (used in) investing activities

Net cash provided by investing activities was \$3.6 million during the first quarter of 2014 compared to \$0.3 million net cash used during the first quarter of 2013. The net cash provided in the quarter ended March 31, 2014 was principally due to \$4.0 million of cash acquired in the merger partially offset by capital expenditures during the period. The net cash used in the quarter ended March 31, 2013 was due to capital expenditures.

Net cash used in financing activities

Net cash used by financing activities was \$13.6 million during the first quarter of 2014 compared to \$27.8 million during the first quarter of 2013. The net cash used in the quarter ended March 31, 2014 is primarily due to the draw down on the new revolving line of credit of \$34.4 million, net payments to close out the legacy term loan and revolving line of credit of \$54.2 million as well as the issuance of \$7.0 million of additional subordinated debt. The net cash used in the quarter ended March 31, 2013 is due to net repayments of the revolving line of credit and term loan.

Management assessment of liquidity

Management believes that its current cash and cash equivalents, proceeds received from the April 2014 equity offering, and the amounts available under its asset-based credit facility and its cash flows derived from operations will be sufficient to meet its anticipated cash needs for working capital and capital expenditures for at least the next 12 months. The Company may explore additional financing sources to fund expansion, to respond to competitive pressures, to acquire or to invest in complementary products, businesses or technologies, or to lower its cost of capital, which could include equity and debt financings. The Company cannot guarantee that any additional financing will be available on acceptable terms, if at all. If the Company raises additional funds through the issuance of equity or convertible debt, the Company's existing stockholders could suffer significant dilution, and if it raises additional funds through the issuance of debt securities or other borrowings, these securities or borrowings would have rights senior to common stock and could contain covenants that could restrict operations.

Debt Obligation

On March 31, 2014, Parametric and certain of its subsidiaries entered into a new asset based revolving credit agreement ("Loan Agreement"). The Loan Agreement was entered into by and among Parametric, VTB (together with Parametric "US Borrowers"), TB Europe Limited (the "UK Borrower", and together with the US Borrowers, the "Borrowers"), PSC Licensing Corp. ("PSC"), and VTBH (together with PSC, the "US Guarantors", and together with the US Borrowers, the "UK Guarantors"); and Bank of America, N.A., as Agent, Sole Lead Arranger and Sole Bookrunner ("Bank of America").

The proceeds of this borrowing were used to repay the existing revolving credit facility in the U.S. and the invoice factoring arrangement in the UK.

The Loan Agreement is a \$60,000,000 credit facility with designated sub-facility limits of \$50,000,000 for the US Borrowers and \$10,000,000 for the UK Borrower. Actual credit availability under the Loan Agreement will fluctuate because it is subject to a borrowing base limitation that is calculated based on a percentage of eligible trade accounts receivable and inventories, the balances of which fluctuate, and is subject to discretionary reserves and revaluation adjustments. The Borrowers may utilize the Loan Agreement for borrowings as well as for the issuance of bank guarantees, letters of credit and other general corporate purposes as defined by the Loan Agreement.

The Loan Agreement matures in 5 years.

Borrowings will bear interest at a rate that varies depending on the type of loan and the Borrower. The interest rate will be calculated using a base rate plus a margin. Depending on the type of loan, the base rate will either be a rate published by Bank of America or the London interbank offered rate ("LIBOR"). The margin will range from 1.00% to 1.50% for U.S. base rate loans and from 2.00% to 2.50% for U.S. LIBOR loans and U.K. loans. The Loan Agreement also provides for an unused line fee, letter of credit fees, and agent fees.

If certain availability thresholds are not met, the Loan Agreement requires the Company and its restricted subsidiaries to maintain on a consolidated basis a fixed charge coverage ratio (defined as the ratio, determined on a consolidated basis for the Company and its subsidiaries for the most recent four Fiscal Quarters, of (a) EBITDA minus capital expenditures (except those financed with Borrowed Money other than Revolver Loans) and cash taxes paid (b) Fixed Charges (the sum of cash interest expense plus scheduled principal payments on made on Borrowed Money, Distributions made in cash, and the Permitted Earnout Payment) (as such capitalized terms are defined in the Loan Agreement).

The Loan Agreement also contains affirmative and negative covenants that, subject to certain exceptions, limit our ability to take certain actions, including our ability to incur debt, pay dividends and repurchase stock, make certain investments and other payments, enter into certain mergers and consolidations, engage in sale leaseback transactions and transactions with affiliates and encumber and dispose of assets.

At March 31, 2014, the Company was in compliance with all financial covenants under the Loan Agreement.

Loan and Security Agreement

Term Loan

In October 2010, Turtle Beach entered into a loan and security agreement (the "Loan and Security Agreement") with various financial institutions. The Loan and Security Agreement provided for term loans aggregating to \$28.0 million. Turtle Beach's obligations under this credit facility were secured by a first priority lien against substantially all of Turtle Beach's assets. The term loans bore interest at the greater of (i) the minimum interest rate of 5.50% or (ii) LIBOR plus 4.0% per annum. Interest was due monthly.

In August 2012, the Loan and Security Agreement was amended and restated to increase the principal amount on the term loans to \$45.0 million and to amend the maturity date to August 22, 2015. Turtle Beach drew down \$45 million of the term loan in connection with the amendment, of which \$22.1 million went to pay off the outstanding balance. The term loans bore interest at Turtle Beach's option at (i) the Adjusted Base Rate plus the applicable margin ranging from 2.50% to 3.25% as determined by Turtle Beach's total leverage ratio, or (ii) LIBOR, plus the applicable margin ranging from 3.50% to 4.25%. The Applicable Base Rate is equal to the highest of (a) the Prime Rate as determined by the syndication agent, (b) Federal Funds Rate plus 0.5% and (c) the LIBOR rate plus 1%.

On January 15, 2014, we repaid \$7.0 million of the term loan with proceeds from a \$7.0 million subordinated note, and on February 28, 2014 we repaid the remaining \$7.5 million principal balance with funds from operations, as required by amendments to the Loan and Security Agreement entered into during the first quarter of 2014. See "2014 Amendments" below.

Revolving Line of Credit

In August 2011, the Loan and Security Agreement was amended and restated with various financial institutions to include a \$15.0 million revolving line of credit. In August 2012, the Loan and Security Agreement was amended and restated to increase the borrowing capacity on the revolving line of credit to \$55.0 million. As part of the amendment, the outstanding balance of \$10.0 million was paid off. During the year ended December 31, 2012, subsequent to the amendment, Turtle Beach drew down \$38.0 million on the revolving line of credit. The maturity date on the revolving line of credit was amended to August 22, 2015. The revolving line of credit was subject to limitations based on specific percentages of eligible accounts receivables and inventory and bore interest at Turtle Beach's option at (i) the Adjusted Base Rate plus the applicable margin ranging from 2.50% to 3.25% as determined by its total leverage ratio, or (ii) LIBOR, plus the applicable margin ranging from 3.50% to 4.25%. The Applicable Base Rate is equal to the highest of (a) the Prime Rate as determined by the syndication agent, (b) Federal Funds Rate plus 0.5% and (c) the LIBOR rate plus 1%.

2013 Amendments to Term Loan and Subordinated Notes

Turtle Beach entered into amendments to the Loan and Security Agreement in July 2013 and August 2013 (the "2013 Amendments"). The 2013 Amendments waived certain defaults of the fixed charge coverage ratio by Turtle Beach, and also provided for a new minimum EBITDA financial covenant, modifications of the fixed charge coverage ratio and maximum total leverage ratio for periods ending on or after September 28, 2013, and a modification of annual clean-down requirements with which Turtle Beach would need to comply in order to provide for an increase in the eligible amount outstanding under the facility. In addition, the 2013 Amendments amended the interest rate on the outstanding term loans under the Loan and Security Agreement and required Turtle Beach to issue \$10.0 million of subordinated notes to reduce the outstanding borrowings on the term loan. In August 2013, Turtle Beach issued \$10.0 million of subordinated notes to certain affiliated investors, including SG VTB Holdings, LLC, Turtle Beach's chief executive officer and a director of Turtle Beach.

On January 15, 2014 we issued an additional \$7.0 million of subordinated notes on similar terms and used the proceeds to pay off an equivalent amount of term loan debt under the loan and Security Agreement.

2014 Amendments

On January 15, 2014, in connection with the consummation of the Merger, Parametric became an obligor and guarantor under the Loan and Security Agreement, and the Company entered into an amendment to the Loan and Security Agreement to (i) allow the Company to incur an additional \$7.0 million of subordinated indebtedness, (ii) provide for the repayment of the term loan portion of the facility by February 28, 2014, (iii) change the maturity of the revolving line of credit portion of the facility to September 27, 2014, (iv) reduce the commitments under the revolving line of credit to \$35.0 million after March 1, 2014, (v) increase the margin pursuant to which interest on outstanding amounts under the Loan and Security Agreement was calculated by 0.75%, and (vi) modify the financial covenants contained in the Loan and Security Agreement.

On March 13, 2014, the Company entered into an amendment to the Loan and Security Agreement to (i) increase the maximum principal amount of the lenders' revolving loan commitment between February 28, 2014 and April 15, 2014 from \$35 million to approximately \$39 million, (ii) provide that the borrowers, on or prior to April 15, 2014, would reduce the aggregate dollar amount of revolving loans outstanding under the Loan and Security Agreement to the lesser of \$35 million or the Company's borrowing base (calculated in accordance with the terms of the Loan and Security Agreement) as of such date, (iii) waive the Company's obligation to deliver certain certificates regarding its liquidity and borrowing base for the fiscal month ended February 28, 2014, and to specify the delivery date of such certificates during March 2014 and April 2014, (iv) eliminate a requirement that the borrowers reduce the aggregate dollar amount of revolving loans and swing loans outstanding under the Loan and Security Agreement to an amount no greater than \$25 million for a thirty consecutive day period during the first fiscal quarter of each fiscal year, and (v) eliminate the lenders' obligation to make additional revolving loan commitments after February 28, 2014.

Invoice Factoring

Prior to March 31, 2014, Parametric's UK Subsidiary ("TB Europe") had an accounts receivable factoring arrangement with a third-party financial institution in order to accelerate its cash collections from product sales. This arrangement involved the transfer of ownership of eligible trade accounts receivable up to a maximum of £5.0 million at any time, without recourse, to the third-party financial institution in exchange for cash.

As of December 31, 2013, TB Europe sold trade accounts receivable of approximately \$5.7 million to the third-party financial institution, which was netted against accounts receivable on the Company's balance sheet. .

The invoice factoring arrangement was terminated on March 31, 2014, and related borrowings were fully paid with proceeds from the Loan Agreement described above.

Series A convertible stock

In conjunction with the Merger, \$24.4 million principal amount of the Series A convertible stock was converted into shares of our post-Merger common stock pursuant to an exchange ratio as specified in the Merger Agreement.

Series B redeemable preferred stock

In September 2010, Turtle Beach issued 1,000,000 shares of its Series B Preferred Stock with a fair value of \$12.4 million. Turtle Beach is required to redeem the Series B Preferred Stock on the earlier to occur of September 28, 2030, or the occurrence of a liquidation event at its original issue price of \$12.425371 per share plus any accrued but unpaid dividends. The redemption value was \$14.0 million and \$13.7 million as of March 31, 2014 and December 31, 2013, respectively.

Critical Accounting Policies and Recent Accounting Pronouncements

The Company's consolidated financial statements are prepared in accordance with U.S. GAAP and include its accounts and the accounts of its wholly-owned subsidiaries. The preparation of these consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the applicable periods. The Company's management bases its estimates, assumptions and judgments on historical experience and on various other factors that it believes to be reasonable under the circumstances.

Different assumptions and judgments would change the estimates used in the preparation of the Company's consolidated financial statements, which, in turn, could change the results from those reported. The Company's management evaluates its estimates, assumptions and judgments on an ongoing basis.

Refer to Note 2 - Summary of Significant Accounting Policies in our Prospectus Supplement filed with the SEC on April 24, 2014.

Off-Balance Sheet Arrangements

Off balance sheet arrangements are transactions, agreements, or other contractual arrangements with an unconsolidated entity for which the Company has an obligation to the entity that is not recorded in the consolidated financial statements. The Company does not have any significant off-balance sheet arrangements.

Contractual Obligations

The Company's principal commitments primarily consist of obligations for minimum payment commitments to leases for office space, Turtle Beach's term loan and revolving line of credit. As of March 31, 2014, the future non-cancelable minimum payments under these commitments were as follows:

	Payments Due by Period (in thousands)				
	Total	Less Than One Year	1 - 3 Years	3 - 5 Years	More Than Five Years
Contractual Obligations: (1)					
Operating lease obligations (2)	\$ 3,566	\$ 886	\$ 1,259	\$ 1,098	323
Series B redeemable preferred stock (3)	51,928	—	—	—	51,928
Principal payments on long term debt (4)	34,490	34,490	—	—	—
Due to shareholders	3,125	3,125	—	—	—
Subordinated notes (5)	17,737	17,737	—	—	—
Total	\$ 110,846	\$ 56,238	\$ 1,259	\$ 1,098	\$ 52,251

- (1) Contractual obligations exclude tax liabilities of \$1.5 million related to uncertain tax positions because Turtle Beach is unable to make a reasonably reliable estimate of the timing of settlement, if any, of these future payments.
- (2) Operating lease agreements represent the Company's obligations to make payments under non-cancelable lease agreements for its facilities.
- (3) In September 2010, Turtle Beach issued shares of its Series B Preferred Stock. If the Series B Preferred Stock is still outstanding as of October 2030, the Company will be required to redeem the shares for an aggregate of \$51.9 million, which is comprised of the aggregate purchase price of \$12.4 million plus cumulative preferred dividends of 8.0% per annum, or \$39.5 million in the aggregate.
- (4) On March 31, 2014 the Company entered into a new Loan Agreement. See Footnote 8 - Long-Term Debt to the Condensed Consolidated Financial Statements included in this Form 10-Q.
- (5) On August 30, 2013, Turtle Beach issued \$10.0 million of subordinated notes to certain affiliated investors, including SG VTB Holdings, LLC, our Chairman of the Board and our Chief Executive Officer, the proceeds of which were applied against the outstanding balance of the term loan. On January 15, 2014, Turtle Beach issued \$7.0 million of additional subordinated notes to SG VTB Holdings, LLC the proceeds of which were also applied against the outstanding balance of the term loan. Accrued interest on the subordinated notes was \$0.7 million at March 31, 2014.

Item 3 - Qualitative and Quantitative Disclosures about Market Risk

The Company is exposed to market risks in the ordinary course of its business. Market risk represents the risk of loss that may impact its financial position due to adverse changes in financial market prices and rates. The Company's market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates and inflation.

Interest Rate Risk

The Company is exposed to market risk due to the possibility of changing interest rates under its credit facilities. Its former Loan and Security Agreement was comprised of a term loan and a revolving credit agreement. As of March 31, 2014, the Company's total debt was comprised of a revolving credit line of \$34.5 million and subordinated notes of \$17.7 million. A hypothetical 10% increase in borrowing rates at March 31, 2014 would have resulted in a \$.3 million annual increase in interest expense on the existing principal balances.

Foreign Currency Exchange Risk

The Company operates in international markets, which exposes it to market risk associated with foreign currency exchange rate fluctuations between the U.S. Dollar and various foreign currencies, the most significant of which is the British Pound. Historically, the majority of the Company's revenues were denominated in U.S. Dollars, with the most significant exception being Europe, where the Company invoices primarily in the British Pound. The Company's expenses are generally denominated in the currencies in which operations are located, which is primarily in the United States and United Kingdom. The consolidated results of operations and cash flow are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to its business would not have a material impact on the Company's consolidated financial statements.

To date, the Company has used derivative financial instruments, specifically foreign currency forward and option contracts, to manage exposure to foreign currency risks, by hedging a portion of its forecasted expenses denominated in British Pounds expected to occur within a year. The effect of exchange rate changes on foreign currency forward and option contracts is expected to offset the effect of exchange rate changes on the underlying hedged item. The Company does not use derivative financial instruments for speculative or trading purposes.

Inflation Risk

The Company is exposed to market risk due to the possibility of inflation, such as increases in the cost of its products. Although the Company does not believe that inflation has had a material impact on its financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on the Company's ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenue if the selling prices of products do not increase with these increased costs.

Item 4 - Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Exchange Act) are designed to ensure that (1) information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (2) that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosures.

At the conclusion of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision of our Chief Executive Officer (our principal executive officer, or PEO) and our Chief Financial Officer (our principal financial officer, or PFO), of the effectiveness of the design and operation of our disclosure controls and procedures.

Based upon that evaluation, our PEO and PFO concluded that our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, were effective at a reasonable assurance level as of the end of the period.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the period covered that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Our process for evaluating controls and procedures is continuous and encompasses constant improvement of the design and effectiveness of established controls and procedures and the remediation of any deficiencies, which may be identified during this process.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II. OTHER INFORMATION

Item 1 - Legal Proceedings

Please refer to Footnote 9 - Commitments and Contingencies in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated into this item by reference.

Item 1A - Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially and adversely affect our business, financial condition, prospects, operating results or cash flows. For a detailed discussion of the risks that affect our business, please refer to the section entitled "Risk Factors" in our Prospectus Supplement filed with the SEC on April 24, 2014. There have been no material changes to the risks discussed in our Prospectus Supplement.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

On January 30, 2014, we issued an aggregate of 10,557 shares of common stock to one investor upon the conversion of a warrant to purchase an aggregate of 16,953 shares of common stock at an exercise price of \$5.625 per share. The fair market value of the common stock determined in accordance with the warrant on the date of conversion was \$14.91 per share.

On February 4, 2014, we issued an aggregate of 1,168 shares of common stock to one investor upon the conversion of a warrant to purchase an aggregate of 1,821 shares of common stock at an exercise price of \$5.625 per share. The fair market value of the common stock determined in accordance with the warrant on the date of conversion was \$15.67 per share.

On February 11, 2014, we issued an aggregate of 5,418 shares of common stock to one investor upon the conversion of a warrant to purchase an aggregate of 8,740 shares of common stock at an exercise price of \$5.625 per share. The fair market value of the common stock determined in accordance with the warrant on the date of conversion was \$14.80 per share.

On March 11, 2014, we issued an aggregate of 6,326 shares of common stock to one investor upon the conversion of a warrant to purchase an aggregate of 10,000 shares of common stock at an exercise price of \$5.625 per share. The fair market value of the common stock determined in accordance with the warrant on the date of conversion was \$15.31 per share.

On March 21, 2014, we issued an aggregate of 713 shares of common stock to one investor upon the conversion of a warrant to purchase an aggregate of 2,100 shares of common stock at an exercise price of \$8.72 per share. The fair market value of the common stock determined in accordance with the warrant on the date of conversion was \$13.20 per share. A restrictive legend was placed on the shares issued on conversion.

Pursuant to the cashless net exercise feature of the above five warrant transactions, the warrants could be converted, in lieu of cash exercise, into a number of shares of common stock determined by multiplying the number of shares purchasable under the warrant by the difference between the fair market value of the common stock computed on the date of conversion and the warrant exercise price, and dividing such product by the fair market value of the common stock computed on the date of conversion. The shares were issued in reliance upon the exemption provided by Section 3(a)(9) of the Securities Act.

Item 6. Exhibits

- 1.1 Underwriting Agreement between the Company and Needham & Company, LLC as representative for the several other underwriters named therein, dated as of April 24, 2014. (Incorporated by reference to the Company's current report on Form 8-K filed April 29, 2014.)
- 2.1 Agreement and Plan of Merger, dated August 5, 2013, among the Company, Merger Sub and VTBH (Incorporated by reference to Exhibit 2.1 to the Company's current report on Form 8-K originally filed with the SEC on August 5, 2013).*

- 3.1 Articles of Incorporation of Parametric Sound Corporation (Incorporated by reference to Exhibit 3.1 to the Company's quarterly report on Form 10-Q filed with the SEC on August 5, 2010).
- 3.2 Bylaws, as amended, of Parametric Sound Corporation (Incorporated by reference to Exhibit 3.2.1 to the Company's report on Form 10 filed with the SEC on June 24, 2013).
- 4 Form of Common Stock Certificate of Parametric Sound Corporation (Incorporated by reference to Exhibit 4.1 to the Company's Form 10-12G/A filed with the SEC on July 27, 2010).
- 10.1 Credit Agreement, dated August 22, 2012, among Voyetra Turtle Beach, Inc., as the Borrower, VTBH, the various financial institutions and other persons party thereto from time to time as Lenders, PNC Bank, National Association, as administrative and collateral agent for the Lenders, Swingline Lender and as the Issuer, PNC Capital Markets LLC, as a Joint Lead Arranger and Sole Bookrunner, Manufacturers and Traders Trust Company, Silicon Valley Bank, and Citibank, N.A., each as a Lender, Joint Lead Arranger and Co-Syndication Agent, and National Penn Bank and Sumitomo Mitsui Banking Corp., each as a Lender and Co-Documentation Agent (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the SEC on January 16, 2014).
- 10.2 Waiver and First Amendment, dated July 17, 2013, to the Credit Agreement, dated August 22, 2012, by and among Voyetra Turtle Beach, Inc., as the Borrower, VTBH, the various financial institutions and other Persons from time to time party thereto as Lenders, and PNC Bank, National Association, as administrative agent and collateral agent for the Lenders (Incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K filed with the SEC on January 16, 2014).
- 10.3 Second Amendment, dated August 5, 2013, to the Credit Agreement, dated August 22, 2012 (as amended), by and among Voyetra Turtle Beach, Inc., as the Borrower, VTBH, the various financial institutions and other Persons from time to time party thereto as Lenders, and PNC Bank, National Association, as administrative agent and collateral agent for the Lenders (Incorporated by reference to Exhibit 10.3 to the Company's current report on Form 8-K filed with the SEC on January 16, 2014).
- 10.4 Third Amendment, dated January 15, 2014, to the Credit Agreement, dated August 22, 2012 (as amended), by and among Voyetra Turtle Beach, Inc., as the Borrower, VTBH, the various financial institutions and other Persons from time to time party thereto as Lenders, and PNC Bank, National Association, as administrative agent and collateral agent for the Lenders (Incorporated by reference to Exhibit 10.4 to the Company's current report on Form 8-K filed with the SEC on January 16, 2014).
- 10.5 Fourth Amendment, dated March 13, 2014 and effective February 28, 2014, to the Credit Agreement, dated August 22, 2012 (as amended), by and among Voyetra Turtle Beach, Inc., Parametric Sound Corporation, VTB Holdings, Inc., the various financial institutions and other Persons from time to time party thereto as Lenders, PNC Bank, National Association, as administrative agent and collateral agent for the Lenders. (Incorporated by reference to the Company's current report on Form 8-K filed March 19, 2014.)
- 10.6 Joinder Agreement, dated as of January 15, 2014, between the Company and PNC Bank, National Association as administrative agent. (Incorporated by reference to the Company's current report on Form 8-K filed January 16, 2014.)
- 10.7 Guaranty Agreement, dated as of January 15, 2014, among HyperSound Health, Inc., PSC Licensing Corp. and PNC, as administrative agent. (Incorporated by reference to the Company's current report on Form 8-K filed January 16, 2014.)
- 10.8 Subordinated Promissory Note, dated August 30, 2013, among VTBH and SG VTB Holdings, LLC (Incorporated by reference to Exhibit 10.8 to the Company's current report on Form 8-K filed with the SEC on January 16, 2014).
- 10.9 Subordinated Promissory Note, dated January 15, 2014, among VTBH and SG VTB Holdings, LLC (Incorporated by reference to Exhibit 10.10 to the Company's current report on Form 8-K filed with the SEC on January 16, 2014).

- 10.10 Loan, Security and Guarantee Agreement, dated as of March 31, 2014, among Parametric Sound Corporation and Voyetra Turtle Beach, Inc. as US Borrowers and UK Guarantors, Turtle Beach Europe Limited as UK Borrower, PSC Licensing Corp. and VTB Holdings, Inc. as a US Guarantor and a UK Guarantor, and Bank of America, N.A., as Agent, Sole Lead Arranger and Sole Bookrunner.
- 10.11 Master Purchasing Agreement, dated December 5, 2011, between the Company and Weifang GoerTek Electronics, Co., Ltd. and GoerTek Inc.
- 10.12 Right of First Refusal Agreement, dated as of January 7, 2011, by and between VTB Holdings, Inc. and the holders of VTB Holdings, Inc. Series B Preferred Stock.
- 10.13 VTB Holdings, Inc. 2011 Phantom Equity Appreciation Plan.
- 10.14 Offer Letter, dated as of August 13, 2012, between Voyetra Turtle Beach, Inc. and Juergen Stark.
- 10.15 Stock Option Award Agreement, dated as of September 4, 2012, by and between VTB Holdings, Inc. and Juergen Stark.
- 10.16 Stock Award Agreement, dated as of June 21, 2011, by and between VTB Holdings, Inc. and Ronald Doornink.
- 10.17 First Amendment to Stock Award Agreement, dated as of February 26, 2013, by and between VTB Holdings, Inc. and Ronald Doornink.
- 10.18 Consulting Agreement, dated as of October 12, 2010, by and between Voyetra Turtle Beach, Inc. and Ronald Doornink.
- 10.19 Termination of Consulting Agreement and Continued Service on the Board of Directors, dated as of February 26, 2013, by and between Voyetra Turtle Beach, Inc. and Ronald Doornink.
- 10.20 Performance Bonus Agreement, dated as of October 12, 2010, by and among the Company, Carmine J. Bonnano and Frederick J. Romano.
- 10.21 Employment Agreement, dated as of October 12, 2010, by and between Voyetra Turtle Beach, Inc. and Carmine J. Bonnano.
- 10.22 Severance Agreement, dated as of August 2, 2012, by and between Voyetra Turtle Beach, Inc. and Carmine J. Bonnano.
- 10.23 Employment Agreement, dated as of October 12, 2010, by and between Voyetra Turtle Beach, Inc. and Frederick J. Romano.
- 10.24 Severance Agreement, dated as of August 2, 2012, by and between Voyetra Turtle Beach, Inc. and Frederick J. Romano.
- 10.25 Offer Letter, dated as of October 21, 2013, by and between Voyetra Turtle Beach, Inc. and Frederick J. Romano.
- 10.26 Offer Letter, dated as of September 16, 2013, by and between Voyetra Turtle Beach, Inc. and John Hanson.
- 10.27 Form of Indemnification Agreement dated September 27, 2010 (Incorporated by reference to Exhibit 10.7 to the Company's current report on Form 8-K filed with the SEC on October 1, 2010).
- 21 Subsidiaries of the Company.
- 31.1 Certification of Juergen Stark, Principal Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of John T. Hanson, Principal Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Juergen Stark, Principal Executive Officer and John Hanson, Principal Financial Officer.

* All exhibits and schedules to the Agreement and Plan of Merger have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish the omitted exhibits and schedules to the SEC upon request by the SEC.

Extensible Business Reporting Language (XBRL) Exhibits*

- 101.INS XBRL Instance Document*
- 101.SCH XBRL Taxonomy Extension Schema Document*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document*
- 101.LAB XBRL Taxonomy Extension Labels Linkbase Document*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document*

*Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act and are deemed not filed for purposes of Section 18 of the Exchange Act and otherwise are not subject to liability under those sections.

SIGNATURES

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 thereunto duly authorized.

PARAMETRIC SOUND CORPORATION

Date: May 12, 2014

By:

/S/ JOHN T. HANSON

John T. Hanson
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer and duly authorized to sign on behalf of the registrant)

LOAN, GUARANTY AND SECURITY AGREEMENT

Dated as of March 31, 2014

PARAMETRIC SOUND CORPORATION,
as a US Borrower and a UK Guarantor

VOYETRA TURTLE BEACH, INC.,
as a US Borrower and a UK Guarantor

TURTLE BEACH EUROPE LIMITED,
as UK Borrower

PSC LICENSING CORP.,
as a US Guarantor and a UK Guarantor

and

VTB HOLDINGS, INC.,
as a US Guarantor and a UK Guarantor

BANK OF AMERICA, N.A.,
as Agent, Sole Lead Arranger and Sole Bookrunner

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LOAN, GUARANTY AND SECURITY AGREEMENT

THIS LOAN, GUARANTY AND SECURITY AGREEMENT (this "Agreement"), is dated as of March 31, 2014, among PARAMETRIC SOUND CORPORATION, a Nevada corporation ("Parametric"), VOYETRA TURTLE BEACH, INC., a Delaware corporation ("Voyetra"); and together with Parametric, individually "US Borrower," and individually and collectively, jointly and severally, "US Borrowers"), TURTLE BEACH EUROPE LIMITED, a company limited by shares and incorporated in England and Wales with company number 03819186 ("Turtle Beach," also referred to hereinafter as "UK Borrower," and together with US Borrowers, individually "Borrower" and individually and collectively, "Borrowers"), PSC LICENSING CORP., a California corporation ("PSC"), VTB HOLDINGS, INC., a Delaware corporation ("VTB"); and together with PSC, individually a "US Guarantor" and individually and collectively, jointly and severally, "US Guarantors"; and together with US Borrowers, individually a "UK Guarantor" and individually and collectively, jointly and severally, "UK Guarantors"; UK Guarantors and US Guarantors, individually a "Guarantor," and individually and collectively, "Guarantors"; the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent collateral agent and security trustee for Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), and BANK OF AMERICA, N.A. as sole lead arranger and sole book runner for the Lenders.

RECITALS:

Each Borrower has requested that Lenders provide a credit facility to such Borrower. Lenders are willing to provide the credit facilities on the terms and conditions set forth in this Agreement.

Each Guarantor will derive substantial direct or indirect commercial benefit from the credit facilities provided for in this Agreement.

NOW, THEREFORE, for valuable consideration hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions. As used herein, the following terms have the meanings set forth below:

Account: as defined in the UCC, including all rights to payment for goods sold or leased, or for services rendered.

Account Debtor: a Person obligated under an Account, Chattel Paper or General Intangible.

Acquisition: a transaction or series of transactions resulting in (a) acquisition of a business, division or substantially all assets of a Person; (b) record or beneficial ownership of 50% or more of the Equity Interests of a Person; or (c) merger, amalgamation, consolidation or combination of a Borrower or Subsidiary with another Person.

Affiliate: with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

Agent: as defined in the preamble to this Agreement.

Agent Indemnitees: Agent and its officers, directors, employees, Affiliates, branches, agents and attorneys.

Agent Professionals: attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Agent.

Agreement Currency: as defined in **Section 1.5**.

Allocable Amount: as defined in **Section 5.11.3(b)**.

Anti-Terrorism Law: any law relating to terrorism or money laundering, including the Patriot Act.

Applicable Law: all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

Applicable Margin: the margin set forth below, as determined by the Fixed Charge Coverage Ratio for the last Fiscal Quarter:

<u>Level</u>	<u>Fixed Charge Coverage Ratio</u>	<u>US Base Rate Loans</u>	<u>US LIBOR Loans</u>	<u>UK Base Rate Loans</u>	<u>UK LIBOR Loans</u>
I	≤ 1.10:1.00	1.50%	2.50%	2.50%	2.50%
II	> 1.10:1.00 ≤ 1.25:1.00	1.25%	2.25%	2.25%	2.25%
III	> 1.25:1.00	1.00%	2.00%	2.00%	2.00%

Until September 30, 2014, margins shall be determined as if Level I were applicable. Thereafter, margins shall be subject to increase or decrease on the first day of the calendar month following each Fiscal Quarter end. If Agent is unable to calculate Fixed Charge Coverage Ratio for a Fiscal Quarter due to Borrowers' failure to deliver any financial statement when required hereunder, then, at the option of Agent or Required Lenders, margins shall be determined as if Level I were applicable until the first day of the calendar month following its receipt.

Applicable Time Zone: for borrowings under, and payments due by Borrowers or Lenders on (a) US Revolver Loans, Pacific time, and (b) UK Revolver Loans, London time.

Approved Fund: any Person (other than a natural Person) engaged in making, purchasing, holding or otherwise investing in commercial loans in its ordinary course of activities and is administered or managed by a Lender, an entity that administers or manages a Lender, or an Affiliate of either.

Asset Disposition: a sale, lease, license, consignment, transfer or other disposition of Property of an Obligor, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.

Assignment and Acceptance: an assignment agreement between a Lender and Eligible Assignee, in the form of **Exhibit A** or otherwise satisfactory to Agent.

Available Currency: (i) in the case of a US Borrower, Dollars, and (ii) in the case of UK Borrower, Sterling, Euro and Dollars.

Availability: the sum of US Availability and UK Availability.

Availability Block: \$4,000,000, which amount shall be reduced to \$0 upon the termination of the FILO Period if no Default or Event of Default exists at such time.

Bank of America: Bank of America, N.A., a national banking association, and its successors and assigns.

Bank of America Indemnitees: Bank of America and its officers, directors, employees, Affiliates, branches, agents and attorneys.

Bank Product: US Bank Product or UK Bank Product, as the context requires.

Bank Product Reserve: US Bank Product Reserve or UK Bank Product Reserve, as the context requires.

Bankruptcy Code: Title 11 of the United States Code.

Board of Governors: the Board of Governors of the Federal Reserve System.

Borrowed Money: with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the Ordinary Course of Business), or (iv) was issued or assumed as full or partial payment for Property; (b) Capital Leases; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

Borrower or Borrowers: as defined in the preamble to this Agreement.

Borrower Materials: Borrowing Base Certificates, Compliance Certificates and other information, reports, financial statements and other materials delivered by Borrowers hereunder, as well as other Reports and information provided by Agent to Lenders.

Borrowing: a group of Revolver Loans that are made or converted together on the same day and have the same interest option and, if applicable, Interest Period.

Borrowing Base: the US Borrowing Base or the UK Borrowing Base, as the context requires.

Borrowing Base Certificate: a US Borrowing Base Certificate or a UK Borrowing Base Certificate, as the context requires.

Business Day: any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, North Carolina and California (or, if such day relates to (a) any UK Revolver Loan or UK Lender, any day on which commercial banks are authorized to

close under the laws of, or are in fact closed in, London, or (b) any Revolver Loan denominated in Euro, any day which is not a TARGET Day.

Capital Expenditures: all liabilities incurred or expenditures made by a Borrower or Subsidiary for the acquisition of fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year; provided, however, that Capital Expenditures shall not include any such expenditures that are: (a) made with the proceeds of any contribution of capital to Parametric or sale or issuance by Parametric of Equity Interests which are substantially contemporaneously used for the making of such Capital Expenditure; (b) Permitted Acquisitions or incurred by any Person acquired in any Permitted Acquisition prior to (but not in anticipation of) the closing of such Permitted Acquisition; (c) made with net proceeds of the sale or other disposition (including by casualty or condemnation) or a capital asset reinvested in assets to the extent such reinvestment is commenced within 180 days and completed within 270 days of the date of such sale or disposition; or (d) financed with Debt permitted pursuant to **Section 10.2.1**.

Capital Lease: any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Cash Collateral: cash, and any interest or other income earned thereon, that is delivered to Agent to Cash Collateralize any Obligations.

Cash Collateral Account: a demand deposit, money market or other account established by Agent at such financial institution as Agent may select in its discretion, which account shall be subject to a Lien in favor of Agent.

Cash Collateralize: the delivery of cash to Agent, as security for the payment of Obligations, in an amount equal to (a) with respect to LC Obligations, 105% of the aggregate LC Obligations, and (b) with respect to any inchoate, contingent or other Obligations (including Secured Bank Product Obligations), Agent's good faith estimate of the amount due or to become due, including fees, expenses and indemnification hereunder. "**Cash Collateralization**" has a correlative meaning.

Cash Equivalents: (a) marketable obligations issued or unconditionally guaranteed by, and backed by the full faith and credit of, the United States government, maturing within 12 months of the date of acquisition; (b) certificates of deposit, time deposits and bankers' acceptances maturing within 12 months of the date of acquisition, and overnight bank deposits, in each case which are issued by Bank of America or a commercial bank organized under the laws of the United States or any state or district thereof, rated A-1 (or better) by S&P or P-1 (or better) by Moody's at the time of acquisition, and (unless issued by a Lender) not subject to offset rights; (c) repurchase obligations with a term of not more than 30 days for underlying investments of the types described in clauses (a) and (b) entered into with any bank described in clause (b); (d) commercial paper issued by Bank of America or rated A-1 (or better) by S&P or P-1 (or better) by Moody's, and maturing within nine months of the date of acquisition; (e) shares of any money market fund that has substantially all of its assets invested continuously in the types of investments referred to above, has net assets of at least \$500,000,000 and has the highest rating obtainable from either Moody's or S&P.

Cash Management Services: services relating to operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox and stop payment services.

CERCLA: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 et seq.).

Change in Law: the occurrence, after the date hereof, of (a) the adoption, taking effect or phasing in of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof; or (c) the making, issuance or application of any request, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided, however, that “Change in Law” shall include, regardless of the date enacted, adopted or issued, all requests, rules, guidelines, requirements or directives (i) under or relating to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or (ii) promulgated pursuant to Basel III by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any similar authority) or any other Governmental Authority.

Change of Control: (a) At any time during the period commencing on the Closing Date and ending 3 months after the consummation of a Liquidity Event, Sponsor ceases to own and control, beneficially and of record, directly or indirectly, at least 20% of the Voting Equity Interests of Parametric; (b) at any time after 3 months have passed since the consummation of a Liquidity Event, any Person other than the Specified Closing Date Holders owns or control 20% or more of the Voting Equity Interests of Parametric; (c) Parametric ceases to own and control, beneficially and of record, directly or indirectly, (x) 100% of the outstanding Voting Equity Interests (other than the Series B Preferred Stock as in effect on the Closing Date) of Voyetra and (y) 100% of the Voting Equity Interests of its other direct or indirect Subsidiaries; (d) a change in the majority of directors of Parametric during any 24 month period, unless approved by the majority of directors serving at the beginning of such period; or (e) the sale or transfer of all or substantially all assets of a Borrower, except to another Borrower.

Claims: all claims, liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind (including remedial response costs, reasonable attorneys’ fees and Extraordinary Expenses) at any time (including after Full Payment of the Obligations or replacement of Agent or any Lender) incurred by any Indemnitee or asserted against any Indemnitee by any Obligor or other Person, in any way relating to (a) any Revolver Loans, Letters of Credit, Loan Documents, Borrower Materials, or the use thereof or transactions relating thereto, (b) any action taken or omitted in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnitee is a party thereto.

Closing Date: as defined in **Section 6.1**.

Code: the Internal Revenue Code of 1986.

Collateral: the US Collateral and the UK Collateral, as the context requires.

Commodity Exchange Act: the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*).

Compliance Certificate: a certificate, in form and substance reasonably satisfactory to Agent, by which Borrowers certify compliance with **Section 10.3**.

Connection Income Taxes: Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

Contingent Obligation: any obligation of a Person arising from a guaranty, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation (“primary obligations”)

of another obligor (“primary obligor”) in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guaranty, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

Contribution Notice: a contribution notice issued by the Pensions Regulator under Section 38 or Section 47 of the Pensions Act 2004 (UK).

Covenant Trigger Period: the period (a) commencing on the day that (i) an Event of Default occurs, or (ii) Availability is less than 12.5% of the Revolver Commitments on such date or US Availability is less than 12.5% of the US Revolver Commitments on such date; and (b) continuing until, during each of the preceding 30 consecutive days, (i) no Event of Default has existed, (ii) Availability has been greater than 12.5% of the Revolver Commitments, and (iii) US Availability has been greater than 12.5% of the US Revolver Commitments; provided, that no Covenant Trigger Period shall occur during the FILO Period so long as the Availability Block is in effect and no Default or Event of Default exists.

CWA: the Clean Water Act (33 U.S.C. §§ 1251 et seq.).

Debt: as applied to any Person, without duplication, (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP, including Capital Leases, but excluding trade payables incurred and being paid in the Ordinary Course of Business; (b) all Contingent Obligations (including the Guaranteed Obligations); (c) all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d) in the case of a Borrower, the applicable Obligations. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer.

Default: an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default.

Default Rate: for any Obligation (including, to the extent permitted by law, interest not paid when due), 2% per annum plus the interest rate otherwise applicable thereto.

Defaulting Lender: any Lender that (a) has failed to comply with its funding obligations hereunder, and such failure is not cured within two Business Days; (b) has notified Agent or any Borrower that such Lender does not intend to comply with its funding obligations hereunder or under any other credit facility, or has made a public statement to that effect; (c) has failed, within three Business Days following request by Agent or any Borrower, to confirm in a manner satisfactory to Agent and Borrowers that such Lender will comply with its funding obligations hereunder; or (d) has, or has a direct or indirect parent company that has, become the subject of an Insolvency Proceeding (including reorganization, liquidation, or appointment of a receiver, custodian, administrator or similar Person by the Federal Deposit Insurance Corporation or any other regulatory authority); provided, however, that a Lender shall not be a Defaulting Lender solely by virtue of a Governmental Authority’s ownership of an equity interest in such Lender or parent company unless the ownership provides immunity for such Lender from jurisdiction of courts within

the United States or from enforcement of judgments or writs of attachment on its assets, or permits such Lender or Governmental Authority to repudiate or otherwise to reject such Lender's agreements.

Deposit Account Control Agreement: a control agreement reasonably satisfactory to Agent executed by an institution maintaining a Deposit Account or a Securities Account for an Obligor, to perfect Agent's Lien on such account or its equivalent in any applicable jurisdiction (including, without limitation, any notice and acknowledgment of any Lien granted over such account pursuant to a UK Security Agreement).

Designated Jurisdiction: any country or territory that is the subject of any Sanction.

Dilution Percent: with respect to any Borrower, the percent, determined for such Borrower's most recent Fiscal Quarter, equal to (a) bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Accounts of such Borrower, divided by (b) gross sales of such Borrower.

Distribution: any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); distribution, advance or repayment of Debt to a holder of Equity Interests; or purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

Dollar Equivalent: at any time, (i) with respect to any amount denominated in Dollars, such amount, and (ii) with respect to any amount denominated in any other currency, the amount of Dollars that Agent determines (which determination shall be conclusive and binding absent manifest error) would be necessary to be sold on such date at the applicable Exchange Rate to obtain the stated amount of the other currency.

Dollars or \$: lawful money of the US.

Dominion Account: a separate special account established by each Borrower at Bank of America (including its London branch, as regards UK Borrower) or another bank acceptable to Agent, over which Agent has exclusive control for withdrawal purposes.

EBITDA means, for any period, the sum, for Parametric and its Subsidiaries (determined on a consolidated basis in accordance with GAAP) of the following (for such period):

(a) consolidated net income, excluding (i) earnings or losses of any Person in which such Person has an ownership interest (other than Subsidiaries of such Person), except to the extent received by such Person in a cash distribution, (ii) unrealized non-cash gains and unrealized non-cash losses with respect to obligations under Hedging Agreements for such period and (iii) non-cash gains and non-cash losses due solely to fluctuations in currency values and the related tax effects determined in accordance with GAAP for such period; plus

(b) to the extent deducted in determining consolidated net income, the sum of: (i) any provision for cash income tax expense and cash interest expense; (ii) depreciation and amortization, including, without duplication, to the extent not included in interest expense, cash amortization of transaction and financing fees and expenses; (iii) non-cash deferred compensation, stock option or employee benefits-based and other equity-based compensation expenses; (iv) reasonable and customary documented third-party fees, costs and expenses in connection with any Permitted Acquisition to the extent permitted by this Agreement and not exceeding \$3,000,000 during any 12 month period or \$5,000,000 in the aggregate after the Closing Date; (v) non-cash charges or amounts recorded in connection with purchase accounting under Statement of Financial Accounting Standards 141(r) (including any applicable to future Permitted Acquisitions; (vi) non-cash purchase accounting adjustments relating to the writedown of deferred revenue (whether billed or

unbilled) that are the result of accounting for any acquisition; (vii) reasonable and customary debt discounts and debt issuance costs, fees, charges and commissions, in each case incurred in connection with Debt permitted to be incurred hereunder, (viii) the Permitted Earnout Payment to the extent paid, and (ix) fees, charges and expenses incurred in connection with the consummation of the merger of Paris Acquisition Corp. with and into VTB Holdings, Inc., a Delaware corporation; plus or minus

(c) to the extent used in determining consolidated net income (i) other non-cash losses (or gains) (to the extent not relating to or resulting in any cash expense or charge in any future period), (ii) losses (or gains) from Asset Dispositions (excluding sales, expenses or losses related to current assets), (iii) costs and expenses in connection with the preparation, negotiation and execution of this Agreement and the other Loan Documents and (iv) any extraordinary, one-time, unusual or non-recurring items approved by the Agent in its reasonable discretion

provided, that (i) the EBITDA of any Subsidiary acquired pursuant to a Permitted Acquisition during such period shall be, so long as such EBITDA is either validated by audited financial statements or a third party due diligence report, in either case, in a manner acceptable to the Agent, included on a pro forma basis for such period (assuming the consummation of such acquisition and the incurrence or assumption of any Debt in connection therewith occurred as of the first day of such period, and giving effect to pro forma adjustments acceptable to the Agent (which may include cost savings and synergies that are, in each case, factually supportable, expected to be realized within the twelve months following the applicable Permitted Acquisition, and are expected to have a continuing impact) which are directly attributable to such proposed Permitted Acquisition) and (ii) the EBITDA of any Person or line of business sold or otherwise disposed of by the Borrower or any Subsidiary during such period shall be excluded for such period (assuming the consummation of such sale or other disposition and the repayment of any Debt in connection therewith occurred as of the first day of such period.

Eligible Account: an Account owing to a Borrower that arises in the Ordinary Course of Business from the sale of goods, is payable in Dollars (or payable in Dollars, Euros or Sterling, if owing to a UK Borrower) and is deemed by Agent, in its Permitted Discretion, to be an Eligible Account. Without limiting the foregoing, no Account shall be an Eligible Account if

(a) it is unpaid for more than 60 days after the original due date, or more than 120 days after the original invoice date;

(b) 50% or more of the Accounts owing by the Account Debtor are not Eligible Accounts under the foregoing clause;

(c) when aggregated with other Accounts owing by the Account Debtor, it exceeds 15% of the aggregate Eligible Accounts (or 50% with respect to Accounts owed by Gamestop and 25% with respect to Accounts owed by Target, Best Buy, Amazon, Walmart and Solutions 2 Go, Inc. (Canada), such higher percentage as Agent may establish for such or any other Account Debtor from time to time);

(d) it does not conform with a covenant or representation herein;

(e) it is owing by a creditor or supplier, or is otherwise subject to a potential offset, counterclaim, dispute, deduction, discount, recoupment, reserve, defense, chargeback, credit or allowance (but ineligibility shall be limited to the amount thereof);

(f) an Insolvency Proceeding has been commenced by or against the Account Debtor; or the Account Debtor has failed, has suspended or ceased doing business, is liquidating, dissolving or winding up its affairs,

is not Solvent, or is subject to Sanctions or any specially designated nationals list maintained by OFAC; or the Borrower is not able to bring suit or enforce remedies against the Account Debtor through judicial process;

(g) (i) with respect to a US Borrower, the Account Debtor is organized or has its principal offices or assets outside the United States or Canada, unless the Account Debtor is supported by a letter of credit (delivered to and directly drawable by Agent) or credit insurance satisfactory in all respects to Agent, and (ii) with respect to UK Borrower, the Account Debtor is organized or has its principal offices or assets outside of England and Wales other than a UK Eligible Foreign Account;

(h) it is owing by a Governmental Authority, unless the Account Debtor is the United States or any department, agency or instrumentality thereof and the Account has been assigned to Agent in compliance with the federal Assignment of Claims Act;

(i) it is not subject to a duly perfected Lien (in the case of Eligible UK Accounts, expressed as a fixed charge) in favor of Agent or is subject to any other Lien;

(j) the goods giving rise to it have not been delivered to the Account Debtor, the services giving rise to it have not been accepted by the Account Debtor, or it otherwise does not represent a final sale;

(k) it is evidenced by Chattel Paper or an Instrument of any kind, or has been reduced to judgment;

(l) its payment has been extended or the Account Debtor has made a partial payment;

(m) it arises from a sale to an Affiliate, from a sale on a cash-on-delivery, bill-and-hold, sale or return, sale on approval, consignment, or other repurchase or return basis, or from a sale for personal, family or household purposes;

(n) it represents a progress billing or retainage, or relates to services for which a performance, surety or completion bond or similar assurance has been issued; or

(o) it includes a billing for interest, fees or late charges, but ineligibility shall be limited to the extent thereof.

In calculating delinquent portions of Accounts under clauses (a) and (b), credit balances more than 90 days old will be excluded.

Eligible Assignee: a Person that is (a) a Lender, Affiliate of a Lender or Approved Fund; (b) a financial institution approved by US Borrower Agent (which approval shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within five Business Days after notice of the proposed assignment) and Agent that extends revolving credit facilities of this type in its ordinary course of business; (c) if such person is to hold any UK Revolver Commitments, such person is at all times, other than during any Event of Default, a Qualifying Lender, and (d) during an Event of Default, any Person acceptable to Agent in its discretion.

Eligible Inventory: Inventory owned by a US Borrower or UK Borrower, as applicable, that Agent, in its Permitted Discretion, deems to be Eligible Inventory. Without limiting the foregoing, no Inventory shall be Eligible Inventory unless it

(a) is finished goods or raw materials, and not work-in-process, packaging or shipping materials, labels, samples, display items, bags, replacement parts or manufacturing supplies;

- (b) is not held on consignment, nor subject to retention of title or similar arrangements nor subject to any deposit or down payment;
- (c) is in new and saleable condition and is not damaged, defective, shopworn or otherwise unfit for sale;
- (d) is not slow-moving, perishable, obsolete or unmerchantable, and does not constitute returned or repossessed goods;
- (e) meets all standards imposed by any Governmental Authority, has not been acquired from an entity subject to Sanctions or any specially designated nationals list maintained by OFAC, and does not constitute hazardous materials under any Environmental Law;
- (f) conforms with the covenants and representations herein;
- (g) is subject to Agent's duly perfected Lien, and no other Lien (other than Permitted Liens);
- (h) is within the continental United States, Canada or any jurisdiction listed on **Schedule 1.1C**, is not in transit except for Eligible US In-Transit Inventory and Eligible UK In-Transit Inventory, and is not consigned to any Person;
- (i) is not subject to any warehouse receipt or negotiable Document;
- (j) is not subject to any License or other arrangement that restricts such Borrower's or Agent's right to dispose of such Inventory, unless Agent has received an appropriate Lien Waiver or has otherwise waived such requirement (the parties acknowledge that such requirement has been waived with respect to Licenses set forth on **Schedule 9.1.11** as of the Closing Date);
- (k) is not located on leased premises or in the possession of a warehouseman, processor, repairman, mechanic, shipper, freight forwarder or other Person, unless the lessor or such Person has delivered a Lien Waiver or an appropriate Rent and Charges Reserve has been established; and
- (l) is reflected in the details of a current perpetual inventory report.

Eligible UK Accounts: Eligible Accounts owing to UK Borrower.

Eligible UK In-Transit Inventory: Inventory owned by a UK Borrower that would be Eligible Inventory if it were not subject to a Document and in transit from with respect to a UK Revolver Loan, a foreign location to a location of the applicable UK Borrower within the United Kingdom that Agent, in its Permitted Discretion, deems to be Eligible UK In-Transit Inventory. Without limiting the foregoing, no Inventory shall be Eligible UK In-Transit Inventory unless it (a) is subject to a negotiable Document showing Agent (or, with the consent of Agent, the UK Borrower) as consignee, which Document is in the possession of Agent or such other Person as Agent shall approve; (b) is fully insured in a manner satisfactory to Agent; (c) is not sold by a vendor that has a right to reclaim, divert shipment of, repossess, stop delivery, claim any reservation of title or otherwise assert Lien rights against the Inventory, or with respect to whom UK Borrower is in default of any obligations; (d) is subject to purchase orders and other sale documentation satisfactory to Agent, and title has passed to UK Borrower; (e) is shipped by a common carrier that is not affiliated with the vendor and is not subject to Sanctions or any specially designated nationals list maintained by OFAC; and (f) is being handled by a customs broker, freight-forwarder or other handler that has delivered a Lien Waiver.

Eligible UK Inventory: Eligible Inventory of UK Borrower.

Eligible US Accounts: Eligible Accounts owing to a US Borrower.

Eligible US In-Transit Inventory: Inventory owned by a US Borrower that would be Eligible Inventory if it were not subject to a Document and in transit from with respect to a US Revolver Loan, a foreign location to a location of the applicable US Borrower within the United States that Agent, in its Permitted Discretion, deems to be Eligible US In-Transit Inventory. Without limiting the foregoing, no Inventory shall be Eligible US In-Transit Inventory unless it (a) is subject to a negotiable Document showing Agent (or, with the consent of Agent, the applicable Borrower) as consignee, which Document is in the possession of Agent or such other Person as Agent shall approve; (b) is fully insured in a manner satisfactory to Agent; (c) is not sold by a vendor that has a right to reclaim, divert shipment of, repossess, stop delivery, claim any reservation of title or otherwise assert Lien rights against the Inventory, or with respect to whom any Borrower is in default of any obligations; (d) is subject to purchase orders and other sale documentation satisfactory to Agent, and title has passed to the Borrower; (e) is shipped by a common carrier that is not affiliated with the vendor and is not subject to Sanctions or any specially designated nationals list maintained by OFAC; and (f) is being handled by a customs broker, freight-forwarder or other handler that has delivered a Lien Waiver.

Eligible US Inventory: Eligible Inventory of a US Borrower.

Enforcement Action: any action to enforce any Obligations (other than Secured Bank Product Obligations) or Loan Documents or to exercise any rights or remedies relating to any Collateral (whether by judicial action, self-help, notification of Account Debtors, setoff or recoupment, credit bid, action in an Obligor's Insolvency Proceeding or otherwise).

Environmental Agreement: an agreement of an Obligor to indemnify Agent and Lenders from liability under Environmental Laws with respect to Real Estate subject to a Mortgage.

Environmental Laws: Applicable Laws (including programs, permits and guidance promulgated by regulators) relating to public health (other than occupational safety and health regulated by OSHA or similar foreign Governmental Authority) or the protection or pollution of the environment, including CERCLA, RCRA, CWA and other similar Applicable Laws of any foreign jurisdiction.

Environmental Notice: a notice (whether written or oral) from any Governmental Authority or other Person of any possible noncompliance with, investigation of a possible violation of, litigation relating to, or potential fine or liability under any Environmental Law, or with respect to any Environmental Release, environmental pollution or hazardous materials, including any complaint, summons, citation, order, claim, demand or request for correction, remediation or otherwise.

Environmental Release: a release as defined in CERCLA or under any other Environmental Law.

Equity Interest: the interest of any (a) shareholder in a corporation; (b) partner in a partnership (whether general, limited, limited liability or joint venture); (c) member in a limited liability company; or (d) other Person having any other form of equity security or ownership interest.

ERISA: the Employee Retirement Income Security Act of 1974.

ERISA Affiliate: any trade or business (whether or not incorporated) under common control with an Obligor within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

ERISA Event: (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Obligor or ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Obligor or ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) the determination that any Pension Plan or Multiemployer Plan is considered an at risk plan or a plan in critical or endangered status under the Code, ERISA or the Pension Protection Act of 2006; (f) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (g) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Obligor or ERISA Affiliate.

Euro or €: the lawful currency of the Participating Member States.

Event of Default: as defined in **Section 12**.

Exchange Rate: on any date, (i) with respect to Sterling in relation to Dollars, the spot rate as quoted by Bank of America (acting through its London branch) at its noon spot rate (in the Applicable Time Zone) at which Dollars are offered on such date for Sterling, (ii) with respect to Dollars in relation to Sterling, the spot rate as quoted by Bank of America (acting through its London branch) at its noon spot rate (in the Applicable Time Zone) at which Sterling are offered on such date for such Dollars, (iii) with respect to Euro in relation to Dollars, the spot rate as quoted by Bank of America (acting through its London branch) at its noon spot rate (in the Applicable Time Zone) at which Dollars are offered on such date for Euro, and (iv) with respect to Dollars in relation to Euro, the spot rate as quoted by Bank of America (acting through its London branch) at its noon spot rate (in the Applicable Time Zone) at which Euro are offered on such date for such Dollars.

Excluded Assets: (a) any lease, license, contract, property right or agreement to which any Obligor is a party or any of its right or interests thereunder if and only for so long as the grant of a security interest or Lien under this Agreement (i) is prohibited by Applicable Law or would constitute or result in the abandonment, invalidation or unenforceability of any right, title or interest of such Obligor therein pursuant to Applicable Law, (ii) would require the consent of third parties and such consent shall have not been obtained, or (iii) would constitute or result in a breach, termination or default under any such lease, license, contract, property right or agreement (in each case other than to the extent that any such consent requirement or other term thereof would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law or principles of equity); provided that such lease, license, contract, property right or agreement will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become Collateral, immediately and automatically, at such time as such consequences will no longer result; (b) deposit accounts used solely to fund payroll, payroll Taxes and similar employment Taxes or employee benefits in the Ordinary Course of Business; (c) any motor vehicles covered by a certificate of title, together with any motor vehicle trailers, regardless of whether such trailers may be covered by a certificate of title, and all spare parts and accessories for such vehicles and trailers; and (d) all Excluded Equity Interests.

Excluded Equity Interests: solely in the case of any pledge of Equity Interests of any Foreign Subsidiary of a US Borrower or a US Guarantor to secure any US Obligations, any Equity Interests that are Voting Equity Interests of such Foreign Subsidiary of a US Borrower or a US Guarantor in excess of 65% of the outstanding Voting Equity Interests of such class.

Excluded Swap Obligation: with respect to an Obligor, each Swap Obligation as to which, and only to the extent that, such Obligor's guaranty of or grant of a Lien as security for such Swap Obligation is or becomes illegal under the Commodity Exchange Act because the Obligor does not constitute an "eligible contract participant" as defined in the act (determined after giving effect to any keepwell, support or other agreement for the benefit of such Obligor and all guarantees of Swap Obligations by other Obligors) when such guaranty or grant of Lien becomes effective with respect to the Swap Obligation. If a Hedging Agreement governs more than one Swap Obligation, only the Swap Obligation(s) or portions thereof described in the foregoing sentence shall be Excluded Swap Obligation(s) for the applicable Obligor.

Excluded Taxes: any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient; (a) Taxes imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes, in each case, (i) as a result of such Recipient being organized under the laws of, or having its principal office (or, in the case of any Lender, its applicable Lending Office) located in, the jurisdiction imposing such Tax (or any political subdivision thereof), or (ii) that are Other Connection Taxes; (b) in the case of a Lender, US federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Revolver Loan or Revolver Commitment pursuant to a law in effect on the date on which (i) such Lender becomes a party hereto or, in the case of a Participant, acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by US Borrower Agent under **Section 14.4**) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to **Section 5.9**, amounts with respect to such Taxes were payable to its assignor immediately prior to such assignment or to the Lender immediately prior to its change in Lending Office; (c) Taxes attributable to such Recipient's failure to comply with **Section 5.10**; and (d) any US federal withholding Taxes imposed under FATCA.

Existing Subordinated Debt: (a) the indebtedness of Voyetra (i) to Juergen Stark in the original principal amount of \$500,000 pursuant to that Subordinated Promissory Note dated as of August 30, 2013, (ii) to SG VTB Holdings, LLC in the original principal amount of \$8,406,975 pursuant to that Subordinated Promissory Note dated as of August 30, 2013, (iii) to Doornink Revocable Living Trust Dated 12/17/1996, as amended in the original principal amount of \$1,003,025 pursuant to that Subordinated Promissory Note dated as of August 30, 2013, and (iv) to SG VTB Holdings, LLC in the original principal amount of \$7,000,000 pursuant to that Subordinated Promissory Note dated as of August 30, 2013, and (b) any additional Subordinated Debt provided after the Closing Date by any of the noteholders identified above.

Extraordinary Expenses: all costs, expenses or advances that Agent may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a) any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b) any action, arbitration or other proceeding (whether instituted by or against Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents, Letters of Credit or Obligations, including any lender liability or other Claims; (c) the exercise of any rights or remedies of Agent in, or the monitoring of, any Insolvency Proceeding; (d) settlement or satisfaction of taxes, charges or Liens with respect to any Collateral; (e) any Enforcement Action; and (f) negotiation and documentation of any modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations. Such costs, expenses and advances include transfer fees,

Other Taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees, appraisal fees, brokers' and auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses.

FATCA: Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

Federal Funds Rate: (a) the weighted average of interest rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on the applicable Business Day (or on the preceding Business Day, if the applicable day is not a Business Day), as published by the Federal Reserve Bank of New York on the next Business Day; or (b) if no such rate is published on the next Business Day, the average rate (rounded up, if necessary, to the nearest 1/8 of 1%) charged to Bank of America on the applicable day on such transactions, as determined by Agent.

Fee Letter: the fee letter agreement by and between Borrowers and Agent, dated as of the Closing Date, as such letter agreement may be amended, restated, supplemented or otherwise modified from time to time.

Financial Support Direction: a financial support direction issued by the Pensions Regulator under Section 43 of the Pensions Act 2004 (UK).

FILo Loan Rate: 5.00%.

FILo Period: the period commencing on the Closing Date and ending on the earlier of (a) 120 days after the Closing Date, and (b) such other date as approved by Agent in writing.

Fiscal Quarter: each period of three months, commencing on the first day of a Fiscal Year.

Fiscal Year: the fiscal year of Borrowers and Subsidiaries for accounting and tax purposes, ending on December 31 of each year or March 31 of each year, commencing on March 31, 2015.

Fixed Charge Coverage Ratio: the ratio, determined on a consolidated basis for Parametric and Subsidiaries for the most recent four Fiscal Quarters, of (a) EBITDA minus Capital Expenditures (except those financed with Borrowed Money other than Revolver Loans) and cash taxes paid, to (b) Fixed Charges.

Fixed Charges: the sum of cash interest expense, scheduled principal payments made on Borrowed Money, Distributions made in cash, and the Permitted Earnout Payment (other than to the extent the Permitted Earnout Payment is made using proceeds of a Liquidity Event).

Floating Rate Loan: a US Base Rate Loan or a UK Base Rate Loan, as the context requires.

FLSA: the Fair Labor Standards Act of 1938.

Foreign Lender: any Lender that is not a US Person.

Foreign Plan: any employee benefit plan or arrangement (a) maintained or contributed to by any Obligor or Subsidiary that is not subject to the laws of the United States; or (b) mandated by a government other than the United States for employees of any Obligor or Subsidiary.

Foreign Subsidiary: a Subsidiary that is a “controlled foreign corporation” under Section 957 of the Code, or a disregarded entity in a case in which substantially all of such entity’s assets are comprised of one or more “controlled foreign corporations” under Section 957 of the Code.

Fronting Exposure: a Defaulting Lender’s interest in LC Obligations, Swingline Loans and Protective Advances, except to the extent Cash Collateralized by the Defaulting Lender or allocated to other Lenders hereunder.

Full Payment: with respect to any Obligations, (a) the full and cash payment thereof, including any interest, fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); and (b) if such Obligations are LC Obligations or inchoate or contingent in nature, Cash Collateralization thereof (or delivery of a standby letter of credit acceptable to Agent in its discretion, in the amount of required Cash Collateral). No Revolver Loans shall be deemed to have been paid in full unless all Revolver Commitments related to such Revolver Loans have terminated.

GAAP: generally accepted accounting principles in effect in the United States from time to time.

Governmental Approvals: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, provincial, state, local, municipal, foreign or other governmental department agency, authority, body, commission, board, bureau, court, tribunal, instrumentality, political subdivision, central bank, or other entity or officer exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions for any governmental, judicial, investigative, regulatory or self-regulatory authority, or a province or territory thereof or a foreign entity or government (including the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or European Central Bank).

Guaranteed Obligations: US Guaranteed Obligations or UK Guaranteed Obligations, as the case may be.

Guarantors: as defined in the preamble to this Agreement and each other Person that guarantees payment or performance of Obligations.

Guaranty: each guaranty or guarantee agreement executed by a Guarantor in favor of Agent, including the guaranty provided pursuant to **Section 11**.

Hedging Agreement: any “swap agreement” as defined in Section 101(53B)(A) of the Bankruptcy Code.

Indemnified Taxes: (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document; and (b) to the extent not otherwise described in clause (a), Other Taxes.

Indemnitees: Agent Indemnitees, Lender Indemnitees, Issuing Bank Indemnitees and Bank of America Indemnitees.

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.

Intellectual Property: all intellectual Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

Intellectual Property Claim: any claim or assertion (whether in writing, by suit or otherwise) that a Borrower's or Subsidiary's ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other Property violates another Person's Intellectual Property.

Interest Period: as defined in **Section 3.1.4**.

Interest Period Loan: a US LIBOR Loan or a UK LIBOR Loan, as the context requires.

Inventory: as defined in the UCC, including all goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such goods, or otherwise used or consumed in a Borrower's business (but excluding Equipment).

Investment: an Acquisition, an acquisition of record or beneficial ownership of any Equity Interests of a Person, or an advance or capital contribution to or other investment in a Person.

IP Security Agreement: a trademark security agreement, a patent security agreement, copyright security agreement, charge over intellectual property, or equivalent agreement in the applicable jurisdiction, by and among one or more Obligor and Agent, with such amendments or modifications as may be reasonably approved by Agent.

IRS: the United States Internal Revenue Service.

Issuing Bank: Bank of America or any branch or Affiliate of Bank of America, or any replacement issuer appointed pursuant to **Section 2.3.4** (or Bank of America acting through its London branch with respect to Letters of Credit requested by UK Borrower).

Issuing Bank Indemnitees: Issuing Bank and its officers, directors, employees, Affiliates, branches, agents and attorneys.

Judgment Currency: as defined in **Section 1.5.2**.

LC Application: an application by a Borrower to Issuing Bank for issuance of a Letter of Credit, in form and substance reasonably satisfactory to Issuing Bank and Agent.

LC Conditions: the following conditions necessary for issuance of a Letter of Credit: (a) each of the conditions set forth in **Section 6.1** and **6.2**; (b) after giving effect to such issuance, (i) total LC Obligations do not exceed the Letter of Credit Subline, (ii) no Overadvance exists, (iii) no US Overadvance exists if the Requesting Borrower is a US Borrower, (iv) no UK Overadvance exists if the Requesting Borrower is UK Borrower, (v) if Requesting Borrower is a US Borrower and no US Revolver Loans are outstanding, the US

LC Obligations do not exceed the US Borrowing Base, (vi) if Requesting Borrower is UK Borrower and no UK Revolver Loans are outstanding, the UK LC Obligations do not exceed the UK Borrowing Base; (c) the Letter of Credit and payments thereunder are denominated in Dollars or other currency satisfactory to Issuing Bank; and (d) the purpose and form of the proposed Letter of Credit are satisfactory to Issuing Bank in its discretion.

LC Documents: all documents, instruments and agreements (including LC Requests and LC Applications) delivered by the applicable Borrower or any other Person to Issuing Bank or Agent in connection with any Letter of Credit.

LC Obligations: the US LC Obligations or the UK LC Obligations, as the context requires.

LC Request: a request for issuance of a Letter of Credit, to be provided by the applicable Borrower to Issuing Bank, in form satisfactory to Issuing Bank.

LC Reserve: the aggregate of all LC Obligations of the applicable Borrower, other than those that have been Cash Collateralized by the applicable Borrower.

Lender Indemnitees: Each Lender and its officers, directors, employees, Affiliates, branches, agents and attorneys.

Lenders: as defined in the preamble to this Agreement, including US Lenders, UK Lenders, Agent in its capacity as a provider of Swingline Loans and any other Person who hereafter becomes a "Lender" pursuant to an Assignment and Acceptance.

Lending Office: the office designated as such by the applicable Lender at the time it becomes party to this Agreement or thereafter by notice to Agent and US Borrower Agent.

Letter of Credit: any standby or documentary letter of credit, foreign guaranty, documentary bankers acceptance or similar instrument issued by Issuing Bank for the account or benefit of a Borrower or Affiliate of such Borrower.

Letter of Credit Subline: \$5,000,000.

LIBOR: means, for any day in any month with respect to a Revolver Loan, the rate per annum equal to (i) the ICE Benchmark Administration LIBOR Rate (ICE LIBOR) (as publicised by any service which has been nominated by the ICE Benchmark Administration as an authorised information vendor for the purpose of displaying ICE LIBOR) at approximately 11:00 a.m. London time on the first Business Day of that month for deposits in the relevant currency (for delivery on that day) with a term of one month commencing two Business Days following such date of determination and (ii) if such rate is not available at such time for any reason, the rate per annum reasonably determined by the Agent to be the rate at which deposits in such currency for delivery two Business Days following such date of determination in same day funds in the approximate amount of the Revolver Loan being made, continued or converted and with a term equal to one month would be offered to the Agent's London Branch by major banks in the interbank market where its foreign currency and exchange operations are then taking place at the date and time of the determination.

License: any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor: any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien: any Person's interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, security interests, mortgages, charges, assignments, pledges, hypothecations, statutory trusts, deemed trusts, reservations, exceptions, encroachments, easements, servitudes, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property.

Lien Waiver: an agreement, in form and substance reasonably satisfactory to Agent, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent upon request; and (d) for any Collateral subject to a Licensor's Intellectual Property rights, the Licensor grants to Agent the right, vis-à-vis such Licensor, to enforce Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable License.

Liquidity Event: any event pursuant to which Parametric obtains proceeds from a contribution of capital to Parametric, a sale or issuance by Parametric of its Equity Interests, or an incurrence of Debt for Borrowed Money, in each case, on terms satisfactory to Agent and Required Lenders, where the net proceeds of such event exceed \$30,000,000 and where at least \$10,000,000 of such net proceeds are applied to repay the Obligations.

Loan Documents: this Agreement, Other Agreements and Security Documents.

Loan Year: each 12 month period commencing on the Closing Date and on each anniversary of the Closing Date.

Mandatory Cost: any amount incurred periodically by a Lender constituting fees, costs or charges imposed by any Governmental Authority on lenders generally in the jurisdiction where such Lender is domiciled, is subject to regulation or has its office through which it performs its obligations hereunder.

Margin Stock: as defined in Regulation U of the Board of Governors.

Material Adverse Effect: the effect of any event or circumstance that, taken alone or in conjunction with other events or circumstances, (a) has or could be reasonably expected to have a material adverse effect on the business, operations, Properties or financial condition of the Obligors, taken as a whole, on the value of any material Collateral, on the enforceability of any Loan Documents, or on the validity or priority of Agent's Liens on any Collateral; (b) materially impairs the ability of the Obligors, taken as a whole, to perform their obligations under the Loan Documents, including repayment of any Obligations; or (c) otherwise materially and adversely impairs the ability of Agent or any Lender to enforce or collect any Obligations or to realize upon any Collateral.

Material Contract: any written agreement or arrangement to which any Obligor or its respective Subsidiaries is party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Person, including the Securities Act of 1933; or (b) for which breach,

termination, nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect.

Moody's: Moody's Investors Service, Inc., and its successors.

Mortgage: a mortgage, deed of trust, deed of hypothec, or deed to secure debt in which an Obligor grants a Lien on its Real Estate to Agent, for the benefit of Secured Parties, as security for the Obligations.

Multiemployer Plan: any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Obligor or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

Net Proceeds: with respect to an Asset Disposition, proceeds (including, when received, any deferred or escrowed payments) received by any Obligor or its respective Subsidiaries in cash from such disposition, net of (a) reasonable and customary costs and expenses actually incurred in connection therewith, including legal fees and sales commissions; (b) amounts applied to repayment of Debt secured by a Permitted Lien senior to Agent's Liens on Collateral sold; (c) transfer or similar taxes; and (d) reserves for indemnities, until such reserves are no longer needed.

NOLV Percentage: the net orderly liquidation value of Inventory, expressed as a percentage, expected to be realized at an orderly, negotiated sale held within a reasonable period of time, net of all liquidation expenses, as determined from the most recent appraisal of the applicable Borrower's Inventory performed by an appraiser and on terms satisfactory to Agent.

Notice of Borrowing: a Notice of Borrowing to be provided by US Borrower Agent to request a Borrowing of Revolver Loans, in form reasonably satisfactory to Agent.

Notice of Conversion/Continuation: a Notice of Conversion/Continuation to be provided by Borrowing Agent to request a conversion or continuation of any Revolver Loans as US LIBOR Loans, or UK LIBOR Loans as applicable, in form reasonably satisfactory to Agent.

Obligations: all (a) principal of and premium, if any, on the Revolver Loans, (b) LC Obligations and other obligations of Obligors with respect to Letters of Credit, (c) interest, expenses, fees, indemnification obligations, Extraordinary Expenses and other amounts payable by Obligors under Loan Documents, (d) Secured Bank Product Obligations, and (e) other Debts, obligations and liabilities of any kind owing by Obligors pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several; provided, that Obligations of an Obligor shall not include its Excluded Swap Obligations.

Obligor: each Borrower, Guarantor, or other Person that is liable for payment of any Obligations or that has granted a Lien in favor of Agent on its assets to secure any Obligations.

OFAC: Office of Foreign Assets Control of the US Treasury Department.

Ordinary Course of Business: the ordinary course of business of any Borrower or Subsidiary, undertaken in good faith and consistent with Applicable Law and past practices.

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, memorandum and articles of association, constitutional documents, certificate of change of name (if any), bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, memorandum of association, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

OSHA: the Occupational Safety and Hazard Act of 1970.

Other Agreement: each LC Document, Fee Letter, Lien Waiver, Related Real Estate Documents, Borrowing Base Certificate, Subordination Agreements, Compliance Certificate, Borrower Materials, intercreditor agreements, or other note, document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor or other Person to Agent or a Lender in connection with any transactions relating hereto.

Other Connection Taxes: with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a Lien under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in, any Revolver Loan or Loan Document).

Other Taxes: all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a Lien under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 13.4(c)**).

Overadvance: a US Overadvance or a UK Overadvance, as the context requires.

Overadvance Loan: a US Overadvance Loan or a UK Overadvance Loan, as the context requires.

Parametric: as defined in the preamble to this Agreement.

Participant: as defined in **Section 14.2.1**.

Participant Register: as defined in **Section 14.2.3**.

Participating Member State: any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

Patriot Act: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

Payment Item: each check, draft or other item of payment payable to any Obligor, including those constituting proceeds of any Collateral.

PBGC: the Pension Benefit Guaranty Corporation.

Pension Plan: any employee pension benefit plan (as defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Obligor or ERISA Affiliate or to which the Obligor or ERISA Affiliate contributes or has an obligation to contribute,

or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the preceding five plan years.

Pensions Regulator: the body corporate called the Pensions Regulator established under Part I of the Pensions Act 2004 (UK).

Permitted Acquisition: any Acquisition as long as (a) no Default or Event of Default exists or is caused thereby; (b) the Acquisition is consensual; (c) the assets, business or Person being acquired is useful or engaged in the business of Borrowers and Subsidiaries, is located or organized within the United States, and had positive EBITDA for the 12 month period most recently ended; (d) no Debt or Liens are assumed or incurred, except as permitted by **Sections 10.2.1(f), 10.2.1(i) and 10.2.2(j)**; (e) the total consideration (including deferred payment obligations and Debt assumed or incurred) is less than \$30,000,000 and, when aggregated with the total consideration for all other Acquisitions made during the preceding 12 months, is less than \$50,000,000; (f) upon giving effect thereto, Availability is at least 15% of the Revolver Commitments for the 30 days preceding and as of the Acquisition; (g) the Fixed Charge Coverage Ratio, determined on a pro forma basis after giving effect to the Acquisition (as if such Acquisition were consummated on the first day of the period of measurement), is not less than 1.10:1.00, whether or not a Covenant Trigger Period exists; and (h) Borrowers deliver to Agent, at least 10 Business Days prior to the Acquisition, copies of all material agreements relating thereto and a certificate, in form and substance reasonably satisfactory to Agent, stating that the Acquisition is a "Permitted Acquisition" and demonstrating compliance with the foregoing requirements.

Permitted Asset Disposition: as long as no Default or Event of Default exists and all Net Proceeds are remitted to the Dominion Account, an Asset Disposition that is (a) a sale of Inventory, cash or Cash Equivalents in the Ordinary Course of Business; (b) a disposition of Equipment that, in the aggregate during any 12 month period, has a fair market or book value (whichever is more) of \$2,000,000 or less; (c) a disposition of property that is obsolete, unmerchantable or otherwise unsalable or other property not necessary for operations in the Ordinary Course of Business; (d) termination of a lease of real or personal Property that is not necessary for the Ordinary Course of Business, could not reasonably be expected to have a Material Adverse Effect and does not result from an Obligor's default; or (e) dispositions resulting from any casualty or other insured damage to, or any taking under any power of eminent domain or by condemnation or similar proceeding of, any Property of any Obligor or any Subsidiary; (f) any transactions permitted by **Sections 10.2.2, 10.2.4, 10.2.5, 10.2.7 or 10.2.9**; (g) non-exclusive licensing agreements for any intellectual property, leases or subleases, in each case in the Ordinary Course of Business; (h) approved in writing by Agent and Required Lenders, provided that no Obligor shall dispose of any property charged by way of fixed charge pursuant to a UK Security Agreement without the express written consent of the Agent; (i) a non-exclusive licensing agreement for Intellectual Property, leases, or subleases, in each case in the Ordinary Course of Business, or (j) any assignment or transfer of an Account to a provider of credit insurance to the extent such provider has advanced insurance proceeds to the applicable Obligor with respect to such Account being transferred; (k) any other Asset Disposition, so long as the applicable Obligor receives fair market value in consideration in cash for such sale and the aggregate consideration payable in connection with all such dispositions does not exceed \$2,000,000 in any calendar year.

Permitted Contingent Obligations: Contingent Obligations (a) arising from endorsements of Payment Items for collection or deposit in the Ordinary Course of Business; (b) arising from Hedging Agreements permitted hereunder; (c) existing on the Closing Date, and any extension or renewal thereof that does not increase the amount of such Contingent Obligation when extended or renewed; (d) incurred in the Ordinary Course of Business with respect to surety, appeal or performance bonds, or other similar obligations; (e) arising from customary indemnification obligations in favor of purchasers in connection

with dispositions of Equipment permitted hereunder; (f) arising under the Loan Documents; or (g) in an aggregate amount of \$5,000,000 or less at any time.

Permitted Earnout Payment: the payment to Carmine J. Bonanno and Frederick J. Romano on July 31, 2014 in the aggregate amount of \$3,125,000 to be paid in accordance with the terms of that certain Stock Purchase Agreement dated as of September 28, 2010, by and among SG VTB Merger Sub, Inc. SG VTB Holdings, LLC, Voyetra and the stockholders party thereto; provided, that such payment can only be paid by or on behalf of any Obligor if (i) at any time prior to the consummation of a Liquidity Event, (a) immediately prior to and after giving effect to such payment, no Default or Event of Default has occurred or will occur, (b) for each of the 30 days immediately prior to and after giving effect to such payment, Availability is in an amount greater than 15% of the Revolver Commitments, and US Availability is in an amount greater than 15% of the US Revolver Commitments, and (c) no FILO Period is in effect, and (ii) thereafter, immediately prior to and after giving effect to such payment, no Default or Event of Default has occurred or will result.

Permitted Discretion: a determination made in the exercise, in good faith, of reasonable business judgment (from the perspective of a secured, asset-based lender).

Permitted Lien: as defined in **Section 10.2.2**.

Permitted Purchase Money Debt: Purchase Money Debt of any Obligor or its respective Subsidiaries that is unsecured or secured only by a Purchase Money Lien and Debt under Capital Leases of any Obligor, as long as the aggregate amount does not exceed \$5,000,000 at any time.

Person: any individual, corporation, limited liability company, unlimited liability company, partnership, joint venture, association, trust, unincorporated organization, Governmental Authority or other entity.

Plan: any employee benefit plan (as defined in Section 3(3) of ERISA) established by an Obligor or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, an ERISA Affiliate.

Platform: as defined in **Section 15.3.3**.

Prime Rate: the rate of interest announced by Bank of America from time to time as its prime rate. Such rate is set by Bank of America on the basis of various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate. Any change in such rate publicly announced by Bank of America shall take effect at the opening of business on the day specified in the announcement.

Pro Rata: with respect to:

(a) any US Lender and its share of any US Revolver Commitments or US Obligations, or its voting or other rights with respect to, or any other matters relating to, the US Obligations, (i) prior to the Revolver Commitment Termination Date, a percentage (carried out to the ninth decimal place) determined by dividing the amount of such US Lender's US Revolver Commitment by the aggregate amount of all US Revolver Commitments (the "US Applicable Percentage"), and (ii) upon and after the Revolver Commitment Termination Date, the US Applicable Percentage of such US Lender under this clause most recently in effect, giving effect to any subsequent assignment;

(b) any UK Lender and its share of any UK Revolver Commitments or UK Obligations, or its voting or other rights with respect to or matters relating to the UK Obligations, (i) prior to the Revolver Commitment Termination Date, a percentage (carried out to the ninth decimal place) determined by dividing the amount of such UK Lender's UK Revolver Commitment by the aggregate amount of all UK Revolver Commitments (the "UK Applicable Percentage"), and (ii) upon and after the Revolver Commitment Termination Date, the UK Applicable Percentage of such UK Lender under this clause most recently in effect, giving effect to any subsequent assignment; and

(c) any Lender and its share of all Revolver Commitments or Obligations, or its voting or other rights with respect to or matters relating to the Revolving Facility as a whole, including indemnity obligations and reimbursement obligations owing to Agent, (i) prior to the Revolver Commitment Termination Date, a percentage (carried out to the ninth decimal place) determined by dividing the sum of such Lender's US Revolver Commitment and the Dollar Equivalent of the amount of such Lenders' UK Revolver Commitment by the aggregate amount of the Dollar Equivalent of all Revolver Commitments (the "Applicable Percentage"); and (ii) upon and after the Revolver Commitment Termination Date, the Applicable Percentage of such Lender under this clause most recently in effect, giving effect to any subsequent assignment.

Properly Contested: with respect to any obligation of an Obligor, (a) the obligation is subject to a bona fide dispute regarding amount or the Obligor's liability to pay; (b) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (c) appropriate reserves have been established in accordance with GAAP; (d) non-payment could not have a Material Adverse Effect, nor result in forfeiture or sale of any material assets of the Obligor; (e) no Lien (other than a Permitted Lien) is imposed on assets of the Obligor, unless bonded and stayed to the satisfaction of Agent; and (f) if the obligation results from entry of a judgment or other order, such judgment or order is stayed pending appeal or other judicial review.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Protective Advances: US Protective Advances or UK Protective Advances, as the context requires.

PSC: as defined in the preamble to this Agreement.

Purchase Money Debt: (a) Debt (other than the Obligations) for payment of any of the purchase price of fixed assets; (b) Debt (other than the Obligations) incurred within 10 days before or after acquisition of any fixed assets, for the purpose of financing any of the purchase price thereof; and (c) any renewals, extensions or refinancings (but not increases) thereof.

Purchase Money Lien: a Lien that secures Purchase Money Debt, encumbering only the fixed assets acquired with such Debt and constituting a Capital Lease or a purchase money security interest under the UCC or other Applicable Law.

Qualified ECP: an Obligor with total assets exceeding \$10,000,000, or that constitutes an "eligible contract participant" under the Commodity Exchange Act and can cause another Person to qualify as an "eligible contract participant" under Section 1a(18)(A)(v)(II) of such act.

Qualifying Lender:

(a) a Lender (other than a Lender within clause (b) below) which is beneficially entitled to interest payable to that Lender in respect of an advance and is:

(i) a Lender:

(A) that is a bank (as defined for the purpose of section 879 of the ITA) making an advance; or

(B) in respect of an advance by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that such advance was made,

and, in each case, which is within the charge to United Kingdom corporation tax with respect to any payments of interest made in respect of that advance; or

(ii) a Lender which is:

(A) a company resident in the United Kingdom for United Kingdom tax purposes;

(B) a partnership, each member of which is:

(C) a company so resident in the United Kingdom; or

(D) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(E) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or

(F) a Treaty Lender; or

(b) a building society (as defined for the purposes of section 880 of the ITA) making an advance.

RCRA: the Resource Conservation and Recovery Act (42 U.S.C. §§ 6991-6991i).

Real Estate: all right, title and interest (whether as owner, lessor or lessee) in any real Property or any buildings, structures, parking areas or other improvements thereon.

Recipient: Agent, Issuing Bank, any Lender or any other recipient of a payment to be made by an Obligor under a Loan Document or on account of an Obligation.

Refinancing Conditions: the following conditions for Refinancing Debt: (a) it is in an aggregate principal amount that does not exceed the principal amount of the Debt being extended, renewed or refinanced; (b) it has a final maturity no sooner than, a weighted average life no less than, and an interest rate no greater than, the Debt being extended, renewed or refinanced; (c) it is subordinated to the Obligations at least to the same extent as the Debt being extended, renewed or refinanced; (d) the representations, covenants and

defaults applicable to it are no less favorable to Borrowers than those applicable to the Debt being extended, renewed or refinanced; (e) no additional Lien is granted to secure it; (f) no additional Person is obligated on such Debt; provided that refinancing of Existing Subordinated Debt may be with Parametric as the obligor and may be guaranteed on a subordinated basis by the other US Obligor and (g) upon giving effect to it, no Default or Event of Default exists.

Refinancing Debt: Borrowed Money that is the result of an extension, renewal or refinancing of Debt permitted under **Section 10.2.1(b), (d) or (f)**.

Reimbursement Date: as defined in **Section 2.3.2**.

Related Real Estate Documents: with respect to any Real Estate subject to a Mortgage, the following, in form and substance reasonably satisfactory to Agent and received by Agent for review at least 15 days prior to the effective date of the Mortgage: (a) a mortgagee title policy (or binder therefor) covering Agent's interest under the Mortgage, by an insurer acceptable to Agent, which must be fully paid on such effective date; (b) such assignments of leases, estoppel letters, attornment agreements, consents, waivers and releases as Agent may require with respect to other Persons having an interest in the Real Estate; (c) a current, as-built survey of the Real Estate, containing a metes-and-bounds property description and certified by a licensed surveyor acceptable to Agent; (d) a life-of-loan flood hazard determination and, if the Real Estate is located in a special flood hazard area, an acknowledged notice to borrower and flood insurance by an insurer acceptable to Agent; (e) a current appraisal of the Real Estate, prepared by an appraiser acceptable to Agent, and in form and substance reasonably satisfactory to Required Lenders; (f) an environmental assessment, prepared by environmental engineers acceptable to Agent, and such other reports, certificates, studies or data as Agent may reasonably require, all in form and substance reasonably satisfactory to Required Lenders; and (g) an Environmental Agreement and such other documents, instruments or agreements as Agent may reasonably require with respect to any environmental risks regarding the Real Estate.

Rent and Charges Reserve: the aggregate of (a) all past due rent and other amounts owing by an Obligor to any landlord, warehouseman, processor, repairman, mechanic, shipper, freight forwarder, broker or other Person who possesses any Collateral or could assert a Lien on any Collateral; and (b) a reserve at least equal to three months' rent and other charges that could be payable to any such Person, unless it has executed a Lien Waiver.

Report: as defined in **Section 13.2.3**.

Reporting Due Date: If (i) (a) Availability is in an amount greater than 15% of the Revolver Commitments, (b) US Availability is in an amount greater than 15% of the US Revolver Commitments, and (c) UK Availability is in an amount greater than 15% of the UK Revolver Commitments, or (ii) a FILO Period is in effect, the third Business Day of each week, otherwise, the 15th day of each month.

Reportable Event: any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

Requesting Borrower: with respect to any Letter of Credit, shall mean the Borrower requesting such Letter of Credit to be issued for the benefit of itself or any of its Subsidiaries.

Required Lenders: one or more Secured Parties holding more than 50% of (a) the aggregate outstanding Revolver Commitments; or (b) following termination of the Revolver Commitments, the aggregate outstanding Revolver Loans and LC Obligations or, if all Revolver Loans and LC Obligations have been paid in full, the aggregate remaining Obligations; provided, however, that Revolver Commitments,

Revolver Loans and other Obligations held by a Defaulting Lender and its Affiliates shall be disregarded in making such calculation, but any related Fronting Exposure shall be deemed held as a Revolver Loan or LC Obligation by the Secured Party that funded the applicable Revolver Loan or issued the applicable Letter of Credit.

Restricted Investment: any Investment by a Borrower or Subsidiary, other than (a) Investments in Subsidiaries to the extent existing on the Closing Date; (b) Cash Equivalents that are subject to Agent's Lien and control, pursuant to documentation in form and substance reasonably satisfactory to Agent; (c) loans and advances permitted under **Section 10.2.7**; (d) Permitted Acquisitions; (e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the Ordinary Course of Business and payable or dischargeable in accordance with customary trade terms, and Investments received in satisfaction or partial satisfaction thereof from financially troubled Account Debtors and other credits to suppliers in the Ordinary Course of Business; provided, however, that such trade terms may include such concessionary trade terms as Parametric or any such Subsidiary deems reasonable under the circumstances; (f) so long as no Event of Default exists immediately before and after giving effect thereto, the repurchase, redemption or other acquisition or retirement of any Equity Interests of Parametric held by any current or former officer, director or employee of Parametric or any of its Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement in an aggregate amount not to exceed \$1,000,000 in any calendar year or \$3,000,000 in the aggregate after the Closing Date; (g) Investments consisting of any deferred portion of the sales price received in connection with any Permitted Disposition; (h) without duplication, Investments to the extent permitted as Indebtedness or Contingent Obligations hereunder; (i) the endorsement of negotiable instruments held for collection in the ordinary course of business; (j) Investments by UK Borrower in any other Obligor or by US Borrower in any other Obligor which is not a Foreign Subsidiary; (k) any other Investment (other than the type set forth above) to the extent that payment for such investment is made with the proceeds of any equity investments in Parametric by Persons who are not Obligors, the cash proceeds of which are (i) contributed directly or indirectly to any Obligor or any of its Subsidiaries and (ii) used substantially contemporaneously by such Obligor or its Subsidiaries to make such Investment; and (l) other Investments (other than the type set forth in clauses (a) through (k) above) not to exceed \$2,000,000 at any time.

Restrictive Agreement: an agreement (other than a Loan Document) that conditions or restricts the right of any Borrower, Subsidiary or other Obligor to incur or repay Borrowed Money, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Borrowed Money, or to repay any intercompany Debt.

Revolver Commitment: the US Revolver Commitment or the UK Revolver Commitment, as the context requires.

Revolver Commitments: the aggregate amount of the Revolver Commitment of all Lenders.

Revolver Commitment Termination Date: the earliest to occur of (a) the Revolver Termination Date; (b) the date on which the US Borrower Agent terminates the US Revolver Commitments pursuant to **Section 2.1.7**; or (c) the date on which the Revolver Commitments are terminated pursuant to **Section 12.2**.

Revolver Loan: a US Revolver Loan or a UK Revolver Loan, as the context requires.

Revolver Termination Date: March 31, 2019.

Revolver Usage: the sum of the US Revolver Usage and the UK Revolver Usage.

Royalties: all royalties, fees, expense reimbursement and other amounts payable by any Obligor or its respective Subsidiaries under a License.

S&P: Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and any successor thereto.

Sanction: any international economic sanction administered or enforced by the United States Government (including OFAC), the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

Secured Bank Product Obligations: Debt, obligations and other liabilities with respect to Bank Products owing by a Borrower or any Subsidiary of a Borrower to a Secured Bank Product Provider; provided, that Secured Bank Product Obligations of an Obligor shall not include its Excluded Swap Obligations.

Secured Bank Product Provider: (a) Bank of America or any of its branches or Affiliates; and (b) any other Lender or Affiliate of a Lender that is providing a Bank Product, provided such provider delivers written notice to Agent, in form and substance reasonably satisfactory to Agent, within 10 days following the later of the Closing Date or creation of the Bank Product, (i) describing the Bank Product and setting forth the maximum amount to be secured by the Collateral and the methodology to be used in calculating such amount, and (ii) agreeing to be bound by **Section 13.13**.

Secured Parties: US Secured Parties or UK Secured Parties, as the context requires.

Security Documents: the Guaranties, Mortgages, UK Security Agreements, Deposit Account Control Agreements, IP Security Agreements and all other documents, instruments and agreements now or hereafter securing (or given with the intent to secure) any Obligations.

Senior Officer: the chairman of the board, president, chief executive officer or chief financial officer of a Borrower or, if the context requires, an Obligor.

Settlement Report: a report summarizing Revolver Loans and participations in LC Obligations outstanding as of a given settlement date, allocated to Lenders on a Pro Rata basis in accordance with their Revolver Commitments.

Solvent: as to any Person, such Person (a) owns Property whose fair salable value is greater than the amount required to pay all of its debts (including contingent, subordinated, unmatured and unliquidated liabilities); (b) owns Property whose present fair salable value (as defined below) is greater than the probable total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Person as they become absolute and matured; (c) is able to pay all of its debts as they mature; (d) has capital that is not unreasonably small for its business and is sufficient to carry on its business and transactions and all business and transactions in which it is about to engage; (e) is not "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code, or, with respect to UK Borrower or any other Obligor organized under the laws of England and Wales, it is not or is not deemed, for the purpose of and under the Insolvency Act 1986, to be unable to pay its debts as they fall due; and (f) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Person or any of its Affiliates. "Fair salable value" means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase.

Specified Closing Date Holders: the holders of Equity Interests of Parametric set forth on **Schedule 1.1S** and the heirs or such holders or any trusts or other estate planning vehicles of such holders, or any trust, the beneficiary of which, any charitable trust, the grantor of which, or any corporation, limited liability company, partnership or other entity, the stockholders, members, general or limited partners or owners of which include only such holder and any of the foregoing individuals or entities.

Specified Obligor: an Obligor that is not then an “eligible contract participant” under the Commodity Exchange Act (determined prior to giving effect to **Section 5.11**).

Sponsor: Stripes Group, LLC and any person controlled by, in control of or under common control with Stripes Group, LLC and which is organized primarily for the purpose of making debt and equity contribution.

Spot Rate: the exchange rate, as determined by Agent, that is applicable to conversion of one currency into another currency, which is (a) the exchange rate reported by Bloomberg (or other commercially available source designated by Agent) as of the end of the preceding business day in the financial market for the first currency; or (b) if such report is unavailable for any reason, the spot rate for the purchase of the first currency with the second currency as in effect during the preceding business day in Agent’s principal foreign exchange trading office for the first currency.

Stated Amount: the outstanding amount of a Letter of Credit, including any automatic increase or tolerance, whether or not then effective, that is provided by the terms of the Letter of Credit or related LC Documents.

Sterling or £: the lawful currency of the UK.

Subordinated Debt: (i) Debt incurred by any Obligor or any of its respective Subsidiaries that is expressly subordinate and junior in right of payment to Full Payment of all Obligations, and is also on terms (including maturity, interest, fees, repayment, covenants and subordination) reasonably satisfactory to Agent, and (ii) the Existing Subordinated Debt.

Subordination Agreement: a subordination agreement executed by the holders of any Subordinated Debt which agreement is in form and substance reasonably satisfactory to Lender.

Subsidiary: any entity at least 50% of whose Voting Equity Interests is owned by a Borrower or combination of Borrowers (including indirect ownership through other entities in which a Borrower directly or indirectly owns 50% of such Voting Equity Interests).

Swap Obligations: with respect to an Obligor, its obligations under a Hedging Agreement that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

Swingline Loan: a US Swingline Loan or a UK Swingline Loan, as the context requires.

TARGET Day: any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) determined by the Agent to be a suitable replacement) is open for the settlement of payments in Euro.

Taxes: all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

Tax Confirmation: a confirmation by a UK Lender that the person beneficially entitled to interest payable to that UK Lender in respect of an advance is either:

- (a) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (b) a partnership each member of which is:
 - (i) a company so resident in the United Kingdom; or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.

Tax Credit: a credit against, relief or remission for, or repayment of, any Taxes.

Tax Deduction: a deduction or withholding from a payment under any Loan Document for and on account of any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments and all interest, penalties or similar liabilities with respect thereto.

Tax Payment: in relation to any UK Borrower, either the increase in a payment made by that UK Borrower to a UK Lender under **Section 5.12(b)** or a payment under **Section 5.12(c)**.

Transferee: any actual or potential Eligible Assignee, Participant or other Person acquiring an interest in any Obligations.

Treaty Lender: a Lender which:

- (a) is treated as a resident of a Treaty State for the purposes of the relevant Treaty; and
- (b) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender's participation in any advance is effectively connected.

Treaty State: a jurisdiction having a double taxation agreement (a "Treaty") with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Turtle Beach: as defined in the preamble to this Agreement.

UCC: the Uniform Commercial Code as in effect in the State of California or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

UK: the United Kingdom of Great Britain and Northern Ireland.

UK Accounts Formula Amount: (a) during the FILO Period, 90% of the Value of Eligible UK Accounts, and (b) thereafter, 85% of the Value of Eligible UK Accounts.

UK Availability: The Dollar Equivalent of the UK Borrowing Base minus UK Revolver Usage.

UK Availability Reserve: the sum (without duplication) of (a) the Inventory Reserve with respect to the Inventory of UK Borrower; (b) the Rent and Charges Reserve with respect to UK Borrower; (c) the LC Reserve applicable to UK Borrower; (d) the UK Bank Product Reserve; (e) all accrued Royalties payable by UK Borrower, whether or not then due and payable by a Borrower; (f) the aggregate amount of liabilities secured by Liens upon UK Collateral that are senior to Agent's Liens (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (f) the UK Dilution Reserve; (g) a reserve for the prescribed part of floating charge realisations which may be set aside for unsecured creditors which at the date of this Agreement is a maximum of 600,000 Sterling for UK Borrower and (h) such additional reserves, in such amounts and with respect to such matters, as Agent in its Permitted Discretion may elect to impose from time to time; provided, that the reserves included in the UK Availability Reserve shall not be duplicative of the eligibility criteria for Eligible UK Accounts or Eligible UK Inventory.

UK Bank Product: any of the following products, services or facilities extended to UK Borrower, any Subsidiary of UK Borrower, or any Affiliate of UK Borrower by Bank of America (acting through its London branch) or any of its Affiliates or branches: (a) Cash Management Services; (b) products under Hedging Agreements; (c) commercial credit card and merchant card services; and (d) leases and other banking products or services, other than Letters of Credit.

UK Bank Product Reserve: the aggregate amount of reserves established by Agent from time to time in its Permitted Discretion in respect of Secured Bank Product Obligations of UK Borrower.

UK Base Rate: with respect to Revolving Loans denominated in Sterling, the rate equal to the highest of (A) the interest per annum as set and published by the Bank of England known as the BOE Official Bank Rate (or any successor rate), and (B) the 3 month LIBOR, (ii) with respect to Revolving Loans denominated in Euros, the rate equal to the highest of (A) the rate as set and published by the European Central Bank known as the ECB Main Refinancing Rate (or any successor rate), and (B) the 3 month LIBOR, (iii) with respect to Revolving Loans denominated in Dollars, a fluctuating rate per annum equal to the highest of (A) the Federal Funds Effective Rate plus 1/2 of 1%, (B) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (iii) the Adjusted LIBOR on such day (or if such day is not a Business Day, the immediately preceding Business Day) for a deposit in Dollars, with a maturity of one month plus 1.00%. The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

UK Base Rate Loan: a UK Revolver Loan that bears interest based on the UK Base Rate.

UK Borrower: as defined in the preamble to this Agreement.

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

UK Borrowing Base Certificate: a certificate, in form and substance satisfactory to Agent, by which UK Borrower certifies the UK Borrowing Base.

UK Collateral: all Property of each UK Obligor described in any Security Document that secures the UK Obligations or UK Guaranteed Obligations and all other Property of each UK Obligor that now or hereafter secures (or is intended to secure) any UK Obligations or any UK Guaranteed Obligations.

UK Commitment Percentage: as to any UK Lender at any time, the ratio, expressed as a percentage, which such UK Lender's UK Revolver Commitment bears to the aggregate UK Revolver Commitments at such time.

UK Dilution Reserve: a reserve established by Agent in its Permitted Discretion if the Dilution Percent of UK Borrower for any period exceeds such Dilution Percent in existence on the Closing Date, which reserve shall be in an amount equal to 1.0% of Eligible UK Accounts for each whole percentage point (or fraction thereof) that Dilution Percent of UK Borrower exceeds such percentage.

UK Eligible Foreign Account: an Account of UK Borrower that is owed by an Account Debtor that is organized or has its principal offices or assets in a jurisdiction that has been a Participating Member State since before April 30, 2004 or otherwise approved by Agent.

UK FILO Amount: (i) as of any date of measurement during the FILO Period, the Dollar Equivalent of (a) 5% of the Value of Eligible UK Accounts, as reflected on the most recent UK Borrowing Base Certificate, plus (b) the lesser of (i) 10% of the Value of Eligible UK Inventory as reflected on the most recent UK Borrowing Base Certificate; and (ii) 10% of the NOLV Percentage of the Value of Eligible UK Inventory as reflected on the most recent UK Borrowing Base Certificate; and (ii) after the FILO Period, \$0.

UK FILO Loan: a UK Revolver Loan that is borrowed on the Closing Date and outstanding during the FILO Period, in the amount of the UK FILO Amount from time to time.

UK Guaranteed Obligations: as defined in **Section 11.2**.

UK Guarantors: as defined in the preamble to this Agreement.

UK Inventory Formula Amount: the sum of (a) the lesser of (i)(A) during the FILO Period, 75% of the Value of Eligible UK Inventory and (B) thereafter, 65% of the Value of Eligible UK Inventory; and (ii)(A) during the FILO Period, 95% of the NOLV Percentage of the Value of Eligible UK Inventory, and (B) thereafter, 85% of the NOLV Percentage of the Value of Eligible UK Inventory, plus (b) the lesser of (i) 65% of the Value of Eligible UK In-Transit Inventory; and (ii) 85% of the NOLV Percentage of the Value of Eligible UK In-Transit Inventory.

UK Inventory Reserve: reserves established by Agent to reflect factors that may negatively impact the Value of UK Borrower's Inventory, including change in salability, obsolescence, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks.

UK LC Obligations: the sum (without duplication) of (a) all amounts owing by UK Borrower for any drawings under Letters of Credit issued for the benefit of UK Borrower or any Subsidiary of a UK Borrower that is not otherwise a US Borrower; and (b) the stated amount of all outstanding Letters of Credit issued for the benefit of UK Borrower or any such Subsidiary of UK Borrower; provided that, any amounts owing under any Letter of Credit issued for the benefit of such Subsidiary of a UK Borrower shall be the Obligation of UK Borrower.

UK Lenders: Bank of America (acting through its London branch or such other branch or branches as it may designate from time to time) and each other Lender that has issued a UK Revolver Commitment.

UK LIBOR Loan: each set of UK Revolver Loans, or portion thereof, funded in Sterling or Euro, and bearing interest calculated by reference to the LIBOR having a common length and commencement of Interest Period.

UK Obligations: on any date, the portion of the Obligations outstanding that are owing by any UK Obligor.

UK Obligors: UK Borrower, each UK Guarantor and each other Person that is liable for payment of any UK Obligations or that has granted a Lien in favor of Agent on its assets to secure any UK Obligations.

UK Overadvance: as defined in **Section 2.1.6(b)**.

UK Overadvance Loan: a UK Base Rate Loan made when a UK Overadvance exists or is caused by the funding thereof.

UK Protective Advances: as defined in **Section 2.1.7(b)**.

UK Required Lenders: one or more UK Secured Parties holding more than 50% of (a) the aggregate outstanding UK Revolver Commitments; or (b) following termination of the UK Revolver Commitments, the aggregate outstanding UK Revolver Loans and LC Obligations of UK Borrowers or, if all Revolver Loans and LC Obligations have been paid in full, the aggregate remaining Obligations; provided, however, that Revolver Commitments, Revolver Loans and other Obligations held by a Defaulting Lender and its Affiliates shall be disregarded in making such calculation, but any related Fronting Exposure shall be deemed held as a Revolver Loan or LC Obligation by the Secured Party that funded the applicable Revolver Loan or issued the applicable Letter of Credit.

UK Revolver Commitment: for any UK Lender, its obligation to make UK Revolver Loans and to participate in UK LC Obligations up to the maximum principal Dollar Equivalent amount in the applicable Available Currencies equal to its UK Commitment Percentage of the aggregate amount of all UK Revolver Commitments, which are shown on **Schedule 1.1** as of the Closing Date, or as hereafter determined pursuant to each Assignment and Acceptance to which it is a party.

UK Revolver Commitments: the aggregate amount of the UK Revolver Commitment of all UK Lenders.

UK Revolver Loan: a loan made pursuant to **Section 2.1.2**, any UK Swingline Loan, any UK Overadvance Loan or UK Protective Advance.

UK Revolver Usage: on any date, the Dollar Equivalent of the sum of (a) the aggregate amount of outstanding UK Revolver Loans, plus (b) the UK LC Obligations, except to the extent Cash Collateralized by UK Borrower on any date.

UK Secured Parties: Agent, UK Lenders, Issuing Bank and Secured Bank Product Providers of UK Bank Products.

UK Security Agreement: each debenture, deed of charge or other similar agreement, instrument or document governed by the laws of England and Wales now or hereafter securing (or given with the intent to secure) any Obligations.

UK Swingline Loan: any Borrowing of UK Base Rate Loans funded with Agent's funds, until such Borrowing is settled among UK Lenders or repaid by UK Borrower.

Unfunded Pension Liability: the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to the Code, ERISA or the Pension Protection Act of 2006 for the applicable plan year.

Unused Line Fee Rate: a per annum rate equal to (a) 0.25%, if average monthly the applicable Revolver Usage exceeds 66.66% of the applicable Revolver Commitments during the preceding calendar month, (b) 0.375%, if applicable average monthly Revolver Usage exceeds 33.33% but is less than or equal to 66.66% of the applicable Revolver Commitments during such month, and (c) 0.50%, if applicable average monthly Revolver Usage is less than or equal to 33.33% of the applicable Revolver Commitments during the preceding calendar month.

Upstream Payment: a Distribution by a Subsidiary of a Borrower to such Borrower.

US: the United States of America.

US Accounts Formula Amount: (a) during the FILO Period, 90% of the Value of Eligible US Accounts, and (b) thereafter, 85% of the Value of Eligible US Accounts.

US Availability: the US Borrowing Base minus US Revolver Usage.

US Availability Reserve: the sum (without duplication) of (a) the Inventory Reserve with respect to the Inventory of any US Borrower; (b) the Rent and Charges Reserve with respect to any US Borrower; (c) the LC Reserve applicable to US Borrowers; (d) the US Bank Product Reserve; (e) all accrued Royalties payable by any US Borrower, whether or not then due and payable by such US Borrower; (f) the aggregate amount of liabilities secured by Liens upon US Collateral that are senior to Agent's Liens (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (g) the US Dilution Reserve; and (h) such additional reserves, in such amounts and with respect to such matters, as Agent in its Permitted Discretion may elect to impose from time to time; provided, that the reserves included in the US Availability Reserve shall not be duplicative of the eligibility criteria for Eligible US Accounts or Eligible US Inventory.

US Bank Product: any of the following products, services or facilities extended to any US Borrower, Subsidiary of US Borrower (other than UK Borrower), or any Affiliate of US Borrower by Bank of America or any of its Affiliates or branches: (a) Cash Management Services; (b) products under Hedging Agreements; (c) commercial credit card and merchant card services; and (d) leases and other banking products or services, other than Letters of Credit.

US Bank Product Reserve: the aggregate amount of reserves established by Agent from time to time in its Permitted Discretion in respect of Secured Bank Product Obligations of US Obligors.

US Base Rate: for any day, a per annum rate equal to the greater of (a) the Prime Rate for such day; (b) the Federal Funds Rate for such day, plus 0.50%; or (c) LIBOR for a 30 day interest period as of such day, plus 1.0%.

US Base Rate Loan: a US Revolver Loan that bears interest based on the US Base Rate.

US Borrower or US Borrowers: as defined in the preamble to this Agreement.

US Borrower Agent: as defined in **Section 4.4**.

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

US Borrowing Base Certificate: a certificate, in form and substance satisfactory to Agent, by which US Borrowers certify the US Borrowing Base.

US Collateral: all Property described in **Section 7.1** that secures the US Obligations or US Guarantor's Guarantor Obligations, all Property described in any Security Documents as security for any US Obligations or US Guarantor's Guarantor Obligations, and all other Property that now or hereafter secures (or is intended to secure) any US Obligations or US Guarantor's Guarantor Obligations.

US Commitment Percentage: as to any US Lender at any time, the ratio, expressed as a percentage, which such US Lender's US Revolver Commitment bears to the aggregate US Revolver Commitments at such time.

US Dilution Reserve: a reserve established by Agent in its Permitted Discretion if the Dilution Percent of US Borrowers for any period exceeds such Dilution Percent for US Borrowers in existence on the Closing Date, which reserve shall be in an amount equal to 1.0% of Eligible US Accounts for each whole percentage point (or fraction thereof) that Dilution Percent of US Borrowers exceeds such percentage.

US Dominion Trigger Period: (i) at any time a FILO Period is in effect and (ii) the period (a) commencing on the day that an Event of Default occurs, or Availability is less than 15% of the Revolver Commitments at any time or US Availability is less than 15% of the US Revolver Commitments at any time; and (b) continuing until, during each of the preceding 30 consecutive days, no Event of Default has existed, Availability has been greater than 15% of the Revolver Commitments, and US Availability has been greater than 15% of the US Revolver Commitments.

US FILO Amount: (i) as of any date of measurement during the FILO Period, (a) 5% of the Value of Eligible US Accounts, as set forth on the most recent US Borrowing Base Certificate, plus (b) the lesser of (i) 10% of the Value of Eligible US Inventory as set forth on the most recent US Borrowing Base Certificate; and (ii) 10% of the NOLV Percentage of the Value of Eligible US Inventory as set forth on the most recent US Borrowing Base Certificate; and (ii) after the FILO Period, \$0.

US FILO Loan: a US Revolver Loan that is borrowed on the Closing Date and outstanding during the FILO Period, in the amount of the US FILO Amount from time to time.

US Guaranteed Obligations: as defined in **Section 11.1**.

US Guarantors: as defined in the preamble to this Agreement and any other Guarantor that is organized under the laws of the United States.

US Guarantor Payment: as set forth in **Section 5.11.3(b)**.

US Inventory Reserve: reserves established by Agent to reflect factors that may negatively impact the Value of US Borrower's Inventory, including change in salability, obsolescence, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks.

US Inventory Formula Amount: the sum of (a) the lesser of (i) (A) during the FILO Period, 75% of the Value of Eligible US Inventory, and (B) thereafter, 65% of the Value of Eligible US Inventory; and (ii)(A) during the FILO Period, 95% of the NOLV Percentage of the Value of Eligible US Inventory, and (B) thereafter, 85% of the NOLV Percentage of the Value of Eligible US Inventory, plus (b) the lesser of (i) 65% of the Value of Eligible US In-Transit Inventory; and (ii) 85% of the NOLV Percentage of the Value of Eligible US In-Transit Inventory.

US LC Obligations: the sum (without duplication) of (a) all amounts owing by US Borrowers for any drawings under Letters of Credit issued for the benefit of US Borrowers or any Subsidiary of US Borrower (other than UK Borrower); and (b) the stated amount of all outstanding Letters of Credit issued for the benefit of US Borrowers or such Subsidiary of US Borrower; provided that, any amounts owing under any Letter of Credit issued for the benefit of such Subsidiary of a US Borrower shall be the Obligation of such US Borrower.

US LIBOR Loan: each set of US Revolver Loans bearing interest calculated by reference to the LIBOR having a common length and commencement of Interest Period.

US Lenders: Bank of America and each other Lender (other than UK Lenders) permitted hereunder that has issued a US Revolver Commitment.

US LC Request: an LC Request made by a US Borrower.

US Obligations: on any date, the portion of the Obligations outstanding that are owing by any US Obligor.

US Obligors: US Borrower, each US Guarantor and each other Person that is liable for payment of any US Obligations or that has granted a Lien in favor of Agent on its assets to secure any US Obligations.

US Overadvance: as defined in **Section 2.1.6(a)**.

US Overadvance Loan: a US Base Rate Loan made when a US Overadvance exists or is caused by the funding thereof.

US Person: "United States Person" as defined in Section 7701(a)(30) of the Code.

US Protective Advances: as defined in **Section 2.1.7(a)**.

US Required Lenders: one or more US Secured Parties holding more than 50% of (a) the aggregate outstanding US Revolver Commitments; or (b) following termination of the US Revolver Commitments, the aggregate outstanding US Revolver Loans and LC Obligations of US Borrowers or, if all Revolver Loans and LC Obligations have been paid in full, the aggregate remaining Obligations; provided, however, that Revolver Commitments, Revolver Loans and other Obligations held by a Defaulting Lender and its Affiliates shall be disregarded in making such calculation, but any related Fronting Exposure shall be deemed held as a Revolver Loan or LC Obligation by the Secured Party that funded the applicable Revolver Loan or issued the applicable Letter of Credit.

US Revolver Commitment: for any US Lender, its obligation to make US Revolver Loans and to participate in US LC Obligations up to the maximum principal amount in US Dollars equal to its US Commitment Percentage of the aggregate amount of all US Revolver Commitments, which are shown on **Schedule 1.1** as of the Closing Date, or as hereafter modified pursuant to **Section 2.1.8** or an Assignment and Acceptance to which it is a party.

US Revolver Commitments: the aggregate amount of the US Revolver Commitment of all US Lenders.

US Revolver Usage: on any date, the sum of (a) the aggregate amount of outstanding US Revolver Loans, plus (b) the US LC Obligations, except to the extent Cash Collateralized by US Borrowers.

US Revolver Loan: a loan made pursuant to **Section 2.1.1**, and any US Overadvance Loan or US Protective Advance.

US Secured Parties: Agent, US Lenders, Issuing Bank and Secured Bank Product Providers of US Bank Products.

US Swingline Loan: any Borrowing of US Base Rate Loans funded with Agent's funds, until such Borrowing is settled among US Lenders or repaid by US Borrowers.

US Tax Compliance Certificate: as defined in **Section 5.10.2(b)(iii)**.

Value: (a) for Inventory, its value determined on the basis of the lower of cost or market, calculated on a first-in, first out basis, and excluding any portion of cost attributable to intercompany profit among Borrowers and their Affiliates; and (b) for an Account, its face amount, net of any returns, rebates, discounts (calculated on the shortest terms), credits, allowances or Taxes (including sales, excise or other taxes) that have been or could be claimed by the Account Debtor or any other Person.

Voting Equity Interests: the Equity Interests of any Person which entitle the holders thereof to vote for the election of the board of directors of such Person.

Voyetra: as defined in the preamble to this Agreement.

VTB: as defined in the preamble to this Agreement.

1.2 Accounting Terms. Under the Loan Documents (except as otherwise specified therein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP applied on a basis consistent with the most recent audited financial statements of Borrowers delivered to Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted

by GAAP if Borrowers' certified public accountants concur in such change, the change is disclosed to Agent, and all relevant provisions of the Loan Documents are amended in a manner satisfactory to Required Lenders to take into account the effects of the change. Any change in GAAP occurring after the date hereof that would require operating leases to be treated as capital leases shall be disregarded for the purposes of determining Debt and any financial ratio or compliance requirement contained in any Loan Document.

1.3 Uniform Commercial Code. As used herein, the following terms are defined in accordance with the UCC in effect in the State of California from time to time: "Certificated Securities," "Chattel Paper," "Commercial Tort Claim," "Deposit Account," "Document," "Document of Title," "Equipment," "General Intangibles," "Goods," "Instrument," "Intangible," "Investment Property," "Letter-of-Credit Right," "Proceeds," "Security," and "Supporting Obligation."

1.4 Certain Matters of Construction. The terms "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, "from" means "from and including," and "to" and "until" each mean "to but excluding." The terms "including" and "include" shall mean "including, without limitation" and, for purposes of each Loan Document, the parties agree that the rule of *ejusdem generis* shall not be applicable to limit any provision. Section titles appear as a matter of convenience only and shall not affect the interpretation of any Loan Document. All references to (a) laws include all related regulations, interpretations, supplements, amendments and successor provisions; (b) any document, instrument or agreement includes any amendments, waivers and other modifications, extensions or renewals (to the extent permitted by the Loan Documents); (c) any section means, unless the context otherwise requires, a section of this Agreement; (d) any exhibits or schedules means, unless the context otherwise requires, exhibits and schedules attached hereto, which are hereby incorporated by reference; (e) any Person include successors and assigns; (f) time of day means time of day in the Applicable Time; or (g) discretion of Agent, Issuing Bank or any Lender mean the sole and absolute discretion of such Person. All determinations (including calculations of Borrowing Base and financial covenants) made from time to time under the Loan Documents shall be made in light of the circumstances existing at such time. Borrowing Base calculations shall be consistent with historical methods of valuation and calculation, and otherwise satisfactory to Agent in its Permitted Discretion (and not necessarily calculated in accordance with GAAP). Borrowers shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Agent, Issuing Bank or any Lender under any Loan Documents. No provision of any Loan Documents shall be construed against any party by reason of such party having, or being deemed to have, drafted the provision. Reference to a Borrower's "knowledge" or similar concept means actual knowledge of a Senior Officer, or knowledge that a Senior Officer would have obtained if he or she had engaged in good faith and diligent performance of his or her duties, including reasonably specific inquiries of employees or agents and a good faith attempt to ascertain the matter.

1.5 Currency Equivalents.

1.5.1 Calculations. All references in the Loan Documents to Revolver Loans, Letters of Credit, Obligations, Borrowing Base components and other amounts shall be denominated in Dollars, unless expressly provided otherwise. The Dollar equivalent of any amounts denominated or reported under a Loan Document in a currency other than Dollars shall be determined by Agent on a daily basis, based on the current Spot Rate. Borrowers shall report Value and other Borrowing Base components to Agent in the currency invoiced by Borrowers or shown in Borrowers' financial records, and unless expressly provided otherwise, shall deliver financial statements and calculate financial covenants in Dollars. Notwithstanding anything herein to the contrary, if any Obligation is funded and expressly denominated in a currency other than Dollars, Borrowers shall repay such Obligation in such other currency.

1.5.2 Judgments. If, for purposes of obtaining judgment in any court, it is necessary to convert a sum from the currency provided under a Loan Document (“Agreement Currency”) into another currency, the Spot Rate shall be used as the rate of exchange. Notwithstanding any judgment in a currency (“Judgment Currency”) other than the Agreement Currency, a Borrower shall discharge its obligation in respect of any sum due under a Loan Document only if, on the Business Day following receipt by Agent of payment in the Judgment Currency, Agent can use the amount paid to purchase the sum originally due in the Agreement Currency. If the purchased amount is less than the sum originally due, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify Agent and Lenders against such loss. If the purchased amount is greater than the sum originally due, Agent shall return the excess amount to such Borrower (or to the Person legally entitled thereto).

SECTION 2. CREDIT FACILITIES

2.1 Revolver Commitment.

2.1.1 US Revolver Loans. Each US Lender agrees, severally (and not jointly) on a Pro Rata basis up to its US Revolver Commitment, on the terms set forth herein, to make US Revolver Loans to Borrowers from time to time through the Revolver Commitment Termination Date. The US Revolver Loans may be repaid and reborrowed as provided herein. In no event shall US Lenders have any obligation to honor a request for a US Revolver Loan if US Revolver Usage at such time plus the requested US Revolver Loan would exceed the US Borrowing Base. Each US Revolver Loan shall be funded and repaid in Dollars.

2.1.2 UK Revolver Loans. Each UK Lender agrees, severally (and not jointly) on a Pro Rata basis up to its UK Revolver Commitment, on the terms set forth herein, to make UK Revolver Loans to UK Borrower from time to time through the Revolver Commitment Termination Date. The UK Revolver Loans may be repaid and reborrowed as provided herein. In no event shall UK Lenders have any obligation to honor a request for a UK Revolver Loan if (a) UK Revolver Usage at such time plus the requested UK Revolver Loan would exceed the UK Borrowing Base or (b) the sum of the UK Revolver Usage at such time plus the requested UK Revolver Loan plus the US Revolver Usage at such time would exceed the aggregate Revolver Commitments. Each UK Revolver Loan shall be funded and repaid in an Available Currency for the UK Borrower.

2.1.3 Notes. Revolver Loans and interest accruing thereon shall be evidenced by the records of Agent and the applicable Lender. At the request of a Lender, Borrowers shall deliver promissory note(s) to such Lender, evidencing its Revolver Loan(s).

2.1.4 Use of Proceeds. The proceeds of Revolver Loans shall be used by Borrowers solely (a) to satisfy existing Debt, including all outstanding amounts owed with respect to the credit facilities for which PNC Bank, National Association is acting as agent; (b) to pay fees and transaction expenses associated with the closing of this credit facility; (c) to pay Obligations in accordance with this Agreement; and (d) for lawful corporate purposes of Borrowers, including working capital. Borrowers shall not, directly or indirectly, use any Letter of Credit or the proceeds of any Revolver Loan, nor use, lend, contribute or otherwise make available any Letter of Credit or proceeds of any Revolver Loan to any Subsidiary, joint venture partner or other Person, (y) to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of issuance of the Letter of Credit or funding of the Revolver Loan, is the subject of Sanctions; or (z) in any manner that will result in a violation of Sanctions by any Person (including any Secured Party or other individual or entity participating in the transaction).

2.1.5 Voluntary Reduction or Termination of Revolver Commitments.

(a) Termination of Revolver Commitments.

(i) The Revolver Commitments shall terminate on the Revolver Termination Date, unless sooner terminated in accordance with this Agreement. Upon at least 90 days prior written notice to Agent at any time, Borrowers may, at their option, terminate the Revolver Commitments and this credit facility; provided that if Borrowers terminate the Revolver Commitments in whole during the first Loan Year, Borrowers shall pay to the Agent for the account of the Lenders an amount equal to 1.00% multiplied by the principal amount of the Revolving Commitments terminated. Any notice of termination given by Borrowers shall be irrevocable. On the termination date, Borrowers shall make Full Payment of all Obligations.

(ii) The UK Revolver Commitments shall terminate on the Revolver Termination Date, unless sooner terminated in accordance with this Agreement. Upon at least 90 days prior written notice to Agent, UK Borrower may, at its option, terminate the UK Revolver Commitments and this credit facility; provided that if Borrowers terminate the UK Revolver Commitments in whole during the first Loan Year, Borrowers shall pay to the Agent for the account of the Lenders an amount equal to 1.00% multiplied by the principal amount of the UK Revolving Commitments terminated. Any notice of termination given by UK Borrower shall be irrevocable. On the termination date, UK Borrower shall make Full Payment of all UK Obligations.

(b) Reduction of Revolver Commitments. Borrowers may permanently reduce the Revolver Commitments, on a ratable basis for all Lenders, upon at least 30 days prior written notice to Agent, which notice shall specify the amount of the reduction and shall be irrevocable once given. Each reduction shall be in a minimum amount of \$5,000,000, or an increment of \$1,000,000 in excess thereof. No reduction in the Revolver Commitments shall result in the Revolver Commitments being reduced to an amount less than \$25,000,000.

2.1.6 Overadvances.

(a) US Overadvances. If US Revolver Usage exceeds the US Borrowing Base ("US Overadvance") at any time, the excess amount shall be payable by US Borrowers **on demand** by Agent, but all such US Revolver Loans shall nevertheless constitute US Obligations secured by the US Collateral and entitled to all benefits of the Loan Documents. Agent may require US Lenders to honor requests for US Overadvance Loans and to forbear from requiring US Borrowers to cure a US Overadvance, (a) when no other Event of Default is known to Agent, as long as (i) the US Overadvance does not continue for more than 30 consecutive days (and no US Overadvance may exist for at least five consecutive days thereafter before further US Overadvance Loans are required), and (ii) the US Overadvance is not known by Agent to exceed 10% of the US Borrowing Base; and (b) regardless of whether an Event of Default exists, if Agent discovers a US Overadvance not previously known by it to exist, as long as from the date of such discovery the US Overadvance is not increased by more than \$1,000,000 and does not continue for more than 30 consecutive days. In no event shall US Overadvance Loans be required that would cause US Revolver Usage to exceed the aggregate US Revolver Commitments. Any funding of a US Overadvance Loan or sufferance of a US Overadvance shall not constitute a waiver by Agent or US Lenders of the Event of Default caused thereby. In no event shall any US Borrower or other Obligor be deemed a beneficiary of this Section nor authorized to enforce any of its terms.

(b) UK Overadvances. If UK Revolver Usage exceeds the UK Borrowing Base ("UK Overadvance") at any time, the excess amount shall be payable by UK Borrowers **on demand** by

Agent, but all such UK Revolver Loans shall nevertheless constitute UK Obligations secured by the UK Collateral and entitled to all benefits of the Loan Documents. Agent may require UK Lenders to honor requests for UK Overadvance Loans and to forbear from requiring UK Borrowers to cure a UK Overadvance, (a) when no other Event of Default is known to Agent, as long as (i) the UK Overadvance does not continue for more than 30 consecutive days (and no UK Overadvance may exist for at least five consecutive days thereafter before further UK Overadvance Loans are required), and (ii) the UK Overadvance is not known by Agent to exceed 10% of the UK Borrowing Base; and (b) regardless of whether an Event of Default exists, if Agent discovers a UK Overadvance not previously known by it to exist, as long as from the date of such discovery the UK Overadvance is not increased by more than \$500,000 and does not continue for more than 30 consecutive days. In no event shall UK Overadvance Loans be required that would cause UK Revolver Usage to exceed the aggregate UK Revolver Commitments. Any funding of a UK Overadvance Loan or sufferance of a UK Overadvance shall not constitute a waiver by Agent or UK Lenders of the Event of Default caused thereby. In no event shall any UK Borrower or other Obligor be deemed a beneficiary of this Section nor authorized to enforce any of its terms.

2.1.7 Protective Advances.

(a) US Protective Advances. Agent shall be authorized, in its discretion, at any time that any conditions in **Section 6** are not satisfied, to make US Base Rate Loans ("US Protective Advances") (a) up to an aggregate amount of 10% of the US Revolver Commitments outstanding at any time, if Agent deems such US Revolver Loans are necessary or desirable to preserve or protect US Collateral, or to enhance the collectability or repayment of US Obligations, as long as such Revolver Loans do not cause US Revolver Usage to exceed the aggregate US Revolver Commitments; or (b) to pay any other amounts chargeable to US Obligors under any Loan Documents, including interest, costs, fees and expenses. Lenders shall participate on a Pro Rata basis in US Protective Advances outstanding from time to time. US Required Lenders may at any time revoke Agent's authority to make further US Protective Advances under clause (a) by written notice to Agent. Absent such revocation, Agent's determination that funding of a US Protective Advance is appropriate shall be conclusive.

(b) UK Protective Advances. Agent shall be authorized, in its discretion, at any time that any conditions in **Section 6** are not satisfied, to make UK Base Rate Loans ("UK Protective Advances") (a) up to an aggregate amount of 10% of the UK Revolver Commitments outstanding at any time, if Agent deems such UK Revolver Loans are necessary or desirable to preserve or protect UK Collateral, or to enhance the collectability or repayment of UK Obligations, as long as such Revolver Loans do not cause UK Revolver Usage to exceed the aggregate UK Revolver Commitments; or (b) to pay any other amounts chargeable to UK Borrower under any Loan Documents, including interest, costs, fees and expenses. Lenders shall participate on a Pro Rata basis in UK Protective Advances outstanding from time to time. US Required Lenders may at any time revoke Agent's authority to make further UK Protective Advances under clause (a) by written notice to Agent. Absent such revocation, Agent's determination that funding of a UK Protective Advance is appropriate shall be conclusive.

2.1.8 Increase in US Revolver Commitments. US Borrowers may request an increase in US Revolver Commitments from time to time upon notice to Agent, as long as (a) the requested increase is in a minimum amount of \$5,000,000 and is offered on the same terms as existing US Revolver Commitments, except for a closing fee specified by Borrowers, (b) increases under this Section do not exceed \$15,000,000 in the aggregate and no more than 3 increases are made, and (c) no reduction in Revolver Commitments pursuant to **Section 2.1.5** has occurred prior to the requested increase. Agent shall promptly notify US Lenders of the requested increase and, within 10 Business Days thereafter, each US Lender shall notify Agent if and to what extent such US Lender commits to increase its US Revolver Commitment. Any US Lender not responding within such period shall be deemed to have declined an increase. If US Lenders fail to commit

to the full requested increase, Eligible Assignees may issue additional US Revolver Commitments and become US Lenders hereunder. Agent may allocate, in its discretion, the increased US Revolver Commitments among committing US Lenders and, if necessary, Eligible Assignees. Provided the conditions set forth in **Section 6.2** are satisfied, total US Revolver Commitments shall be increased by the requested amount (or such lesser amount committed by US Lenders and Eligible Assignees) on a date agreed upon by Agent and US Borrower Agent, but no later than 45 days following US Borrowers' increase request. Agent, US Borrowers, and new and existing US Lenders shall execute and deliver such documents and agreements as Agent deems appropriate to evidence the increase in and allocations of US Revolver Commitments. On the effective date of an increase, the US Revolver Usage and other exposures under the US Revolver Commitments shall be reallocated among US Lenders, and settled by Agent if necessary, in accordance with US Lenders' adjusted shares of such US Revolver Commitments.

2.2 [Reserved].

2.3 Letter of Credit Facility.

2.3.1 Issuance of Letters of Credit. Issuing Bank shall issue Letters of Credit from time to time until 30 days prior to the Revolver Termination Date (or until the Revolver Commitment Termination Date, if earlier), on the terms set forth herein, including the following:

(a) Each Borrower acknowledges that Issuing Bank's issuance of any Letter of Credit is conditioned upon Issuing Bank's receipt of a LC Application with respect to the requested Letter of Credit, as well as such other instruments and agreements as Issuing Bank may customarily require for issuance of a letter of credit of similar type and amount. Issuing Bank shall have no obligation to issue any Letter of Credit unless (i) Issuing Bank receives a LC Request and LC Application at least three Business Days prior to the requested date of issuance; (ii) each LC Condition is satisfied; and (iii) if a Defaulting Lender exists, such Lender or Borrowers have entered into arrangements satisfactory to Agent and Issuing Bank to eliminate any Fronting Exposure associated with such Lender. If, in sufficient time to act, Issuing Bank receives written notice from Agent or the applicable Required Lenders that a LC Condition has not been satisfied, Issuing Bank shall not issue the requested Letter of Credit. Prior to receipt of any such notice, Issuing Bank shall not be deemed to have knowledge of any failure of LC Conditions.

(b) Letters of Credit may be requested by any Borrower to support obligations of such Borrower or on behalf of any Subsidiary of such Borrower (other than a Subsidiary that is otherwise a US Borrower or UK Borrower and can incur LC Obligations on its own behalf) incurred in the Ordinary Course of Business, or as otherwise approved by Agent. The renewal or extension of any Letter of Credit shall be treated as the issuance of a new Letter of Credit, except that delivery of a new LC Application shall be required at the discretion of Issuing Bank.

(c) Each Borrower assumes all risks of the acts, omissions or misuses of any Letter of Credit by the beneficiary with respect to the Letters of Credit issued for the benefit of such Borrower or Subsidiary of such Borrower (other than a Subsidiary that is otherwise a US Borrower or UK Borrower and can incur LC Obligations on its own behalf). In connection with issuance of any Letter of Credit, none of Agent, Issuing Bank or any Lender shall be responsible for the existence, character, quality, quantity, condition, packing, value or delivery of any goods purported to be represented by any LC Documents; any differences or variation in the character, quality, quantity, condition, packing, value or delivery of any goods from that expressed in any LC Documents; the form, validity, sufficiency, accuracy, genuineness or legal effect of any LC Documents or of any endorsements thereon; the time, place, manner or order in which shipment of goods is made; partial or incomplete shipment of, or failure to ship, any goods referred to in a Letter of Credit or LC Documents; any deviation from instructions, delay, default or fraud by any shipper

or other Person in connection with any goods, shipment or delivery; any breach of contract between a shipper or vendor and any Obligor; errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, telecopy, e-mail, telephone or otherwise; errors in interpretation of technical terms; the misapplication by a beneficiary of any Letter of Credit or the proceeds thereof; or any consequences arising from causes beyond the control of Issuing Bank, Agent or any Lender, including any act or omission of a Governmental Authority. The rights and remedies of Issuing Bank under the Loan Documents shall be cumulative. Issuing Bank shall be fully subrogated to the rights and remedies of each beneficiary whose claims against any Borrower are discharged with proceeds of any Letter of Credit.

(d) In connection with its administration of and enforcement of rights or remedies under any Letters of Credit or LC Documents, Issuing Bank shall be entitled to act, and shall be fully protected in acting, upon any certification, documentation or communication in whatever form believed by Issuing Bank, in good faith, to be genuine and correct and to have been signed, sent or made by a proper Person. Issuing Bank may consult with and employ legal counsel, accountants and other experts to advise it concerning its obligations, rights and remedies, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by such experts. Issuing Bank may employ agents and attorneys-in-fact in connection with any matter relating to Letters of Credit or LC Documents, and shall not be liable for the negligence or misconduct of agents and attorneys-in-fact selected with reasonable care.

2.3.2 Reimbursement; Participations.

(a) If Issuing Bank honors any request for payment under a Letter of Credit, Requesting Borrower shall pay to Issuing Bank, on the same day ("Reimbursement Date"), the amount paid by Issuing Bank under such Letter of Credit, together with interest at the interest rate for Floating Rate Loans from the Reimbursement Date until payment by such Requesting Borrower. The obligation of Borrowers to reimburse Issuing Bank for any payment made under a Letter of Credit shall be absolute, unconditional, irrevocable, and joint and several, and shall be paid without regard to any lack of validity or enforceability of any Letter of Credit or the existence of any claim, setoff, defense or other right that Requesting Borrower may have at any time against the beneficiary. Whether or not a Notice of Borrowing has been submitted on behalf of a Requesting Borrower, such Requesting Borrower shall be deemed to have requested a Borrowing of Floating Rate Loans in an amount necessary to pay all amounts due Issuing Bank on any Reimbursement Date and each Lender shall fund its Pro Rata share of such Borrowing whether or not any Revolver Commitments have terminated, an Overadvance exists or is created thereby, or the conditions in **Section 6** are satisfied.

(b) Upon issuance of a Letter of Credit, each Lender providing a Revolver Commitment to the Requesting Borrower shall be deemed to have irrevocably and unconditionally purchased from Issuing Bank, without recourse or warranty, an undivided Pro Rata interest and participation in all LC Obligations of the Requesting Borrower relating to such Letter of Credit. If Issuing Bank makes any payment under a Letter of Credit and the Requesting Borrower does not reimburse such payment on the Reimbursement Date, Agent shall promptly notify the Lenders providing a Revolver Commitment to the Requesting Borrower and each such Lender shall promptly (within one Business Day) and unconditionally pay to Agent, for the benefit of Issuing Bank, such Lender's Pro Rata share of such payment. Upon request by a Lender, Issuing Bank shall furnish copies of any Letters of Credit and LC Documents in its possession at such time.

(c) The obligation of each Lender to make payments to Agent for the account of Issuing Bank in connection with Issuing Bank's payment under a Letter of Credit shall be absolute, unconditional and irrevocable, not subject to any counterclaim, setoff, qualification or exception whatsoever, and shall be made in accordance with this Agreement under all circumstances, irrespective of any lack of

validity or unenforceability of any Loan Documents; any draft, certificate or other document presented under a Letter of Credit having been determined to be forged, fraudulent, noncompliant, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; any waiver by Issuing Bank of a requirement that exists for its protection (and not a Requesting Borrower's protection) or that does not materially prejudice a Requesting Borrower; any honor of an electronic demand for payment even if a draft is required; any payment of an item presented after a Letter of Credit's expiration date if authorized by the UCC or applicable customs or practices; or any setoff or defense that an Obligor may have with respect to any Obligations. Issuing Bank does not assume any responsibility for any failure or delay in performance or any breach by any Borrower or other Person of any obligations under any LC Documents. Issuing Bank does not make to Lenders any express or implied warranty, representation or guaranty with respect to any Letter of Credit, Collateral, LC Document or Obligor. Issuing Bank shall not be responsible to any Lender for any recitals, statements, information, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any LC Documents; the validity, genuineness, enforceability, collectability, value or sufficiency of any Collateral or the perfection of any Lien therein; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor.

(d) No Issuing Bank Indemnitee shall be liable to any Lender or other Person for any action taken or omitted to be taken in connection with any Letter of Credit or LC Document except as a result of its gross negligence or willful misconduct. Issuing Bank may refrain from taking any action with respect to a Letter of Credit until it receives written instructions (and in its discretion, appropriate assurances) from the Lenders.

2.3.3 Cash Collateral. Subject to **Section 2.1.5**, if at any time (a) an Event of Default exists, (b) the Revolver Commitment Termination Date has occurred, or (c) the Revolver Termination Date is scheduled to occur within 5 Business Days, then Requesting Borrower shall, at Issuing Bank's or Agent's reasonable request, Cash Collateralize all outstanding Letters of Credit. Requesting Borrower shall, at Issuing Bank's or Agent's reasonable request at any time, Cash Collateralize the Fronting Exposure of any Defaulting Lender. If Requesting Borrower fails to provide any Cash Collateral as required hereunder, Lenders providing a Revolver Commitment to such Requesting Borrower may (and shall upon direction of Agent) advance, as Floating Rate Loans, the amount of Cash Collateral required (whether or not the Revolver Commitments have terminated, an Overadvance exists or the conditions in **Section 6** are satisfied).

2.3.4 Resignation of Issuing Bank. Issuing Bank may resign at any time upon notice to Agent and Borrowers. From the effective date of such resignation, Issuing Bank shall have no obligation to issue, amend, renew, extend or otherwise modify any Letter of Credit, but shall continue to have all rights and other obligations of an Issuing Bank hereunder relating to any Letter of Credit issued by it prior to such date. Agent shall promptly appoint a replacement Issuing Bank, which, as long as no Default or Event of Default exists, shall be reasonably acceptable to US Borrowers.

SECTION 3. INTEREST, FEES AND CHARGES

3.1 Interest.

3.1.1 Rates and Payment of Interest.

(a) The Obligations shall bear interest as set forth below, which interest shall accrue from the date the Revolver Loan is advanced or the Obligation is incurred or payable, until paid by the applicable Borrower. If a Revolver Loan is repaid on the same day made, one day's interest shall accrue.

OBLIGATION	APPLICABLE INTEREST
US Base Rate Loan	US Base Rate in effect from time to time, <u>plus</u> the Applicable Margin for US Base Rate Loans
US LIBOR Loan	LIBOR for the applicable Interest Period, <u>plus</u> the Applicable Margin for US LIBOR Loans
UK Base Rate Loan	UK Base Rate in effect from time to time, <u>plus</u> the Applicable Margin for UK Base Rate Loans
UK LIBOR Loan	UK LIBOR for the applicable Interest Period, <u>plus</u> the Applicable Margin for UK LIBOR Loans, plus any Mandatory Costs
US FILO LOANS	FILO Loan Rate in effect from time to time
UK FILO LOANS	FILO Loan Rate in effect from time to time, <u>plus</u> any Mandatory Costs
any other US Obligation (including, to the extent permitted by law, interest not paid when due)	US Base Rate in effect from time to time, <u>plus</u> the Applicable Margin for US Base Rate Loans
any other UK Obligation (including to the extent permitted by law, interest not paid when due)	UK Base Rate in effect from time to time, <u>plus</u> the Applicable Margin for UK Base Rate Loans

(b) During an Insolvency Proceeding with respect to any Borrower, or during any other Event of Default if Agent or Required Lenders in their discretion so elect, Obligations shall bear interest at the Default Rate (whether before or after any judgment). Each Borrower acknowledges that the cost and expense to Agent and Lenders due to an Event of Default are difficult to ascertain and that the Default Rate is fair and reasonable compensation for this.

(c) Interest shall accrue from the date a Revolver Loan is advanced or Obligation is incurred or payable, until paid in full by US Borrowers or UK Borrower, as applicable. Interest accrued on the Revolver Loans shall be due and payable in arrears, (i) on the first day of each month; (ii) on any date of prepayment, with respect to the principal amount of Revolver Loans being prepaid; and (iii) on the Revolver Commitment Termination Date. Interest accrued on any other Obligations shall be due and payable as provided in the Loan Documents and, if no payment date is specified, shall be due and payable **on demand**. Notwithstanding the foregoing, interest accrued at the Default Rate shall be due and payable **on demand**.

3.1.2 Application of LIBOR to Outstanding US Revolver Loans.

(e) US Borrowers may on any Business Day, subject to delivery of a Notice of Conversion/Continuation, elect to convert any portion of the US Revolver Loans which are US Base Rate Loans to, or to continue any US Revolver Loan which is a US LIBOR Loan at the end of its Interest Period as, a US LIBOR Loan. During any Default or Event of Default, Agent may (and shall at the direction of US Required Lenders) declare that no US Revolver Loan may be made, converted or continued as a US LIBOR Loan.

(f) Whenever US Borrowers desire to convert or continue US Revolver Loans as US LIBOR Loans, US Borrower Agent shall give Agent a Notice of Conversion/Continuation, no later than 11:00 a.m. (Applicable Time Zone) at least two Business Days before the requested conversion or continuation date. Promptly after receiving any such notice, Agent shall provide notify thereof to US Lenders. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the amount of US Revolver Loans to be converted or continued, the conversion or continuation date (which shall be a Business Day), and the duration of the Interest Period (which shall be deemed to be 30 days if not specified). If, upon the expiration of any Interest Period for any Interest Period Loans, US Borrowers shall have failed to deliver a Notice of Conversion/Continuation, they shall be deemed to have elected to convert such US Revolver Loans into US Base Rate Loans.

3.1.3 Application of UK LIBOR to Outstanding UK Revolver Loans.

(e) UK Borrowers may on any Business Day, subject to delivery of a Notice of Conversion/Continuation, elect to convert any portion of the UK Revolver Loans which are UK Base Rate Loans to, or to continue any UK Revolver Loan which is a UK LIBOR Loan at the end of its Interest Period as, a UK LIBOR Loan. During any Default or Event of Default, Agent may (and shall at the direction of UK Required Lenders) declare that no UK Revolver Loan may be made, converted or continued as a UK LIBOR Loan.

(f) Whenever UK Borrowers desire to convert or continue UK Revolver Loans as UK LIBOR Loans, UK Borrower shall give Agent a Notice of Conversion/Continuation, no later than 11:00 a.m. (Applicable Time Zone) at least two Business Days before the requested conversion or continuation date. Promptly after receiving any such notice, Agent shall provide notify thereof to UK Lenders. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the amount of UK Revolver Loans to be converted or continued, the conversion or continuation date (which shall be a Business Day), and the duration of the Interest Period (which shall be deemed to be 30 days if not specified). If, upon the expiration of any Interest Period for any Interest Period Loans, UK Borrower shall have failed to deliver a Notice of Conversion/Continuation, they shall be deemed to have elected to convert such UK Revolver Loans into UK Base Rate Loans. Agent does not warrant or accept responsibility for, nor shall it have any liability with respect to, administration, submission or any other matter related to any rate described in the definition of LIBOR. Agent does not warrant or accept responsibility for, nor shall it have any liability with respect to, administration, submission or any other matter related to any rate described in the definition of LIBOR.

3.1.4 Interest Periods. In connection with the making, conversion or continuation of any US LIBOR Loan or any UK LIBOR Loan, as applicable, US Borrowers or UK Borrower, as applicable, shall select an interest period ("Interest Period") to apply, which interest period shall be 30, 60, or 90 days (if available from all US Lenders or US Lenders, as applicable); provided, however, that:

(c) the Interest Period shall begin on the date the US Revolver Loan or UK Revolver Loan, as applicable, is made or continued as, or converted into, a US LIBOR Loan or UK LIBOR Loan, as applicable, and shall expire on the numerically corresponding day in the calendar month at its end;

(d) if any Interest Period begins on a day for which there is no corresponding day in the calendar month at its end or if such corresponding day falls after the last Business Day of such month, then the Interest Period shall expire on the last Business Day of such month; and if any Interest Period would otherwise expire on a day that is not a Business Day, the period shall expire on the next Business Day; and

(e) no Interest Period shall extend beyond the Revolver Termination Date.

3.1.5 Interest Rate Not Ascertainable. If, due to any circumstance affecting the London interbank market, Agent reasonably determines that adequate and fair means do not exist for ascertaining LIBOR on any applicable date or that any requested Interest Period is not available on the basis provided herein, then Agent shall immediately notify US Borrowers or UK Borrower, as applicable, of such determination. Until Agent notifies US Borrowers or UK Borrower, as applicable, that such circumstance no longer exists, the obligation of US Lenders or UK Lenders, as applicable to make affected US LIBOR Loans or UK LIBOR Loans or the applicable requested Interest Period, as applicable, shall be suspended and no further US Revolver Loans or UK Revolver Loans, as applicable, may be converted into or continued as such US Revolver Loans or UK Revolver Loans and such affected Interest Period shall not be available.

3.2 Fees.

3.2.5 Unused Line Fee.

(c) US Borrowers shall pay to Agent, for the Pro Rata benefit of US Lenders, a fee equal to the Unused Line Fee Rate times the amount by which the US Revolver Commitments exceed the average daily US Revolver Usage during any month. Such fee shall be payable in arrears, on the first day of each month and on the Revolver Commitment Termination Date.

(d) UK Borrower shall pay to Agent, for the Pro Rata benefit of UK Lenders, a fee equal to the Unused Line Fee Rate times the amount by which the UK Revolver Commitments exceed the average daily UK Revolver Usage during any month. Such fee shall be payable in arrears, on the first day of each month and on the Revolver Commitment Termination Date.

3.2.6 LC Facility Fees. Requesting Borrowers shall pay (a) to Agent, for the Pro Rata benefit of Lenders, a fee equal to the Applicable Margin in effect for Interest Period Loans times the average daily Stated Amount of Letters of Credit, which fee shall be payable monthly in arrears, on the first day of each month; (b) to Agent, for its own account, a fronting fee equal to 0.125% per annum on the Stated Amount of each Letter of Credit, which fee shall be payable monthly in arrears, on the first day of each month; and (c) to Issuing Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of Letters of Credit, which charges shall be paid as and when incurred. During an Event of Default, if the Agent or the Required Lenders so decide, the fee payable under clause (a) shall be increased by 2% per annum.

3.2.7 Agent's Fee. Borrowers shall pay all fees set forth in the Fee Letter executed in connection with this Agreement.

3.3 Computation of Interest, Fees, Yield Protection. All interest, as well as fees and other charges calculated on a per annum basis, shall be computed for the actual days elapsed, based on a year of 360 days; provided that, in the case of a UK Revolver Loan made in Sterling, such calculation shall be made on the basis of a 365 day year (or a 366 day year, in the case of a leap year). Each determination by Agent of any interest, fees or interest rate hereunder shall be final, conclusive and binding for all purposes, absent manifest error. All fees shall be fully earned when due and shall not be subject to rebate, refund or proration. All fees payable under **Section 3.2** are compensation for services and are not, and shall not be deemed to be, interest or any other charge for the use, forbearance or detention of money. A certificate as to amounts payable by Borrowers under **Section 3.4, 3.6, 3.7, 3.9** or **5.9**, submitted to US Borrower Agent by Agent or the affected Lender, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error, and Borrowers shall pay such amounts to the appropriate party within 10 days following receipt of the certificate.

3.4 Reimbursement Obligations. Obligors shall pay all Extraordinary Expenses promptly upon request. Obligors shall also reimburse Agent for all reasonable and documented legal, accounting, appraisal, consulting, and other reasonable and documented fees, costs and expenses incurred by it in connection with (a) negotiation and preparation of any Loan Documents, including any amendment or other modification thereof; (b) administration of and actions relating to any Collateral, Loan Documents and transactions contemplated thereby, including any actions taken to perfect or maintain priority of Agent's Liens on any Collateral, to maintain any insurance required hereunder or to verify Collateral; and (c) subject to the limits of **Section 10.1.1(b)**, each inspection, audit or appraisal with respect to any Obligor or Collateral, whether prepared by Agent's personnel or a third party. All reasonable and documented legal, accounting and consulting fees shall be charged to Obligors by Agent's professionals at their full hourly rates, regardless of any alternative fee arrangements that Agent, any Lender or any of their Affiliates may have with such professionals that otherwise might apply to this or any other transactions. Obligors acknowledge that counsel may provide Agent with a benefit (such as a discount, credit or accommodation for other matters) based on counsel's overall relationship with Agent, including fees paid hereunder. If, for any reason (including inaccurate reporting in any Obligors Materials), it is determined that a higher Applicable Margin should have applied to a period than was actually applied, then the proper margin shall be applied retroactively and Obligors shall immediately pay to Agent, for the ratable benefit of Lenders, an amount equal to the difference between the amount of interest and fees that would have accrued using the proper margin and the amount actually paid. All amounts payable by Obligors under this Section shall be due **on demand**.

3.5 Illegality. If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Interest Period Loans, or to determine or charge interest rates based upon LIBOR or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, the applicable Available Currency in the London interbank market, then, on notice thereof by such Lender to Agent, any obligation of such Lender to make or continue Interest Period Loans or to convert Floating Rate Loans to Interest Period Loans shall be suspended until such Lender notifies Agent that the circumstances giving rise to such determination no longer exist. Upon delivery of such notice, US Borrowers or UK Borrowers, as applicable, shall prepay or, if applicable, convert all Interest Period Loans of such Lender to Floating Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Interest Period Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Interest Period Loans. Upon any such prepayment or conversion, US Borrowers or UK Borrowers, as applicable, shall also pay accrued interest on the amount so prepaid or converted.

3.6 Inability to Determine Rates. Agent will promptly notify US Borrowers or UK Borrower, as applicable, and US Lenders or UK Lenders, as applicable, and if, in connection with any Revolver Loan or request for a Revolver Loan, (a) Agent determines in its Permitted Discretion that (i) deposits in the applicable currency or bankers' acceptances are not being offered to banks in the London interbank Eurodollar market, for the applicable Revolver Loan amount or Interest Period, or (ii) adequate and reasonable means do not exist for determining LIBOR for the Interest Period; or (b) Agent or Required Lenders, as applicable, determine for any reason that LIBOR, as applicable, for the Interest Period does not adequately and fairly reflect the cost to such Lenders of funding the Revolver Loan. Thereafter, such US Lenders' or UK Lenders', as applicable, obligations to make or maintain affected Interest Period Loans and utilization of the LIBOR component (if affected) in determining Floating Rate shall be suspended until Agent (upon instruction by the Required Lenders) withdraws the notice. Upon receipt of such notice, US Borrowers or UK Borrowers, as applicable, may revoke any pending request for an Interest Period Loan or, failing that, will be deemed to have requested a Floating Rate Loan, as applicable to such Borrower.

3.7 Increased Costs; Capital Adequacy.

3.7.1 Increased Costs Generally. If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, liquidity, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in calculating LIBOR or Mandatory Costs) or Issuing Bank;

(b) subject any Recipient to Taxes (other than (i) Indemnified Taxes, (ii) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes, and (iii) Connection Income Taxes) on any Revolver Loan, Letter of Credit, Revolver Commitment or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(c) impose on any Lender, Issuing Bank or interbank market any other condition, cost or expense (other than Taxes) affecting any Revolver Loan, Letter of Credit, participation in LC Obligations, Revolver Commitment or Loan Document;

and the result thereof shall be to increase the cost to a Lender of making or maintaining any Revolver Loan or Revolver Commitment, or converting to or continuing any interest option for a Revolver Loan, or to increase the cost to a Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by a Lender or Issuing Bank hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or Issuing Bank setting forth in reasonable detail the costs incurred or reduction suffered, Borrowers will pay to it such additional amount(s) as will compensate it for the additional costs incurred or reduction suffered.

3.7.2 Capital Requirements. If a Lender or Issuing Bank determines that a Change in Law affecting such Lender or Issuing Bank or any Lending Office of such Lender or such Lender's or Issuing Bank's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's, Issuing Bank's or holding company's capital as a consequence of this Agreement, or such Lender's or Issuing Bank's Revolver Commitments, Revolver Loans, Letters of Credit or participations in LC Obligations or Revolver Loans, to a level below that which such Lender, Issuing Bank or holding company could have achieved but for such Change in Law (taking into consideration its policies with respect to capital adequacy), then from time to time Borrowers will pay to such Lender or Issuing Bank, as the case may be, such additional amounts as will compensate it or its holding company for the reduction suffered.

3.7.3 Mandatory Costs. If any Lender or Issuing Bank incurs Mandatory Costs attributable to any Obligation, Borrowers shall pay such Mandatory Costs to it from time to time and the payment amount shall be expressed as a percentage rate per annum on the applicable Obligation.

3.7.4 Interest Period Loan Reserves. If any US Lender or UK Lender, as applicable, is required to maintain reserves with respect to liabilities or assets consisting of or including Euros or deposits, US Borrowers or UK Borrowers, as applicable, shall pay additional interest to such US Lender or UK Lender, as applicable, on each Interest Period Loan equal to the costs of such reserves allocated to the Revolver Loan by such US Lender or UK Lender, as applicable (as determined by it in good faith, which determination shall be conclusive). The additional interest shall be due and payable on each interest payment date for the Revolver Loan; provided, however, that if such US Lender or UK Lender notifies US Borrowers or UK

Borrowers, as applicable (with a copy to Agent), of the additional interest less than 10 days prior to the interest payment date, then such interest shall be payable 10 days after such Borrowers' receipt of the notice.

3.7.5 Compensation. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation, but Borrowers shall not be required to compensate a Lender or Issuing Bank for any increased costs or reductions suffered more than nine months (plus any period of retroactivity of the Change in Law giving rise to the demand) prior to the date that the Lender or Issuing Bank notifies US Borrower Agent of the applicable Change in Law and of such Lender's or Issuing Bank's intention to claim compensation therefor.

3.8 Mitigation. If any Lender gives a notice under **Section 3.5** or requests compensation under **Section 3.7**, or if Borrowers are required to pay any Indemnified Taxes or additional amounts with respect to a Lender under **Section 5.9**, then at the request of US Borrower Agent, such Lender shall use reasonable efforts to designate a different Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate the need for such notice or reduce amounts payable or to be withheld in the future, as applicable; and (b) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to it or unlawful. Borrowers shall pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

3.9 Funding Losses. If for any reason (a) any Borrowing, conversion or continuation of an Interest Period Loan does not occur on the date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation (whether or not withdrawn), (b) any repayment or conversion of an Interest Period Loan occurs on a day other than the end of its Interest Period, (c) Borrowers fail to repay an Interest Period Loan when required hereunder, or (d) a Lender (other than a Defaulting Lender) is required to assign an Interest Period Loan prior to the end of its Interest Period pursuant to **Section 13.4**, then Borrowers shall pay to Agent its customary administrative charge and to each Lender all resulting losses and expenses, including loss of anticipated profits and any loss, expense or fee arising from redeployment of funds or termination of match funding. For purposes of calculating amounts payable under this Section, each Lender shall be deemed to have funded an Interest Period Loan by a matching deposit or other borrowing in the London interbank market for a comparable amount and period, whether or not the Revolver Loan was in fact so funded.

3.10 Maximum Interest. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law ("maximum rate"). If Agent or any Lender shall receive interest in an amount that exceeds the maximum rate, the excess interest shall be applied to the principal of the Obligations or, if it exceeds such unpaid principal, refunded to Borrowers. In determining whether the interest contracted for, charged or received by Agent or a Lender exceeds the maximum rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

SECTION 4. REVOLVER LOAN ADMINISTRATION

4.1 Manner of Borrowing and Funding Revolver Loans.

4.1.8 Notice of Borrowing.

(a) Whenever Borrowers desire funding of Revolver Loans, US Borrowers or UK Borrower, as applicable, shall give Agent a Notice of Borrowing. Such notice must be received by Agent by 11:00 a.m. (Applicable Time Zone) (i) on the requested funding date, in the case of Floating Rate Loans, and (ii) at least three Business Days prior to the requested funding date, in the case of Interest Period Loans. Notices received after such time shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify (A) the amount of the Borrowing, (B) the requested funding date (which must be a Business Day), (C) whether the Borrowing is to be made as a Floating Rate Loan or an Interest Period Loan, and (D) in the case of an Interest Period Loan, the applicable Interest Period (which shall be deemed to be 30 days if not specified).

(b) Unless payment is otherwise made by the US Borrowers or UK Borrower, as applicable, the becoming due of any US Obligation or UK Obligation, as applicable (whether principal, interest, fees or other charges, including Extraordinary Expenses, LC Obligations, Cash Collateral and Secured Bank Product Obligations) shall be deemed to be a request for a Floating Rate Loan on the due date in the amount due and the Revolver Loan proceeds shall be disbursed as direct payment of such Obligation. In addition, Agent may, at its option, charge such amount against any operating, investment or other account of the applicable Borrower maintained with Agent or any of its Affiliates.

(c) If any Borrower maintains a disbursement account with Agent as the case may be, or any of their respective Affiliates, then presentation for payment in the account of a Payment Item when there are insufficient funds to cover it shall be deemed to be a request for a Floating Rate Loan on the presentation date, in the amount of the Payment Item. Proceeds of the Revolver Loan may be disbursed directly to the account.

4.1.9 Fundings by Lenders. Except for Borrowings to be made as Swingline Loans, Agent shall endeavor to notify US Lenders or UK Lenders, as applicable, of each applicable Notice of Borrowing (or deemed request for a Borrowing) by 1:00 p.m. (Applicable Time Zone) on the proposed funding date for a Floating Rate Loan or by 3:00 p.m. (Applicable Time Zone) at least two Business Days before a proposed funding of an Interest Period Loan. Each US Lender or UK Lender, as applicable, shall fund its Pro Rata share of a Borrowing in immediately available funds not later than 3:00 p.m. (Applicable Time Zone) on the requested funding date, unless Agent's notice is received after the times provided above, in which case the applicable Lender shall fund its Pro Rata share by 11:00 a.m. (Applicable Time Zone) on the next Business Day. Subject to its receipt of such amounts from the applicable Lenders, Agent shall disburse the Borrowing proceeds as directed by the US Borrowers or UK Borrower, as applicable. Unless Agent shall have received (in sufficient time to act) written notice from a Lender that it does not intend to fund its share of a Borrowing, Agent may assume that such Lender has deposited or promptly will deposit its share with Agent, and Agent may disburse a corresponding amount to the applicable Borrowers. If a Lender's share of a Borrowing or of a settlement under **Section 4.1.3(b)** is not received by Agent, then US Borrowers or UK Borrower, as applicable, agree to repay to Agent **on demand** the amount of such share, together with interest thereon from the date disbursed until repaid, at the rate applicable to the Borrowing.

4.1.10 Swingline Loans; Settlement.

(a) To fulfill any request for a Revolver Loan hereunder, Agent may in its discretion advance US Swingline Loans or UK Swingline Loans, as applicable, to US Borrowers or UK Borrowers, as applicable, up to an aggregate outstanding amount of 10% of the US Revolver Commitments

(in the case of US Swingline Loans) and 10% of the UK Revolver Commitments (in the case of UK Swingline Loans). Swingline Loans shall constitute Revolver Loans for all purposes, except that payments thereon shall be made to Agent for its own account until US Lenders or UK Lenders, as applicable, have funded their participations therein as provided below.

(b) Settlement of Revolver Loans, including Swingline Loans, among the applicable Lenders and Agent shall take place on a date determined from time to time by Agent (but at least weekly), on a Pro Rata basis in accordance with the Settlement Report delivered by Agent to the applicable Lenders. Between settlement dates, Agent may in its discretion apply payments on Revolver Loans to Swingline Loans, regardless of any designation by the applicable Borrowers or any provision herein to the contrary. Each US Lender hereby purchases, without recourse or warranty, an undivided Pro Rata participation in all US Swingline Loans outstanding from time to time until settled. Each UK Lender hereby purchases, without recourse or warranty, an undivided Pro Rata participation in all UK Swingline Loans outstanding from time to time until settled. If a Swingline Loan cannot be settled among the applicable Lenders, whether due to an Obligor's Insolvency Proceeding or for any other reason, each US Lender or UK Lender, as applicable, shall pay the amount of its participation in the US Revolver Loan or UK Revolver Loan, as applicable, to Agent, in immediately available funds, within one Business Day after Agent's request therefor. Lenders' obligations to make settlements and to fund participations are absolute, irrevocable and unconditional, without offset, counterclaim or other defense, and whether or not the Revolver Commitments have terminated, an Overadvance exists or the conditions in **Section 6** are satisfied.

4.1.11 Notices. Borrowers may request, convert or continue Revolver Loans, select interest rates and transfer funds based on telephonic or e-mailed instructions to Agent. Borrowers shall confirm each such request by prompt delivery to Agent of a Notice of Borrowing or Notice of Conversion/Continuation, if applicable, but if it differs materially from the action taken by Agent or Lenders, the records of Agent and Lenders shall govern. Neither Agent nor any Lender shall have any liability for any loss suffered by any Obligor as a result of Agent or any Lender acting upon its understanding of telephonic or e-mailed instructions from a person believed in good faith by Agent or any Lender to be a person authorized to give such instructions on a Borrower's behalf.

4.2 Defaulting Lender. Notwithstanding anything herein to the contrary:

4.2.3 Reallocation of Pro Rata Share; Amendments. For purposes of determining Lenders' obligations or rights to fund, participate in or receive collections with respect to Revolver Loans and Letters of Credit (including existing Swingline Loans, Protective Advances and LC Obligations), Agent may in its discretion reallocate Pro Rata shares by excluding the Revolver Commitments and Revolver Loans of a Defaulting Lender from the calculation of such shares. A Defaulting Lender shall have no right to vote on any amendment, waiver or other modification of a Loan Document, except as provided in **Section 14.1.1(c)**.

4.2.4 Payments; Fees. Agent may, in its discretion, receive and retain any amounts payable to a Defaulting Lender under the Loan Documents, and a Defaulting Lender shall be deemed to have assigned to Agent such amounts until all Obligations owing to Agent, non-Defaulting Lenders and other Secured Parties have been paid in full. Agent may use such amounts to cover the Defaulting Lender's defaulted obligations, to Cash Collateralize such Lender's Fronting Exposure, to readvance the amounts to Borrowers or to repay Obligations. A Lender shall not be entitled to receive any fees accruing hereunder during the period in which it is a Defaulting Lender, and the unfunded portion of its Revolver Commitment shall be disregarded for purposes of calculating the unused line fee under **Section 3.2.1**. If any LC Obligations owing to a Defaulting Lender are reallocated to other Lenders, fees attributable to such LC Obligations under

Section 3.2.2 shall be paid to such Lenders. Agent shall be paid all fees attributable to LC Obligations that are not reallocated.

4.2.5 Status; Cure. Agent may determine in its Permitted Discretion that a Lender constitutes a Defaulting Lender and the effective date of such status shall be conclusive and binding on all parties, absent manifest error. US Borrowers or UK Borrowers (as applicable), Agent and Issuing Bank may agree in writing that a US Lender or UK Lender (as applicable) has ceased to be a Defaulting Lender, whereupon Pro Rata shares shall be reallocated without exclusion of the reinstated Lender's Revolver Commitments and Revolver Loans, and the Revolver Usage and other exposures under the Revolver Commitments shall be reallocated among the US Lenders or UK Lenders, as applicable, and settled by Agent (with appropriate payments by the reinstated Lender, including payment of any breakage costs for reallocated Interest Period Loans) in accordance with the readjusted Pro Rata shares. Unless expressly agreed by US Borrowers or UK Borrowers (as applicable), Agent and Issuing Bank, no reinstatement of a Defaulting Lender shall constitute a waiver or release of claims against such Lender. The failure of any Lender to fund a Revolver Loan, to make a payment in respect of LC Obligations or otherwise to perform obligations hereunder shall not relieve any other Lender of its obligations under any Loan Document, and no Lender shall be responsible for default by another Lender.

4.3 Number and Amount of Interest Period Loans; Determination of Rate.

4.3.1 Each Borrowing of US LIBOR Loans when made shall be in a minimum amount of \$1,000,000, plus an increment of \$100,000 in excess thereof. No more than 5 Borrowings of US LIBOR Loans may be outstanding at any time, and all US LIBOR Loans having the same length and beginning date of their Interest Periods shall be aggregated together and considered one Borrowing for this purpose.

4.3.2 Each Borrowing of UK LIBOR Loans when made shall be in a minimum amount of \$1,000,000 (or its equivalent in another Available Currency), plus an increment of \$1,000,000 (or its equivalent in another Available Currency) in excess thereof. No more than 5 Borrowings of UK LIBOR Loans may be outstanding at any time, and all UK LIBOR Loans having the same length and beginning date of their Interest Periods shall be aggregated together and considered one Borrowing for this purpose.

4.3.3 Upon determining LIBOR, as applicable, for any Interest Period requested by Borrowers, Agent shall promptly notify such Borrowers thereof by telephone or electronically and, if requested by such Borrowers, shall confirm any telephonic notice in writing.

4.4 Borrower Agent. Each Borrower hereby designates Voyetra ("US Borrower Agent") as its representative and agent for all purposes under the Loan Documents, including requests for and receipt of Revolver Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications, delivery of Borrower Materials, payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with Agent, Issuing Bank or any Lender. US Borrower Agent hereby accepts such appointment. Agent and Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by US Borrower Agent on behalf of any US Borrower. Agent and Lenders may give any notice or communication with a US Borrower hereunder to US Borrower Agent on behalf of such US Borrower. Each of Agent, Issuing Bank and US Lenders shall have the right, in its discretion, to deal exclusively with US Borrower Agent for all purposes under the Loan Documents. Each US Borrower agrees that any notice, election, communication, delivery, representation, agreement, action or undertaking on its behalf by US Borrower Agent shall be binding upon and enforceable against it.

4.5 One Obligation.

4.5.1 US Obligation. The US Revolver Loans, US LC Obligations and other US Obligations constitute one general obligation of US Borrowers and are secured by Agent's Lien on all US Collateral; provided, however, that Agent and each US Lender shall be deemed to be a creditor of, and the holder of a separate claim against, each Borrower to the extent of any Obligations jointly or severally owed by such Borrower.

4.5.2 UK Obligation. The UK Revolver Loans, UK LC Obligations and other UK Obligations constitute one general obligation of UK Borrower and are secured by Agent's Lien on all UK Collateral; provided, however, that Agent and each UK Lender shall be deemed to be a creditor of, and the holder of a separate claim against, UK Borrower to the extent of any UK Obligations jointly or severally owed by such Borrower.

4.6 Effect of Termination. On the effective date of the termination of all Revolver Commitments, the Obligations shall be immediately due and payable, and each Secured Bank Product Provider may terminate its Bank Products. Until Full Payment of the Obligations, all undertakings of Obligors contained in the Loan Documents shall continue, and Agent shall retain its Liens in the Collateral and all of its rights and remedies under the Loan Documents. Agent shall not be required to terminate its Liens unless it receives Cash Collateral or a written agreement, in each case satisfactory to it, protecting Agent and Lenders from dishonor or return of any Payment Item previously applied to the Obligations. **Sections 2.3, 3.4, 3.7, 3.9, 5.5, 5.9, 5.10, 12, 15.2**, this Section, and each indemnity or waiver given by an Obligor or Lender in any Loan Document, shall survive Full Payment of the Obligations.

SECTION 5. PAYMENTS

5.1 General Payment Provisions. All payments of US Obligations shall be made in Dollars and payments of UK Obligations shall be made in Sterling, Euros or Dollars, in each case, without offset, counterclaim or defense of any kind, free and clear of (and without deduction for) any Taxes, and in immediately available funds, not later than 12:00 noon (Applicable Time Zone) on the due date. Any payment after such time shall be deemed made on the next Business Day. Any payment of an Interest Period Loan prior to the end of its Interest Period shall be accompanied by all amounts due under **Section 3.9**. US Borrowers and UK Borrowers, as applicable agree that Agent shall have the continuing, exclusive right to apply and reapply payments and proceeds of US Collateral or UK Collateral, as applicable, against the US Obligations or UK Obligations, as applicable, in such manner as Agent deems advisable, but whenever possible, any prepayment of Revolver Loans shall be applied first to Floating Rate Loans and then to Interest Period Loans.

5.2 Repayment of Revolver Loans. Revolver Loans shall be due and payable in full on the Revolver Termination Date, unless payment is sooner required hereunder. Revolver Loans may be prepaid from time to time, without penalty or premium. Subject to **Section 2.1.6**, if an Overadvance exists at any time, US Borrowers or UK Borrowers, as applicable shall, on the sooner of Agent's demand or the first Business Day after any applicable Borrower has knowledge thereof, repay Revolver Loans in an amount sufficient to reduce US Revolver Usage to the US Borrowing Base or UK Revolver Usage to the UK Borrowing Base, as applicable. If any Asset Disposition includes the disposition of Accounts or Inventory, Borrowers shall apply Net Proceeds to repay Revolver Loans equal to the greater of (a) the net book value of such Accounts and Inventory, or (b) the reduction in Borrowing Base resulting from the disposition.

5.3 [Reserved].

5.4 Payment of Other Obligations. Obligations other than Revolver Loans, including LC Obligations and Extraordinary Expenses, shall be paid by the applicable Obligor as provided in the Loan Documents or, if no payment date is specified, **on demand**.

5.5 Marshaling; Payments Set Aside. None of Agent or Lenders shall be under any obligation to marshal any assets in favor of any Obligor or against any Obligations. If any payment by or on behalf of an Obligor is made to Agent, Issuing Bank or any Lender, or if Agent, Issuing Bank or any Lender exercises a right of setoff, and any of such payment or setoff is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent, Issuing Bank or a Lender in its discretion) to be repaid to a trustee, receiver or any other Person, then the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment or setoff had not occurred.

5.6 Application and Allocation of Payments.

5.6.1 Application. Payments made by Borrowers hereunder shall be applied (a) first, as specifically required hereby; (b) second, to Obligations then due and owing; (c) third, to other Obligations specified by Borrowers; and (d) fourth, as determined by Agent in its discretion.

5.6.2 Post-Default Allocation for US Obligations. Notwithstanding anything in any Loan Document to the contrary, during an Event of Default, monies to be applied to the US Obligations, whether arising from payments by US Obligors, realization on US Collateral, setoff or otherwise, shall be allocated as follows:

- (d) **FIRST**, to all fees, indemnification, costs and expenses, including Extraordinary Expenses, owing to Agent;
- (e) **SECOND**, to all amounts owing to Agent on US Swingline Loans, US Protective Advances, and US Revolver Loans and participations in the foregoing that a Defaulting Lender has failed to settle or fund;
- (f) **THIRD**, to all amounts owing to Issuing Bank in respect of US LC Obligations;
- (g) **FOURTH**, to all US Obligations (other than Secured Bank Product Obligations) constituting fees, indemnification, costs or expenses owing to US Lenders;
- (h) **FIFTH**, to all US Obligations (other than Secured Bank Product Obligations) constituting interest;
- (i) **SIXTH**, to Cash Collateralize all US LC Obligations;
- (j) **SEVENTH**, to all US Revolver Loans, and to US Obligations consisting of Secured Bank Product Obligations arising under Hedging Agreements (including Cash Collateralization thereof) up to the amount of Reserves existing therefor;
- (k) **EIGHTH**, to all US Obligations consisting of Secured Bank Product Obligations; and

- (l) **LAST**, to all remaining US Obligations including Obligations of US Guarantors.

Amounts shall be applied to payment of each category of US Obligations only after Full Payment of amounts payable from time to time under all preceding categories. If amounts are insufficient to satisfy a category, they shall be paid ratably among outstanding US Obligations in the category. Monies and proceeds obtained from a US Obligor shall not be applied to its Excluded Swap Obligations, but appropriate adjustments shall be made with respect to amounts obtained from other US Obligors to preserve the allocations in any applicable category. Agent shall have no obligation to calculate the amount of any Secured Bank Product Obligation and may request a reasonably detailed calculation thereof from a Secured Bank Product Provider. If the provider fails to deliver the calculation within five days following request, Agent may assume the amount is zero. The allocations set forth in this Section are solely to determine the rights and priorities among US Secured Parties, and may be changed by agreement of the affected US Secured Parties, without the consent of any US Obligor. This Section is not for the benefit of or enforceable by any US Obligor, and each US Borrower irrevocably waives the right to direct the application of any payments or US Collateral proceeds subject to this Section.

5.6.3 Post-Default Allocation for UK Obligations. Notwithstanding anything in any Loan Document to the contrary, during an Event of Default, monies to be applied to the UK Obligations, whether arising from payments by UK Obligors, realization on UK Collateral, setoff or otherwise, shall be allocated as follows:

- (a) **FIRST**, to all fees, indemnification, costs and expenses, including Extraordinary Expenses, owing to Agent;
- (b) **SECOND**, to all amounts owing to Agent on UK Swingline Loans, UK Protective Advances, and UK Revolver Loans and participations in the foregoing that a Defaulting Lender has failed to settle or fund;
- (c) **THIRD**, to all amounts owing to Issuing Bank in respect of UK LC Obligations;
- (d) **FOURTH**, to all UK Obligations (other than Secured Bank Product Obligations) constituting fees, indemnification, costs or expenses owing to UK Lenders;
- (e) **FIFTH**, to all UK Obligations (other than Secured Bank Product Obligations) constituting interest;
- (f) **SIXTH**, to Cash Collateralize all UK LC Obligations;
- (g) **SEVENTH**, to all UK Revolver Loans, and to UK Obligations consisting of Secured Bank Product Obligations arising under Hedging Agreements (including Cash Collateralization thereof) up to the amount of Reserves existing therefor;
- (h) **EIGHTH**, to all other UK Obligations consisting of Secured Bank Product Obligations; and
- (i) **LAST**, to all remaining UK Obligations.

Amounts shall be applied to payment of each category of UK Obligations only after Full Payment of amounts payable from time to time under all preceding categories. If amounts are insufficient to satisfy a category, they shall be paid ratably among outstanding UK Obligations in the category. Monies and proceeds obtained from a UK Obligor shall not be applied to its Excluded Swap Obligations, but appropriate adjustments shall be made with respect to amounts obtained from other UK Obligors to preserve the allocations in any applicable category. Agent shall have no obligation to calculate the amount of any Secured Bank Product Obligation and may request a reasonably detailed calculation thereof from a Secured Bank Product Provider. If the provider fails to deliver the calculation within five days following request, Agent may assume the amount is zero. The allocations set forth in this Section are solely to determine the rights and priorities among UK Secured Parties, and may be changed by agreement of the affected UK Secured Parties, without the consent of any UK Obligor. This Section is not for the benefit of or enforceable by any UK Obligor, and each UK Borrower irrevocably waives the right to direct the application of any payments or UK Collateral proceeds subject to this Section.

5.6.1 Erroneous Application. Agent shall not be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Lender or other Person to which such amount should have been made shall be to recover the amount from the Person that actually received it (and, if such amount was received by a Secured Party, the Secured Party agrees to return it).

5.7 Dominion Account. The ledger balance in the main Dominion Account as of the end of a Business Day shall be applied to the applicable Obligations at the beginning of the next Business Day (with respect to the Obligations of US Borrowers, during any US Dominion Trigger Period). If a credit balance results from such application, it shall not accrue interest in favor of Borrowers and shall be made available to Borrowers as long as no Default or Event of Default exists.

5.8 Account Stated. Agent shall maintain, in accordance with its customary practices, loan account(s) evidencing the Debt of Borrowers hereunder. Any failure of Agent to record anything in a loan account, or any error in doing so, shall not limit or otherwise affect the obligation of Borrowers to pay any amount owing hereunder. Entries made in a loan account shall constitute presumptive evidence of the information contained therein. If any information contained in a loan account is provided to or inspected by any Person, the information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies Agent in writing within 30 days after receipt or inspection that specific information is subject to dispute.

5.9 Taxes. For purposes of this **Section 5.9**, the term “Lender” includes any Issuing Bank and the term “Applicable Law” includes FATCA.

5.9.1 Payments Free of Taxes; Obligation to Withhold; Tax Payment.

(c) Any and all payments by any Obligor or on account of any Obligation under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If Applicable Law (as determined by Agent in its good faith discretion) requires the deduction or withholding of any Tax from any such payment by Agent or an Obligor, then Agent or such Obligor shall be entitled to make such deduction or withholding based on information and documentation provided pursuant to **Section 5.10**.

(d) If Agent or any Obligor is required by the Code to withhold or deduct Taxes, including backup withholding and withholding taxes, from any payment, then (i) Agent shall pay the full amount that it determines is to be withheld or deducted to the relevant Governmental Authority pursuant to

the Code, and (ii) to the extent the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Obligor shall be increased as necessary so that the Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(e) If Agent or any Obligor is required by any Applicable Law other than the Code to withhold or deduct Taxes from any payment, then (i) Agent or such Obligor, to the extent required by Applicable Law, shall timely pay the full amount to be withheld or deducted to the relevant Governmental Authority, and (ii) to the extent the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Obligor shall be increased as necessary so that the Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

5.9.2 Payment of Other Taxes. Each Obligor shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at Agent's option, timely reimburse Agent for payment of, any Other Taxes.

5.9.3 Tax Indemnification.

(a) Each Obligor shall indemnify and hold harmless, on a joint and several basis, each Recipient against any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Each Obligor shall indemnify and hold harmless Agent against any amount that a Lender or Issuing Bank fails for any reason to pay indefeasibly to Agent as required pursuant to this Section. Each Obligor shall make payment within 10 days after demand for any amount or liability payable under this Section. A certificate as to the amount of such payment or liability delivered to Obligors by a Lender or Issuing Bank (with a copy to Agent), or by Agent on its own behalf or on behalf of any Recipient, shall be conclusive absent manifest error.

(b) Each Lender and Issuing Bank shall indemnify and hold harmless, on a several basis, (i) Agent against any Indemnified Taxes attributable to such Lender or Issuing Bank (but only to the extent Obligors have not already paid or reimbursed Agent therefor and without limiting Obligors' obligation to do so), (ii) Agent and Obligors, as applicable, against any Taxes attributable to such Lender's failure to maintain a Participant register as required hereunder, and (iii) Agent and Obligors, as applicable, against any Excluded Taxes attributable to such Lender or Issuing Bank, in each case, that are payable or paid by Agent or an Obligor in connection with any Obligations, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Each Lender and Issuing Bank shall make payment within 10 days after demand for any amount or liability payable under this Section. A certificate as to the amount of such payment or liability delivered to any Lender or Issuing Bank by Agent shall be conclusive absent manifest error.

5.9.4 Evidence of Payments. If Agent or an Obligor pays any Taxes pursuant to this Section, then upon request, Agent shall deliver to US Borrower Agent or UK Borrower, as applicable, or US Borrower Agent or UK Borrower, as applicable, shall deliver to Agent, respectively, a copy of a receipt issued by the appropriate Governmental Authority evidencing the payment, a copy of any return required by Applicable Law to report the payment, or other evidence of payment reasonably satisfactory to Agent, US Borrower Agent or UK Borrower, as applicable.

5.9.5 Treatment of Certain Refunds. Unless required by Applicable Law, at no time shall Agent have any obligation to file for or otherwise pursue on behalf of a Lender or Issuing Bank, nor have any obligation to pay to any Lender or Issuing Bank, any refund of Taxes withheld or deducted from funds paid for the account of a Lender or Issuing Bank. If a Recipient determines in its discretion that it has received a refund of any Taxes as to which it has been indemnified by Borrowers or with respect to which a Borrower has paid additional amounts pursuant to this Section, it shall pay Borrowers an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrowers with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that Borrowers agree, upon request by the Recipient, to repay the amount paid over to Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient if the Recipient is required to repay such refund to the Governmental Authority, but only to the extent that such amount would constitute an Indemnified Tax payable to such Recipient pursuant to **Section 5.9.3**. Notwithstanding anything herein to the contrary, no Recipient shall be required to pay any amount to Borrowers if such payment would place the Recipient in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. In no event shall Agent or any Recipient be required to make its tax returns (or any other information relating to its taxes that it deems confidential) available to any Obligor or other Person.

5.9.6 Survival. Each party's obligations under **Sections 5.9** and **5.10** shall survive the resignation or replacement of Agent or any assignment of rights by or replacement of a Lender or Issuing Bank, the termination of the Revolver Commitments, and the repayment, satisfaction, discharge or Full Payment of any Obligations.

5.10 Lender Tax Information.

5.10.1 Status of Lenders. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrowers and Agent, at the time or times reasonably requested by the Borrowers or Agent, such properly completed and executed documentation reasonably requested by Borrowers or Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrowers or Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrowers or Agent to enable them to determine whether such Lender is subject to backup withholding or information reporting requirements. Notwithstanding the foregoing, such documentation (other than documentation described in **Sections 5.10.2(a), (b)** and **(d)**) shall not be required if a Lender reasonably believes delivery of the documentation would subject it to any material unreimbursed cost or expense or would materially prejudice its legal or commercial position.

5.10.2 Documentation. Without limiting the foregoing, if any Borrower is a US Person,

(c) Any Lender that is a US Person shall deliver to Borrowers and Agent on or prior to the date on which such Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of Borrowers or Agent), executed originals of IRS Form W-9, certifying that such Lender is exempt from US federal backup withholding Tax;

(d) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Agent (in such number of copies as shall be requested by the recipient) on or prior to the

date on which such Foreign Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of Borrowers or Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from or reduction of US federal withholding Tax pursuant to the “interest” article of such tax treaty, and (y) with respect to other payments under the Loan Documents, IRS Form W-8BEN establishing an exemption from or reduction of US federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate in form satisfactory to Agent to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of a Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (“US Tax Compliance Certificate”), and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a US Tax Compliance Certificate in form satisfactory to Agent, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a US Tax Compliance Certificate on behalf of each such direct and indirect partner;

(e) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender hereunder (and from time to time thereafter upon the reasonable request of Borrowers or Agent), executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in US federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit Borrowers or Agent to determine the withholding or deduction required to be made; and

(f) if payment made to a Lender under any Loan Document would be subject to US federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code), such Lender shall deliver to Borrowers and Agent at the time(s) prescribed by law and otherwise as reasonably requested by Borrowers or Agent such documentation prescribed by Applicable Law (including Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrowers or Agent as may be necessary for them to comply with their obligations under FATCA and to determine that such Lender has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (d), “FATCA” shall include any amendments made to FATCA after the date hereof.

5.10.3 Redelivery of Documentation. If any form or certification previously delivered by a Lender pursuant to this Section expires or becomes obsolete or inaccurate in any respect, such Lender shall promptly update the form or certification or notify Borrowers and Agent in writing of its inability to do so.

5.11 Nature and Extent of Each US Borrower's Liability.

5.11.1 Joint and Several Liability. Each US Borrower agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and US Lenders the prompt payment and performance of, all US Obligations, except its Excluded Swap Obligations. Each US Borrower agrees that its guaranty obligations hereunder constitute a continuing guaranty of payment and not of collection, that such obligations shall not be discharged until Full Payment of the US Obligations, and that such obligations are absolute and unconditional, irrespective of (a) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change in, any US Obligations or Loan Document, or any other document, instrument or agreement to which any US Obligor is or may become a party or be bound; (b) the absence of any action to enforce this Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by Agent or any Lender with respect thereto; (c) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guaranty for any US Obligations or any action, or the absence of any action, by Agent or any Lender in respect thereof (including the release of any security or guaranty); (d) the insolvency of any US Obligor; (e) any election by Agent or any Lender in an Insolvency Proceeding for the application of Section 1111(b)(2) of the Bankruptcy Code; (f) any borrowing or grant of a Lien by any other Borrower, as debtor-in-possession under Section 364 of the Bankruptcy Code or otherwise; (g) the disallowance of any claims of Agent or any Lender against any US Obligor for the repayment of any Obligations under Section 502 of the Bankruptcy Code or otherwise; or (h) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, except Full Payment of the US Obligations.

5.11.2 Waivers.

(a) Each US Borrower expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Agent or US Lenders to marshal assets or to proceed against any US Obligor, other Person or security for the payment or performance of any US Obligations before, or as a condition to, proceeding against such US Borrower. Each US Borrower waives all defenses available to a surety, guarantor or accommodation co-obligor other than Full Payment of US Obligations and waives, to the maximum extent permitted by law, any right to revoke any guaranty of US Obligations as long as it is a US Borrower. It is agreed among each US Borrower, Agent and US Lenders that the provisions of this **Section 5.11** are of the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, Agent and US Lenders would decline to make US Revolver Loans and issue US Letters of Credit. Each US Borrower acknowledges that its guaranty pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(b) Agent and US Lenders may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon US Collateral or any Real Estate by judicial foreclosure or nonjudicial sale or enforcement, to the extent permitted under Applicable Law, without affecting any rights and remedies under this **Section 5.11**. If, in taking any action in connection with the exercise of any rights or remedies, Agent or any US Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any US Borrower or other Person, whether because of any Applicable Laws pertaining to "election of remedies" or otherwise, each US Borrower consents to such action and, to the extent permitted under Applicable Law, waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any US Borrower might otherwise have had. To the extent permitted under Applicable Law, any election of remedies that results in denial or impairment of the right of Agent or any US Lender to seek a deficiency judgment against any US Borrower shall not impair any other US Borrower's obligation to pay the full amount of the US Obligations. To the extent permitted under Applicable Law, each US Borrower waives all rights and defenses arising out of an election of remedies,

such as nonjudicial foreclosure with respect to any security for US Obligations, even though that election of remedies destroys such US Borrower's rights of subrogation against any other Person. To the extent permitted under Applicable Law, Agent may bid US Obligations, in whole or part, at any foreclosure, trustee or other sale, including any private sale, and the amount of such bid need not be paid by Agent but shall be credited against the US Obligations. To the extent permitted under Applicable Law, the amount of the successful bid at any such sale, whether Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the US Collateral, and the difference between such bid amount and the remaining balance of the US Obligations shall be conclusively deemed to be the amount of the US Obligations guaranteed under this **Section 5.11**, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Agent or any US Lender might otherwise be entitled but for such bidding at any such sale.

5.11.3 Extent of Liability; Contribution.

(a) Notwithstanding anything herein to the contrary, each US Borrower's liability under this **Section 5.11** shall not exceed the greater of (i) all amounts for which such US Borrower is primarily liable, as described in clause (e) below, and (ii) such US Borrower's Allocable Amount.

(b) If any US Borrower makes a payment under this **Section 5.11** of any US Obligations (other than amounts for which such US Borrower is primarily liable) (a "US Guarantor Payment") that, taking into account all other US Guarantor Payments previously or concurrently made by any other US Borrower, exceeds the amount that such US Borrower would otherwise have paid if each US Borrower had paid the aggregate US Obligations satisfied by such US Guarantor Payments in the same proportion that such US Borrower's Allocable Amount bore to the total Allocable Amounts of all US Borrowers, then such US Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other US Borrower for the amount of such excess, ratably based on their respective Allocable Amounts in effect immediately prior to such US Guarantor Payment. The "Allocable Amount" for any US Borrower shall be the maximum amount that could then be recovered from such US Borrower under this **Section 5.11** without rendering such payment voidable under Section 548 of the Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law.

(c) **Sections 5.11.3(a) and 5.11.3(b)** shall not limit the liability of any Borrower to pay or guarantee Revolver Loans made directly or indirectly to it (including Revolver Loans advanced hereunder to any other Person and then re-loaned or otherwise transferred to, or for the benefit of, such Borrower), LC Obligations relating to Letters of Credit issued to support its business, Secured Bank Product Obligations incurred to support its business, and all accrued interest, fees, expenses and other related Obligations with respect thereto, for which such Borrower shall be primarily liable for all purposes hereunder. Agent and Revolver Lenders shall have the right, at any time in their discretion, to condition Revolver Loans and Letters of Credit upon a separate calculation of borrowing availability for each Borrower and to restrict the disbursement and use of Loans and Letters of Credit to a Borrower based on that calculation.

(d) Each Obligor that is a Qualified ECP when its guaranty of or grant of Lien as security for a Swap Obligation becomes effective hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide funds or other support to each Specified Obligor with respect to such Swap Obligation as may be needed by such Specified Obligor from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP's obligations and undertakings under this **Section 5.11** voidable under any applicable fraudulent transfer or conveyance act). The obligations and undertakings of each Qualified ECP under this Section shall remain in full force and effect until Full Payment of all Obligations. Each Obligor intends this Section to constitute, and this Section

shall be deemed to constitute, a guarantee of the obligations of, and a “keepwell, support or other agreement” for the benefit of, each Obligor for all purposes of the Commodity Exchange Act.

5.11.4 Joint Enterprise. Each US Borrower has requested that Agent and US Lenders make this credit facility available to US Borrowers on a combined basis, in order to finance US Borrowers’ business most efficiently and economically. US Borrowers’ business is a mutual and collective enterprise, and the successful operation of each US Borrower is dependent upon the successful performance of the integrated group. US Borrowers believe that consolidation of their credit facility will enhance the borrowing power of each US Borrower and ease administration of the facility, all to their mutual advantage. US Borrowers acknowledge that Agent’s and Lenders’ willingness to extend credit and to administer the Collateral on a combined basis hereunder is done solely as an accommodation to US Borrowers and at US Borrowers’ request.

5.11.5 Subordination. Each Borrower hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Obligor, howsoever arising, to the Full Payment of its Obligations.

5.12 United Kingdom Tax Matters.

(c) The provisions of this **Section 5.12** shall only apply in respect of any UK Borrower (a “Relevant Borrower”), and in respect of any such UK Borrower the provisions of **Sections 5.9, 5.10 and 5.11** shall not apply.

(d) Tax gross-up.

(i) Each Relevant Borrower shall make all payments to be made by it under any Loan Document without any Tax Deduction unless a Tax Deduction is required by law.

(ii) A Relevant Borrower shall, promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify Agent accordingly. Similarly, a Lender shall promptly notify Agent on becoming so aware in respect of a payment payable to that Lender. If Agent receives such notification from a Lender it shall notify the Relevant Borrower.

(iii) If a Tax Deduction is required by law to be made by a Relevant Borrower, the amount of the payment due from that Relevant Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(iv) A payment shall not be increased under clause (iii) above by reason of a Tax Deduction on account of Taxes imposed by the United Kingdom if, on the date on which the payment falls due:

(1) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or

- (2) the relevant Lender is a Qualifying Lender solely by virtue of **clause (a)(ii)** of the definition of Qualifying Lender, and:
- a. an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a “Direction”) under section 931 of the ITA which relates to the payment and that Lender has received from the Relevant Borrower making the payment a certified copy of that Direction; and
 - b. the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or
- (3) the relevant Lender is a Qualifying Lender solely by virtue of **clause (a)(ii)** of the definition of Qualifying Lender and:
- a. the relevant Lender has not given a Tax Confirmation to the Relevant Borrower; and
 - b. the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Relevant Borrower, on the basis that the Tax Confirmation would have enabled the Relevant Borrower to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
- (4) the relevant Lender is a Treaty Lender and the Relevant Borrower making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under **clause (vii)** below.
- (v) If a Relevant Borrower is required to make a Tax Deduction, that Relevant Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Relevant Borrower making that Tax Deduction shall deliver to Agent for the benefit of the Lender entitled to the payment a statement under section 975 of the ITA or other evidence reasonably satisfactory to that Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (vii) A Treaty Lender and each Relevant Borrower which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Relevant Borrower to obtain authorization to make that payment without a Tax Deduction.
- (viii) Nothing in **clause (b)(vii)** above shall require a Treaty Lender to:
- (1) register under the HMRC DT Treaty Passport scheme;
 - (2) apply the HMRC DT Treaty Passport scheme to any advance if it has so registered; or
 - (3) file Treaty forms if it has included an indication to the effect that it wishes the HMRC DT Treaty Passport Scheme to apply to this Agreement in accordance with **clause**

(b)(xi) or clause **(f)(i)** and the Relevant Borrower making that payment has not complied with its obligations under **clause (b)(xii)** or **clause (f)(ii)**.

(ix) A UK Non-Bank Lender which becomes a party on the day on which this Agreement is entered into gives a Tax Confirmation to the UK Borrower by entering into this Agreement.

(x) A UK Non-Bank Lender shall promptly notify the Relevant Borrower and Agent if there is any change in the position from that set out in the Tax Confirmation.

(xi) A Treaty Lender which becomes a party on the day on which this Agreement is entered into that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall include an indication to that effect (for the benefit of the Agent and without liability to any Relevant Borrower) by notifying the UK Borrower of its scheme reference number and its jurisdiction of tax residence.

(xii) Where a Lender notifies the UK Borrower as described in **clause (b)(xi)** above each Relevant Borrower shall file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of the date of this Agreement and shall promptly provide the Lender with a copy of that filing.

(xiii) If **clause (b)(xii)** above applies but:

(1) that UK Borrower's form DTTP2 has been rejected by HM Revenue & Customs; or

(2) HM Revenue & Customs has not given the UK Borrower authority to make payments to that Lender without a Tax Deduction within 60 days of the date of the UK Borrower's filing,

and in each case, the UK Borrower has notified that Lender in writing, that Lender and the UK Borrower shall co-operate in completing any additional procedural formalities necessary for that UK Borrower to obtain authorisation to make that payment without a Tax Deduction.

(xiv) If a Lender has not included an indication to the effect that it wishes the HMRC DT Treaty Passport scheme to apply to this Agreement in accordance with **clause (b)(xi)** or **clause (f)(i)** (HMRC DT Treaty Passport scheme confirmation), no Relevant Borrower shall file any form relating to the HMRC DT Treaty Passport scheme in respect of that Lender's advance or its participation in any advance.

(e) Tax indemnity.

(i) The UK Borrower shall (within three Business Days of demand by the Agent) pay to a Lender an amount equal to the loss, liability or cost which that Lender determines will be or has been (directly or indirectly) suffered for or on account of Taxes by that Lender in respect of a Loan Document.

(ii) **Clause (c)(i)** above shall not apply:

(1) with respect to any Taxes assessed on a Lender

a. under the law of the jurisdiction in which such Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which such Lender is treated as resident for tax purposes; or

b. under the law of the jurisdiction in which such Lender's Facility Office is located in respect of amounts received or receivable in such jurisdiction, if such Taxes are imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by such Lender; or

(2) to the extent a loss, liability or cost:

a. is compensated for by an increased payment under **Section 5.12(b)(iii)**; or

b. would have been compensated for by an increased payment under **Section 5.12 (b)(iii)** but was not so compensated solely because one of the exclusions in **Section 5.12 (b)(iv)** applied.

(iii) A Lender making, or intending to make a claim under **Section 5.12 (c)(i)** shall promptly notify Agent of the event which will give, or has given, rise to the claim, following which Agent shall notify the UK Borrower.

(iv) A Lender shall, on receiving a payment from the UK Borrower under this **clause (c)**, notify Agent.

(f) Tax Credit. If a Relevant Borrower makes a Tax Payment and the relevant Lender determines that:

(i) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and

(ii) such Lender has obtained, utilized and retained that Tax Credit, such Lender shall pay an amount to the Relevant Borrower which such Lender determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Relevant Borrower.

(g) Lender Status Confirmation. Each Lender which becomes a party to this Agreement after the date of this Agreement ("New Lender") shall indicate, in the Assignment and Acceptance Agreement which it executes on becoming a party, and for the benefit of Agent and without liability to any Relevant Borrower, which of the following categories it falls within:

(i) not a Qualifying Lender;

(ii) a Qualifying Lender (other than a Treaty Lender); or

(iii) a Treaty Lender. If a New Lender fails to indicate its status in accordance with this **Section 5.12(e)**, then such New Lender or Lenders (as appropriate) shall be treated for the purposes of this Agreement (including by each Relevant Borrower) as if it is not a Qualifying Lender until such time as it notifies Agent which category of Qualifying Lender applies (and Agent, upon receipt

of such notification, shall inform the Relevant Borrower). For the avoidance of doubt, an Assignment and Acceptance shall not be invalidated by any failure of a New Lender to comply with this **Section 5.12**.

(h) HMRC DT Treaty Passport Scheme Confirmation.

(i) A New Lender that is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall include an indication to that effect (for the benefit of the Agent and without liability to any Relevant Borrower) in the Assignment and Acceptance which it executes by including its scheme reference number and its jurisdiction of tax residence in that Assignment and Acceptance.

(ii) Where an Assignment and Acceptance includes the indication described in **clause (f)(i)** above in the relevant Assignment and Acceptance each Relevant Borrower which is a Party as a Borrower as at the date that the relevant Assignment and Acceptance Agreement is executed (the "Transfer Date") shall file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 days of that Transfer Date and shall promptly provide the Lender with a copy of that filing.

(iii) If **clause (f)(ii)** above applies but:

(1) that UK Borrower's form DTTP2 has been rejected by HM Revenue & Customs; or

(2) HM Revenue & Customs has not given the UK Borrower authority to make payments to that Lender without a Tax Deduction within 60 days of the date of the UK Borrower's filing,

and in each case, the UK Borrower has notified that Lender in writing, that Lender and the UK Borrower shall co-operate in completing any additional procedural formalities necessary for that UK Borrower to obtain authorisation to make that payment without a Tax Deduction.

(i) Stamp Taxes. The Relevant Borrower shall pay and, within three Business Days of demand, indemnify each Lender against any cost, loss or liability that Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Loan Document.

(j) Value Added Tax.

(i) All amounts set out or expressed in a Loan Document to be payable by any party to any Lender which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply or supplies, and accordingly, subject to **clause (ii)** below, if VAT is or becomes chargeable on any supply made by any Lender to any party under a Loan Document, that party shall pay to the Lender (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of such VAT (and such Lender shall promptly provide an appropriate VAT invoice to such party).

(ii) If VAT is or becomes chargeable on any supply made by any Lender (the "Supplier") to any other Lender (the "Recipient") under a Loan Document, and any party other than the Recipient (the "Subject Party") is required by the terms of any Loan Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time

as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of such VAT.

(iii) Where a Loan Document requires any party to reimburse or indemnify a Lender for any cost or expense, that party shall reimburse or indemnify (as the case may be) such Lender for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Lender reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(iv) Any reference in this **Section 5.12(h)** to any party shall, at any time when such party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the United Kingdom Value Added Tax Act 1994).

(v) Except as otherwise expressly provided in **Section 5.12(h)**, a reference to “determines” or “determined” in connection with tax provisions contained in **Section 5.12(h)** means a determination made in the absolute discretion of the person making the determination.

SECTION 6. CONDITIONS PRECEDENT

6.1 Conditions Precedent to Initial Revolver Loans. In addition to the conditions set forth in **Section 6.2**, each Lender shall not be required to fund any requested Revolver Loan, issue any Letters of Credit, or otherwise extend credit to any Borrower hereunder, until the date (“Closing Date”) that each of the following conditions has been satisfied:

(f) Each Loan Document to which any Obligor is a party shall have been duly executed and delivered to Agent by each of the signatories thereto, and each Obligor shall be in compliance with all terms thereof.

(g) Agent shall have received acknowledgments of all filings or recordations necessary to perfect its Liens in the Collateral, as well as UCC and Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral, except Permitted Liens.

(h) Agent shall have received (a) a duly executed pledge, charge or mortgage over the outstanding Equity Interests (other than the Excluded Equity Interests) of UK Borrower, (b) original share certificates representing the certificated Equity Interests being pledged, (c) undated share transfer forms for such certificates, executed in blank, and (d) if necessary, evidence that an agent reasonably satisfactory to Agent has been appointed to accept service of process in the applicable jurisdiction.

(i) Agent shall have received duly executed agreements establishing each Dominion Account and related lockbox other than those related to UK Borrower, in form and substance, and with financial institutions, satisfactory to Agent.

(j) Agent shall have received certificates, in form and substance satisfactory to it, from a knowledgeable Senior Officer of Parametric certifying that, after giving effect to the initial Revolver Loans and transactions hereunder, (i) the Obligors and their Subsidiaries, on a consolidated basis, are Solvent; (ii) no Default or Event of Default exists; (iii) the representations and warranties set forth in

Section 9 are true and correct; and (iv) each Borrower has complied with all agreements and conditions to be satisfied by it under the Loan Documents to which such Borrower is a party.

(k) Agent shall have received a certificate of a duly authorized officer of each Obligor (or a director in the case of a UK Borrower), certifying (i) that attached copies of such Obligor's Organic Documents are true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions (of, in the case of a UK Borrower, its board of directors and all the holders of its Equity Interests) authorizing execution and delivery of the Loan Documents to which it is a party is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility; and (iii) to the title, name and signature of each Person authorized to sign the applicable Loan Documents. Agent may conclusively rely on this certificate until it is otherwise notified by the applicable Obligor in writing.

(l) Agent shall have received a written opinion in form and substance reasonably satisfactory to Agent from (i) Dechert LLP, principal legal counsel to the Obligors, (ii) Snell & Wilmer, Nevada counsel to the Obligors, and (iii) Norton Rose Fulbright LLP, legal counsel to the Agent and Lenders as to English law.

(m) Agent shall have received copies of the charter documents of each Obligor, certified by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization (where applicable). Agent shall have received good standing certificates for each Obligor other than UK Borrower, issued by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization and each jurisdiction where such Obligor's conduct of business or ownership of Property necessitates qualification.

(n) Agent shall have received copies of policies or certificates of insurance for the insurance policies carried by Obligors, all in compliance with the Loan Documents.

(o) Agent shall have completed its business, financial and legal due diligence of Obligors, including a roll-forward of its previous field examination, with results satisfactory to Agent. No material adverse change in the financial condition of any US Obligor or in the quality, quantity or value of any US Collateral shall have occurred since December 31, 2013.

(p) If necessary, Agent shall have received a power of attorney authorizing attorneys to execute any Loan Documents on behalf of each UK Borrower.

(q) (i) US Borrowers shall have paid all fees and expenses to be paid to Agent and US Lenders on the Closing Date; and (ii) UK Borrower shall have paid all fees and expenses to be paid to Agent and UK Lenders on the Closing Date.

(r) Agent shall have received a duly executed, dated and released English law deed of release in relation to the existing fixed and floating security over the UK Borrower's assets in favour of HSBC Invoice Finance (UK) Limited.

(s) Agent shall have received a duly executed, dated and released English law deed of release in relation to the existing fixed and floating security over the UK Borrower's assets in favour of HSBC Bank plc.

(t) Agent shall have received a duly executed, dated and released ABFA inter-member transfer documentation in form and substance satisfactory to the Agent.

(u) Agent shall have received Borrowing Base Certificates, each prepared as of March 21, 2014. Upon giving effect to the initial funding of Revolver Loans and issuance of Letters of Credit, and the payment by Borrowers of all fees and expenses incurred in connection herewith as well as any payables stretched beyond their customary payment practices, Availability shall be at least \$7,000,000 (without giving effect to the Availability Block).

6.2 Conditions Precedent to All Credit Extensions. Agent, Issuing Bank and Lenders shall not be required to fund any Revolver Loans, arrange for issuance of any Letters of Credit or grant any other accommodation to or for the benefit of Borrowers, unless the following conditions are satisfied:

(c) No Default or Event of Default shall exist at the time of, or result from, such funding, issuance or grant;

(d) The representations and warranties of each Obligor in the Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on the date of, and upon giving effect to, such funding, issuance or grant (except for representations and warranties that expressly relate to an earlier date);

(e) All conditions precedent in any other Loan Document shall be satisfied; and

(f) With respect to issuance of a Letter of Credit, the LC Conditions shall be satisfied.

Each request (or deemed request) by Borrowers for funding of a Revolver Loan, issuance of a Letter of Credit or grant of an accommodation shall constitute a representation by Borrowers that the foregoing conditions are satisfied on the date of such request and on the date of such funding, issuance or grant. As an additional condition to any funding, issuance or grant, Agent shall have received such other information, documents, instruments and agreements as it deems appropriate in connection therewith.

6.3 Post-Closing Date Conditions . Borrowers shall satisfy each of the following conditions within the applicable time periods:

(e) Within 5 Business Days after the Closing Date, Borrowers shall deliver, or cause to be delivered, to Agent a lender's loss payable insurance endorsement, in form and substance reasonably satisfactory to the Agent, that complies with the insurance requirements set forth in **Section 8.9.2**.

(f) Within 15 Business Days after the Closing Date, Borrowers shall deliver, or cause to be delivered, to Agent each original stock certificate and stock power, in form and substance reasonably satisfactory to Agent, with respect to (i) the pledged Equity Interests of VTB owned by Parametric, (ii) the pledged Equity Interests of PSC owned by Parametric, (iii) the pledged Equity Interests of Voyetra owned by VTB, and (iv) the 65% pledge of Turtle Beach's Equity Interests owned by Voyetra.

(g) Within 45 days after the Closing Date, US Borrowers shall deliver to Agent in respect of each deposit account maintain by a US Borrower at Mutual of Omaha Bank, (i) a duly executed Deposit Account Control Agreement, or (ii) evidence that such deposit account has been closed and all

proceeds of the account have been transferred to a deposit account maintained with Agent, in each case, in form and substance reasonably satisfactory to Agent.

(h) Within 45 days after the Closing Date, Borrowers shall deliver to Agent all documents required by the definitions of Eligible UK In-Transit Inventory and Eligible US In-Transit Inventory in order to allow the applicable in-transit Inventory to satisfy the requirements of such definitions (it being understood that as an accommodation to the Borrowers, Agent and Lenders have agreed to include Eligible UK In-Transit Inventory in the UK Borrowing Base and Eligible US In-Transit Inventory in the US Borrowing Base during such 45 day period and if at the conclusion of such period the conditions set forth in this clause (a) is not satisfied with respect to either Eligible UK In-Transit Inventory or Eligible US In-Transit Inventory, Eligible UK In-Transit Inventory shall be immediately excluded from the UK Borrowing Base and Eligible US In-Transit Inventory shall be immediately excluded from the US Borrowing Base, as applicable). The Agent, Lender and Borrowers agree that the aggregate outstanding amount of Revolver Loans supported by Eligible US In-Transit Inventory and Eligible UK In-Transit Inventory shall at no time exceed the aggregate amount of \$3,000,000 during such 45 day period.

(i) Within 45 days after the Closing Date, UK Borrower shall deliver such documentation as is required by Agent to evidence that Agent has obtained a fixed charge under English law with respect to the Deposit Accounts and Accounts of UK Borrower.

(j) Within 45 days after the Closing Date, Agent shall have received duly executed agreements establishing each Dominion Account and related lockbox with respect to the UK Borrower, in form and substance, and with financial institutions, satisfactory to Agent.

(k) Within 45 days after the Closing Date, Agent shall have received evidence that all Account Debtors of UK Borrower have been notified in writing to make payments with respect to Accounts of UK Borrower to the applicable Dominion Account.

(l) Within 45 days after the Closing Date, Agent shall have received a duly executed Deposit Account Control Agreement for each Dominion Account of UK Borrower.

The Obligors acknowledge that that as an accommodation to the Borrowers, Agent and Lenders have agreed to include Eligible UK Accounts in the UK Borrowing Base during such 45 day period and if at the conclusion of such period the conditions set forth in Section 6.3(c) through (f) are not satisfied, Eligible UK Accounts shall be immediately excluded from the UK Borrowing Base.

SECTION 7. COLLATERAL

7.1 Grant of Security Interest in US Collateral. To secure the prompt payment and performance of all US Obligations, each US Borrower hereby grants to Agent, for the benefit of US Secured Parties, a continuing security interest in and Lien upon all Property of such US Borrower, including all of the following Property, whether now owned or hereafter acquired, and wherever located:

- (g) all Accounts;
- (h) all Chattel Paper, including electronic chattel paper;
- (i) all Commercial Tort Claims, including those shown on **Schedule 9.1.16**;
- (j) all Deposit Accounts;

(k) all Documents;

(l) 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));

(m) all Goods, including Inventory, Equipment and fixtures;

(n) all Instruments;

(o) all Investment Property;

(p) all Letter-of-Credit Rights;

(q) all Supporting Obligations;

(r) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate of Agent or a US Lender, including any Cash Collateral;

(s) 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

(t) 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.

7.2 Lien on Deposit Accounts; Cash Collateral.

7.2.2 Deposit Accounts. To further secure the prompt payment and performance of its applicable Obligations, each Obligor hereby grants to Agent a continuing security interest in and Lien upon all amounts credited to any Deposit Account of such Obligor, including sums in any blocked, lockbox, sweep or collection account. Each Obligor hereby authorizes and directs each bank or other depository to deliver to Agent, upon request, all balances in any Deposit Account maintained for such Obligor, without inquiry into the authority or right of Agent to make such request.

7.2.3 Cash Collateral. Cash Collateral may be invested, at Agent’s discretion (and with the consent of Obligors, as long as no Event of Default exists), but Agent shall have no duty to do so, regardless of any agreement or course of dealing with any Obligor, and shall have no responsibility for any investment or loss. As security for its Obligations, each Obligor hereby grants to Agent a security interest in and Lien upon all Cash Collateral held from time to time and all proceeds thereof, whether held in a Cash Collateral Account or otherwise. Agent may apply Cash Collateral to the payment of such Obligations as they become due, in such order as Agent may elect. Each Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Agent, and no Obligor or other Person shall have any right to any Cash Collateral, until Full Payment of the Obligations.

7.3 Real Estate Collateral. If any Obligor acquires any owned Real Estate hereafter, such Obligor shall, within 30 days, execute, deliver and record a Mortgage sufficient to create a first priority Lien in favor of Agent on such Real Estate, and shall deliver all Related Real Estate Documents.

7.4 Other Collateral.

7.4.2 Commercial Tort Claims. Obligors shall promptly notify Agent in writing if any Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$100,000), shall promptly amend **Schedule 9.1.16** to include such claim, and shall take such actions as Agent deems appropriate to subject such claim to a duly perfected, first priority Lien in favor of Agent.

7.4.3 Certain After-Acquired Collateral. Obligors shall promptly notify Agent in writing if, after the Closing Date, any Obligor obtains any interest in any Collateral consisting of Deposit Accounts, Chattel Paper, Documents, Instruments, registered Intellectual Property, Investment Property or Letter-of-Credit Rights and, upon Agent's request, shall promptly take such actions as Agent reasonably deems appropriate to effect Agent's duly perfected, first priority Lien upon such Collateral, including using commercially reasonable efforts to obtain any appropriate possession, control agreement or Lien Waiver. If any Collateral is in the possession of a third party, at Agent's reasonable request, Obligors shall use commercially reasonable efforts to obtain an acknowledgment that such third party holds the Collateral for the benefit of Agent.

7.5 Limitations. The Lien on Collateral granted hereunder is given as security only and shall not subject Agent or any Lender to, or in any way modify, any obligation or liability of Obligors relating to any Collateral. In no event shall the grant of any Lien under any Loan Document secure an Excluded Swap Obligation of the granting Obligor.

7.6 Further Assurances. All Liens granted to Agent under the Loan Documents are for the benefit of Secured Parties. Promptly upon request, Obligors shall deliver such instruments and agreements, and shall take such actions, as Agent reasonably deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Agreement. Each Obligor authorizes Agent to file any financing statement that describes the Collateral as "all assets" or "all personal property" of such Obligor, or words to similar effect, and ratifies any action taken by Agent before the Closing Date to effect or perfect its Lien on any Collateral.

7.7 Foreign Subsidiary Stock. Notwithstanding anything herein to the contrary, in no event shall the US Collateral include or the Lien granted under **Section 7.1** hereof (a) attach to any of the Excluded Equity Interests, or (b) include any assets of a Foreign Subsidiary. For the avoidance of doubt, a first-tier Foreign Subsidiary means any Foreign Subsidiary owned by a US Person.

SECTION 8. COLLATERAL ADMINISTRATION

8.1 Borrowing Base Certificates.

8.1.4 US Borrowing Base Certificate. By the Reporting Due Date, US Borrower shall deliver to Agent (and Agent shall promptly deliver same to US Lenders) a US Borrowing Base Certificate prepared as of the close of business of the previous week or month, as applicable, and at such other times as Agent may request. All calculations of US Availability in any US Borrowing Base Certificate shall originally be made by US Obligors and certified by a Senior Officer, provided that Agent may from time to time review and adjust any such calculation (a) to reflect its reasonable estimate of declines in value of any

US Collateral, due to collections received in the Dominion Account or otherwise; (b) to adjust advance rates to reflect changes in dilution, quality, mix and other factors affecting US Collateral; and (c) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the US Availability Reserve.

8.1.5 UK Borrowing Base Certificate. By the Reporting Due Date, UK Borrower shall deliver to Agent (and Agent shall promptly deliver same to UK Lenders) a UK Borrowing Base Certificate prepared as of the close of business of the previous week or month, as applicable, and at such other times as Agent may request. All calculations of UK Availability in any UK Borrowing Base Certificate shall originally be made by UK Obligors and certified by a Senior Officer, provided that Agent may from time to time review and adjust any such calculation (a) to reflect its reasonable estimate of declines in value of any UK Collateral, due to collections received in the Dominion Account or otherwise; (b) to adjust advance rates to reflect changes in dilution, quality, mix and other factors affecting UK Collateral; and (c) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the UK Availability Reserve.

8.2 Accounts.

8.2.1 Records and Schedules of Accounts. Each Obligor shall keep accurate and complete records of its Accounts, including all payments and collections thereon, and shall submit to Agent sales, collection, reconciliation and other reports in form satisfactory to Agent, on such periodic basis as Agent may request. Each Obligor shall also provide to Agent, on or before the Reporting Due Date, a detailed aged trial balance of all Accounts as of the end of the preceding month, specifying each Account's Account Debtor name and address, amount, invoice date and due date, showing any discount, allowance, credit, authorized return or dispute, and including such proof of delivery, copies of invoices and invoice registers, copies of related documents, repayment histories, status reports and other information as Agent may reasonably request. If Accounts in an aggregate face amount of \$1,000,000 or more cease to be Eligible Accounts, Obligors shall notify Agent of such occurrence promptly (and in any event within one Business Day) after any Obligor has knowledge thereof.

8.2.2 Taxes. If an Account of any Obligor includes a charge for any Taxes, Agent is authorized, in its discretion, to pay the amount thereof to the proper taxing authority for the account of such Obligor and to charge Obligors therefor; provided, however, that neither Agent nor Lenders shall be liable for any Taxes that may be due from Obligors or with respect to any Collateral.

8.2.3 Account Verification. Whether or not a Default or Event of Default exists, Agent shall have the right at any time, in the name of Agent, any designee of Agent or any Obligor, to verify the validity, amount or any other matter relating to any Accounts of Obligors by mail, telephone or otherwise. Obligors shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process. Agent agrees that unless a Default or Event of Default exists, it will only conduct such verifications in connection with an audit or field exam which is being conducted at the same time.

8.2.4 Maintenance of Dominion Account. Obligors shall maintain Dominion Accounts pursuant to lockbox or other arrangements acceptable to Agent provided that lockboxes shall not be required in the UK or any other jurisdiction where lockboxes are not available. Obligors shall obtain an agreement (in form and substance reasonably satisfactory to Agent) from each lockbox servicer and Dominion Account bank, establishing Agent's control over and Lien in the lockbox or Dominion Account (which with respect to the Dominion Account of US Borrowers may be exercised by Agent during any US Dominion Trigger Period), requiring immediate deposit of all remittances received in the lockbox to a Dominion Account, and waiving offset rights of such servicer or bank, except for customary administrative charges. Dominion

Accounts of UK Borrowers shall be under the sole dominion and exclusive control of the Agent. If a Dominion Account is not maintained with Bank of America, Agent may (during any US Dominion Trigger Period with respect to the Dominion Account of US Borrowers) require immediate transfer of all funds in such account to a Dominion Account maintained with Bank of America. Agent and Lenders assume no responsibility to Obligors for any lockbox arrangement or Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by any bank.

8.2.5 Proceeds of Collateral. Obligors shall request in writing and otherwise take all necessary steps to ensure that all payments on Accounts or otherwise relating to Collateral are made directly to a Dominion Account (or a lockbox relating to a Dominion Account). If any Obligor or Subsidiary receives cash or Payment Items with respect to any Collateral, it shall hold same in trust for Agent and promptly (not later than the next Business Day) deposit same into a Dominion Account.

8.3 Inventory.

8.3.4 Records and Reports of Inventory. Each Obligor shall keep accurate and complete records of its Inventory, including costs and daily withdrawals and additions, and shall submit to Agent inventory and reconciliation reports in form reasonably satisfactory to Agent, on a monthly basis by the 15th day of each month. Each Obligor shall conduct a physical inventory at least once per calendar year (and on a more frequent basis if requested by Agent when an Event of Default exists) and periodic cycle counts consistent with historical practices, and shall provide to Agent a report based on each such inventory and count promptly upon completion thereof, together with such supporting information as Agent may reasonably request. Agent may participate in and observe each physical count.

8.3.5 Returns of Inventory. No Obligor shall return any Inventory to a supplier, vendor or other Person, whether for cash, credit or otherwise, unless (a) such return is in the Ordinary Course of Business; (b) no Default, Event of Default or Overadvance exists or would result therefrom; (c) Agent is promptly notified if the aggregate amount of all Inventory returned in any month to UK Borrower exceeds 10% of the UK Borrower's gross revenue (as measured by UK Borrower using the methodology in place on the Closing Date) or US Borrower exceeds 10% of the US Borrower's gross revenue (as measured by US Borrower using the methodology in place on the Closing Date); and (d) any payment received by an Obligor for a return is promptly remitted to Agent for application to the Obligations.

8.3.6 Acquisition, Sale and Maintenance. No Obligor shall acquire or accept any Inventory on consignment or approval, and each Obligor shall take all steps to assure that all Inventory is produced in accordance with Applicable Law, including the FLSA. No Obligor shall sell any Inventory on consignment or approval or any other basis under which the customer may return or require an Obligor to repurchase such Inventory. Obligors shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with all Applicable Law, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

8.4 Equipment.

8.4.1 Records and Schedules of Equipment. Each Obligor shall keep accurate and complete records of its Equipment, including kind, quality, quantity, cost, acquisitions and dispositions thereof, and shall submit to Agent, on such periodic basis as Agent may reasonably request, a current schedule thereof, in form reasonably satisfactory to Agent. During the existence of an Event of Default, promptly upon request, Obligors shall deliver to Agent evidence of their ownership or interests in any Equipment.

8.4.2 Dispositions of Equipment. No Obligor shall sell, lease or otherwise dispose of any Equipment, without the prior written consent of Agent, other than (a) a Permitted Asset Disposition; and (b) replacement of Equipment that is worn, damaged or obsolete with Equipment used or useful in the business of such Obligor, if the replacement Equipment is acquired substantially contemporaneously with such disposition and is free of Liens other than Permitted Liens.

8.4.3 Condition of Equipment. The Equipment is in good operating condition and repair, and all necessary replacements and repairs have been made so that the value and operating efficiency of the Equipment is preserved at all times, reasonable wear and tear excepted. Each Obligor shall ensure that the Equipment is mechanically and structurally sound, and capable of performing the functions for which it was designed, in accordance with manufacturer specifications. No Obligor shall permit any Equipment to become affixed to real Property unless such Obligor uses its commercially reasonable efforts to have the applicable landlord or mortgagee deliver a Lien Waiver.

8.5 Deposit Accounts. **Schedule 8.5** sets forth all Deposit Accounts maintained by Obligors, including all Dominion Accounts. Each Obligor shall take all actions necessary to establish Agent's control of each such Deposit Account (other than an account exclusively used for payroll, payroll taxes or employee benefits, or an account containing not more than \$10,000 at any time). Each Obligor shall be the sole account holder of each Deposit Account and shall not allow any other Person (other than Agent) to have control over a Deposit Account or any Property deposited therein. Each Obligor shall promptly notify Agent of any opening or closing of a Deposit Account and, with the consent of Agent (which shall not be unreasonably withheld or delayed), will amend **Schedule 8.5** to reflect same.

8.6 Administration of Equity Interests and Instruments.

8.6.7 Certificated Security.

(a) **Schedule 8.6.1** sets forth all Equity Interests owned by each Obligor to the extent included in the Collateral.

(b) With respect to any such Equity Interest (other than Excluded Equity Interests) that constitutes Certificated Securities, each Obligor shall deliver to Agent any and all certificates evidencing such Certificated Securities duly endorsed by an effective endorsement (within the meaning of Section 8-107 of the UCC or other Applicable Law), or accompanied by share transfer powers or other instruments of transfer duly endorsed by such an effective endorsement, in each case, to Agent or in blank.

(c) With respect to any such Equity Interests (other than Excluded Equity Interests) that is uncertificated, each Obligor shall deliver to Agent any and all control agreements and other documents requested by Agent in order to have control over and to perfect Agent's Lien on such Equity Interest.

(d) Each Obligor shall promptly notify Agent of any change to **Schedule 8.6.1** and, with the consent of Agent which shall not be unreasonably withheld, will amend **Schedule 8.6.1** to reflect same, which consent shall not be required if the Schedule is being amended to reflect the consummation of a Permitted Acquisition.

8.6.8 Instruments.

(a) **Schedule 8.6.2** sets forth all debt securities issued to each Obligor to the extent included in the Collateral. With respect to any such debt securities that constitute an Instrument, each Obligor shall deliver to Agent all such Instruments to Agent duly indorsed in blank.

(b) Each Obligor shall promptly notify Agent of any change to **Schedule 8.6.2** and, with the consent of Agent which shall not be unreasonably withheld, will amend **Schedule 8.6.2** to reflect same, which such consent shall not be required if the Schedule is being amended to include additional debt securities.

8.7 Administration of Investment Property.

8.7.4 Registration in Nominee Name; Denominations. Agent, on behalf of the Secured Parties, shall have the right (in its sole and absolute discretion), after the occurrence and during the continuance of an Event of Default to hold any Equity Interests which are included in the Collateral in its own name as pledgee, the name of its nominee (as pledgee or as sub-agent) or the name of the relevant Obligor, endorsed or assigned in blank or in favor of Agent. Each Obligor will promptly give to Agent copies of any material notices or other communications received by them with respect to such Collateral registered in the name of the relevant Obligor. Agent shall have the right after the occurrence and during the continuance of an Event of Default to exchange the certificates registered in its name representing such pledged Equity Interests for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

8.7.5 Voting Rights; Dividends and Interest, etc.

(a) Unless and until an Event of Default shall have occurred and be continuing:

(v) Each Obligor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Equity Interests or any part thereof for any purpose consistent with the terms of this Agreement and the other Loan Document;

(vi) Each Obligor shall be entitled to receive and retain any and all cash dividends, interest and principal paid on the Equity Interests included in Collateral. All noncash dividends, interest and principal, and all dividends, interest and principal paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution, return of capital, capital surplus or paid-in surplus, and all other distributions (other than distributions referred to in the preceding sentence) made on or in respect of the Equity Interests included in the Collateral, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding capital stock of the issuer of any Equity Interests included in the Collateral or received in exchange for such Collateral or any part thereof, or in redemption thereof, or as a result of any merger, amalgamation, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral, and, if received by any Obligor, shall not be commingled by such Obligor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of Agent and shall be forthwith delivered to Agent in the same form as so received (with any necessary endorsement).

(b) Upon the occurrence and during the continuance of an Event of Default, and upon prior written notice from Agent to any Obligor, all rights of such Obligor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section shall cease, and all such rights shall thereupon become vested in Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers in a manner not inconsistent

with the terms of this Agreement or the other Loan Documents, provided that, unless otherwise directed by the Required Lenders, Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Obligors to exercise such rights. After all Events of Default have been cured or waived, such Obligor will have the right to exercise the voting and consensual rights and powers that it would otherwise be entitled to exercise pursuant to the terms of paragraph (a)(i) above.

(c) Upon the occurrence and during the continuance of an Event of Default, and after written notice from Agent to any Obligor, all rights of such Obligor to dividends, interest or principal that such Obligor is authorized to receive pursuant to paragraph (a)(ii) above shall cease, and all such rights shall thereupon become vested in Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest or principal. All dividends, interest or principal received by an Obligor contrary to the provisions of this Section shall be held in trust for the benefit of Agent, shall be segregated from other property or funds of such Obligor and shall be forthwith delivered to Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by Agent pursuant to the provisions of this paragraph (c) shall be retained by Agent in an account to be established by Agent upon receipt of such money or other property and shall be applied to the Obligations as set forth herein.

8.8 Administration of Letter of Credit Rights. **Schedule 8.8** sets forth all letters of credit to which such Obligor has rights. If any Obligor is at any time a beneficiary under a letter of credit now or hereafter issued in favor of such Obligor, with a stated amount in excess of \$500,000, such Obligor shall promptly notify Agent thereof and, at the reasonable request and option of Agent, such Obligor shall use commercially reasonable efforts, pursuant to an agreement in form and substance reasonably satisfactory to Agent to arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to Agent of the Proceeds of any drawing under the letter of credit, agreeing that the proceeds of any drawing under the letter of credit are to be paid to the applicable Obligor unless an Event of Default has occurred or is continuing. Each Obligor shall promptly notify Agent of any change to **Schedule 8.8** and, with the consent of Agent which shall not be unreasonably withheld, will amend **Schedule 8.8** to reflect same, which such consent shall not be required if the Schedule is being amended to include additional letters of credit.

8.9 General Provisions.

8.9.2 Location of Collateral. All tangible items of Collateral, other than Inventory in transit, shall at all times be kept by Obligors at the business locations set forth in **Schedule 8.9.1**, except that Obligors may (a) make sales or other dispositions of Collateral in accordance with **Section 10.2.6**; and (b) move Collateral to another location in the United States, upon 30 Business Days prior written notice to Agent.

8.9.3 Insurance of Collateral; Condemnation Proceeds.

(d) Each Obligor shall maintain insurance with respect to the Collateral, covering casualty, hazard, theft, malicious mischief, flood and other risks, in amounts, with endorsements and with insurers (with a Best rating of at least A+, unless otherwise approved by Agent in its discretion) satisfactory to Agent. All proceeds under each policy shall be payable to the Dominion Account, subject to **clause (c)** below. From time to time upon request, Obligors shall deliver to Agent the originals or certified copies of its insurance policies and updated flood plain searches. Unless Agent shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Agent as loss payee; (ii) requiring 10 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever; and (iii) specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted

by the policy. If any Obligor fails to provide and pay for any insurance, Agent may, at its option, but shall not be required to, procure the insurance and charge Obligors therefor. Each Obligor agrees to deliver to Agent, promptly as rendered, copies of all reports made to insurance companies. While no Event of Default exists, Obligors may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Agent. If an Event of Default exists, only Agent shall be authorized to settle, adjust and compromise such claims.

(e) Subject to **clause (c)** below, any proceeds of insurance (other than proceeds from workers' compensation or D&O insurance) and any awards arising from condemnation of any Collateral shall be paid to Agent. Any such proceeds or awards that relate to Inventory shall be applied first to payment of the applicable Revolver Loans, and then to other applicable Obligations. Subject to **clause (c)** below, any proceeds or awards that relate to Equipment or Real Estate shall be applied first to the applicable Revolver Loans and then to other applicable Obligations.

(f) If requested by Obligors in writing within 15 days after Agent's receipt of any insurance proceeds or condemnation awards relating to any loss or destruction of Equipment or Real Estate, Obligors may use such proceeds or awards to repair or replace such Equipment or Real Estate (and until so used, the proceeds shall be held by Agent as Cash Collateral) as long as (i) no Default or Event of Default exists; (ii) such repair or replacement is promptly undertaken and concluded, in accordance with plans satisfactory to Agent; (iii) replacement buildings are constructed on the sites of the original casualties and are of comparable size, quality and utility to the destroyed buildings; (iv) the repaired or replaced Property is free of Liens, other than Permitted Liens that are not Purchase Money Liens; (v) Obligors comply with disbursement procedures for such repair or replacement as Agent may reasonably require; and (vi) the aggregate amount of such proceeds or awards from any single casualty or condemnation does not exceed \$500,000.

8.9.4 Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral, all Taxes payable with respect to any Collateral (including any sale thereof), and all other payments required to be made by Agent to any Person to realize upon any Collateral, shall be borne and paid by Obligors. Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for reasonable care in its custody while Collateral is in Agent's actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at Obligors' sole risk.

8.9.5 Defense of Title. Each Obligor shall defend its title to Collateral and Agent's Liens therein against all Persons, claims and demands, except Permitted Liens.

8.10 Power of Attorney. Each Obligor hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Obligor's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. Agent, or Agent's designee, may, without notice and in either its or an Obligor's name, but at the cost and expense of Obligors:

(e) Endorse an Obligor's name on any Payment Item or other proceeds of Collateral (including proceeds of insurance) that come into Agent's possession or control; and

(f) During an Event of Default, (i) notify any Account Debtors of the assignment of their Accounts, demand and enforce payment of Accounts by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts; (ii) settle, adjust, modify, compromise, discharge or release any Accounts or other Collateral, or any legal proceedings brought to

collect Accounts or Collateral; (iii) sell or assign any Accounts and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv) collect, liquidate and receive balances in Deposit Accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign an Obligor's name to a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to an Obligor, and notify postal authorities to deliver any such mail to an address designated by Agent; (vii) endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Accounts, Inventory or other Collateral; (viii) use an Obligor's stationery and sign its name to verifications of Accounts and notices to Account Debtors; (ix) use information contained in any data processing, electronic or information systems relating to Collateral; (x) make and adjust claims under insurance policies; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which an Obligor is a beneficiary; and (xii) take all other actions as Agent deems appropriate to fulfill any Obligor's obligations under the Loan Documents.

SECTION 9. REPRESENTATIONS AND WARRANTIES

9.1 General Representations and Warranties. To induce Agent and Lenders to enter into this Agreement and to make available the Revolver Commitments, Revolver Loans and Letters of Credit, each Obligor represents and warrants that:

9.1.6 Organization and Qualification. Each Obligor and Subsidiary is duly organized, validly existing and in good standing (where applicable) under the laws of the jurisdiction of its organization or incorporation. Each Obligor and Subsidiary is duly qualified, authorized to do business and in good standing as a foreign corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

9.1.7 Power and Authority. Each Obligor is duly authorized to execute, deliver and perform its Loan Documents. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action, and do not (a) require any consent or approval of any holders of Equity Interests of any Obligor, except those already obtained; (b) contravene the Organic Documents of any Obligor; (c) violate or cause a default under any Applicable Law or Material Contract; or (d) result in or require imposition of a Lien (other than Permitted Liens) on any Obligor's Property.

9.1.8 Enforceability. Each Loan Document is a legal, valid and binding obligation of each Obligor party thereto, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

9.1.9 Capital Structure. **Schedule 9.1.4** shows, for each Obligor and Subsidiary, its name, jurisdiction of organization or incorporation, authorized and issued Equity Interests, holders of its Equity Interests (other than the holders of the Equity Interests of Parametric), and agreements binding on such holders with respect to such Equity Interests. Except as disclosed on **Schedule 9.1.4**, in the five years preceding the Closing Date, no Obligor or Subsidiary has acquired any substantial assets from any other Person nor been the surviving entity in a merger, amalgamation or combination other than the acquisition by Voyetra Turtle Beach of UK Borrower. Each Obligor has good title to its Equity Interests in its Subsidiaries, subject only to Agent's Lien, and all such Equity Interests are duly issued, fully paid and non-assessable. There are no outstanding purchase options (excluding such options with respect to the Equity Interests of Parametric), warrants, subscription rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to Equity Interests of any Obligor or Subsidiary, except as disclosed on **Schedule 9.1.4**. Borrowers will amend **Schedule 9.1.4** to reflect any changes thereto as a result of a Permitted

Acquisition or other transaction permitted hereunder or otherwise with the consent of Agent, which consent shall not be unreasonably withheld or delayed.

9.1.10 Title to Properties; Priority of Liens. Each Obligor and Subsidiary has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens except Permitted Liens. Each Obligor and Subsidiary has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. All Liens of Agent in the Collateral are duly perfected, first priority Liens, subject only to Permitted Liens.

9.1.11 Accounts. Agent may rely, in determining which Accounts are Eligible Accounts, on all statements and representations made by Obligors with respect thereto. Obligors warrant, with respect to each Account at the time it is shown as an Eligible Account in a Borrowing Base Certificate, that:

(e) it is genuine and in all respects what it purports to be, and is not evidenced by a judgment;

(f) it arises out of a completed, *bona fide* sale and delivery of goods in the Ordinary Course of Business, and substantially in accordance with any purchase order, contract or other document relating thereto;

(g) it is for a sum certain, maturing as stated in the invoice covering such sale, a copy of which has been furnished or is available to Agent on request;

(h) it is not subject to any offset, Lien (other than Agent's Lien), deduction, defense, dispute, counterclaim or other adverse condition except as arising in the Ordinary Course of Business and disclosed to Agent; and it is absolutely owing by the Account Debtor, without contingency in any respect;

(i) no purchase order, agreement, document or Applicable Law restricts assignment of the Account to Agent (regardless of whether, under the UCC, the restriction is ineffective), and the applicable Obligor is the sole payee or remittance party shown on the invoice;

(j) no extension, compromise, settlement, modification, credit, deduction or return has been authorized with respect to the Account, except discounts or allowances granted in the Ordinary Course of Business for prompt payment that are reflected on the face of the invoice related thereto and in the reports submitted to Agent hereunder; and

(k) to the best of Obligors' knowledge, (i) there are no facts or circumstances that are reasonably likely to impair the enforceability or collectability of such Account; (ii) the Account Debtor had the capacity to contract when the Account arose, continues to meet the applicable Obligor's customary credit standards, is Solvent, is not contemplating or subject to an Insolvency Proceeding, and has not failed, or suspended or ceased doing business; and (iii) there are no proceedings or actions threatened or pending against any Account Debtor that could reasonably be expected to have a material adverse effect on the Account Debtor's financial condition.

9.1.12 Financial Statements. The consolidated and consolidating balance sheets, and related statements of income, cash flow and shareholders' equity, of Obligors and Subsidiaries that have been and are hereafter delivered to Agent and Lenders, are prepared in accordance with GAAP, and fairly present in all material respects the financial positions and results of operations of Obligors and Subsidiaries at the dates and for the periods indicated and, for unaudited financial statements, subject to normal year-end

adjustments and the absence of footnotes. All projections delivered from time to time to Agent and Lenders have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time. Since January 31, 2014, there has been no change in the condition, financial or otherwise, of any Obligor or Subsidiary that could reasonably be expected to have a Material Adverse Effect. No financial statement delivered to Agent or Lenders at any time contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make such statement not materially misleading. Obligors and their Subsidiaries are Solvent on a consolidated basis.

9.1.13 Surety Obligations. No Obligor or Subsidiary is obligated as surety or indemnitor under any bond or other contract that assures payment or performance of any obligation of any Person, except as permitted hereunder.

9.1.14 Taxes. Each Obligor and Subsidiary has filed all material federal, state and local tax returns and other reports that it is required by law to file, and has paid, or made provision for the payment of, all material Taxes upon it, its income and its Properties that are due and payable, except to the extent being Properly Contested. The provision for all material Taxes on the books of each Obligor and Subsidiary is adequate for all years not closed by applicable statutes, and for its current Fiscal Year.

9.1.15 Brokers. There are no brokerage commissions, finder's fees or investment banking fees payable in connection with any transactions contemplated by the Loan Documents.

9.1.16 Intellectual Property. Each Obligor and Subsidiary owns or has the lawful right to use all Intellectual Property necessary for the conduct of its business, without conflict with any rights of others. There is no pending or, to any Obligor's knowledge, threatened Intellectual Property Claim in an amount exceeding \$2,000,000 in the aggregate, with respect to any Obligor, any Subsidiary or any of their Property (including any Intellectual Property). Except as disclosed on **Schedule 9.1.11**, no Obligor or Subsidiary pays or owes any Royalty or other compensation to any Person with respect to any Intellectual Property. All Intellectual Property owned, used or licensed by, or otherwise subject to any interests of, any Obligor or Subsidiary is shown on **Schedule 9.1.11**. Borrowers may update **Schedule 9.1.11** with the consent of Agent which shall not be unreasonably withheld.

9.1.17 Governmental Approvals. Each Obligor and Subsidiary has, is in compliance with, and is in good standing with respect to, all Governmental Approvals necessary to conduct its business and to own, lease and operate its Properties, except as could reasonably be expected to result in a Material Adverse Effect. All necessary import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral have been procured and are in effect, and Obligors and Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

9.1.18 Compliance with Laws. Each Obligor and Subsidiary has duly complied, and its Properties and business operations are in compliance, in all material respects with all Applicable Law, except where noncompliance could not reasonably be expected to have a Material Adverse Effect. There have been no citations, notices or orders of material noncompliance issued to any Obligor or Subsidiary under any Applicable Law, except where noncompliance could reasonably be expected to result in a Material Adverse Effect. No Inventory has been produced in violation of the FLSA.

9.1.19 Compliance with Environmental Laws. Except as disclosed on **Schedule 9.1.14**, or as could not reasonably be expected to result in a Material Adverse Effect, no Obligor's or Subsidiary's past or present operations, Real Estate or other Properties are subject to any federal, state or local investigation to determine whether any remedial action is needed to address any environmental pollution, hazardous

material or environmental clean-up. No Obligor or Subsidiary has received any Environmental Notice that could reasonably be expected to result in a Material Adverse Effect. No Obligor or Subsidiary has any contingent liability with respect to any Environmental Release, environmental pollution or hazardous material on any Real Estate now or previously owned, leased or operated by it that could reasonably be expected to result in a Material Adverse Effect.

9.1.20 Burdensome Contracts. No Obligor or Subsidiary is a party or subject to any contract, agreement or charter restriction that could reasonably be expected to have a Material Adverse Effect. No Obligor or Subsidiary is party or subject to any Restrictive Agreement, except as shown on **Schedule 9.1.15**. No such Restrictive Agreement prohibits the execution, delivery or performance of any Loan Document by an Obligor.

9.1.21 Litigation. Except as shown on **Schedule 9.1.16**, there are no proceedings or investigations pending or, to any Obligor's knowledge, threatened against any Obligor or Subsidiary, or any of their businesses, operations, Properties or financial condition, that (a) relate to any Loan Documents or transactions contemplated thereby; or (b) could reasonably be expected to have a Material Adverse Effect if determined adversely to any Obligor or Subsidiary. Except as shown on such Schedule (as supplemented from time to time to add Commercial Tort Claims), no Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$100,000). No Obligor or Subsidiary is in default with respect to any order, injunction or judgment of any Governmental Authority.

9.1.22 No Defaults. No event or circumstance has occurred or exists that constitutes a Default or Event of Default. No Obligor or Subsidiary is in default, and no event or circumstance has occurred or exists that with the passage of time or giving of notice would constitute a default, under any Material Contract or in the payment of any Borrowed Money in excess of \$2,000,000. There is no basis upon which any party (other than an Obligor or Subsidiary) could terminate a Material Contract prior to its scheduled termination date.

9.1.23 ERISA. Except as disclosed on **Schedule 9.1.18**:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code, and other federal and state laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of Obligors, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Obligor and ERISA Affiliate has met all applicable requirements under the Code, ERISA and the Pension Protection Act of 2006, and no application for a waiver of the minimum funding standards or an extension of any amortization period has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of Obligors, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted in or could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) no Obligor or ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) no Obligor or ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving

of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; (v) no Obligor or ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA; and (vi) as of the most recent valuation date for any Pension Plan or Multiemployer Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is at least 60%, and no Obligor or ERISA Affiliate knows of any fact or circumstance that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of such date.

(d) With respect to any Foreign Plan, (i) all employer and employee contributions required by law or by the terms of the Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance, or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles; and (iii) it has been registered as required and has been maintained in good standing with applicable regulatory authorities.

(e) Except as disclosed on **Schedule 9.1.18**, UK Borrower is not nor has at any time been (A) an employer (for the purposes of sections 38 to 51 of the Pensions Act 2004 (UK)) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act (1993)(UK)) or (B) is or has at any time been “connected” with or an “associate” (as those terms are used in sections 38 and 43 of the Pensions Act 2004(UK)) of such an employer.

(f) UK Borrower has not been issued with a Financial Support Direction or Contribution Notice in respect of any pension scheme.

9.1.24 Trade Relations. There exists no actual or threatened termination, limitation or modification of any business relationship between any Obligor or Subsidiary and any customer or supplier, or any group of customers or suppliers, who individually or in the aggregate are material to the business of such Obligor or Subsidiary. There exists no condition or circumstance that could reasonably be expected to impair the ability of any Obligor or Subsidiary to conduct its business at any time hereafter in substantially the same manner as conducted on the Closing Date.

9.1.25 Labor Relations. Except as described on **Schedule 9.1.20** (which may be amended with the consent of Agent which is not to be unreasonably withheld or delayed), no Obligor or Subsidiary is party to or bound by any collective bargaining agreement, management agreement or consulting agreement (other than those consulting and employment agreements entered into in the Ordinary Course of Business). There are no material grievances, disputes or controversies with any union or other organization of any Obligor’s or Subsidiary’s employees, or, to any Obligor’s knowledge, any asserted or threatened strikes, work stoppages or demands for collective bargaining.

9.1.26 Payable Practices. No Obligor or Subsidiary has made any material change in its historical accounts payable practices from those in effect on the Closing Date.

9.1.27 Not a Regulated Entity. No Obligor is (a) an “investment company” or a “person directly or indirectly controlled by or acting on behalf of an investment company” within the meaning of the Investment Company Act of 1940; or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any public utilities code or any other Applicable Law regarding its authority to incur Debt.

9.1.28 Margin Stock. No Obligor or Subsidiary is engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No Revolver Loan proceeds or Letters of Credit will be used by Obligors to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose governed by Regulations T, U or X of the Board of Governors.

9.1.29 OFAC. No Obligor, Subsidiary or, to the knowledge of any Obligor or Subsidiary, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity currently the subject of any Sanctions. No Obligor or Subsidiary is located, organized or resident in a Designated Jurisdiction.

9.1.30 UK Charges. Under the law of each Obligor's jurisdiction of incorporation it is not necessary that any UK Security Agreement be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to any UK Security Agreement or the transactions contemplated by any UK Security Agreement, except (a) registration of particulars of each Security Document executed by UK Borrower at the Companies Registration Office in England and Wales in accordance with Part 25 (Company Charges) of the Companies Act 2006 or any regulations relating to the registration of charges made under, or applying the provisions of, the Companies Act 2006 (b) registration of each Security Document executed by UK Borrower and pertaining to Real Estate at the Land Registry of Land Charges Registry in England and Wales and payment of associated fees (c) filing, registration or recordation on a voluntary basis or as required in order to perfect the security interest created by any UK Security Agreement in any relevant jurisdiction and (d) in each case, payment of associated fees, stamp taxes or mortgage duties.

9.1.31 Centre of Main Interests and Establishments. For the purposes of The Council of the European Union regulation No. 1346/2000 on Insolvency proceedings (the "Regulation"), each of the UK Borrower's centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation and none of them have an "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

9.1.32 Pari passu ranking. Each UK Borrower's payment obligations under the Loan Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

9.1.33 Ranking. Each UK Security Agreement has or will have the ranking in priority which it is expressed to have in the relevant UK Security Agreement and, other than as permitted under or contemplated by the Loan Documents, it is not subject to any prior ranking or pari passu ranking Lien.

9.2 Complete Disclosure. No Loan Document contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make the statements contained therein not materially misleading. There is no fact or circumstance that any Obligor has failed to disclose to Agent in writing that could reasonably be expected to have a Material Adverse Effect.

9.3 Existing Subordinated Debt. As of the Closing Date, the outstanding principal balance of the Existing Subordinated Debt is \$17,750,000.

SECTION 10. COVENANTS AND CONTINUING AGREEMENTS

10.1 Affirmative Covenants. As long as any Revolver Commitments or Obligations are outstanding, each Obligor shall, and shall cause each Subsidiary to:

10.1.7 Inspections; Appraisals.

(k) Permit Agent from time to time, subject (except when a Default or Event of Default exists) to reasonable notice and normal business hours, to visit and inspect the Properties of any Obligor or Subsidiary, inspect, audit and make extracts from any Obligor's or Subsidiary's books and records, and discuss with its officers, employees, agents, advisors and independent accountants such Obligor's or Subsidiary's business, financial condition, assets, prospects and results of operations. Lenders may participate in any such visit or inspection, at their own expense. Neither Agent nor any Lender shall have any duty to any Obligor to make any inspection, nor to share any results of any inspection, appraisal or report with any Obligor. Obligors acknowledge that all inspections, appraisals and reports are prepared by Agent and Lenders for their purposes, and Obligors shall not be entitled to rely upon them.

(l) Reimburse Agent for all charges, costs and expenses of Agent in connection with (i) examinations of any Obligor's books and records or any other financial or Collateral matters as Agent deems appropriate, up to two times per Loan Year; and (ii) appraisals of Inventory up to one time per Loan Year; provided, however, that if an examination or appraisal is initiated during a Default or Event of Default, all charges, costs and expenses therefor shall be reimbursed by Obligors without regard to such limits. Obligors agree to pay Agent's then standard charges for examination activities, including the standard charges of Agent's internal examination and appraisal groups, as well as the charges of any third party used for such purposes.

10.1.8 Financial and Other Information. Keep adequate records and books of account with respect to its business activities, in which proper entries are made in accordance with GAAP reflecting all financial transactions; and furnish to Agent and Lenders:

(g) as soon as available, and in any event within 90 days after the close of each Fiscal Year, balance sheets as of the end of such Fiscal Year and the related statements of income, cash flow and shareholders' equity for such Fiscal Year, on consolidated and consolidating bases for Obligors and Subsidiaries, which consolidated statements shall be audited and certified (without qualification) by a firm of independent certified public accountants of recognized standing selected by Obligors and acceptable to Agent, and shall set forth in comparative form corresponding figures for the preceding Fiscal Year and other information acceptable to Agent;

(h) as soon as available, and in any event within 30 days after the end of each month (but within 45 days after the last month in a Fiscal Year), unaudited balance sheets as of the end of such month and the related statements of income and cash flow for such month and for the portion of the Fiscal Year then elapsed, on consolidated and consolidating bases for Obligors and Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year and certified by the chief financial officer of Obligor Agent as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such month and period, subject to normal yearend adjustments and the absence of footnotes;

(i) concurrently with delivery of financial statements under clauses (a) and (b) above, or more frequently if requested by Agent while a Default or Event of Default exists, a Compliance Certificate executed by the chief financial officer of Obligor Agent;

(j) concurrently with delivery of financial statements under clause (a) above, copies of all management letters and other material reports submitted to Obligors by their accountants in connection with such financial statements;

(k) not later than 30 days after the end of each Fiscal Year, projections of Obligor's consolidated balance sheets, results of operations, cash flow and Availability for that Fiscal Year, month by month and for the next Fiscal Year, quarter by quarter;

(l) at Agent's request, a listing of each Obligor's trade payables, specifying the trade creditor and balance due, and a detailed trade payable aging, all in form satisfactory to Agent;

(m) promptly after the sending or filing thereof, copies of any proxy statements, financial statements or reports that any Obligor has made generally available to its shareholders; copies of any regular, periodic and special reports or registration statements or prospectuses that any Obligor files with the Securities and Exchange Commission or any other Governmental Authority, or any securities exchange; and copies of any press releases or other statements made available by an Obligor to the public concerning material changes to or developments in the business of such Obligor;

(n) promptly after the sending or filing thereof, copies of any annual report to be filed in connection with each Plan or Foreign Plan;

(o) promptly following receipt, a copy of any notice from the Pensions Regulator in which it proposes to take action which may result in the issuance of a Contribution Notice or Financial Support Direction in respect of any pension plan; and

(p) such other reports and information (financial or otherwise) as Agent may request from time to time in connection with any Collateral or any Obligor's, Subsidiary's or other Obligor's financial condition or business.

10.1.9 Notices. Notify Agent and Lenders in writing, promptly after an Obligor's obtaining knowledge thereof, of any of the following that affects an Obligor: (a) the threat or commencement of any proceeding or investigation, whether or not covered by insurance, if an adverse determination could have a Material Adverse Effect; (b) any pending or threatened labor dispute, strike or walkout, or the expiration of any material labor contract; (c) any default under or termination of a Material Contract; (d) the existence of any Default or Event of Default; (e) any judgment in an amount exceeding \$1,000,000; (f) the assertion of any Intellectual Property Claim, if an adverse resolution could reasonably be expected to have a Material Adverse Effect; (g) any violation or asserted violation of any Applicable Law (including ERISA, OSHA, FLSA, or any Environmental Laws), if an adverse resolution could have a Material Adverse Effect; (h) any Environmental Release by an Obligor or on any Property owned, leased or occupied by an Obligor; or receipt of any Environmental Notice; (i) the occurrence of any ERISA Event; (j) the discharge of or any withdrawal or resignation by Obligor's independent accountants; or (k) any opening of a new office or place of business, at least 30 days prior to such opening.

10.1.10 Landlord and Storage Agreements. Upon request, provide Agent with copies of all existing agreements, and promptly after execution thereof provide Agent with copies of all future agreements, between an Obligor and any landlord, warehouseman, processor, shipper, bailee or other Person that owns any premises at which any Collateral may be kept or that otherwise may possess or handle any Collateral.

10.1.11 Compliance with Laws. Comply with all Applicable Laws, including ERISA, Environmental Laws, FLSA, OSHA, Anti-Terrorism Laws, and laws regarding collection and payment of Taxes, and maintain all Governmental Approvals necessary to the ownership of its Properties or conduct of its business, unless failure to comply (other than failure to comply with Anti-Terrorism Laws) or maintain could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, if any Environmental Release occurs at or on any Properties of any Obligor or Subsidiary, it shall

act promptly and diligently to investigate and report to Agent and all appropriate Governmental Authorities the extent of, and to make appropriate remedial action to eliminate, such Environmental Release to the extent required by Environmental Laws, whether or not directed to do so by any Governmental Authority.

10.1.12 Taxes. Pay and discharge all material Taxes prior to the date on which they become delinquent or penalties attach, unless such Taxes are being Properly Contested.

10.1.13 Insurance. In addition to the insurance required hereunder with respect to Collateral, maintain insurance with insurers (with a Best Rating of at least A+, unless otherwise approved by Agent in its discretion) satisfactory to Agent, (a) with respect to the Properties and business of Obligors and Subsidiaries of such type (including product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation insurance), in such amounts, and with such coverages and deductibles as are customary for companies similarly situated; and (b) business interruption insurance in an amount not less than \$5,000,000, with deductibles and subject to an Insurance Assignment reasonably satisfactory to Agent.

10.1.14 Licenses and Royalties.

(a) Keep each material License affecting any Collateral (including the manufacture, distribution or disposition of Inventory) or any other material Property of Obligors and Subsidiaries in full force and effect (provided, that any Obligor may allow any License to terminate in accordance with its terms if such Obligor has provided prior written notice to Agent of such termination and after the termination of any "sell-off" period allowed under such terminated License (or if no such period exists, upon the termination of the License), such Obligor owns no more than an aggregate amount of \$250,000 of Inventory (determined based on cost) which is impacted by such License); promptly notify Agent of any material proposed material modification to any such License, or entry into any new material License, in each case at least 30 days prior to its effective date; and notify Agent of any material default or material breach asserted by any Person to have occurred under any material License;

(b) Pay all Royalties and all accounts payable owed to any Licensor when due; and

(c) by the 15th day of each month, provide Agent with a report of all accrued Royalties, whether or not then due and payable by a Borrower, which report shall detail the Licensor, the amount accrued and the payment status of the applicable Royalty.

10.1.15 Future Subsidiaries. Promptly notify Agent upon any Person becoming a Subsidiary and, if such Person is not a Foreign Subsidiary, cause it to guaranty the Obligations in a manner satisfactory to Agent, and to execute and deliver such documents, instruments and agreements and to take such other actions as Agent shall require to evidence and perfect a Lien in favor of Agent on all assets of such Person, including delivery of such legal opinions, in form and substance reasonably satisfactory to Agent, as it shall deem appropriate.

10.1.16 Accounts. Borrowers shall maintain Bank of America and its Affiliates (including its London branch) as Borrowers' principal depository bank, including for the maintenance of operating and deposit accounts, lockbox administration, funds transfer, information reporting services and other treasury management services.

10.1.17 UK pension plans.

(a) UK Borrower shall ensure that in respect of all pension schemes operated by or maintained for the benefit of members of the UK Borrower and/or any of its employees are fully funded based on the statutory funding objective under sections 221 and 222 of the Pensions Act 2004 (UK) and that no action or omission is taken by UK Borrower in relation to such a pension scheme which has or is reasonably likely to have a Material Adverse Effect (including, without limitation, the termination or commencement of winding-up proceedings of any such pension scheme or any member of the Group ceasing to employ any member of such a pension scheme).

(b) Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, UK Borrower shall ensure that it is not and has not been at any time an employer (for the purposes of sections 38 to 51 of the Pensions Act 2004 (UK)) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act 1993 (UK)) or ""connected"" with or an ""associate"" of (as those terms are used in sections 38 or 43 of the Pensions Act 2004 (UK)) such an employer.

(c) UK Borrower shall deliver to the Agent at such times as those reports are prepared in order to comply with the then current statutory or auditing requirements (as applicable either to the trustees of any relevant schemes or to the UK Obligor), actuarial reports in relation to all pension schemes mentioned in paragraph (a) above.

(d) UK Borrower shall promptly notify the Agent of any material change in the rate of contributions to any pension schemes mentioned in (a) above paid or recommended to be paid (whether by the scheme actuary or otherwise) or required (by law or otherwise).

10.1.18 Centre of Main Interests. Each UK Borrower shall maintain its centre of main interests in England and Wales for the purposes of the Insolvency Regulation.

10.2 Negative Covenants. As long as any Revolver Commitments or Obligations are outstanding, each Obligor shall not, and shall cause each Subsidiary not to:

10.2.4 Permitted Debt. Create, incur, guarantee or suffer to exist any Debt, except:

- (a) the Obligations;
- (b) Subordinated Debt;
- (c) Permitted Purchase Money Debt;
- (d) Borrowed Money (other than the Obligations, Subordinated Debt and Permitted Purchase Money Debt), but only to the extent outstanding on the Closing Date and not satisfied with proceeds of the initial Revolver Loans;
- (e) Debt with respect to Bank Products incurred in the Ordinary Course of Business;
- (f) Debt that is in existence when a Person becomes a Subsidiary or that is secured by an asset when acquired by an Obligor or Subsidiary, as long as such Debt was not incurred in

contemplation of such Person becoming a Subsidiary or such acquisition, and does not exceed \$10,000,000 in the aggregate at any time;

(g) Permitted Contingent Obligations;

(h) Refinancing Debt as long as each Refinancing Condition is satisfied;

(i) intercompany Debt extended by UK Borrower to any other Obligor or by US Borrower to any other Obligor which is not a Foreign Subsidiary;

(j) Debt incurred in connection with the financing of insurance premiums;

(k) Debt owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the Ordinary Course of Business;

(l) Contingent Obligations by any Obligor of Debt of any other Obligor that was permitted to be incurred under another clause of this Section 10.2.1;

(m) Debt arising from agreements providing for indemnification, adjustment of purchase price, earnout or other similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary, other than guarantees of Debt incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; provided that Debt arising with respect to earnout or other similar obligations permitted pursuant to this clause (m) shall be Subordinated Debt and shall not exceed \$3,000,000 at any time outstanding;

(n) Debt in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the Ordinary Course of Business;

(o) The Permitted Earnout; and

(p) Debt that is not included in any of the preceding clauses of this Section, is not secured by a Lien and does not exceed \$5,000,000 in the aggregate at any time.

10.2.5 Permitted Liens. Create or suffer to exist any Lien upon any of its Property, except the following (collectively, "Permitted Liens"):

(g) Liens in favor of Agent;

(h) Purchase Money Liens securing Permitted Purchase Money Debt;

(i) Liens for Taxes not yet due or being Properly Contested;

(j) statutory Liens (other than Liens for Taxes or imposed under ERISA) arising in the Ordinary Course of Business, but only if (i) payment of the obligations secured thereby is not yet due or is being Properly Contested, and (ii) such Liens do not materially impair the value or use of the Property or materially impair operation of the business of any Obligor or Subsidiary;

(k) Liens incurred or deposits made in the Ordinary Course of Business to secure the performance of government tenders, bids, contracts, statutory obligations and other similar

obligations, as long as such Liens are at all times junior to Agent's Liens and are required or provided by law;

(l) Liens arising in the Ordinary Course of Business that are subject to Lien Waivers;

(m) Liens arising by virtue of a judgment or judicial order against any Obligor or Subsidiary, or any Property of an Obligor or Subsidiary, as long as such Liens are (i) in existence for less than 20 consecutive days or being Properly Contested, and (ii) at all times junior to Agent's Liens;

(n) easements, rights-of-way, restrictions, covenants or other agreements of record, and other similar charges or encumbrances on Real Estate, that do not secure any monetary obligation and do not interfere with the Ordinary Course of Business;

(o) normal and customary rights of setoff upon deposits in favor of depository institutions, and Liens of a collecting bank on Payment Items in the course of collection;

(p) Liens on assets (other than Accounts and Inventory) acquired in a Permitted Acquisition, securing only Debt permitted by **Section 10.2.1(f)**;

(q) existing Liens shown on **Schedule 10.2.2**.

(r) leases, licenses, subleases or sublicenses granted to others in the Ordinary Course of Business that do not interfere in any material respect with the business of the Parent or the Restricted Subsidiaries;

(s) Liens arising from UCC financing statements filed regarding (i) operating leases entered into by a Borrower or Subsidiary in the Ordinary Course of Business and (ii) goods consigned or entrusted to or bailed to a Person in connection with the processing, reprocessing, recycling or tolling of such goods;

(t) Liens in favor of customs or revenue authorities to secure payment of customs duties in connection with the importation of goods;

(u) Liens solely on any cash earnest money deposits made by any Borrower or any Subsidiary in connection with any letter of intent or purchase agreement permitted under this Agreement; and

(v) any other Liens which do not attach to Accounts or Inventory and do not in the aggregate secure obligations exceeding \$250,000.

10.2.6 Reserved.

10.2.7 Distributions; Upstream Payments. Create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary to make any Upstream Payment, except for restrictions under the Loan Documents, under Applicable Law or in effect on the Closing Date as shown on **Schedule 9.1.15**. Declare or make any Distributions except:

(q) Upstream Payments;

(r) Each Obligor may declare and make Distributions with respect to its Equity Interests payable solely in additional shares of its Equity Interests;

(s) Any Obligor may pay cash dividends to any Obligor that is its direct parent;

(t) Any Obligor (other than Parametric) may make distributions to permit Parametric to repurchase Equity Interests issued to employees, directors and officers of the Obligors and their Subsidiaries (including repurchases of Equity Interests from severed or terminated employees, directors and officers), and Parametric may repurchase such Equity Interests, in each case in an aggregate amount not to exceed \$1,000,000 in any calendar year and \$3,000,000 after the Closing Date, so long as (a) immediately prior to and after giving effect to such payment, no Default or Event of Default has occurred or will occur, (b) for each of the 30 days immediately prior to and after giving effect to such payment, Availability is in an amount greater than 15% of the Revolver Commitments, and US Availability is in an amount greater than 15% of the US Revolver Commitments, and (c) no FILO Period is in effect;

(u) The Permitted Earnout Payment;

(v) Payments of Distributions on or redemptions of the Series B Preferred Stock of Voyetra, so long as (a) immediately prior to and after giving effect to such payment, no Default or Event of Default has occurred or will occur, (b) for each of the 30 days immediately prior to and after giving effect to such payment, Availability is in an amount greater than 15% of the Revolver Commitments, and US Availability is in an amount greater than 15% of the US Revolver Commitments (in each case under this clause (b), such percentages shall be 12.5% with respect to the payment of a Distribution on to be paid on or around September 30, 2014 which payment shall not exceed the aggregate amount of \$300,000), and (c) no FILO Period is in effect; and

(w) Payments to Sponsor as reimbursements for reasonable out-of-pocket fees and costs incurred by it on behalf of the Borrowers (including, without limitation, the reasonable out-of-pocket costs of attorneys, consultants and accountants), so long as (a) immediately prior to and after giving effect to such payment, no Default or Event of Default has occurred or will occur, (b) for each of the 30 days immediately prior to and after giving effect to such payment, Availability is in an amount greater than 15% of the Revolver Commitments, and US Availability is in an amount greater than 15% of the US Revolver Commitments, and (c) no FILO Period is in effect.

10.2.8 Restricted Investments. Make any Restricted Investment.

10.2.9 Disposition of Assets. Make any Asset Disposition, except a Permitted Asset Disposition, a disposition of Equipment under **Section 8.4.2**, or a transfer of Property by a Subsidiary or Obligor to an Obligor.

10.2.10 Revolver Loans. Make any loans or other advances of money to any Person, except (a) advances to an officer, director or employee for salary, travel expenses, commissions and similar items in the Ordinary Course of Business; (b) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (c) deposits with financial institutions permitted hereunder; and (d) as long as no Default or Event of Default exists, intercompany loans by an Obligor to another Obligor.

10.2.11 Restrictions on Payment of Certain Debt. Make any payments (whether voluntary or mandatory, or a prepayment, redemption, retirement, defeasance or acquisition) with respect to any

(a) Subordinated Debt (other than the Existing Subordinated Debt), except:

(iii) regularly scheduled payments of principal, interest and fees, but only to the extent permitted under any Subordination Agreement relating to such Debt (and a Senior Officer of Obligor Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that all conditions under such agreement have been satisfied);

(iv) full repayment of all obligations under the Subordinated Debt in connection with a refinancing thereof if the Refinancing Conditions have been satisfied;

(b) Existing Subordinated Debt except:

(iv) regularly scheduled payments of interest and fees, but only if immediately before and after giving effect to any such payment no Default or Event of Default exists or will occur (and a Senior Officer of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that such condition has been satisfied),

(v) full repayment of all obligations under such Debt in place on the Closing Date using the proceeds of a Liquidity Event which is consummated contemporaneously with such repayment, and

(vi) full or partial repayment of obligations under any Existing Subordinated Debt provided after the Closing Date using the proceeds of a Liquidity Event which is consummated contemporaneously with such repayment so long as (x) all Existing Subordinated Debt in place on the Closing Date has been paid in full before such repayment, (y) such repayment is only made if the net proceeds of the Liquidity Event are in excess of \$30,000,000 and such repayment is in an amount not greater than such excess, and (z) at least \$10,000,000 of the net proceeds of such Liquidity Event have been applied to repay the Obligations, or

(c) Borrowed Money (other than the Obligations) prior to its due date under the agreements evidencing such Debt as in effect on the Closing Date (or as amended thereafter with the consent of Agent).

10.2.12 Fundamental Changes. Change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; change its form or state of organization; liquidate, wind up its affairs or dissolve itself; or merge, amalgamate, combine or consolidate with any Person, whether in a single transaction or in a series of related transactions, except for (a) mergers, amalgamations or consolidations of a wholly-owned Subsidiary with another wholly-owned Subsidiary or into an Obligor; or (b) Permitted Acquisitions.

10.2.13 Subsidiaries. Form or acquire any Subsidiary after the Closing Date, except in accordance with **Sections 10.1.9, 10.2.5 and 10.2.9**; or permit any existing Subsidiary to issue any additional Equity Interests except directors' qualifying shares.

10.2.14 Organic Documents. Amend, modify or otherwise change any of its Organic Documents, except in connection with a transaction permitted under **Section 10.2.9**.

10.2.15 Tax Consolidation. File or consent to the filing of any consolidated income tax return with any Person other than Obligors and Subsidiaries.

10.2.16 Accounting Changes. Make any material change in accounting treatment or reporting practices, except as required by GAAP and in accordance with **Section 1.2**; or change its Fiscal

Year other than to change its Fiscal Year end to March 31, with such change to become effective on March 31, 2015.

10.2.17 Restrictive Agreements. Become a party to any Restrictive Agreement, except a Restrictive Agreement (a) in effect on the Closing Date; (b) relating to secured Debt permitted hereunder, as long as the restrictions apply only to collateral for such Debt; (c) constituting customary restrictions on assignment in leases and other contracts; (d) restrictions under the Loan Documents, the documentation governing the Subordinated Debt and the Third Amended and Restated Certificate of Incorporation of Voyetra as in effect on the date hereof; (e) under Applicable Law; or (f) in effect on the Closing Date as shown on **Schedule 10.2.14.**

10.2.18 Hedging Agreements. Enter into any Hedging Agreement, except to hedge risks arising in the Ordinary Course of Business and not for speculative purposes.

10.2.19 Conduct of Business. Engage in any business materially different than its business as conducted on the Closing Date and any activities incidental thereto.

10.2.20 Affiliate Transactions. Enter into or be party to any transaction with an Affiliate, except (a) transactions expressly permitted by the Loan Documents; (b) payment of reasonable compensation to officers and employees for services actually rendered, and payment of customary directors' fees and indemnities; (c) the payment of reasonable fees to directors of any Borrower or any Subsidiary, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the Borrowers or their Subsidiaries in the Ordinary Course of Business, (d) any issuances of securities of Parametric or other payments, awards or grants in cash, securities of Parametric or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by an Obligor's board of directors, (e) transactions solely among Obligors; (f) the Subordinated Debt and the Permitted Earnout Payment; (g) transactions with Affiliates consummated prior to the Closing Date, as shown on **Schedule 10.2.17**; and (h) transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms fully disclosed to Agent and no less favorable than would be obtained in a comparable arm's-length transaction with a non-Affiliate.

10.2.21 Plans. Become party to any Multiemployer Plan or Foreign Plan, other than any in existence on the Closing Date.

10.2.22 Amendments to Subordinated Debt. Amend, supplement or otherwise modify documents related to any Subordinated Debt, if such modification (a) increases the principal balance of such Debt, or increases any required payment of principal or interest; (b) accelerates the date on which any installment of principal or any interest is due, or adds any additional redemption, put or prepayment provisions; (c) shortens the final maturity date or otherwise accelerates amortization; (d) increases the interest rate; (e) increases or adds any fees or charges; (f) modifies any covenant in a manner or adds any representation, covenant or default that is more onerous or restrictive in any material respect for any Obligor or Subsidiary, or that is otherwise materially adverse to any Obligor, any Subsidiary or Lenders; (g) results in the Obligations not being fully benefited by the subordination provisions thereof; or (h) is otherwise in violation of the terms of the applicable Subordination Agreement.

10.3 Financial Covenants. As long as any Revolver Commitments or Obligations are outstanding, Obligors shall:

10.3.1 Fixed Charge Coverage Ratio. Maintain a Fixed Charge Coverage Ratio of at least 1.00 to 1.00 for each period of four Fiscal Quarters while a Covenant Trigger Period is in effect, commencing

with the most recent period for which financial statements were, or were required to be, delivered hereunder prior to the Covenant Trigger Period.

SECTION 11. GUARANTY

11.1 Guaranty by US Guarantors. Each US Guarantor hereby jointly, severally, absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees indemnities, damages, costs, expenses or otherwise, of the US Borrowers to the Agent or any US Lender (or any of their Affiliates or branches) arising hereunder and any instruments, agreements or Loan Documents of any kind or nature now or hereafter executed in connection with this Agreement (including the US Obligations and all renewals, extensions, amendments, refinancings and other modifications thereof and all Extraordinary Expenses), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any case or proceeding commenced by or against any other US Guarantor or US Borrower under any federal, provincial, state, municipal, foreign law, or any agreement of such other Guarantor or Borrower to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law (**whether state, provincial, federal or foreign**), and the **Insolvency Act 1986 (UK) and the Enterprise Act 2002(UK)**; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such other US Guarantor or US Borrower or any part of its properties; or (c) any other Insolvency Proceeding, and including interest that accrues after the commencement by or against any US Borrower of any proceeding under any Insolvency Proceeding (collectively, the "US Guaranteed Obligations").

11.2 Guaranty by UK Guarantors.

11.2.2 UK Guaranty. Each UK Guarantor hereby jointly, severally, absolutely and unconditionally guarantees (the "UK Guaranty"), as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees indemnities, damages, costs, expenses or otherwise, of the UK Borrower, to the Agent or any UK Lender (or any of their Affiliates) arising in connection with the Loan Documents (including the Obligations and all renewals, extensions, amendments, refinancings and other modifications thereof and all Extraordinary Expenses), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any case or proceeding commenced by or against any other Guarantor or Borrower under any federal, provincial, state, municipal, foreign law, or any agreement of such other Guarantor or Borrower to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law (whether state, provincial, federal or foreign), and the **Insolvency Act 1986 (UK) and the Enterprise Act 2002 (UK)**; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such other Guarantor or Borrower or any part of its properties; or (c) any other Insolvency Proceeding, and including interest that accrues after the commencement by or against any Borrower of any proceeding under any Insolvency Proceeding (collectively, the "UK Guaranteed Obligations").

11.2.3 Reinstatement of UK Guaranty. If any payment by a UK Guarantor or any discharge given by the Agent (whether in respect of the UK Guaranteed Obligations or any security for the UK

Guaranteed Obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event (a) the liability of that UK Guarantor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and (b) the Agent shall be entitled to recover the value or amount of that security or payment from the UK Guarantor, as if the payment, discharge, avoidance or reduction had not occurred.

11.2.4 Waiver of defences. The obligations of a UK Guarantor under this Agreement will not be affected by an act, omission, matter or thing which, but for this **Section 11.2.3**, would reduce, release or prejudice any of its obligations under this Agreement (without limitation and whether or not known to it or the Agent) including (a) any time, waiver or consent granted to, or composition with, any Obligor or other person; (b) the release of any Obligor or any other person under the terms of any composition or arrangement with any creditor; (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security; (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Obligor or any other person; (e) any amendment (however fundamental) or replacement of a Loan Document or any other document or security; (f) any unenforceability, illegality or invalidity of any obligation of any person under any Loan Document or any other document or security; or (g) any insolvency or similar proceedings.

11.2.5 Guarantor intent. Without prejudice to the generality of **Section 11.2.3**, each UK Guarantor expressly confirms that it intends that the guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Loan Documents and/or any facility or amount made available under any of the Loan Documents for the purposes of or in connection with any of the following (a) acquisitions of any nature; (b) increasing working capital; (c) enabling investor distributions to be made; (d) carrying out restructurings; (e) refinancing existing facilities; (f) refinancing any other indebtedness; (g) making facilities available to new borrowers; (h) any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and (i) any fees, costs and/or expenses associated with any of the foregoing.

11.2.6 Deferral of UK Guarantor's rights. Until the UK Guaranteed Obligations have been repaid in full, no UK Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Loan Documents (a) to be indemnified by any other Obligor; (b) to claim any contribution from any other Obligor; or (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any of the Agent's rights under the Loan Documents or of any other guarantee or security taken pursuant to, or in connection with, the Loan Documents by the Agent.

11.3 Evidence of Debt. The Agent's books and records showing the amount of any Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and absent manifest error, shall be binding upon the applicable Guarantors and conclusive for the purpose of establishing the amount of the Guaranteed Obligations. As to each Guarantor, its obligations hereunder shall not be affected by the genuineness, validity, regularity or enforceability of the Guaranteed Obligations against any Borrower or any other Guarantor or other Obligor, or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense of any Borrower or any other Guarantor or other Obligor, to the obligations of the Guarantors hereunder, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing. Anything contained herein to the contrary notwithstanding, the obligations of each Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer

or conveyance under Section 548 of the Bankruptcy Code or any comparable provisions of any similar federal or state law.

11.4 No Setoff or Deductions; Taxes; Payments. Each Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein. If any such obligation (other than one arising with respect to any Excluded Tax) is imposed upon such Guarantor with respect to any amount payable by it hereunder, each Guarantor will pay to Agent or Lenders, on the date on which such amount is due and payable hereunder, such additional amount in Dollars as shall be necessary to enable the Agent and Lenders to receive the same net amount which the Agent and Lenders would have received on such due date had no such obligation been imposed upon such Guarantor. Each Guarantor will deliver promptly to the Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Guarantors hereunder. The obligations of the Guarantors under this paragraph shall survive the Full Payment of the Guaranteed Obligations. For the avoidance of doubt, this **Section 11.4** shall not apply to Taxes that are governed exclusively by **Section 5.9**.

11.5 Rights of Lender. Each Guarantor consents and agrees that the Agent and Lenders may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of any Guaranteed Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as the Agent or Lenders in their sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantors hereunder or which, but for this provision, might operate as a discharge of any Guarantor.

11.6 Certain Waivers. Each Guarantor waives (a) any defense arising by reason of any disability or other defense of any Borrower or any other Guarantor, or the cessation from any cause whatsoever (including any act or omission of the Agent or any Lender) of the liability of any Borrower; (b) any defense based on any claim that such Guarantors' obligations exceed or are more burdensome than those of any Borrower; (c) the benefit of any statute of limitations affecting the Guarantors' liability hereunder; (d) any right to require the Agent or any Lender to proceed against any Borrower, proceed against or exhaust any security for any of the Guaranteed Obligations, or pursue any other remedy in the Agent's or any Lender's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by Agent or any Lender; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance hereof or of the existence, creation or incurrence of new or additional Guaranteed Obligations. Each Guarantor waives any rights and defenses that are or may become available to such Guarantor by reason of Sections 2787 to 2855, inclusive, 2899 and 3433 of the California Civil Code.

11.7 Obligations Independent. The obligations of each Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the

obligations of any other Guarantor, and a separate action may be brought against each Guarantor to enforce this Agreement whether or not any Borrower or any other person or entity is joined as a party.

11.8 Subrogation. No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this **Section 11** until the Full Payment of all of the Guaranteed Obligations and any amounts payable under this **Section 11**. If any amounts are paid to any Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Agent and Lenders and shall forthwith be paid to the Agent to reduce the amount of the applicable Guaranteed Obligations, whether matured or unmatured.

11.9 Termination; Reinstatement. The guaranty under this **Section 11** is a continuing and irrevocable guaranty of the applicable Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until the Full Payment of the Guaranteed Obligations and any other amounts payable under this **Section 11**. Notwithstanding the foregoing, the guaranty under this **Section 11** shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of any Borrower or any Guarantor is made, or the Agent or any Lender exercises its right of setoff, in respect of the applicable Guaranteed Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or any Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Insolvency Proceeding or otherwise, all as if such payment had not been made or such setoff had not occurred and whether the Agent or any Lender is in possession of or has released the guaranty hereunder and regardless of any prior revocation, rescission, termination or reduction. The obligations of each Guarantor under this **Section 11.9** shall survive termination of the guaranty hereunder.

11.10 Subordination. Each Obligor hereby subordinates the payment of all obligations and indebtedness of any Obligor owing to such other Obligor, whether now existing or hereafter arising, including but not limited to any obligation of any Borrower to any Guarantor as subrogee of the Agent or any Lender or resulting from such Guarantor's performance under the guaranty under this **Section 11**, to the Full Payment of all Guaranteed Obligations and Obligations. If the Agent or any Lender so requests, any such obligation or indebtedness of any Borrower to any Guarantor shall be enforced and performance received by such Guarantor as trustee for the Agent and Lenders and the proceeds thereof shall be paid over to the Agent on account of the applicable Guaranteed Obligations of such Guarantor, but without reducing or affecting in any manner the liability of any Guarantor under this **Section 11**. Notwithstanding the foregoing, a Guarantor may demand and accept repayments of indebtedness of any Borrower owing to such Guarantor as such repayment is expressly permitted hereunder.

11.11 Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against any Guarantor or any Borrower under any Insolvency Proceeding, or otherwise, all such amounts shall nonetheless be payable by the Guarantors immediately upon demand by the Agent.

11.12 Miscellaneous. No provision of this **Section 11** may be waived, amended, supplemented or modified, except by a written instrument executed by the Agent and each Guarantor party hereto. No failure by the Agent or any Lender to exercise, and no delay in exercising, any right, remedy or power under this **Section 11** shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Section 11 shall not affect the enforceability or validity of any other provision herein.

11.13 Condition of Borrowers. Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from each Borrower and any other Guarantor such information concerning the financial condition, business and operations of such Borrower and any such other Guarantor as the Guarantor requires, and that the Agent and Lenders have no duty, and not Guarantor is relying on the Agent or any Lender at any time, to disclose to such Guarantor any information relating to the business, operations or financial condition of any Borrower or any other Guarantor (the guarantor waiving any duty on the part of the Agent or any Lender to disclose such information and any defense relating to the failure to provide the same).

11.14 Setoff. If and to the extent any payment is not made when due under this **Section 11**, the Agent and any Lender may setoff and charge from time to time any amount so due against any or all of any Guarantor's accounts or deposits with the Agent or any Lender.

11.15 Representations and Warranties. Each Guarantor represents and warrants that (a) its obligations under this **Section 11** constitute its legal, valid and binding obligation enforceable in accordance with its terms; (b) the making and performance of the guaranty under this **Section 11** does not and will not violate the provisions of any material Applicable Law, regulation or order, and does not and will not result in the breach of, or constitute a default or require any consent under, any material agreement, instrument, or document to which it is a party or by which it or any of its property may be bound or affected; and (c) all consents, approvals, licenses and authorizations of, and filings and registrations with, any governmental authority required under applicable law and regulations for the making and performance of the guaranty under this **Section 11** have been obtained or made and are in full force and effect, except as could not reasonably be expected to result in a Material Adverse Effect.

11.16 Additional Guarantor Waivers and Agreements.

11.16.1 Each Guarantor understands and acknowledges that if the Agent forecloses judicially or nonjudicially against any real property security for any of the Guaranteed Obligations, that foreclosure could impair or destroy any ability that such Guarantor may have to seek reimbursement, contribution, or indemnification from a Borrower or others based on any right such Guarantor may have of subrogation, reimbursement, contribution, or indemnification for any amounts paid by such Guarantor under this **Section 11**. Each Guarantor further understands and acknowledges that in the absence of this paragraph, such potential impairment or destruction of such Guarantor's rights, if any, may entitle such Guarantor to assert a defense to the guaranty under this **Section 11** based on Section 580d of the California Code of Civil Procedure as interpreted in *Union Bank v. Gradsky*, 265 Cal. App. 2d 40 (1968). By executing this Agreement, each Guarantor freely, irrevocably, and unconditionally: (i) waives and relinquishes that defense and agrees that such Guarantor will be fully liable under this **Section 11** even though the Agent may foreclose, either by judicial foreclosure or by exercise of power of sale, any deed of trust securing any of the Guaranteed Obligations; (ii) agrees that such Guarantor will not assert that defense in any action or proceeding which the Agent may commence to enforce the guaranty under this **Section 11**; (iii) acknowledges and agrees the rights and defenses waived by such Guarantor in this Agreement include any right or defense that such Guarantor may have or be entitled to assert based upon or arising out of any one or more of Sections 580a, 580b, 580d, or 726 of the California Code of Civil Procedure or Section 2848 of the California Civil Code; and (iv) acknowledges and agrees that the Agent and Lenders are relying on this waiver in creating any of the Guaranteed Obligations, and that this waiver is a material part of the consideration which the Agent and Lenders are receiving for creating the Guaranteed Obligations.

11.16.2 Each Guarantor waives all rights and defenses that such Guarantor may have because of any of the Guaranteed Obligations is secured by real property. This means, among other things: (i) the Agent may collect from the Guarantors without first foreclosing on any real or personal property collateral

pledged by any Obligor; and (ii) if the Agent forecloses on any real property collateral pledged by any Obligor: (A) the amount of the Guaranteed Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) the Agent may collect from the Guarantors even if the Agent, by foreclosing on the real property collateral, has destroyed any right the Guarantors may have to collect from Borrowers. This is an unconditional and irrevocable waiver of any rights and defenses any Guarantor may have because any of the Guaranteed Obligations is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

11.16.3 Each Guarantor waives any right or defense it may have at law or equity, including California Code of Civil Procedure Section 580a, to a fair market value hearing or action to determine a deficiency judgment after a foreclosure.

SECTION 12. EVENTS OF DEFAULT; REMEDIES ON DEFAULT

12.1 Events of Default. Each of the following shall be an “Event of Default” if it occurs for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

(x) Any Obligor fails to pay its Obligations when due (whether at stated maturity, on demand, upon acceleration or otherwise);

(y) Any representation, warranty or other written statement of an Obligor made in connection with any Loan Documents or transactions contemplated thereby is incorrect or misleading in any material respect when given;

(z) An Obligor breaches or fail to perform any covenant contained in **Section 6.3, 7.2, 7.3, 7.4, 7.6, 8.1, 8.2.4, 8.2.5, 8.6.2, 10.1.1, 10.1.2, 10.2 or 10.3;**

(aa) An Obligor breaches or fails to perform any other covenant contained in any Loan Documents, and such breach or failure is not cured within 15 days after a Senior Officer of such Obligor has knowledge thereof or receives notice thereof from Agent, whichever is sooner; provided, however, that such notice and opportunity to cure shall not apply if the breach or failure to perform is not capable of being cured within such period or is a willful breach by an Obligor;

(bb) A Guarantor repudiates, revokes or attempts to revoke its Guaranty; an Obligor or third party denies or contests the validity or enforceability of any Loan Documents or Obligations, or the perfection or priority of any Lien granted to Agent; or any Loan Document ceases to be in full force or effect for any reason (other than a waiver or release by Agent and Lenders);

(cc) Any breach or default of an Obligor occurs under (i) any Hedging Agreement; or (ii) any instrument or agreement to which it is a party or by which it or any of its Properties is bound, relating to any Debt (other than the Obligations) in excess of \$1,000,000, if the maturity of or any payment with respect to such Debt may be accelerated or demanded due to such breach;

(dd) Any judgment or order for the payment of money is entered against an Obligor in an amount that exceeds, individually or cumulatively with all unsatisfied judgments or orders against all Obligors, \$5,000,000 (net of insurance coverage therefor that has not been denied by the insurer), unless a stay of enforcement of such judgment or order is in effect, by reason of a pending appeal or otherwise;

(ee) A loss, theft, damage or destruction occurs with respect to any Collateral if the amount not covered by insurance exceeds \$5,000,000;

(ff) An Obligor is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any material part of its business; an Obligor suffers the loss, revocation or termination of any material license, permit, lease or agreement necessary to its business; there is a cessation of any material part of an Obligor's business for a material period of time; any material Collateral or Property of an Obligor is taken or impaired through condemnation; an Obligor agrees to or commences any liquidation, dissolution or winding up of its affairs; or Obligors and their Subsidiaries are not Solvent on a consolidated basis;

(gg) An Insolvency Proceeding is commenced by an Obligor; an Obligor makes an offer of settlement, extension or composition to its unsecured creditors generally; a trustee is appointed to take possession of any substantial Property of or to operate any of the business of an Obligor; or an Insolvency Proceeding is commenced against an Obligor and: the Obligor consents to institution of the proceeding, the petition commencing the proceeding is not timely contested by the Obligor, the petition is not dismissed within 30 days after filing, or an order for relief is entered in the proceeding;

(hh) UK Borrower (i) is unable or admits inability to pay its debts as they fall due; (ii) suspends making payments on any of its debts or, (iii) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (other than the Agent or any Secured Party in their capacity as such) with a view to rescheduling any of its indebtedness; or (b) if in respect of UK Borrower, (i) the value of its assets is less than that its liabilities (taking into account contingent and prospective liabilities); or (ii) a moratorium is declared or imposed in respect of any its indebtedness;

(ii) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of an Obligor to a Pension Plan, Multiemployer Plan or PBGC, or that constitutes grounds for appointment of a trustee for or termination by the PBGC of any Pension Plan or Multiemployer Plan; an Obligor or ERISA Affiliate fails to pay when due any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan; or any event similar to the foregoing occurs or exists with respect to a Foreign Plan;

(jj) An Obligor or any of its Senior Officers is criminally indicted or convicted for (i) a felony committed in the conduct of the Obligor's business, or (ii) violating any state or federal law (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act) that could lead to forfeiture of any material Property or any Collateral;

(kk) A Change of Control occurs;

(ll) The Pensions Regulator issues a Financial Support Direction or a Contribution Notice to UK Borrower unless the aggregate liability of UK Borrower under all Financial Support Directions and Contributions Notices is less than \$200,000 (or its equivalent in another currency or currencies).

12.2 Remedies upon Default. If an Event of Default described in **Section 12.1(j)** occurs with respect to any Obligor, then to the extent permitted by Applicable Law, all Obligations (other than Secured Bank Product Obligations) shall become automatically due and payable and all Revolver Commitments shall terminate, without any action by Agent or notice of any kind. In addition, or if any other Event of Default exists, Agent may in its discretion (and shall upon written direction of Required Lenders) do any one or more of the following from time to time:

(c) declare any Obligations (other than Secured Bank Product Obligations) immediately due and payable, whereupon they shall be due and payable without diligence, presentment, demand, protest or notice of any kind, all of which are hereby waived by Obligors to the fullest extent permitted by law;

(d) terminate, reduce or condition any Revolver Commitment, or make any adjustment to the Borrowing Base;

(e) require Obligors to Cash Collateralize their LC Obligations, Secured Bank Product Obligations and other Obligations that are contingent or not yet due and payable, and if Obligors fail to deposit such Cash Collateral, Agent may (and shall upon the direction of Required Lenders) advance the required Cash Collateral as Revolver Loans (whether or not an Overadvance exists or is created thereby, or the conditions in **Section 6** are satisfied); and

(f) exercise any other rights or remedies afforded under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC. Such rights and remedies include the rights to (i) take possession of any Collateral; (ii) require Obligors to assemble Collateral, at Obligors' expense, and make it available to Agent at a place designated by Agent; (iii) enter any premises where Collateral is located and store Collateral on such premises until sold (and if the premises are owned or leased by an Obligor, Obligors agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Agent, in its discretion, deems advisable. Each Obligor agrees that 10 days' notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable. Agent may conduct sales on any Obligor's premises, without charge, and any sale may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may credit bid and set off the amount of such price against the Obligations.

12.3 License. Agent is hereby granted an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Person) any or all Intellectual Property of Obligors, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral. Each Obligor's rights and interests under Intellectual Property shall inure to Agent's benefit.

12.4 Setoff. At any time during an Event of Default, Agent, Issuing Bank, Lenders, and any of their Affiliates are authorized, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by Agent, Issuing Bank, such Lender or such Affiliate to or for the credit or the account of an Obligor against its Obligations, whether or not Agent, Issuing Bank, such Lender or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or are owed to a branch or office of Agent, Issuing Bank, such Lender or such Affiliate different from the branch or office holding such deposit or obligated on such indebtedness. The rights of Agent, Issuing Bank, each Lender and each such Affiliate under this Section are in addition to other rights and remedies (including other rights of setoff) that such Person may have.

12.5 Remedies Cumulative; No Waiver.

12.5.6 Cumulative Rights. All agreements, warranties, guaranties, indemnities and other undertakings of Obligor under the Loan Documents are cumulative and not in derogation of each other. The rights and remedies of Agent and Lenders under the Loan Documents are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and are not exclusive of any other rights or remedies available by agreement, by law, at equity or otherwise. All such rights and remedies shall continue in full force and effect until Full Payment of all Obligations.

12.5.7 Waivers. No waiver or course of dealing shall be established by (a) the failure or delay of Agent or any Lender to require strict performance by any Obligor under any Loan Document, or to exercise any rights or remedies with respect to Collateral or otherwise; (b) the making of any Revolver Loan or issuance of any Letter of Credit during a Default, Event of Default or other failure to satisfy any conditions precedent; or (c) acceptance by Agent or any Lender of any payment or performance by an Obligor under any Loan Documents in a manner other than that specified therein. Any failure to satisfy a financial covenant on a measurement date shall not be cured or remedied by satisfaction of such covenant on a subsequent date.

SECTION 13. AGENT

13.1 Appointment, Authority and Duties of Agent.

13.1.9 Appointment and Authority. Each Secured Party appoints and designates Bank of America as Agent under all Loan Documents. Agent may, and each Secured Party authorizes Agent to, enter into all Loan Documents to which Agent is intended to be a party and accept all Security Documents. Any action taken by Agent in accordance with the provisions of the Loan Documents, and the exercise by Agent of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized by and binding upon all Secured Parties. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (b) execute and deliver as Agent each Loan Document, including any intercreditor or subordination agreement, and accept delivery of each Loan Document; (c) act as collateral agent for Secured Parties for purposes of perfecting and administering Liens under the Loan Documents, and for all other purposes stated therein; (d) manage, supervise or otherwise deal with Collateral; and (e) take any Enforcement Action or otherwise exercise any rights or remedies with respect to any Collateral or under any Loan Documents, Applicable Law or otherwise. Agent alone shall be authorized to determine eligibility and applicable advance rates under the Borrowing Base, whether to impose or release any reserve, or whether any conditions to funding or issuance of a Letter of Credit have been satisfied, which determinations and judgments, if exercised in good faith, shall exonerate Agent from liability to any Secured Party or other Person for any error in judgment.

13.1.10 Duties. The title of "Agent" is used solely as a matter of market custom and the duties of Agent are administrative in nature only. Agent has no duties except those expressly set forth in the Loan Documents, and in no event does Agent have any agency, fiduciary or implied duty to or relationship with any Secured Party or other Person by reason of any Loan Document or related transaction. The conferral upon Agent of any right shall not imply a duty to exercise such right, unless instructed to do so by Lenders in accordance with this Agreement.

13.1.11 Agent Professionals. Agent may perform its duties through agents and employees. Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by an Agent Professional. Agent

shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

13.1.12 Instructions of Required Lenders. The rights and remedies conferred upon Agent under the Loan Documents may be exercised without the necessity of joining any other party, unless required by Applicable Law. In determining compliance with a condition for any action hereunder, including satisfaction of any condition in **Section 6**, Agent may presume that the condition is satisfactory to a Secured Party unless Agent has received notice to the contrary from such Secured Party before Agent takes the action. Agent may request instructions from the applicable Required Lenders or other Secured Parties with respect to any act (including the failure to act) in connection with any Loan Documents or Collateral, and may seek assurances to its satisfaction from Secured Parties of their indemnification obligations against Claims that could be incurred by Agent. Agent may refrain from any act until it has received such instructions or assurances, and shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders shall be binding upon all Secured Parties, and no Secured Party shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting pursuant to instructions of Required Lenders. Notwithstanding the foregoing, instructions by and consent of specific parties shall be required to the extent provided in **Section 14.1.1**. In no event shall Agent be required to take any action that it determines in its discretion is contrary to Applicable Law or any Loan Documents or could subject any Agent Indemnitee to liability.

13.1.13 Agent as Security Trustee. In this Agreement and the UK Security Agreements, any rights and remedies exercisable by, any documents to be delivered to, or any other indemnities or obligations in favor of Agent shall be, as the case may be, exercisable by, delivered to, or be indemnities or other obligations in favor of, Agent (or any other Person acting in such capacity) in its capacity as security trustee of Secured Parties to the extent that the rights, deliveries, indemnities or other obligations relate to the UK Security Agreements or the security thereby created. Any obligations of Agent (or any other Person acting in such capacity) in this Agreement and UK Security Agreements shall be obligations of Agent in its capacity as security trustee of Secured Parties to the extent that the obligations relate to the UK Security Agreements or the security thereby created. Additionally, in its capacity as security trustee of Secured Parties Agent (or any other Person acting in such capacity) shall have (i) all the rights, remedies and benefits in favor of Agent contained in the provisions of the whole of this **Section 13**; (ii) all the powers of an absolute owner of the security constituted by the UK Security Agreements and (iii) all the rights, remedies and powers granted to it and be subject to all the obligations and duties owed by it under the UK Security Agreements and/or any of the Loan Documents.

13.1.14 Appointment of Agent as Security Trustee. Each Secured Party hereby appoints Agent to act as its trustee under and in relation to the UK Security Agreements and to hold the assets subject to the security thereby created as trustee for Secured Parties on the trusts and other terms contained in the UK Security Documents and each Secured Party hereby irrevocably authorizes Agent in its capacity as security trustee of Secured Parties to exercise such rights, remedies, powers and discretions as are specifically delegated to Agent as security trustee of Secured Parties by the terms of the UK Security Agreements together with all such rights, remedies, powers and discretions as are reasonably incidental thereto.

13.1.15 Liens. Any reference in this Agreement to Liens stated to be in favor of Agent shall be construed so as to include a reference to Liens granted in favor of Agent in its capacity as security trustee of Secured Parties.

13.1.16 Successors. Secured Parties agree that at any time that the Person acting as security trustee of Secured Parties in respect of the UK Security Agreements shall be a Person other than Agent, such

other Person shall have the rights, remedies, benefits and powers granted to Agent in its capacity as security trustee of Secured Parties under this Agreement and the UK Security Agreements.

13.1.17 Capacity. Nothing in **Sections 13.1.5 to 13.1.8** shall require Agent in its capacity as security trustee of Secured Parties under this Agreement and the UK Security Agreements to act as a trustee at common law or to be holding any property on trust, in any jurisdiction outside the US or the UK which may not operate under principles of trust or where such trust would not be recognized or its effects would not be enforceable.

13.2 Agreements Regarding Collateral and Borrower Materials.

13.2.6 Lien Releases; Care of Collateral. Secured Parties authorize Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations; (b) that is the subject of a disposition or Lien that Obligors certify in writing is a Permitted Asset Disposition or a Permitted Lien entitled to priority over Agent's Liens (and Agent may rely conclusively on any such certificate without further inquiry); (c) that does not constitute a material part of the Collateral; or (d) subject to **Section 14.1**, with the consent of the applicable Required Lenders. Secured Parties authorize Agent to subordinate its Liens to any Purchase Money Lien or other Lien entitled to priority hereunder. Agent has no obligation to assure that any Collateral exists or is owned by an Obligor, or is cared for, protected or insured, nor to assure that Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

13.2.7 Possession of Collateral. Agent and Secured Parties appoint each Lender as agent (for the benefit of Secured Parties) for the purpose of perfecting Liens in any Collateral held or controlled by such Lender, to the extent such Liens are perfected by possession or control. If any Lender obtains possession or control of any Collateral, it shall notify Agent thereof and, promptly upon Agent's request, deliver such Collateral to Agent or otherwise deal with it in accordance with Agent's instructions.

13.2.8 Reports. Agent shall promptly provide to Lenders, when complete, any field examination, audit or appraisal report prepared for Agent with respect to any Obligor or Collateral ("**Report**"). Reports and other Borrower Materials may be made available to Lenders by providing access to them on the Platform, but Agent shall not be responsible for system failures or access issues that may occur from time to time. Each Lender agrees (a) that Reports are not intended to be comprehensive audits or examinations, and that Agent or any other Person performing an audit or examination will inspect only limited information and will rely significantly upon Obligors' books, records and representations; (b) that Agent makes no representation or warranty as to the accuracy or completeness of any Borrower Materials and shall not be liable for any information contained in or omitted from any Borrower Materials, including any Report; and (c) to keep all Borrower Materials confidential and strictly for such Lender's internal use, not to distribute any Report or other Borrower Materials (or the contents thereof) to any Person (except to such Lender's Participants, attorneys and accountants, provided such Persons are informed of the confidential nature of such Reports and Borrower Materials and instructed to keep them confidential and strictly for such Lender's use)), and to use all Borrower Materials solely for administration of the Obligations. Each Lender shall indemnify and hold harmless Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Borrower Materials, as well as from any Claims arising as a direct or indirect result of Agent furnishing same to such Lender, via the Platform or otherwise.

13.3 Reliance By Agent. Agent shall be entitled to rely, and shall be fully protected in relying, upon any certification, notice or other communication (including those by telephone, telex, telegram, telecopy or e-mail) believed by it to be genuine and correct and to have been signed, sent or made by the proper

Person. Agent shall have a reasonable and practicable amount of time to act upon any instruction, notice or other communication under any Loan Document, and shall not be liable for any delay in acting.

13.4 Action Upon Default. Agent shall not be deemed to have knowledge of any Default or Event of Default, or of any failure to satisfy any conditions in **Section 6**, unless it has received written notice from an Obligor or Required Lenders specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default, Event of Default or failure of such conditions, it shall promptly notify Agent and the other Lenders thereof in writing. Each Secured Party agrees that, except as otherwise provided in any Loan Documents or with the written consent of Agent and Required Lenders, it will not take any Enforcement Action, accelerate Obligations (other than Secured Bank Product Obligations) or assert any rights relating to any Collateral.

13.5 Ratable Sharing. If any Lender obtains any payment or reduction of any Obligation, whether through set-off or otherwise, in excess of its ratable share of such Obligation, such Lender shall forthwith purchase from Secured Parties participations in the affected Obligation as are necessary to share the excess payment or reduction on a Pro Rata basis or in accordance with **Section 5.6.2**, as applicable. If any of such payment or reduction is thereafter recovered from the purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. Notwithstanding the foregoing, if a Defaulting Lender obtains a payment or reduction of any Obligation, it shall immediately turn over the full amount thereof to Agent for application under **Section 4.2.2** and it shall provide a written statement to Agent describing the Obligation affected by such payment or reduction. No Lender shall set off against a Dominion Account without Agent's prior consent.

13.6 Indemnification. EACH SECURED PARTY SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES AND ISSUING BANK INDEMNITEES, TO THE EXTENT NOT REIMBURSED BY OBLIGORS, ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNITEE, PROVIDED THAT ANY CLAIM AGAINST AN AGENT INDEMNITEE RELATES TO OR ARISES FROM ITS ACTING AS OR FOR AGENT (IN THE CAPACITY OF AGENT). In Agent's discretion, it may reserve for any Claims made against an Agent Indemnitee or Issuing Bank Indemnitee, and may satisfy any judgment, order or settlement relating thereto, from proceeds of Collateral prior to making any distribution of Collateral proceeds to Secured Parties. If Agent is sued by any receiver, trustee or other Person for any alleged preference or fraudulent transfer, then any monies paid by Agent in settlement or satisfaction of such proceeding, together with all interest, costs and expenses (including attorneys' fees) incurred in the defense of same, shall be promptly reimbursed to Agent by each Secured Party to the extent of its Pro Rata share.

13.7 Limitation on Responsibilities of Agent. Agent shall not be liable to any Secured Party for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by Agent's gross negligence or willful misconduct. Agent does not assume any responsibility for any failure or delay in performance or any breach by any Obligor, Lender or other Secured Party of any obligations under the Loan Documents. Agent does not make any express or implied representation, warranty or guarantee to Secured Parties with respect to any Obligations, Collateral, Liens, Loan Documents or Obligor. No Agent Indemnitee shall be responsible to Secured Parties for any recitals, statements, information, representations or warranties contained in any Loan Documents or Borrower Materials; the execution, validity, genuineness, effectiveness or enforceability of any Loan Documents; the genuineness, enforceability, collectability, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection or priority of any Lien therein; the validity, enforceability or collectability of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor or Account Debtor. No Agent Indemnitee shall have any obligation to any Secured Party to ascertain or inquire into the existence of any Default or Event of Default, the observance by any Obligor of

any terms of the Loan Documents, or the satisfaction of any conditions precedent contained in any Loan Documents.

13.8 Successor Agent and Co-Agents.

13.8.1 Resignation; Successor Agent. Agent may resign at any time by giving at least 30 days written notice thereof to Lenders and Obligors. If Agent is a Defaulting Lender under clause (d) of the definition thereof, Required Lenders may, to the extent permitted by Applicable Law, remove such Agent by written notice to Obligors and Agent. Required Lenders may appoint a successor to replace the resigning or removed Agent, which successor shall be (a) a Lender or an Affiliate of a Lender; or (b) a financial institution reasonably acceptable to Required Lenders and (provided no Default or Event of Default exists) Obligors. If no successor agent is appointed prior to the effective date of Agent's resignation or removal, then Agent may appoint a successor agent that is a financial institution acceptable to it (which shall be a Lender unless no Lender accepts the role) or in the absence of such appointment, Required Lenders shall on such date assume all rights and duties of Agent hereunder. Upon acceptance by any successor Agent of its appointment hereunder, such successor Agent shall thereupon succeed to and become vested with all the powers and duties of the retiring Agent (including powers and duties in its capacity as security trustee) without further act. On the effective date of its resignation or removal, the retiring or removed Agent shall be discharged from its duties and obligations hereunder but shall continue to have all rights and protections under the Loan Documents with respect to actions taken or omitted to be taken by it while Agent, including the indemnification set forth in **Sections 12.6** and **14.2**, and all rights and protections under this **Section 12**. Any successor to Bank of America by merger, amalgamation or acquisition of stock or this loan shall continue to be Agent hereunder without further act on the part of any Secured Party or Obligor.

13.8.2 Co-Collateral Agent. If appropriate under Applicable Law, Agent may appoint a Person to serve as a co-collateral agent or separate collateral agent under any Loan Document. Each right, remedy and protection intended to be available to Agent under the Loan Documents shall also be vested in such agent. Secured Parties shall execute and deliver any instrument or agreement that Agent may request to effect such appointment. If any such agent shall die, dissolve, become incapable of acting, resign or be removed, then all the rights and remedies of the agent, to the extent permitted by Applicable Law, shall vest in and be exercised by Agent until appointment of a new agent.

13.9 Due Diligence and Non-Reliance. Each Lender acknowledges and agrees that it has, independently and without reliance upon Agent or any other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of each Obligor and its own decision to enter into this Agreement and to fund Revolver Loans and participate in LC Obligations hereunder. Each Secured Party has made such inquiries as it feels necessary concerning the Loan Documents, Collateral and Obligors. Each Secured Party acknowledges and agrees that the other Secured Parties have made no representations or warranties concerning any Obligor, any Collateral or the legality, validity, sufficiency or enforceability of any Loan Documents or Obligations. Each Secured Party will, independently and without reliance upon any other Secured Party, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in making Revolver Loans and participating in LC Obligations, and in taking or refraining from any action under any Loan Documents. Except for notices, reports and other information expressly requested by a Lender, Agent shall have no duty or responsibility to provide any Secured Party with any notices, reports or certificates furnished to Agent by any Obligor or any credit or other information concerning the affairs, financial condition, business or Properties of any Obligor (or any of its Affiliates) which may come into possession of Agent or its Affiliates.

13.10 Remittance of Payments and Collections.

13.10.1 Remittances Generally. All payments by any Lender to Agent shall be made by the time and on the day set forth in this Agreement, in immediately available funds. If no time for payment is specified or if payment is due on demand by Agent and request for payment is made by Agent by 1:00 p.m. (Applicable Time Zone) on a Business Day, payment shall be made by Lender not later than 3:00 p.m. (Applicable Time Zone) on such day, and if request is made after 1:00 p.m. (Applicable Time Zone), then payment shall be made by 11:00 a.m. (Applicable Time Zone) on the next Business Day. Payment by Agent to any Secured Party shall be made by wire transfer, in the type of funds received by Agent. Any such payment shall be subject to Agent's right of offset for any amounts due from such payee under the Loan Documents.

13.10.2 Failure to Pay. If any Secured Party fails to pay any amount when due by it to Agent pursuant to the terms hereof, such amount shall bear interest, from the due date until paid in full, at the greater of the Federal Funds Rate or the rate determined by Agent as customary for interbank compensation for two Business Days and thereafter at the Default Rate for Floating Rate Loans. In no event shall Obligors be entitled to credit for any interest paid by a Secured Party to Agent, nor shall a Defaulting Lender be entitled to interest on amounts held by Agent pursuant to **Section 4.2.**

13.10.3 Recovery of Payments. If Agent pays an amount to a Secured Party in the expectation that a related payment will be received by Agent from an Obligor and such related payment is not received, then Agent may recover such amount from the Secured Party. If Agent determines that an amount received by it must be returned or paid to an Obligor or other Person pursuant to Applicable Law or otherwise, then Agent shall not be required to distribute such amount to any Secured Party. If any amounts received and applied by Agent to Obligations held by a Secured Party are later required to be returned by Agent pursuant to Applicable Law, such Secured Party shall pay to Agent, **on demand**, its share of the amounts required to be returned.

13.11 Individual Capacities. As a Lender, Bank of America shall have the same rights and remedies under the Loan Documents as any other Lender, and the terms "Lenders," "Required Lenders" or any similar term shall include Bank of America in its capacity as a Lender. Agent, Lenders and their Affiliates may accept deposits from, lend money to, provide Bank Products to, act as financial or other advisor to, and generally engage in any kind of business with, Obligors and their Affiliates, as if they were not Agent or Lenders hereunder, without any duty to account therefor to any Secured Party. In their individual capacities, Agent, Lenders and their Affiliates may receive information regarding Obligors, their Affiliates and their Account Debtors (including information subject to confidentiality obligations), and shall have no obligation to provide such information to any Secured Party.

13.12 Titles. Each Lender, other than Bank of America, that is designated (on the cover page of this Agreement or otherwise) by Bank of America as an "Arranger," "Bookrunner" or "Agent" of any type shall have no right, power or duty under any Loan Documents other than those applicable to all Lenders, and shall in no event have any fiduciary duty to any Secured Party.

13.13 Bank Product Providers. Each Secured Bank Product Provider, by delivery of a notice to Agent of a Bank Product, agrees to be bound by the Loan Documents, including **Sections 5.6, 12 and 14.3.3.** Each Secured Bank Product Provider shall indemnify and hold harmless Agent Indemnitees, to the extent not reimbursed by Obligors, against all Claims that may be incurred by or asserted against any Agent Indemnitee in connection with such provider's Secured Bank Product Obligations.

13.14 No Third Party Beneficiaries. This **Section 12** is an agreement solely among Secured Parties and Agent, and shall survive Full Payment of the Obligations. This **Section 12** does not confer any rights or benefits upon Obligors or any other Person. As between Obligors and Agent, any action that Agent may take under any Loan Documents or with respect to any Obligations shall be conclusively presumed to have been authorized and directed by Secured Parties.

SECTION 14. BENEFIT OF AGREEMENT; ASSIGNMENTS

14.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Obligors, Agent, Lenders, Secured Parties, and their respective successors and assigns, except that (a) no Obligor shall have the right to assign its rights or delegate its obligations under any Loan Documents; and (b) any assignment by a Lender must be made in compliance with **Section 14.3**. Agent may treat the Person which made any Revolver Loan as the owner thereof for all purposes until such Person makes an assignment in accordance with **Section 14.3**. Any authorization or consent of a Lender shall be conclusive and binding on any subsequent transferee or assignee of such Lender.

14.2 Participations.

14.2.6 Permitted Participants; Effect. Subject to **Section 14.3.3**, any Lender may sell to a financial institution (“Participant”) a participating interest in the rights and obligations of such Lender under any Loan Documents. Despite any sale by a Lender of participating interests to a Participant, such Lender’s obligations under the Loan Documents shall remain unchanged, it shall remain solely responsible to the other parties hereto for performance of such obligations, it shall remain the holder of its Revolver Loans and Revolver Commitments for all purposes, all amounts payable by Obligors shall be determined as if it had not sold such participating interests, and Obligors and Agent shall continue to deal solely and directly with such Lender in connection with the Loan Documents. Each Lender shall be solely responsible for notifying its Participants of any matters under the Loan Documents, and Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of **Section 5.9** unless Obligors agree otherwise in writing.

14.2.7 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, waiver or other modification of a Loan Document other than that which forgives principal, interest or fees, reduces the stated interest rate or fees payable with respect to any Revolver Loan or Revolver Commitment in which such Participant has an interest, postpones the Revolver Commitment Termination Date or any date fixed for any regularly scheduled payment of principal, interest or fees on such Revolver Loan or Revolver Commitment, or releases any Obligor, Guarantor or substantially all Collateral.

14.2.8 Participant Register. Each Lender that sells a participation shall, acting as a non-fiduciary agent of Obligors (solely for tax purposes), maintain a register in which it enters the Participant’s name, address and interest in Revolver Commitments, Revolver Loans (and stated interest) and LC Obligations. Entries in the register shall be conclusive, absent manifest error, and such Lender shall treat each Person recorded in the register as the owner of the participation for all purposes, notwithstanding any notice to the contrary. No Lender shall have an obligation to disclose any information in such register except to the extent necessary to establish that a Participant’s interest is in registered form under the Code.

14.2.9 Benefit of Setoff. Obligors agree that each Participant shall have a right of set-off in respect of its participating interest to the same extent as if such interest were owing directly to a Lender, and each Lender shall also retain the right of set-off with respect to any participating interests sold by it. By

exercising any right of set-off, a Participant agrees to share with Lenders all amounts received through its set-off, in accordance with **Section 12.5** as if such Participant were a Lender.

14.3 Assignments.

14.3.8 Permitted Assignments. A Lender may assign to an Eligible Assignee any of its rights and obligations under the Loan Documents, as long as (a) each assignment is of a constant, and not a varying, percentage of the transferor Lender's rights and obligations under the Loan Documents and, in the case of a partial assignment, is in a minimum principal amount of \$10,000,000 (unless otherwise agreed by Agent in its discretion) and integral multiples of \$1,000,000 in excess of that amount; (b) except in the case of an assignment in whole of a Lender's rights and obligations, the aggregate amount of the Revolver Commitments retained by the transferor Lender is at least \$10,000,000 (unless otherwise agreed by Agent in its discretion); and (c) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording, an Assignment and Acceptance. Nothing herein shall limit the right of a Lender to pledge or assign any rights under the Loan Documents to secure obligations of such Lender, including a pledge or assignment to a Federal Reserve Bank; provided, however, that no such pledge or assignment shall release the Lender from its obligations hereunder nor substitute the pledge or assignee for such Lender as a party hereto.

14.3.9 Effect; Effective Date. Upon delivery to Agent of an assignment notice in the form of **Exhibit B** and a processing fee of \$3,500 (unless otherwise agreed by Agent in its discretion), the assignment shall become effective as specified in the notice, if it complies with this **Section 14.3**. From such effective date, the Eligible Assignee shall for all purposes be a Lender under the Loan Documents, and shall have all rights and obligations of a Lender thereunder. Upon consummation of an assignment, the transferor Lender, Agent and Obligors shall make appropriate arrangements for issuance of replacement and/or new notes, if applicable. The transferee Lender shall comply with **Section 5.10** and deliver, upon request, an administrative questionnaire satisfactory to Agent.

14.3.10 Certain Assignees. No assignment or participation may be made to an Obligor, Affiliate of an Obligor, Defaulting Lender or natural person. Any assignment by a Defaulting Lender shall be effective only upon payment by the Eligible Assignee or Defaulting Lender to Agent of an aggregate amount sufficient, upon distribution (through direct payment, purchases of participations or other compensating actions as Agent deems appropriate), to satisfy all funding and payment liabilities then owing by the Defaulting Lender hereunder. If an assignment by a Defaulting Lender shall become effective under Applicable Law for any reason without compliance with the foregoing sentence, then the assignee shall be deemed a Defaulting Lender for all purposes until such compliance occurs.

14.3.11 Register. Agent, acting as a non-fiduciary agent of Obligors (solely for tax purposes), shall maintain (a) a copy (or electronic equivalent) of each Assignment and Acceptance delivered to it, and (b) a register for recordation of the names, addresses and Revolver Commitments of, and the Revolver Loans, interest and LC Obligations owing to, each Lender. Entries in the register shall be conclusive, absent manifest error, and Obligors, Agent and Lenders shall treat each Person recorded in such register as a Lender for all purposes under the Loan Documents, notwithstanding any notice to the contrary. Agent may choose to show only one Obligor as the Obligor in the register, without any effect on the liability of any Obligor with respect to the Obligations. The register shall be available for inspection by Obligors or any Lender, from time to time upon reasonable notice.

14.4 Replacement of Certain Lenders. If a Lender (a) within the last 120 days failed to give its consent to any amendment, waiver or action for which consent of all Lenders (or all UK Lenders or US Lenders, as applicable) was required and the applicable Required Lenders consented, (b) is a Defaulting

Lender, (c) within the last 120 days gave a notice under **Section 3.5** or requested payment or compensation under **Section 3.7** or **5.9** (and has not designated a different Lending Office pursuant to **Section 3.8**), or (d) if any Borrower is required to pay additional amounts or indemnity payments with respect to a Lender under Section 5.10, then Agent or US Borrower Agent may, upon 10 days' notice to such Lender, require it to assign its rights and obligations under the Loan Documents to Eligible Assignee(s), pursuant to appropriate Assignment and Acceptance(s), within 20 days after the notice. Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute it. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents through the date of assignment.

14.5 Register. Agent, as a non-fiduciary agent for Borrowers, shall maintain a register in accordance with the requirements of US Treasury Regulations Sections 1.871-14(c)(1)(i) and 5f.103-1(c) showing the principal amount of, and interest accruing on, the Revolver Advances owing to each Lender, including the Swingline Loans, and Protective Advances, and the interests therein of each Lender, from time to time and such register shall, absent manifest error, conclusively be presumed to be correct and accurate.

SECTION 15. MISCELLANEOUS

15.1 Consents, Amendments and Waivers.

15.1.10 Amendment. No modification of any Loan Document, including any extension or amendment of a Loan Document or any waiver of a Default or Event of Default, shall be effective without the prior written agreement of Agent (with the consent of Required Lenders) and each Obligor party to such Loan Document; provided, however, that

(a) without the prior written consent of Agent, no modification shall alter any provision in a Loan Document that relates to any rights, duties or discretion of Agent;

(b) without the prior written consent of Issuing Bank, no modification shall alter **Section 2.3** or any other provision in a Loan Document that relates to Letters of Credit or any rights, duties or discretion of Issuing Bank;

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

(d) without the prior written consent of all (x) US Lenders (except any Defaulting Lender), no modification shall (i) alter **Section 5.6.2, 7.1** (except to add Collateral) or **14.1.1**; (ii) amend the definition of US Borrowing Base, US Accounts Formula Amount or US Inventory Formula Amount (or any defined term used in such definitions) if the effect of such amendment is to increase borrowing availability, Pro Rata (with respect to US Obligations) or US Required Lenders; (iii) release all or substantially all Collateral; or (iv) except in connection with a merger, amalgamation, disposition or similar transaction expressly permitted hereby, release any Obligor from liability for any Obligations;

(e) without the prior written consent of all (x) UK Lenders (except any Defaulting Lender), no modification shall (i) alter **Section 5.6.2, 7.1** (except to add Collateral) or **14.1.1**; (ii) amend the definition of UK Borrowing Base, UK Accounts Formula Amount or UK Inventory Formula Amount (or any defined term used in such definitions) if the effect of such amendment is to increase borrowing

availability, Pro Rata (with respect to UK Obligations) or UK Required Lenders; (iii) release all or substantially all Collateral; or (iv) except in connection with a merger, amalgamation, disposition or similar transaction expressly permitted hereby, release any Obligor from liability for any Obligations; and

(f) without the prior written consent of a Secured Bank Product Provider, no modification shall affect its relative payment priority under **Section 5.6.3**.

15.1.11 Limitations. The agreement of Obligors shall not be required for any modification of a Loan Document that deals solely with the rights and duties of Lenders, Agent and/or Issuing Bank as among themselves. Only the consent of the parties to any agreement relating to fees or a Bank Product shall be required for modification of such agreement, and no Bank Product provider (in such capacity) shall have any right to consent to modification of any Loan Document other than its Bank Product agreement. Any waiver or consent granted by Agent or Lenders hereunder shall be effective only if in writing and only for the matter specified.

15.1.12 Payment for Consents. No Obligor will, directly or indirectly, pay any remuneration or other thing of value, whether by way of additional interest, fee or otherwise, to any Lender (in its capacity as a Lender hereunder) as consideration for agreement by such Lender with any modification of any Loan Documents, unless such remuneration or value is concurrently paid, on the same terms, on a Pro Rata basis to all Lenders providing their consent.

15.2 Indemnity. EACH OBLIGOR SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ASSERTED BY ANY OBLIGOR OR OTHER PERSON OR ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE. In no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

15.3 Notices and Communications.

15.3.2 Notice Address. Subject to **Section 4.1.4**, all notices and other communications by or to a party hereto shall be in writing and shall be given to any Obligor, at Obligor Agent's address shown on the signature pages hereof, and to any other Person at its address shown on the signature pages hereof (or, in the case of a Person who becomes a Lender after the Closing Date, at the address shown on its Assignment and Acceptance), or at such other address as a party may hereafter specify by notice in accordance with this **Section 15.3**. Each communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the US mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Notwithstanding the foregoing, no notice to Agent pursuant to **Section 2.1.4, 2.3, 3.1.2, 4.1.1** or **5.3.3** shall be effective until actually received by the individual to whose attention at Agent such notice is required to be sent. Any written communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party. Any notice received by Obligor Agent shall be deemed received by all Obligors.

15.3.3 Electronic Communications; Voice Mail. Electronic mail and internet websites may be used only for routine communications, such as delivery of Borrower Materials, administrative matters, distribution of Loan Documents, and matters permitted under **Section 4.1.4**. Agent and Lenders make no

assurances as to the privacy and security of electronic communications. Electronic and voice mail may not be used as effective notice under the Loan Documents.

15.3.4 Platform. Borrower Materials shall be delivered pursuant to procedures approved by Agent, including electronic delivery (if possible) upon request by Agent to an electronic system maintained by Agent (“Platform”). Obligors shall notify Agent of each posting of Borrower Materials on the Platform and the materials shall be deemed received by Agent only upon its receipt of such notice. Borrower Materials and other information relating to this credit facility may be made available to Secured Parties on the Platform, and Obligors and Secured Parties acknowledge that “public” information is not segregated from material non-public information on the Platform. The Platform is provided “as is” and “as available.” Agent does not warrant the accuracy or completeness of any information on the Platform nor the adequacy or functioning of the Platform, and expressly disclaims liability for any errors or omissions in the Borrower Materials or any issues involving the Platform. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY AGENT WITH RESPECT TO OBLIGOR MATERIALS OR THE PLATFORM. Secured Parties acknowledge that Borrower Materials may include material non-public information of Obligors and should not be made available to any personnel who do not wish to receive such information or who may be engaged in investment or other market-related activities with respect to any Obligor’s securities. No Agent Indemnitee shall have any liability to Obligors, Secured Parties or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) relating to use by any Person of the Platform or delivery of Borrower Materials and other information through the Platform or over the internet.

15.3.5 Non-Conforming Communications. Agent and Lenders may rely upon any communications purportedly given by or on behalf of any Obligor even if they were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Obligor shall indemnify and hold harmless each Indemnitee from any liabilities, losses, costs and expenses arising from any electronic or telephonic communication purportedly given by or on behalf of an Obligor.

15.4 Performance of Obligors’ Obligations. Agent may, in its discretion at any time and from time to time, at Obligors’ expense, pay any amount or do any act required of an Obligor under any Loan Documents or otherwise lawfully requested by Agent to (a) enforce any Loan Documents or collect any Obligations; (b) protect, insure, maintain or realize upon any Collateral; or (c) defend or maintain the validity or priority of Agent’s Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of Agent under this Section shall be reimbursed to Agent by Obligors, **on demand**, with interest from the date incurred until paid in full, at the Default Rate applicable to Floating Rate Loans. Any payment made or action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default or to exercise any other rights or remedies under the Loan Documents.

15.5 Credit Inquiries. Agent and Lenders may (but shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Obligor or Subsidiary.

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

15.7 Cumulative Effect; Conflict of Terms. The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several limitations or measurements to regulate similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise provided in another Loan Document (by specific reference to the applicable provision of this Agreement), if any provision contained herein is in direct conflict with any provision in another Loan Document, the provision herein shall govern and control.

15.8 Counterparts; Execution. Any Loan Document may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when Agent has received counterparts bearing the signatures of all parties hereto. Delivery of a signature page of any Loan Document by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of such agreement. Any electronic signature, contract formation on an electronic platform and electronic record-keeping shall have the same legal validity and enforceability as a manually executed signature or use of a paper-based recordkeeping system to the fullest extent permitted by Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any similar state law based on the Uniform Electronic Transactions Act.

15.9 Entire Agreement. Time is of the essence with respect to all Loan Documents and Obligations. The Loan Documents constitute the entire agreement, and supersede all prior understandings and agreements, among the parties relating to the subject matter thereof.

15.10 Relationship with Lenders. The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or Revolver Commitments of any other Lender. Amounts payable hereunder to each Lender shall be a separate and independent debt. It shall not be necessary for Agent or any other Lender to be joined as an additional party in any proceeding for such purposes. Nothing in this Agreement and no action of Agent, Lenders or any other Secured Party pursuant to the Loan Documents or otherwise shall be deemed to constitute Agent and any Secured Party to be a partnership, joint venture or similar arrangement, nor to constitute control of any Obligor.

15.11 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated by any Loan Document, Obligors acknowledge and agree that (a)(i) this credit facility and any arranging or other services by Agent, any Lender, any of their Affiliates or any arranger are arm's-length commercial transactions between Obligors and their Affiliates, on one hand, and Agent, any Lender, any of their Affiliates or any arranger, on the other hand; (ii) Obligors have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate; and (iii) Obligors are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated by the Loan Documents; (b) each of Agent, Lenders, their Affiliates and any arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Obligors, their Affiliates or any other Person, and has no obligation with respect to the transactions contemplated by the Loan Documents except as expressly set forth therein; and (c) Agent, Lenders, their Affiliates and any arranger may be engaged in a broad range of transactions that involve interests that differ from those of Obligors and their Affiliates, and have no obligation to disclose any of such interests to Obligors or their Affiliates. To the fullest extent permitted by Applicable Law, each Obligor hereby waives and releases any claims that it may have against Agent, Lenders, their Affiliates and any arranger with respect to any breach of agency or fiduciary duty in connection with any transaction contemplated by a Loan Document.

15.12 Confidentiality. Each of Agent, Lenders and Issuing Bank shall maintain the confidentiality of all Information (as defined below), except that Information may be disclosed (a) to its Affiliates, and to

its and their partners, directors, officers, employees, agents, advisors and representatives (provided they are informed of the confidential nature of the Information and instructed to keep it confidential); (b) to the extent requested by any governmental, regulatory or self-regulatory authority purporting to have jurisdiction over it or its Affiliates; (c) to the extent required by Applicable Law or by any subpoena or other legal process; (d) to any other party hereto; (e) in connection with any action or proceeding relating to any Loan Documents or Obligations; (f) subject to an agreement containing provisions substantially the same as this Section, to any Transferee or any actual or prospective party (or its advisors) to any Bank Product or to any swap, derivative or other transaction under which payments are to be made by reference to an Obligor or Obligor's obligations; (g) with the consent of Obligor Agent; or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) is available to Agent, any Lender, Issuing Bank or any of their Affiliates on a nonconfidential basis from a source other than Obligors. Notwithstanding the foregoing, Agent and Lenders may publish or disseminate general information concerning this credit facility for league table, and tombstone purposes, and may use Obligors' logos, trademarks or product photographs for such purposes. As used herein, "Information" means information received from an Obligor or Subsidiary relating to it or its business that is identified as confidential when delivered. A Person required to maintain the confidentiality of Information pursuant to this Section shall be deemed to have complied if it exercises a degree of care similar to that accorded its own confidential information. Each of Agent, Lenders and Issuing Bank acknowledges that (i) Information may include material non-public information; (ii) it has developed compliance procedures regarding the use of such information; and (iii) it will handle the material non-public information in accordance with Applicable Law.

15.13 Reserved.

15.14 GOVERNING LAW. UNLESS EXPRESSLY PROVIDED IN ANY LOAN DOCUMENT, THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND ALL CLAIMS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES EXCEPT FEDERAL LAWS RELATING TO NATIONAL BANKS.

15.15 Consent to Forum.

15.15.1 Forum. EACH OBLIGOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER CALIFORNIA, IN ANY DISPUTE, ACTION, LITIGATION OR OTHER PROCEEDING RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY DISPUTE, ACTION, LITIGATION OR OTHER PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH OBLIGOR IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING ANY SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14.3.1. A final judgment in any proceeding of any such court shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or any other manner provided by Applicable Law. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law, including bringing proceedings in England against any UK Obligor to enforce their UK Obligations. In relation to any dispute relating to the UK Guaranteed Obligations, UK Guarantors each hereby irrevocably (i) submits to the non-exclusive jurisdiction of the courts of England, and (ii) waives objections to the courts

of England on the grounds of inconvenient forum or otherwise. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

15.15.2 Other Jurisdictions. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

15.15.3 Judicial Reference. If any action, litigation or proceeding relating to any Obligations or Loan Documents is filed in a court sitting in or applying the laws of California, the court shall, and is hereby directed to, make a general reference pursuant to Cal. Civ. Proc. Code §638 to a referee (who shall be an active or retired judge) to hear and determine all issues in such case (whether fact or law) and to report a statement of decision. Nothing in this Section shall limit any right of Agent or any other Secured Party to exercise self-help remedies, such as setoff, foreclosure or sale of any Collateral, or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, during or after any judicial reference. The exercise of a remedy does not waive the right of any party to resort to judicial reference. At Agent's option, foreclosure under a mortgage or deed of trust may be accomplished either by exercise of power of sale thereunder or by judicial foreclosure.

15.16 Waivers by Obligors. To the fullest extent permitted by Applicable Law, each Obligor waives (a) the right to trial by jury (which Agent and each Lender hereby also waives) in any proceeding or dispute of any kind relating in any way to any Loan Documents, Obligations or Collateral; (b) presentment, demand, protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any commercial paper, accounts, documents, instruments, chattel paper and guaranties at any time held by Agent on which an Obligor may in any way be liable, and hereby ratifies anything Agent may do in this regard; (c) notice prior to taking possession or control of any Collateral; (d) any bond or security that might be required by a court prior to allowing Agent to exercise any rights or remedies; (e) the benefit of all valuation, appraisal and exemption laws; (f) any claim against Agent, Issuing Bank or any Lender, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) in any way relating to any Enforcement Action, Obligations, Loan Documents or transactions relating thereto; and (g) notice of acceptance hereof. Each Obligor acknowledges that the foregoing waivers are a material inducement to Agent, Issuing Bank and Lenders entering into this Agreement and that they are relying upon the foregoing in their dealings with Obligors. Each Obligor has reviewed the foregoing waivers with its legal counsel and has knowingly and voluntarily waived its jury trial and other rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

15.17 Patriot Act Notice. Agent and Lenders hereby notify Obligors that pursuant to the Patriot Act, Agent and Lenders are required to obtain, verify and record information that identifies each Obligor, including its legal name, address, tax ID number and other information that will allow Agent and Lenders to identify it in accordance with the Patriot Act. Agent and Lenders will also require information regarding each personal guarantor, if any, and may require information regarding Obligors' management and owners, such as legal name, address, social security number and date of birth. Obligors shall, promptly upon request, provide all documentation and other information as Agent, Issuing Bank or any Lender may request from time to time in order to comply with any obligations under any "know your customer," anti-money laundering or other requirements of Applicable Law.

15.18 NO ORAL AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left blank; signatures begin on following page]

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date set forth above.

OBLIGORS:

PARAMETRIC SOUND CORPORATION,
a Nevada corporation, as a US Borrower and a UK Guarantor

By: _____
Name: _____
Title: _____
Address: _____

Attn: _____
Telecopy: _____

VOYETRA TURTLE BEACH, INC.,
a Delaware corporation, as a US Borrower and a UK Guarantor

By: _____
Name: _____
Title: _____
Address: _____

Attn: _____
Telecopy: _____

TURTLE BEACH EUROPE LIMITED,
as UK Borrower

By: _____
Name: _____
Title: _____
Address: _____

Attn: _____
Telecopy: _____

PSC LICENSING CORP.,
a California corporation,
as a US Guarantor and a UK Guarantor

By: _____

Name: Juergen Stark

Title: President

Address:

Attn: _____

Telecopy: _____

VTB HOLDINGS, INC.,
a Delaware corporation,
as a US Guarantor and a UK Guarantor

By: _____

Name: Juergen Stark

Title: Chief Executive Officer and President

Address:

Attn: _____

Telecopy: _____

[Signatures continue on the following page.]

Loan, Guaranty and Security Agreement

AGENT AND LENDERS:

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

By: _____

Name: _____

Title: _____

Address:

Attn: _____

Telecopy: _____

BANK OF AMERICA, N.A.,
(acting through its London branch), as UK Lender

By: _____

Name: _____

Title: _____

Address:

Attn: _____

Telecopy: _____

EXHIBIT A
to
Loan, Guaranty and Security Agreement

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Loan, Guaranty and Security Agreement dated as of March 31, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), among **PARAMETRIC SOUND CORPORATION**, a Nevada corporation ("Parametric"), **VOYETRA TURTLE BEACH, INC.**, a Delaware corporation ("Voyetra"); and together with Parametric, individually "US Borrower," and individually and collectively, jointly and severally, "US Borrowers"), **TURTLE BEACH EUROPE LIMITED**, a company limited by shares and incorporated in England and Wales with company number 03819186 ("Turtle Beach," also referred to hereinafter as "UK Borrower"); and together with US Borrowers, individually "Borrower" and individually and collectively, "Borrowers"), **PSC LICENSING CORP.**, a California corporation ("PSC"), **VTB HOLDINGS, INC.**, a Delaware corporation ("VTB"); and together with PSC, individually a "US Guarantor" and individually and collectively, jointly and severally, "US Guarantors"; and together with US Borrowers, individually a "UK Guarantor" and individually and collectively, jointly and severally, "UK Guarantors"; UK Guarantors and US Guarantors, individually a "Guarantor," and individually and collectively, "Guarantors"; the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), and **BANK OF AMERICA, N.A.**, a national banking association, as agent, collateral agent and security trustee for Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), and **BANK OF AMERICA, N.A.** as sole lead arranger and sole book runner for the Lenders. Terms are used herein as defined in the Loan Agreement.

[_____] ("Assignor") and [_____] ("Assignee") agree as follows:

1. Assignor hereby assigns to Assignee and Assignee hereby purchases and assumes from Assignor, together with an interest in the Loan Documents corresponding to the Assigned Interest (as defined below):

1. a principal amount of \$[_____] of Assignor's outstanding US Revolver Loans and \$[_____] of Assignor's participations in US LC Obligations,
2. the amount of \$[_____] of Assignor's US Revolver Commitment (which represents [____]% of the total US Revolver Commitments), (the foregoing items (a) and (b) being, collectively, the "US Assigned Interest"),
 - (a) a principal amount of \$[_____] of Assignor's outstanding UK Revolver Loans and \$[_____] of Assignor's participations in UK LC Obligations, and
 - (b) the amount of \$[_____] of Assignor's UK Revolver Commitment (which represents [____]% of the total UK Revolver Commitments), (the foregoing items (c) and (d) being, collectively, the "UK Assigned Interest"; and together with the US Assigned Interests, collectively the "Assigned Interests").

Exhibit A

This Agreement shall be effective as of the date (“Effective Date”) indicated in the corresponding Assignment Notice delivered to Agent, provided such Assignment Notice is executed by Assignor, Assignee, Agent and US Borrower Agent, if applicable. From and after the Effective Date, Assignee hereby expressly assumes, and undertakes to perform, all of Assignor’s obligations in respect of the Assigned Interest, and all principal, interest, fees and other amounts which would otherwise be payable to or for Assignor’s account in respect of the Assigned Interest shall be payable to or for Assignee’s account, to the extent such amounts accrue on or after the Effective Date.

2. Assignor (a) represents that as of the date hereof, prior to giving effect to this assignment, its US Revolver Commitment is \$_____, its UK Revolver Commitment is \$_____, the outstanding balance of its US Revolver Loans and participations in US LC Obligations is \$_____, and the outstanding balance of its UK Revolver Loans and participations in UK LC Obligations is \$_____;

(b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other instrument or document furnished pursuant thereto, other than that Assignor is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance by Borrowers of their obligations under the Loan Documents. *[Assignor is attaching the promissory note[s] held by it and requests that Agent exchange such note[s] for new promissory notes payable to Assignee [and Assignor].]*

3. Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received copies of the Loan Agreement and such other Loan Documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it shall, independently and without reliance upon Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (d) confirms that it is an Eligible Assignee; (e) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Loan Agreement as are delegated to Agent by the terms thereof, together with such powers as are incidental thereto; (f) agrees that it will observe and perform all obligations that are required to be performed by it as a “Lender” under the Loan Documents; and (g) represents and warrants that the assignment evidenced hereby will not result in a non-exempt “prohibited transaction” under Section 406 of ERISA.

4. This Agreement shall be governed by the laws of the State of California. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of this Agreement shall remain in full force and effect.

5. Each notice or other communication hereunder shall be in writing, shall be sent by messenger, by telecopy or facsimile transmission, or by first-class mail, shall be deemed given when sent and shall be sent as follows:

(a) If to Assignee, to the following address (or to such other address as Assignee may designate from time to time):

(b) If to Assignor, to the following address (or to such other address as Assignor may designate from time to time):

Payments hereunder shall be made by wire transfer of immediately available Dollars as follows:

If to Assignee, to the following account (or to such other account as Assignee may designate from time to time):

ABA No. _____

Account No. _____
Reference: _____

If to Assignor, to the following account (or to such other account as Assignor may designate from time to time):

ABA No. _____

Account No. _____
Reference: _____

Exhibit A

IN WITNESS WHEREOF, this Assignment and Acceptance is executed as of _____.

("Assignee")

By _____
Title:

("Assignor")

By _____
Title:

Exhibit A

EXHIBIT B
to
Loan, Guaranty and Security Agreement

ASSIGNMENT NOTICE

Reference is made to (1) the Loan, Guaranty and Security Agreement dated as of March 31, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), among **PARAMETRIC SOUND CORPORATION**, a Nevada corporation ("Parametric"), **VOYETRA TURTLE BEACH, INC.**, a Delaware corporation ("Voyetra"); and together with Parametric, individually "US Borrower," and individually and collectively, jointly and severally, "US Borrowers"), **TURTLE BEACH EUROPE LIMITED**, a company limited by shares and incorporated in England and Wales with company number 03819186 ("Turtle Beach," also referred to hereinafter as "UK Borrower"); and together with US Borrowers, individually "Borrower" and individually and collectively, "Borrowers"), **PSC LICENSING CORP.**, a California corporation ("PSC"), **VTB HOLDINGS, INC.**, a Delaware corporation ("VTB"); and together with PSC, individually a "US Guarantor" and individually and collectively, jointly and severally, "US Guarantors"; and together with US Borrowers, individually a "UK Guarantor" and individually and collectively, jointly and severally, "UK Guarantors"; UK Guarantors and US Guarantors, individually a "Guarantor," and individually and collectively, "Guarantors"; the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), and **BANK OF AMERICA, N.A.**, a national banking association, as agent, collateral agent and security trustee for Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), and **BANK OF AMERICA, N.A.** as sole lead arranger and sole book runner for the Lenders; and (2) the Assignment and Acceptance dated as of _____, 20__ ("Assignment Agreement"), between _____ ("Assignor") and _____ ("Assignee"). Terms are used herein as defined in the Loan Agreement.

Assignor hereby notifies [US][UK] Borrowers and Agent of Assignor's intent to assign to Assignee pursuant to the Assignment Agreement (a) a principal amount of \$_____ of Assignor's outstanding [US][UK] Revolver Loans and \$_____ of Assignor's participations in [US][UK] LC Obligations, and (b) the amount of \$_____ of Assignor's [US][UK] Revolver Commitment (which represents ___% of the total [US][UK] Revolver Commitments) (the foregoing items being, collectively, the "Assigned Interest"), together with an interest in the Loan Documents corresponding to the Assigned Interest. This Agreement shall be effective as of the date ("Effective Date") indicated below, provided this Assignment Notice is executed by Assignor, Assignee, Agent and US Borrower Agent, if applicable. Pursuant to the Assignment Agreement, Assignee has expressly assumed all of Assignor's obligations under the Loan Agreement to the extent of the Assigned Interest, as of the Effective Date.

For purposes of the Loan Agreement, Agent shall deem Assignor's [US][UK] Revolver Commitment to be reduced by \$_____, and Assignee's [US][UK] Revolver Commitment to be increased by \$_____.

The address of Assignee to which notices and information are to be sent under the terms of the Loan Agreement is:

The address of Assignee to which payments are to be sent under the terms of the Loan Agreement is shown in the Assignment Agreement.

This Notice is being delivered to [US][UK]Borrowers and Agent pursuant to **Section 13.3** of the Loan Agreement. Please acknowledge your acceptance of this Notice by executing and returning to Assignee and Assignor a copy of this Notice.

Exhibit B

2

IN WITNESS WHEREOF, this Assignment Notice is executed as of _____.

("Assignee")

By _____
Title:

("Assignor")

By _____
Title:

ACKNOWLEDGED AND AGREED,
AS OF THE DATE SET FORTH ABOVE:

[US BORROWER AGENT]:

By _____
Title:

* No signature required if Assignee is a Lender, US-based Affiliate of a Lender or Approved Fund, or if an Event of Default exists.

BANK OF AMERICA, N.A.,
as Agent

By _____
Title:

Exhibit B

SCHEDULE 1.1
to
Loan, Guaranty and Security Agreement

REVOLVER COMMITMENTS OF LENDERS

Lender	US Revolver Commitment	UK Revolver Commitment	Revolver Commitment
Bank of America, N.A.	\$50,000,000	\$0	\$50,000,000
Bank of America, N.A. (London Branch)	\$0	\$10,000,000	\$10,000,000

Schedule 1.1

SCHEDULE 1.1A
to
Loan, Guaranty and Security Agreement

MANDATORY COST FORMULAE

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Conduct Authority and/or the Prudential Regulation Authority (or, in either case, any other authority which replaces all or any of its functions); or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) Agent shall calculate, as a percentage rate, a rate (the “Additional Cost Rate”) for each Lender in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by Agent as a weighted average of the Lenders’ Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for any Lender lending from a Lending Office in any Participating Member State will be the percentage notified by that Lender to Agent. This percentage will be certified by that Lender in its notice to Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender’s participation in all Loans made from that Lending Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Lending Office.
4. The Additional Cost Rate for any Lender lending from a Lending Office in the United Kingdom will be calculated by the Agent as follows:
 - (a) in relation to a Revolver Loan in Sterling:
$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)}$$
per cent. per annum
 - (b) in relation to a Revolver Loan in any currency other than UK Sterling:
$$\frac{E \times 0.01}{300}$$
per cent. per annum.

Where:

- A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.
- B is the percentage rate of interest (excluding the Applicable Margin and the Mandatory Cost and, if an unpaid Obligation, the additional rate of interest applicable thereto under the definition of “Default Rate”) payable for the relevant Interest Period on that unpaid Obligation.
- C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

- D is the percentage rate per annum payable by the Bank of England to Agent on interest bearing Special Deposits.
- E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by Agent as being the average of the most recent rates of charge supplied by the three leading banks in the London interbank market appointed by the Agent (the "Reference Banks") to the Agent pursuant to paragraph 7 below and expressed in Sterling per £1,000,000.
5. For the purposes of this Schedule:
- 5.1 **"Eligible Liabilities"** and **"Special Deposits"** have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 of England or (as may be appropriate) by the Bank of England;
- 5.2 **"Fees Rules"** means the rules on periodic fees contained in the Financial Services Authority Fees Manual or the Prudential Regulation Authority Fees Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
- 5.3 **"Fee Tariffs"** means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate);
- 5.4 **"Tariff Base"** has the meaning given to it in, and will be calculated in accordance with, the Fees Rules; and
6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.
7. If requested by Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Conduct Authority or the Prudential Regulation Authority, supply to Agent, the rate of charge payable by that Reference Bank to the Financial Conduct Authority or the Prudential Regulation Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Conduct Authority or the Prudential Regulation Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in Sterling per £1,000,000 of the Tariff Base of that Reference Bank.
8. Each Lender shall supply any information required by Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:
- (a) the jurisdiction of its Lending Office; and
 - (b) any other information that the Agent may reasonably require for such purpose.
- Each Lender shall promptly notify the Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Lending Office in the same jurisdiction as its Lending Office.
10. Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.
11. Agent shall distribute the additional amounts received as a result of the Mandatory Cost to Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.
13. Agent may from time to time, after consultation with Lenders, determine and notify to all parties hereto any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Conduct Authority, the Prudential Regulation Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

Schedule 1.1

SCHEDULE 8.5
to
Loan, Guaranty and Security Agreement

DEPOSIT ACCOUNTS

Depository Bank	Type of Account	Account Number

SCHEDULE 8.6.1
to
Loan, Guaranty and Security Agreement

BUSINESS LOCATIONS

- 1. Borrowers currently have the following business locations, and no others:
Chief Executive Office:

Other Locations:

- 2. In the five years preceding the Closing Date, Borrowers have had no office or place of business located in any county other than as set forth above, except:

- 3. Each Subsidiary currently has the following business locations, and no others:
Chief Executive Office:

Other Locations:

- 4. The following bailees, warehouseman, similar parties and consignees hold inventory of a Borrower or Subsidiary:

Name and Address of Party	Nature of Relationship	Amount of Inventory	Owner of Inventory

SCHEDULE 9.1.4
to
Loan, Guaranty and Security Agreement

NAMES AND CAPITAL STRUCTURE

1. The corporate names, jurisdictions of incorporation, and authorized and issued Equity Interests of each Borrower and Subsidiary are as follows:

Name	Jurisdiction	Number and Class of Authorized Shares	Number and Class of Issued Shares

2. The record holders of Equity Interests of each Borrower (other than Parametric) and Subsidiary are as follows:

Name	Class of Stock	Number of Shares	Record Owner

3. All agreements binding on holders of Equity Interests of Borrowers and Subsidiaries with respect to such interests are as follows:

4. In the five years preceding the Closing Date, no Borrower or Subsidiary has acquired any substantial assets from any other Person nor been the surviving entity in a merger, amalgamation, or combination, except:

SCHEDULE 9.1.11
to
Loan, Guaranty and Security Agreement

REGISTERED PATENTS, REGISTERED TRADEMARKS, REGISTERED COPYRIGHTS AND MATERIAL LICENSES

1. Borrowers' and Subsidiaries' registered patents:

Patent	Owner	Status in Patent Office	Federal Registration No.	Registration Date

2. Borrowers' and Subsidiaries' registered trademarks:

Trademark	Owner	Status in Trademark Office	Federal Registration No.	Registration Date

3. Borrowers' and Subsidiaries' registered copyrights:

Copyright	Owner	Status in Copyright Office	Federal Registration No.	Registration Date

4. Borrowers' and Subsidiaries' licenses (other than routine business licenses, authorizing them to transact business in local jurisdictions):

Licensor	Description of License	Term of License	Royalties Payable

SCHEDULE 9.1.14
to
Loan, Guaranty and Security Agreement

ENVIRONMENTAL MATTERS

Schedule 9.1.14

SCHEDULE 9.1.15
to
Loan, Guaranty and Security Agreement

RESTRICTIVE AGREEMENTS

Entity	Agreement	Restrictive Provisions

Schedule 9.1.15

SCHEDULE 9.1.18
to
Loan, Guaranty and Security Agreement

PENSION PLAN DISCLOSURES

Schedule 9.1.18

SCHEDULE 9.1.18
to
Loan, Guaranty and Security Agreement

UK PENSION PLAN DISCLOSURES

Schedule 9.1.18

SCHEDULE 9.1.20
to
Loan, Guaranty and Security Agreement

LABOR CONTRACTS

Borrowers and Subsidiaries are party to the following collective bargaining agreements, management agreements and consulting agreements:

Parties	Type of Agreement	Term of Agreement

Schedule 9.1.20

SCHEDULE 10.2.2
to
Loan, Guaranty and Security Agreement

EXISTING LIENS

Schedule 10.2.2

SCHEDULE 10.2.17
to
Loan, Guaranty and Security Agreement

EXISTING AFFILIATE TRANSACTIONS

Schedule 10.2.17

Master Purchasing Agreement

This Master Purchasing Agreement (hereinafter the “**Agreement**”) is effective as of **December 5, 2011** (hereinafter the business located at 150 Clearbrook Rd., Suite 162, Elmsford, NY 10523, **Weifang GoerTek Electronics, Co., Ltd.** (hereinafter “**GoerTek**”), with business license number [NUMBER] and registered address at [Dongfang North Road, Hi-Tech Industry Development District, Weifang Shandong, China]; and [**Goertek Inc.**] (hereinafter “**GoerTek Parent Company**”), with business license number [NUMBER] and registered address at [Address]. In this Agreement, the term “**Party**” refers individually to VTB, GoerTek, or the GoerTek Parent Company and the term “**Parties**” refers collectively to VTB, GoerTek, and the GoerTek Parent Company.

1. Definitions

- 1.1 “**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For the purpose of this definition, the term “control” (including with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.
- 1.2 “**IPRs**” means any and all intellectual and industrial property and other proprietary rights, arising in any jurisdiction, whether registered or unregistered, including such rights in: (a) patents, patent applications, inventions and other industrial property rights, including all applications, registrations, extensions, renewals, continuations, continuations-in-part, combinations, divisions and reissues of the foregoing, (b) non-public technical or business information, Know-How, trade secrets, ideas, confidential information and rights to limit the use or disclosure thereof by any person, in each case whether or not patentable including business and technical information, inventions and discoveries, (c) works of authorship, whether or not copyrightable, including writings, databases, computer software programs and documentation; (d) copyrights, mask works, registrations or applications for registration of copyrights or mask work rights, and any renewals or extensions thereof; and (f) all rights of any kind in databases, inventions, designs, industrial designs, topographies, firmware, software, trade names, business names, internet domain names, trademarks, services marks, and devices (whether or not registered).
- 1.3 “**Know-How**” means information, practical knowledge, techniques, and skill required to manufacture a given product or technology, and any training in any of the foregoing or physical embodiments thereof.
- 1.4 “**Person**” means a natural person, firm, corporation, partnership, association, limited liability company, union, trust or estate or any other entity or organization whether or not having separate legal existence, including any government authority.
- 1.5 “**Purchase Order**” (“**PO**”) means a purchase order in the form attached hereto as Schedule A issued to GoerTek by VTB either by fax, email or other written format, specifying in writing a request for Products and/or Services.
- 1.6 “**Product**” means goods ordered by VTB from GoerTek, either in the form of assembled Printed Circuit Boards (“**PCB**”) or completed units with or without PCBs inside an enclosure, as specified in a PO. Products include VTB Products, as defined below.
- 1.7 “**VTB Product**” means a Product that is designed in part or entirely by or on behalf of VTB or incorporates or uses any VTB IPR.
- 1.8 “**Services**” means any services provided by GoerTek for the manufacturing and delivery of Products specified in a PO, which may include one or more of the following: (a.) Procure electronic components, assembly parts, PCBs, enclosures, and other Components or tooling. (b.) Manufacture, test, perform quality control, assemble, and provide other necessary production services. (c.) Procure cables and accessories, printed materials and other Components required for the packaging of Products as finished retail goods. (d.) Obtain required regulatory certifications.
- 1.9 “**Specifications**” means documents provided by VTB for the purpose of defining the operating parameters, industrial design and styling, electrical specifications, testing procedures, and other quality requirements or metrics for Products.
- 1.10 “**Vendor**” means a third party Person provider who is contracted by GoerTek to assist in the production of Products or to provide any Services.

2. General Terms Applicable to the Sale and Purchase of all Products and Services

- 2.1 **General Purchasing Terms:** Subject to Sections 3.4 and 7.2 hereof, the price for Services and for Products shall be as agreed from time to time by GoerTek and VTB and set forth in POs issued by VTB and accepted by GoerTek. VTB shall not be liable to pay any amounts, fees or costs to GoerTek except (i) pursuant to a valid PO issued by VTB and accepted by GoerTek on the terms and conditions of this Agreement or (ii) for any unused materials existing upon termination of this Agreement by VTB that were purchased by GoerTek prior to delivery of a notice of such termination as required by and in accordance with (a) the lead times set forth in a valid 8 week open PO issued by VTB and accepted by GoerTek or (b) mutually agreed long lead time purchase commitments based on the VTB official forecasts, in each case, on the terms and conditions of this Agreement to the extent that GoerTek is unable to otherwise use such materials (the “**Remaining Materials**”). Unless otherwise specified in the PO, the price specified in such PO shall be the total gross amount payable in respect of the Products or Services ordered thereunder, inclusive of all charges and amounts whatsoever, including packaging, boxing, and processing; provided, that, such prices will be adjusted to reflect any changes in terms from FCA, Incoterms 2010, Qingdao. Without limitation of the foregoing, all prices for Products and Services shall be inclusive of all national, provincial, local and other taxes, duties, and charges in the jurisdiction where GoerTek is located, including, without limitation, PRC VAT and PRC business tax. VTB shall have no liability for any taxes, duties or other charges for which it has an appropriate exemption.
- 2.2 **Transfer of Title:** GoerTek shall make the Product shipments available FCA, Incoterms 2010, Qingdao, unless different terms are specified in the relevant PO. GoerTek shall execute and deliver a bill of sale or any other document that may be reasonably requested by VTB in order to convey good title to VTB at the time of delivery. GoerTek shall, at the request of VTB, do or procure to be done all further acts and execute all further documents and instruments that may from time to time be necessary to vest in VTB good and valid title to the Products.
- 2.3 **Purchase Orders and Acceptance:** GoerTek shall, within seven (7) business days of receipt of a PO from VTB, respond to such PO by: (a) agreeing to provide the Products and/or Services specified therein by indicating its acceptance in the space provided for that purpose on the PO and returning an executed copy to VTB; (b) rejecting such PO by indicating its rejection in the space provided for that purpose on the PO and returning an executed copy to VTB; or (c) rejecting such PO, and proposing changes to the PO, by indicating its rejection and counterproposal in the space provided for that purpose on the PO and returning an executed copy to VTB with a detailed written statement of its counterproposal. GoerTek shall be deemed to accept, without modification, any PO which it does not formally reject within the initial seven (7) business day period in the manner described for rejection by the preceding sentence. No terms and conditions in any counterproposal by GoerTek shall be deemed accepted by VTB until incorporated in a revised valid PO issued by VTB to GoerTek in accordance with this Agreement. The Parties agree that the only method for validly rejecting or proposing changes to a PO shall be to indicate such rejection, or such rejection and counterproposal, in the appropriate places on the PO and returning to VTB in accordance with this Section 2.3. Any other form of response, including any different, additional, or contrary terms contained in any

GoerTek form or pre-printed response, shall be disregarded. GoerTek's right to reject a PO shall further be subject to the limitations of Section 3.4 hereof. VTB may withdraw a PO at any time prior to GoerTek's acceptance without liability of any kind.

3. VTB Products

- 3.1 **Manufacturing Process and Specifications:** GoerTek shall manufacture all VTB Products in accordance with the Specifications provided by VTB. Finished products shall be consistent in all material respects with any samples approved by VTB. GoerTek shall not modify any Specifications without VTB's prior express written approval, provided, however, that GoerTek shall immediately notify VTB of any design errors, defects, ambiguities, inconsistencies or omissions in any Specifications which may come to the attention of GoerTek. Manufacturing and quality testing processes for VTB Products shall be mutually agreed upon and shall not be changed by GoerTek without VTB's express written approval.
- 3.2 **Price for VTB Products:** VTB Products shall be priced on a costs plus profits basis. As to any VTB Product, GoerTek shall provide a proposed price quotation and a detailed statement of the costs and profit used to determine such proposed price (a "Price Analysis"). The Price Analysis shall include time analysis for production and testing, material costs (supported by a detailed Bill of Materials ("BOM") providing a list of the raw materials, sub-assemblies, intermediate assemblies, sub-components, components, parts (collectively, "Components") and the quantities and unit prices of each needed to manufacture the VTB Product), tooling, Vendor services, labor and overhead. The BOM shall include all Component details, including supplier name, part number, and cost; provided, that, GoerTek shall provide the location of a supplier upon request by VTB. All costs of manufacturing other than GoerTek's profit shall hereinafter be referred to as "Manufacturing Costs." Manufacturing Costs shall not include any NRE activities in accordance with Section 3.6 hereof. As to each VTB Product, GoerTek and VTB shall agree in writing on a final Price Analysis setting forth an agreed Manufacturing Cost and profit margin per unit, along with an agreed final price per unit for any initial order (the "Initial Price"). GoerTek may not change any Components without VTB's prior written approval.
- 3.3 **Continuous Cost Reductions:** GoerTek and VTB agree to work together in good faith for continuous reductions in Manufacturing Costs, including Component, labor, overhead and other Manufacturing Costs. GoerTek agrees to use commercially reasonable efforts to ensure that the same individuals are available to review Manufacturing Costs on a monthly basis and propose reductions in writing to VTB.
- 3.4 **Price Adjustments:** The price for each VTB Product shall be the Initial Price as adjusted from time to time: (a) as volume milestones are reached, in accordance with Schedule B, VTB – GoerTek Cost Reduction Commitments and (b) as may be required by Section 7.2 hereof. Notwithstanding anything expressed or implied to the contrary in Section 2.3 or elsewhere in this Agreement: (a) GoerTek agrees, during the term of this Agreement, to manufacture all of VTB's requirements for VTB Products as ordered by VTB at the price determined in accordance with this Section 3.4; and (b) GoerTek shall accept all POs validly issued by VTB in accordance with this Agreement for VTB Products provided that such PO specifies a price no less than the price determined in accordance with this Section 3.4.
- 3.5 **Vendors:** GoerTek shall inform VTB of any Vendors it intends to use in the manufacture of any VTB Products or providing any Services to VTB. GoerTek shall not employ any Vendor, or otherwise subcontract any aspect of manufacturing VTB Products or providing Services to VTB, without VTB's prior express written consent. GoerTek shall procure that VTB have the right, at any time during business hours and from time to time, to inspect the facilities of any Vendor If VTB does not approve a Vendor proposed by GoerTek, GoerTek shall propose alternative Vendors to replace the Vendor of which VTB disapproved. VTB may at any time and from time to time withdraw any consent to a particular Vendor.
- 3.6 **Engineering Labor:** GoerTek shall not charge VTB the full engineering labor fees associated with the non-recurring engineering (NRE) activities during the product development phase of new products, however, if VTB wishes to attain the sole and exclusive ownership to IPR determined according to section 5.2 below, VTB shall pay to GTK the full engineering labor cost reflected in the most recently updated product cost quote shown in the "labor" worksheet, prior to mass production, or as otherwise agreed upon by the parties in writing. Subject to Section 2.1 hereof, GoerTek may charge VTB for fees associated with other aspects of product development, including, but not limited to, product certification, tooling, specific testing and production equipment and samples in accordance with a valid PO for such services issued by VTB and accepted by GoerTek specifying the fees for such services, which shall be mutually agreed upon by the parties.

4. Payment and Delivery

- 4.1 **Delivery:** GoerTek shall comply with VTB's billing and delivery instructions shown on the PO or otherwise communicated to GoerTek. GoerTek shall deliver the Products ordered by VTB to any common carrier or shipper designated by VTB FCA, Incoterms 2010, Qingdao, or on such other terms as may be specified in the PO, on the date specified in the PO. Without limitation of the foregoing, the Seller shall at all times maintain inventory, materials and Components on hand sufficient to meet reasonably projected requirements for the production and timely delivery of Products to VTB. When Products are received improperly marked or routed and VTB is put to extra expense to deliver such Products to the proper location, VTB may offset the extra expense incurred against sums otherwise owed to GoerTek.
- 4.2 **Change Orders:** Subject to Section 4.3 and Section 4.4 hereof, VTB may change the shipping instructions, extend the delivery date as to all or part of any order, or cancel all or part of an order set forth in any accepted PO by providing written notice to GoerTek prior to the delivery shipment date specified on the PO (a "Change Order").
- 4.3 **Extending Delivery Date.** VTB may provide a Change Order extending the delivery date otherwise specified in a PO, without penalty, as to a number of units of Products up to the following percentages of the total units of Products ordered in the PO, such extension not to exceed 90 calendar days:

Number of Calendar Days of Advanced Notice Before Delivery Date in the PO	Percentage of Units Ordered under a Given PO the Delivery Date of Which May Be Extended by up to 90 Calendar Days
0 - 21 days	0%
22 - 50 days	Up to 50%
51 - 77 days	Up to 75%
78 days or more	Up to 100%

For the purposes of calculating the number of units the delivery date of which may be extended, no distinction shall be made between Products of different types ordered in a single PO and VTB may allocate the permitted percentage of units to be rescheduled among different Product types in its discretion.

- 4.4 **Cancellation:** VTB may provide a Change Order cancelling an order for Products up to the following percentages of the total units of Products ordered in the relevant PO:

Number of Calendar Days of Advanced Notice Before Delivery	Percentage of Scheduled Shipment that May Be Cancelled

Date in the PO	
0 - 30 days	0%
31 to 60 days	Up to 25%
61 - 90 days	Up to 50%
More than 90 days	Up to 100%

As to cancellations permitted by this Section 4.4, GoerTek may nevertheless charge a cancellation fee not to exceed its actual costs from the cancellation, which cancellation fee shall be its sole remedy. After receipt of a Change Order specifying a cancellation, GoerTek shall use its best efforts to mitigate its actual costs, including without limitation by stopping production, cancelling materials with its suppliers, and using materials and Components for other products as much as possible to reduce VTB's liability. Notwithstanding anything herein to the contrary, in no event shall VTB's liability for cancellation of an order of VTB Products exceed the cost of Components for the cancelled units as shown in the relevant BOM, as such cost may be reduced from time to time in accordance with Section 3 hereof. As to any cancelled order for which GoerTek has charged a cancellation fee, all Components, partially-assembled Products, or Products in respect of which a cancellation fee has been charged shall be the sole property of VTB and GoerTek shall ship such materials to any address specified by VTB at VTB's expense.

- 4.5 **Customs Clearance:** Upon GoerTek's written request, VTB shall provide necessary documents according to China's regulations to facilitate GoerTek to handle customs clearance as required. GoerTek will provide an appropriate certification stating the country of origin for Products sufficient to satisfy the requirements of the customs authorities of the destination country or countries and any applicable customs or import/export regulations of such countries, including without limitation those of the United States. GoerTek will assure that Products and containers of Products are marked with the country of origin, as required by applicable regulations of any jurisdiction or as otherwise reasonably requested by VTB. If Products are imported into the United States, or another destination as stated in the PO, GoerTek will, upon direction by VTB, allow VTB or its designated customer to be the importer of record. If VTB is not the importer of record, GoerTek will, upon VTB's request, provide VTB with documents required by the customs authorities of the country of receipt to prove proper importation. If the customs clearance is delayed due to VTB's insufficient information or VTB's fault, GoerTek is not liable for VTB's loss.
- 4.6 **Late Delivery:** GoerTek shall deliver the Products on the date indicated in the relevant PO. If GoerTek fails to make timely deliveries of the Products meeting the product quality standards set forth in this Agreement and as provided for in any submitted and accepted PO, VTB shall not be required to accept such delivery. If GoerTek is unable to (i) deliver the Products within fourteen (14) calendar days after the date indicated in the relevant PO or (ii) make available to the common carrier within seven (7) calendar days after the date indicated in the relevant PO, GoerTek shall deliver such Products to a common carrier approved by VTB for overnight air shipment at GoerTek's expense. In the event GoerTek makes a delayed delivery of the Products, VTB may agree (while reserving all other rights) to accept such delivery and adjust the purchase price by an amount equal to the original purchase price multiplied by 0.05 percent per day multiplied by the number of calendar days delivery of conforming Products was delayed, provided that such delay was (a) not caused by an event of force majeure and (b) not solely due to delays in common carrier booking caused by VTB.
- 4.7 **Deliveries of Less than Full Amount:** In the event that a delivery contains less than 99% of the Products than ordered by VTB in the related submitted and accepted PO, VTB may reject such delivery in its entirety. Provided that shipment for the lesser amount shows no signs of tempering or broken custom seal at the time of receiving. Alternatively, VTB shall have the right, but not the obligation, to accept the lesser quantity and reduce the purchase price pro rata to the amount and type of the Products actually delivered. Acceptance of such lesser amount shall not preclude VTB from pursuing any remedies available to it resulting from Seller's failure to deliver the full amount of Products ordered.
- 4.8 **Payment Currency:** Unless otherwise agreed to by both parties in writing, all transactions under this Agreement shall be in United States dollars.
- 4.9 **Credit Line:** GoerTek shall provide VTB a revolving line of credit (hereinafter the "Credit Line") of **Ten Million United States Dollars (US\$10,000,000)** for use in purchasing Products and Services from GoerTek. GoerTek shall apply the Credit Line automatically to any amounts payable for the purchase of Products or Services on the date of delivery. Funds borrowed against the Credit Line shall be due sixty (60) calendar days after the date applied to the purchase price of Products or Services. Simple interest on late payments shall accrue at the rate of 3.5% per annum. GoerTek shall provide VTB with detailed monthly written statements showing amounts charged against the Credit Line, the dates such charges were made, the date payment is due, and any interest on such amounts. The written statements shall additionally show the total amount remaining on the Credit Line. Amounts due exceeding the available credit under the Credit Line shall be paid by means mutually agreeable to the GoerTek and VTB. Notwithstanding any prior payment or application to the Credit Line, all Products and Services hereunder shall be subject to final inspection and approval by VTB, within thirty (30) calendar days after delivery. VTB is not required to accept any Non-Conforming Products, notwithstanding any usage of trade or common practices to the contrary, and VTB shall have no obligation to make any payment in respect of Non-Conforming Products. For the avoidance of doubt, the acceptance of Products for delivery by a common carrier or shipper does not constitute VTB's acceptance of such Products under this Section 4.9 and acceptance of products by VTB shall not preclude any other remedy by VTB in respect of defective or Non-Conforming Products or otherwise for breach of this Agreement.

5. **Intellectual Property and Proprietary Materials**

- 5.1 **Intellectual Property:** All IPRs and other legal, moral and equitable rights of any kind provided by VTB or any of its Affiliates to GoerTek (collectively, "VTB IPR") shall remain the exclusive property of VTB. For the avoidance of doubt, any IPRs embedded in or derived from VTB's proprietary Audio Signal Processing technology shall constitute VTB IPRs.
- 5.2 **VTB and GoerTek IPRs Developed by GoerTek:** Any new IPRs and other new legal, and equitable rights of any kind created by GoerTek or its Affiliates or its Vendors, or any of their respective agents, directors, or employees (collectively, "GoerTek Representatives") during the performance of any design, engineering, or other work in connection with the design or manufacture of a VTB Product, or by GoerTek or GoerTek Representatives jointly with VTB, or otherwise by GoerTek or GoerTek Representatives at VTB's request or for VTB's benefit (collectively, the "Work"), shall constitute VTB IPRs and belong to VTB subject to full payment of Non-Recurring Engineering (NRE) charge. All modifications or improvements to VTB Products developed by GoerTek or GoerTek Representatives, whether independently or in cooperation with VTB, shall be the property of VTB subject to full payment of Non-Recurring Engineering (NRE) charge. VTB grants GoerTek a limited non-exclusive, royalty free license to use VTB IPRs during the course of the Agreement only to the extent necessary to perform its obligations under the Agreement. GoerTek will retain ownership of any improvements to its own IPRs developed independently of, and not derived from, the VTB IPRs, though it grants VTB, and its successors, assigns, or designees a perpetual, royalty-free, non-exclusive license to use such IPRs only as incorporated into the Work to the extent necessary to continue to produce, sell or develop of the VTB Products, as set forth in greater detail in Section 5.8 below.

VTB shall have the right to use the whole Work, any part or parts thereof, or none of the Work, as it deems fit in its sole and absolute discretion. VTB may alter the Work, add to it, or combine it with any other work or works, in its sole and absolute discretion. All original material created by GoerTek or GoerTek Representatives related to the Work or this Agreement, and all original material submitted by GoerTek or GoerTek Representatives to VTB, including but not limited to BOMs, Price Analyses, design, documentation, graphic renderings, industrial design and styling sketches, diagrams, notes, computer files, and memoranda, shall be the property of VTB whether or not VTB uses such material.

All documentation and all other materials and information prepared by any Person in connection with the production of the Work, except improvements to GoerTek's IPRs that are developed independently of, and not derived from VTB IPRs, shall be VTB's property and GoerTek shall provide all such material or documentation to VTB upon any request by VTB. To the extent that any such material remains in the possession of GoerTek or GoerTek Representatives upon the termination or conclusion of this Agreement, GoerTek, without requirement of demand or notice of any kind from VTB, shall provide, within seven business days, such material to VTB (keeping no copies, including both electronic and hard copies, or other physical embodiments of such material of any kind).

Whenever any material with copyright or patentable rights in connection with a VTB Product is prepared by GoerTek or GoerTek Representatives, either solely or in collaboration with others, including employees of VTB or any of its Affiliates, GoerTek shall use its best efforts to give VTB written notice thereof and shall furnish VTB with complete information relating thereto, including but not limited to a complete written disclosure of such copyrighted or patentable material.

GoerTek hereby irrevocably and unconditionally assigns, and agrees to cause all GoerTek Representatives irrevocably and unconditionally to assign, to VTB, all IPRs and all other right, title and interest in and to all copyrighted or patentable materials, works of authorship and other proprietary data and all other materials (as well as commercial secrets and similar rights attendant thereto) conceived, invented, designed, reduced to practice, authored or developed by GoerTek or GoerTek Representatives, either solely or jointly with others, in connection with the Work. Without limitation of any other duty of confidentiality hereunder, GoerTek and its Representatives shall keep confidential such copyrighted or patentable materials, works of authorship, proprietary data or other materials. GoerTek agrees that it shall, and shall cause its Representatives to, do all things and execute all documents as VTB may deem necessary or advisable to vest in VTB the rights referred to herein and to secure for VTB all trademark, copyright or patent protection, which may be available in respect thereof. GoerTek's obligations hereunder shall survive the expiration or termination of this Agreement. Neither GoerTek nor any of the GoerTek Representatives shall be entitled to any additional royalty, license fee, or compensation in respect of their obligations under this Section 5.2.

- 5.3 **Know-How and other IPRs Provided by VTB:** To the extent that VTB provides any Know-How or other IPRs to GoerTek in connection with this Agreement, including any physical embodiments of such Know-How and other IPRs, such Know-How and other IPRs shall constitute VTB IPR. GoerTek shall use such Know-How and other IPRs only as necessary to fulfill its obligations under this Agreement or as authorized in writing by VTB, and only to manufacture VTB Products for VTB and for no other purpose whatsoever.
- 5.4 **Know-How and other IPRs Provided by GoerTek:** To the extent that GoerTek provides any Know-How or other IPRs to VTB in connection with this Agreement, including any physical embodiments of such Know-How and other IPRs, such Know-How and other IPRs shall constitute GoerTek IPRs. VTB shall use such Know-How and other IPRs only as incorporated into the Work to the extent they are necessary to the produce, sell or develop the VTB Products or as authorized in writing by GoerTek, and only to manufacture VTB Products for VTB and for no other purpose whatsoever.
- 5.5 **VTB Proprietary Materials:** All physical and electronic embodiments of any VTB IPRs, including without limitation BOMs, Price Analyses, design, documentation, graphic renderings, industrial design and styling sketches, diagrams, notes, software, firmware, computer files, and memoranda, and including any documents or materials generated from, including, or reflecting any VTB IPRs (collectively, "VTB Proprietary Materials"), whether generated by GoerTek, provided by VTB, provided by a third party Person designated by VTB or GoerTek, or otherwise obtained by GoerTek or any GoerTek Representative, shall constitute VTB's sole and exclusive property and shall further constitute Confidential Information as defined by Section 8 of this Agreement. Within seven business days of the expiration or early termination of this Agreement or VTB's request, all VTB Proprietary Materials under the control of GoerTek or any GoerTek Representative shall unconditionally be returned to VTB and neither GoerTek nor any GoerTek Representatives shall retain any copies of such VTB Proprietary Materials (including any electronic or backup copies). Neither GoerTek nor any GoerTek Representative shall use any VTB Proprietary Material for any purpose other than to manufacture Products for VTB.
- 5.6 **Specific Prohibited Actions:** Without limitation of any more general obligation set forth in this Section 5, neither GoerTek nor any GoerTek Representative shall, or shall permit any Person to, reverse-compile or reverse-assemble VTB object code, or copy, edit or otherwise modify portions of VTB source code or object code or create derivative works of VTB Proprietary Materials or VTB Products. GoerTek shall not sell or otherwise provide any product incorporating or derived from any VTB IPRs to any Person other than VTB or as expressly directed in writing by VTB.
- 5.7 **Protection of VTB Proprietary Materials:** GoerTek acknowledges VTB's right, title and interest in and to VTB IPRs and will not at any time do or cause to be done any act or thing contesting or in any way impairing or intended to impair any part of such right, title or interest. If GoerTek becomes aware of any infringement of VTB's intellectual property rights or Confidential Information, GoerTek shall immediately notify VTB of such infringement and cooperate with VTB in the enforcement of VTB's intellectual property rights. Any decision regarding enforcement of VTB's intellectual property rights shall be made by VTB at its sole discretion.
- 5.8 **Protection of GoerTek Proprietary Materials:** GoerTek owns and shall retain sole and exclusive ownership of GoerTek-developed IPRs and other new legal, and equitable rights of any kind, such as patents, copyrights, hardware designs, software, documentation, processes, know-how, methodologies, architecture, specifications, technology, trade secrets, including GoerTek's proprietary Audio Signal Processing technologies, relating exclusively to Products which are not VTB Products or derived from VTB IPRs, and except to the extent any such IPR constitutes VTB IPR (collectively, "GoerTek IPRs"), provided, however, that GoerTek hereby irrevocably and unconditionally grants VTB, and its successors, assigns, or designees an irrevocable, royalty-free, perpetual, and non-exclusive license to use GoerTek IPRs in connection with the work for the purchase, marketing, and sale of VTB Products, and GoerTek covenants not to pursue any proceeding, arbitration, lawsuit, or other action against VTB, either directly or indirectly, in connection with Products incorporating GoerTek IPRs. Notwithstanding anything expressed or implied to the contrary in this Section 5.8, and without limitation of Section 5.2 hereof, any IPRs developed by GoerTek for which VTB has paid a development fee to GoerTek, shall constitute Work which is owned exclusively by VTB.
- 5.9 **GoerTek Proprietary Materials:** All physical and electronic embodiments of any GoerTek IPRs, (defined below) including without limitation BOMs, Price Analyses, design, documentation, graphic renderings, industrial design and styling sketches, diagrams, notes, software, firmware, computer files, and memoranda, and including any documents or materials generated from, including, or reflecting any GoerTek IPRs (collectively, "GoerTek Proprietary Materials"), whether generated by VTB, provided by GoerTek, provided by a third party Person designated by GoerTek or VTB, or otherwise obtained by VTB or any VTB Representative, shall constitute GoerTek's sole and exclusive property and shall further constitute Confidential Information as defined by Section 8 of this Agreement. Within seven business days of the expiration or early termination of this Agreement or GoerTek's request, all GoerTek's Proprietary Materials under the control of VTB or any VTB Representative shall unconditionally be returned to GoerTek and neither VTB nor any VTB Representatives shall retain any copies of such GoerTek Proprietary Materials (including any electronic or backup copies). Neither VTB nor any VTB Representative shall use any GoerTek Proprietary Material for any purpose other than to manufacture Products for VTB.

6. ***Product Quality and Warranty***

- 6.1 **Warranty:** GoerTek represents and warrants on an ongoing basis that: (a.) all Products shall be free from defects in material, manufacturing, design and workmanship, including, without limitation, cosmetic defects, and shall conform to specifications, all for a period of 12 months from date of delivery, provided, however, that GoerTek shall not be responsible for defects caused exclusively by engineering design errors in Specifications provided by VTB; (b.) VTB will acquire on delivery good, valid and marketable title to the Products and that the Products shall be free and clear of all liens, encumbrances and other restrictions; (c.) Product is new and does not contain used or refurbished parts; (d.) Products designed by GoerTek shall not infringe the intellectual property rights of any third party Person, (e.) Products will be manufactured according to the highest quality workmanship using the Consigned Materials (if provided) and otherwise the best materials according to any applicable BOM or product specifications; (f.) Products are merchantable and are fit for the specific purposes for which the Products are intended to be used, except to the extent that any failure of merchantability or fitness for the purposes intended is caused by VTB's Specifications; and (g.) VTB Products will meet the Specifications, and VTB Products and all other Products will meet the specifications, tolerances and quality metrics specified for such Products, and will be consistent with any samples provided by GoerTek to VTB.
- 6.2 **Non-Conforming Products:** As to any Products (each, a "Non-Conforming Product") which (i) violate any representation or warranty of GoerTek (other than with respect to the representations and warranties contained in Section 6.1(a)), VTB shall be entitled to return to GTK for rework, (or rework through a third party agreed by both VTB and GTK), or a credit equal to the full purchase price if the invoice for such products have been paid and such Non-Conforming Products have been tested as non-conforming prior to resale by VTB or (ii) violate any representation or warranty contained in Section 6.1(a), VTB shall be entitled to a refund equal to 50% of the full purchase price of such Non-Conforming Products. VTB shall use the services of a third party returns and refurbishment vendor (currently Sohnen Enterprises) to test each returned Product and to provide reports documenting the quantity and nature of each defect and will retain the defective product for use in its refurbishment operations. GoerTek shall provide a credit memo or a cash refund if no open invoice, within thirty (30) calendar days after receiving VTB's written request, by bank transfer of immediately available funds to an account designated by VTB. VTB shall be entitled to offset the amount of any future payment to GoerTek by the amount of any unapplied credit memo. VTB shall not be required to return Non-Conforming Products to GoerTek.
- 6.3 **Consigned Materials:** "Consigned Materials" means the materials necessary for manufacturing Products that are provided by VTB. VTB agrees to deliver Consigned Materials to the destination designated by GoerTek within the lead-time agreed upon by GoerTek and VTB. VTB will use its best efforts to assure Consigned Materials arrive at GoerTek's factory no later than seven (7) calendar days from the projected arrival date. GoerTek shall not be liable for any delayed shipments of Products to the extent such delay is caused by the late arrival of Consigned Materials. If GoerTek changes the destination, then GoerTek shall be responsible for all costs associated with transferring the Consigned Materials to the new destination. GoerTek shall retain full responsibility for the security and care of Consigned Materials and shall protect VTB against any loss or damage of Consigned Materials. GoerTek shall reimburse VTB for any Consigned Materials not used in the production of Products if, within thirty (30) calendar days after written request, such Consigned Material is not returned to VTB in materially the same condition in which it was provided to GoerTek (ignoring any reductions in quantity or amount resulting from the use of such Consigned Materials). The price and payment terms of the reimbursed parts charged to GoerTek shall be the same as the price paid by VTB. VTB shall pay approved shipping charges on any returned Consigned Material.
- 6.4 **Production Waste and Loss:** If requested by GoerTek, VTB shall provide up to 1.5% of the total quantity of its Consigned Materials for waste and production loss by GoerTek. As part of its request, GoerTek shall provide detailed information regarding the cause of said production loss and the actions taken to minimize additional loss. GoerTek will immediately notify VTB of poor quality materials if any occurrence shall take place and shall assist VTB in reconciling the settlement of claims against the third-party Person provider of said defective Consigned Materials. With the exception of defective materials, if the monthly waste and production loss of Consigned Materials exceeds 0.5% and GoerTek requests more spare parts, GoerTek shall pay for said additional parts and VTB shall supply said parts at its earliest possible opportunity. The price and payment terms of the additional spare parts charged to GoerTek shall be the same as VTB's buying price and payment terms.
- 6.5 **Inventory Management:** Upon request, GoerTek shall submit to VTB an inventory reconciliation of all Consigned Materials. Within thirty (30) calendar days following the termination of this Agreement or VTB's written request, as the case may be, GoerTek will return all Consigned Materials to VTB, or to any other location specified by VTB, per the shipping instructions provided by VTB. Approved shipping costs for said return shall be paid by VTB.
- 6.6 **Management of equipment, molds, jigs and tools, etc:** GoerTek shall be responsible for the management of equipment, molds, toolings, dies, jigs and tools, etc. and measuring instruments and testing apparatus, etc., necessary for production of the Products (hereinafter, the "Production Materials"), and shall manage the Production Materials such that they keep the necessary accuracy at all times, in order to maintain the quality of the Products. Any Production Materials used to manufacture VTB Products and paid for by VTB ("VTB Production Materials") shall be the sole property of VTB. GoerTek shall grant VTB reasonable access to VTB Production Materials at all times, and shall deliver any VTB Production Material in undamaged condition (save ordinary wear and tear) to VTB at an address designated by VTB within 15 calendar days of VTB's written request. In the event of any dispute with VTB, GoerTek shall have no lien over or right to retain any VTB Production Material beyond the time period set forth in this paragraph, and failure to turn over any VTB Production Material within the time period specified by this paragraph shall constitute a material breach. GoerTek may not use or retain any VTB Production Material to satisfy in whole or in part any claim GoerTek may have against VTB. No VTB Production Materials or Consigned Materials shall be used in the manufacture of any non-VTB products, nor used for any other purpose other than manufacturing VTB Products to fulfill GoerTek's responsibilities under this Agreement.
- 6.7 **Product Regulations Conformity:** Unless otherwise agreed to by VTB in writing and without limitation of any other product quality requirements, Products shall adhere to the following regulations and shall be labeled accordingly: (a.) Product shall comply with the specifications of the CE mark. (b.) Emissions (EMC): CE mark for European Union (EU) market. EN55022 Class B. US/Canadian/Mexico market, FCC Class B verified. (c.) Product Safety: UL flammability rating of 94V-0 and traceable to the UL components directory. (d.) RoHS Directive ("the restriction of the use of certain hazardous substances in electrical and electronic equipment"). (e.) Product shall comply with any other specifications and requirements designated from time to time by VTB of any government, administrative, industry or other regulation or standard, of the United States, European Union, Japan, or other institution, Person, market or jurisdiction anywhere in the world, and shall be labeled accordingly.
- 6.8 **Hazard Condition:** In the event either GoerTek or VTB becomes aware of any information which reasonably supports a conclusion that a defect may exist in any Product and the defect could cause death or bodily injury to any person or property damage (hereinafter a "Hazard"), the Party becoming aware of this information shall immediately notify the other of the Hazard. Whenever possible, notification to the other Party shall precede notice to any governmental agency, unless required by law. GoerTek and VTB shall promptly exchange all relevant data and then, if practical, as promptly as possible, meet in person or telephonically to review and discuss the information, tests, and conclusions relating to the alleged Hazard. At this meeting the parties shall discuss the basis for any action, including a recall, and the origin or causation of the alleged Hazard, provided, however, that the VTB shall have the right to make the ultimate decision as to any recall or other method of addressing a Hazard. The Seller agrees and undertakes that it will indemnify and hold VTB and its Affiliates harmless from and against any and all claims, demands, causes of action, actions or suits, whether at law or in equity, judgments, decrees, damages, or any liability whatsoever asserted or entered against VTB arising out of or relating to any Hazard, except to the extent such Hazard is caused exclusively by a defect in VTB's design as set forth in the Specifications (a "VTB Hazard"). GoerTek shall be solely responsible for all costs of all Hazards other than VTB Hazards, including the costs of effecting a recall and the related reasonable out-of-pocket costs to VTB and its customers. Each Party shall, on request, provide to the other reasonable assistance in (a.) determining how best to deal with the Hazard; and (b.) preparing for and making any presentation before any governmental agency which may have jurisdiction over Hazards involving

Products.

- 6.9 **Defective Product Condition:** In the event either GoerTek or VTB becomes aware of any information which reasonably supports a conclusion that a defect may exist in any Product and the defect could cause said Product to be returned by VTB's Customers (hereinafter a "Defect"), the Party becoming aware of this information shall immediately notify the other of the Defect. Whenever possible, notification to the other Party shall precede notice to any governmental agency, unless required by law. GoerTek and VTB shall promptly exchange all relevant data and then, if practical, as promptly as possible, meet to review and discuss the information, tests, and conclusions relating to the alleged Defect. At this meeting the parties shall discuss the basis for any action, including a recall, and the origin or causation of the alleged Defect, provided, however, that the VTB shall have the right to make the ultimate decision as to any recall or other method of addressing a Hazard. GoerTek agrees and undertakes that it will indemnify and hold VTB and its Affiliates harmless from and against any and all claims, demands, causes of action, actions or suits, whether at law or in equity, judgments, decrees, damages, or any liability whatsoever asserted or entered against VTB arising out of or relating to any Defect, except to the extent such Hazard is caused exclusively by a defect in VTB's design as set forth in the Specifications (a "VTB Defect"). GoerTek shall be solely responsible for all costs of all Defects other than VTB Defects, including the costs of effecting a recall and the related reasonable out-of-pocket costs to VTB and its customers. Each Party shall, on request, provide to the other reasonable assistance in (a.) determining how best to deal with the Defect; and (b.) preparing for and making any presentation before any governmental agency which may have jurisdiction over Defects involving Products.

7. *Additional Covenants*

- 7.1 **Exclusivity:** GoerTek shall manufacture VTB Products exclusively for VTB, and shall not provide any VTB Product or derivative thereof to any other Person. Without limitation of the foregoing, GoerTek and the GoerTek Parent Company shall not, and shall cause each of their respective Affiliates not to, sell VTB Products or derivatives thereof under a different label in the PRC or any other market.
- 7.2 **Most Favored Pricing:** Notwithstanding anything expressed or implied to the contrary in this Agreement, GoerTek shall provide terms and conditions for the purchase of the Components and Services by VTB that are no less favorable to VTB than those offered from time to time by GoerTek or any of its Affiliates to any other customer for similar Components or Services on a worldwide basis irrespective of volume commitments.
- 7.3 **Working Conditions:** GoerTek shall, and shall cause its Affiliates and Vendors to, comply with all applicable PRC laws, regulations, and guidelines relating to employment, working conditions, occupational health and safety, and environmental compliance, and, without limitation of any other remedy available to VTB hereunder, GoerTek shall defend, indemnify, and hold harmless VTB, its OEM customers, and their respective directors, officers, employees, agents, customers and distributors from any damage to any of their reputations, business, or public image as a result of GoerTek's violation of this Section 7.3.
- 7.4 **Audit Rights:** VTB shall have the right, at any time and from time to time during the term of this Agreement, to audit GoerTek's compliance with the terms of this Agreement (an "Audit"). VTB may appoint one or more independent auditors (an "Independent Auditor") to assist with an Audit. The scope of an Audit may include, without limitation, the accuracy of any Price Analysis or BOM, compliance with GoerTek's obligations of confidentiality, compliance with the most favored pricing obligation set forth in Section 7.2 hereof, and compliance with the provisions relating to VTB IPR.

GoerTek shall, and shall cause each Vendor and GoerTek Representative to, co-operate fully with any Audit and provide any materials reasonably requested in connection therewith. Without limitation of the generality of this obligation, VTB and any Independent Auditor may inspect, during normal business hours, the premises and facilities of GoerTek and GoerTek Representatives. GoerTek shall further make its, and each of its Affiliates, Vendors, employees, contractors, directors, officers and other representatives available for interview by VTB and any Independent Auditor at reasonable times and places, and shall cause all such Persons to cooperate fully with any Audit, and shall promptly provide any books, records, or other documents requested by VTB or an Independent Auditor in such form as may be requested by VTB or such Independent Auditor. GoerTek shall retain and preserve all contracts, emails, purchase orders, projections, shipping receipts, production notes, and other documents concerning or relating to any provision of this Agreement for a period of at least two years from the date such document was created or received.

VTB shall pay for the full costs and fees associated with any Independent Auditor, provided, however, that GoerTek shall pay, on time and in full, the full costs and fees of an Independent Auditor if the Independent Auditor's report reflects any breach by GoerTek of this Agreement. To the extent that VTB has paid or pays any such costs or fees, GoerTek shall reimburse VTB for such costs and fees within ten calendar days of being notified of the relevant amount by VTB.

Notwithstanding anything to the contrary in this Section 7.5, to the extent GoerTek is unable to disclose or make available information as a result of a bona fide contractual confidentiality obligation with third parties or under applicable law, GoerTek may redact or anonymize such information to the extent necessary to comply with such obligations or laws.

8. *Confidential Information, Liability and Indemnification*

- 8.1 **Confidential Information:** "Confidential information" means any and all confidential and proprietary information, including both technical and non-technical information, exchanged among the Parties at any time, before or after the date of this Agreement, whether verbally or in writing or by other means, and including: (a) copyright, trade secret and proprietary information; (b) techniques, algorithms, firmware and software programs related to the current, future and proposed business, products and service of a Party; (c) information concerning research, engineering, industrial design and styling; (d) financial information, procurement requirements, purchasing information, customer lists, business forecasts, sales and merchandising information, marketing plans and marketing information; (e) the terms and conditions of this Agreement; or (f) any other information that has been designated as "Confidential." Each Party shall at all times, both during the term of this Agreement and after its expiration, keep in confidence, and not disclose to any third party, any Confidential Information of the other Parties and shall not use such Confidential Information without the protected Party's express written consent except in the performance of its duties or as contemplated under this Agreement. GoerTek and the GoerTek Parent Company agree that they shall not disclose VTB's Confidential Information to their own employees, advisors, agents or independent contractors except to the extent necessary for the purposes permitted under this Agreement and in such case, only if the disclosing Party (a.) first obtains from such parties a signed confidentiality agreement with terms at least as restrictive as those specified in this Agreement and which expressly names VTB as an intended third-party beneficiary with standing to sue and (b.) first provides a copy of said confidentiality agreement to VTB.
- 8.2 **Protection of Confidential Information:** Each Party will take reasonable measures to maintain the confidentiality of the Confidential Information, but not less than the measures it uses for its own Confidential Information of similar type. Each Party will immediately give notice to the other Parties of any unauthorized use or disclosure of the Confidential Information. Each Party agrees to assist the other Parties in remedying such unauthorized use or disclosure of the Confidential Information. The foregoing obligation, and the obligations described in Section 8.1, will not apply to the extent that the receiving Party can demonstrate that the disclosed information is: (i) information which it learned from a third party Person having the right to make the disclosure, provided the restricted Party complies with any restrictions imposed by the third party Person; (ii) information which is rightfully in the restricted Party's possession prior to the time of disclosure by the protected Party and not acquired by the restricted Party under a confidentiality

obligation; or (iii) information which enters the public domain without breach of confidentiality by the restricted Party or any other Person under a duty of confidentiality. In the event that any Party is requested or becomes legally compelled (including, pursuant to any applicable tax, securities, stock exchange rules or regulations or other laws and regulations of any jurisdiction) to disclose any Confidential Information, such Party shall provide the protected Party with prompt written notice of that fact and shall consult with the protected Party regarding such disclosure. At the request of the protected Party, the restricted Party shall, to the extent available, seek a protective order, confidential treatment or other appropriate remedy. In any event, the restricted Party shall furnish only that portion of the Confidential Information that is legally required to be disclosed and shall use its best efforts to obtain reliable assurance that confidential treatment will be accorded such information.

8.3 **Limitation of Liability:** VTB's liability to GoerTek under this Agreement shall be limited to the total purchase price for Products duly ordered according to valid POs issued by VTB and accepted by GoerTek and the cost of any Remaining Materials.

8.4 **GoerTek Indemnification:** Without limitation of any other remedy available to VTB, GoerTek agrees to defend, indemnify and hold harmless VTB, its OEM customers, and their respective directors, officers, employees, agents, customers and distributors from and against any and all claims, actions, demands, legal proceedings, liabilities, damages, judgments, settlements, reasonable costs and expenses, including, without limitation, attorneys' reasonable fees and costs, arising out of or in connection with any alleged or actual: (a.) breach of any of GoerTek's covenants, representations, or warranties contained in this Agreement; (b.) violation by GoerTek of any governmental laws, rules, ordinances or regulations; (c.) claim arising out of or relating to Products that contain used or refurbished parts (except to the extent that VTB expressly orders such Products in an accepted PO and such Products are clearly and conspicuously labeled by GoerTek as containing used or refurbished parts); (d.) products liability claim or other claim relating to the quality, manufacture, safety, or function of any Products, except to the extent such claim arises solely from defects in VTB's design or actions by VTB; (e.) claim by or on behalf of Vendors or agents that is related to the purchase of the Products by VTB under this Agreement or (f) infringement of any intellectual property rights held by a third party with respect to IPRs provided by GoerTek or any of its Affiliates to VTB.

8.5 **VTB Indemnification:** Without limitation of any other remedy available to GoerTek, VTB agrees to defend, indemnify and hold harmless GoerTek and its Representative and their respective directors, officers, employee, attorneys, and agents, and its successors, licensee and assigns (the "GoerTek Indemnified Parties") from any and all claims which may be obtained against, imposed upon or suffered by the GoerTek Indemnified Parties by reason of or arising out of any infringement of any intellectual property right held by a third party with respect to IPRs provided by VTB or any of its Affiliates to GoerTek.

9. Termination and Term of Agreement

9.1 **Term of Agreement:** This Agreement shall begin on the Effective Date and continue for a period of 2 years from the date hereof (the "Initial Term"), unless earlier terminated under any of the following provisions:

a) **Breach:** GoerTek may terminate this Agreement, effective sixty (60) calendar days after serving written notice, if VTB commits a material breach of the terms hereof, unless, in the case of a breach capable of remedy; (a.) specific action to cure the breach is taken within thirty (30) calendar days of the receipt by the defaulting Party of notice specifying the breach and requiring its remedy; (b.) the breach is remedied in all material respects within sixty (60) calendar days of the receipt by the breaching Party of notice specifying the breach, and; (c.) the breaching Party takes prompt and reasonable action to minimize the effect of such breach and to prevent future such breaches. VTB may terminate this Agreement, effective sixty (60) calendar days after serving written notice, if GoerTek or the GoerTek Parent Company commits a material breach of the terms hereof, unless, in the case of a breach capable of remedy; (a.) specific action to cure the breach is taken within thirty (30) calendar days of the receipt by the defaulting Party of notice specifying the breach and requiring its remedy; (b.) the breach is remedied in all material respects within sixty (60) calendar days of the receipt by the breaching Party of notice specifying the breach, and; (c.) the breaching Party takes prompt and reasonable action to minimize the effect of such breach and to prevent future such breaches.

b) **Insolvency:** GoerTek may terminate this Agreement upon seven (7) calendar days notice if VTB (a.) enters into bankruptcy, liquidation, or similar proceedings, or; (b.) becomes insolvent or unable to pay its debts in the ordinary course of business, or; (c.) ceases doing business as an ongoing concern. VTB may terminate this Agreement upon seven (7) calendar days notice if GoerTek or the GoerTek Parent Company (a.) enters into bankruptcy, liquidation, or similar proceedings, or; (b.) becomes insolvent or unable to pay its debts in the ordinary course of business, or; (c.) ceases doing business as an ongoing concern

9.2 **Extension:** This Agreement will automatically renew for an extended term of one year at the expiration of the Initial Term or any extension thereof, unless either GoerTek or VTB provides written notice of non-renewal to the other of such Parties at least 60 calendar days prior to such expiration.

9.3 **Surviving Termination:** At least ten (10) calendar days prior to the termination date of this Agreement, GoerTek will provide unambiguous and thorough documentation as necessary for VTB to reconcile its Consigned Materials and other inventory held by GoerTek and to carry on its activities with Vendors as provided in this Agreement, including Vendor contact information, purchasing records, etc. For a period of six (6) months following the termination date of this Agreement, GoerTek will provide VTB with reasonable assistance and information to facilitate the return of Consigned Materials and other inventory materials to VTB and for the uninterrupted continuation of VTB's purchasing activities initiated under this Agreement. After the expiration or early termination of this Agreement in accordance with the terms hereof, this Agreement shall forthwith become null and void, and there shall be no further liability or obligation on the Parties; provided, however, that (i) this Section 9.3 and Sections 1, 5, 6, 7.1, 7.3, 8, and 10 shall survive termination of this Agreement, and (ii) each Party shall remain liable to the other Parties for any breach of this Agreement existing at the time of such termination or in respect of any PO accepted prior to termination.

10. General

10.1 **Governing Law and Dispute Resolution:** This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflicts of law principles. The United Nations Convention on Contracts for the International Sale of Goods (CISG) shall not apply.

The Parties shall use good faith efforts to resolve any dispute, controversy or claim arising out of, relating to or in connection with this Agreement or the breach, termination or invalidity thereof ("Dispute") through friendly consultations among the Parties. If no settlement is reached within twenty (20) calendar days from the date one Party notifies another Party in writing of its intention to submit the Dispute to arbitration in accordance with this clause, then any such Dispute will be finally and exclusively settled by arbitration by the Hong Kong International Arbitration Center (HKIAC) in accordance with the HKIAC Administered Arbitration Rules as then in effect and as may be amended by this Article Dispute Resolution.

The place of arbitration will be in Hong Kong at the HKIAC. The arbitration proceedings will be conducted in English. The arbitration tribunal ("Tribunal") will consist of three (3) members. GoerTek and the GoerTek Parent Company will together select one (1) arbitrator, and VTB will select one (1) arbitrator. Each Party-appointed arbitrator shall be appointed within twenty (20) days of commencement of the arbitration. The presiding arbitrator will be selected by agreement between the arbitrators selected by the Parties or, failing agreement within ten (10) calendar days of the appointment of the arbitrators selected by the Parties, by the Secretary General of the HKIAC.

Without limiting the power of the Tribunal to issue any particular type of relief, the Tribunal is specifically empowered to award preliminary and permanent equitable or injunctive relief, specific performance and/or damages. The Tribunal shall award the costs of arbitration (including, without limitation, witness expenses and attorneys' fees) against the losing party, unless the Tribunal specifically determines that such an award would be unjust.

In any arbitration proceeding, each Party will cooperate with the other Parties in making full disclosure of and providing complete access to all information and documents requested by such other Party which are reasonably likely to be relevant to the contested issues in such arbitration proceeding, subject to any confidentiality obligations to third parties binding on such Party, and subject to the attorney-client and related privileges against disclosure.

The arbitration award will be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. Any arbitration award may be enforced by any court having jurisdiction over the Party against which the award has been rendered, or wherever assets of that Party are located, and will be enforceable in accordance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958) or under the Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland China and the Hong Kong Special Administrative Region, as the case may be. The costs (including, without limitation, attorneys' fees) of enforcing the arbitration award shall be borne by the party resisting such enforcement.

- 10.2 **Notices:** Any notice or other communication under this Agreement shall be in writing and shall be deemed to have been fully given or made when personally delivered, delivered by a reputable express courier service, or when sent by electronic mail to the addresses set forth below if sent between 8:00 a.m. and 5:00 p.m. recipient's local time on a Business Day, or on the next Business Day if sent by electronic mail to the addresses set forth below if sent other than between 8:00 a.m. and 5:00 p.m. recipient's local time on a Business Day, or three (3) calendar days after being mailed by registered or certified mail, postage prepaid, to the following addresses or such other addresses as a Party may provide by notice to the other Party from time to time:

**For GoerTek and GoerTek Parent
Company legal matters:**

Att: Long Jiang, President
long.jiang@goertekusa.com
2620 Augustine Dr., Suite 245, Santa Clara CA
95054

**For GoerTek and GoerTek Parent
Company purchasing, delivery, and
financial matters:**

Att: Tina Ren, Account Manager
tina.ren@goertek.com
5F, No. 3 Building, Fortune Centre
No. 18, Qinling Road, Laoshan District
Qingdao, 266061
China

**For GoerTek and GoerTek Parent
Company project development matters:**

Att: Kenneth Li, Program Manager
kenneth.li@goertek.com
Joe Lu, Product Manager
Joe.Lu@goertekusa.com
2620 Augustine Dr., Suite 245, Santa Clara CA
95054

For VTB legal and technical matters:

Att: Carmine J. Bonanno, President and CEO
Carmine@voyetra.com
150 Clearbrook Rd., Ste 162
Elmsford, NY 10523

For VTB purchasing and delivery matters:

Att: Frederick J. Romano, Executive VP and COO
Fred@voyetra.com
Cc: Scott Rankin, Director of Operations
srankin@voyetra.com
150 Clearbrook Rd., Ste 162
Elmsford, NY 10523

For VTB financial matters:

Att: Bruce Murphy, CFO
Bruce.murphy@turtlebeach.com
cc: Rhonda Robinson, Director of Finance
Rhonda@voyetra.com
cc: Frederic J. Romano, Executive VP and COO
Fred@voyetra.com
150 Clearbrook Rd., Ste 162
Elmsford, NY 10523

- 10.3 **Assignment:** Neither this Agreement, nor any rights or obligations contained therein, may be assigned or delegated by GoerTek or the GoerTek Parent Company without the prior written consent of VTB, and any such purported assignment or delegation shall be void and of no effect. This Agreement shall be binding on the Parties and their respective successors and permitted assigns.
- 10.4 **Amendments and Waivers:** No amendment, modification or waiver of any provision of this Agreement shall be effective unless set forth in a writing executed by an authorized representative of each Party. No failure or delay by any Party in exercising any right, power or remedy will operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall constitute a continuing waiver or a waiver of any similar provision unless expressly set forth in a writing signed by an authorized representative of each Party.
- 10.5 **Compliance with Law:** Each Party agrees to comply with all applicable laws, rules, regulations, orders and ordinances of the United States and in any other state or country with jurisdiction over the Party or the Party's activities in performance of its obligations hereunder, including, without limitation, all applicable import or export regulations and all licensing or permitting requirements.
- 10.6 **Severability:** Should any provision herein be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall be

modified to reflect the intentions of the Parties. All other terms and conditions shall remain in full force and effect. All headings and section captions in this Agreement are for reference only and shall not be considered in construing this Agreement.

- 10.7 **Independent Parties:** The relationship created between GoerTek and VTB under this Agreement shall be that of seller and purchaser. Neither GoerTek nor any GoerTek Representative shall under any circumstances be deemed agents or representatives of VTB and GoerTek shall have no right to enter into any contracts or commitments in the name or on behalf of VTB or to bind VTB in any respect whatsoever, except as VTB may specifically authorize in writing.
- 10.8 **Force Majeure:** No Party will be liable for any delay in performing under this Agreement to the extent such delay is caused by weather, fire, explosion, floods, riots or civil disturbances, in each case to the extent such condition is beyond the Party's reasonable control. Such delay, however, shall only be excused for the period during which such condition continues.
- 10.9 **Specific Performance:** Each Party hereto agrees that its obligations hereunder are necessary and reasonable in order to protect the other Parties to this Agreement, and each Party expressly agrees and understands that monetary damages would inadequately compensate an injured Party for the breach of this Agreement, that this Agreement shall be specifically enforceable, and that, in addition to any other remedies that may be available at law, in equity or otherwise, any breach or threatened breach of this Agreement shall be the proper subject of a temporary or permanent injunction or restraining order, without the necessity of proving actual damages or posting bond. Further, each Party hereto waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.
- 10.10 **Parent Company Guarantee:** The GoerTek Parent Company hereby unconditionally and irrevocably guarantees to VTB each obligation of GoerTek under this Agreement, and any accepted PO under this Agreement, in accordance with the terms and conditions contained herein and therein. The liability of the GoerTek Parent Company as aforesaid shall not be released or diminished by any arrangements or alterations of terms of this Agreement or any forbearance, compromise, neglect or delay in seeking performance of the obligations hereby imposed or any granting of time for such performance or the dissolution or insolvency or liquidation or any change in the constitution or the status of the GoerTek Parent Company or GoerTek. The GoerTek Parent Company hereby waives any rights which it may have to require VTB to proceed first against or claim payment from GoerTek. This guarantee is to be a continuing security to VTB. The GoerTek Parent Company's obligations under this Section 10.10 are primary obligations and not those of a mere surety. The GoerTek Parent Company agrees that if any obligation in this Agreement may not be enforceable against or recoverable from GoerTek by reason of any legal limitation, disability or incapacity of such entity or any other fact or circumstance, such obligation shall nevertheless be enforceable against or recoverable from the GoerTek Parent Company as though the same had been incurred by it and it was the sole or principal obligor in respect thereof and shall be performed or paid by it on demand.
- 10.11 **Interpretation:** When a reference is made in this Agreement to Sections, paragraphs or Schedules, such reference shall be to a Section, paragraph, or Schedule to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References herein to any gender include each other gender. The Schedules hereto are an integral part of this Agreement and shall be deemed part of this Agreement and included in any reference to this Agreement. In this Agreement, following terms shall have the meanings ascribed to them below
- 10.12 **Entire Agreement:** This Agreement sets forth the entire agreement and understanding of the Parties relating to the subject matter contained herein, and merges all prior discussions and agreements, both oral and written, matter contained herein, and merges all prior discussions and agreements, both oral and written, between the Parties. Any POs issued by VTB to GoerTek after the Effective Date shall be governed by this Agreement and not by any prior agreement between VTB and GoerTek.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first written herein.

Agreed to and accepted on behalf of VTB:

Agreed to and accepted on behalf of GoerTek:


[Company Chop and Authorized Signature Below]

By: /s/ Frederick J. Romano 1/20/2012
Frederick J. Romano, Exec VP, COO Date

By: /s/ Long Jiang 1/17/2012
Long Jiang, Legal Representative Date

Agreed to and accepted on behalf of the GoerTek Parent Company:

[Company Chop and Authorized Signature Below]

By:  1/17/2012
[X], Legal Representative Date

RIGHT OF FIRST REFUSAL AGREEMENT

This Right of First Refusal Agreement (this "Agreement"), dated as of January 7, 2011 by and between VTB Holdings, Inc., a Delaware corporation (the "Company") and the holders of the Company's Series B Preferred Stock (each, a "Series B Preferred Stockholder" and together with any transferees or additional holders of the Series B Preferred Stock, the "Series B Preferred Stockholders").

RECITALS

A. This Agreement is being entered into in connection with the consummation of the reorganization transactions contemplated by that certain Contribution Agreement (the "Contribution Agreement") dated January 7, 2011 by and among Voyetra Turtle Beach, Inc., the Company, and the other signatories thereto.

B. The parties hereto desire to enter into this Agreement to govern certain of their rights, duties and obligations with respect to the Company's Series B Preferred Shares.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" means, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the stock having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person, and (iii) each of such Person's officers, directors, managers (in the case of any Person that is a manager-managed limited liability company), and general partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise. With respect to any natural person, "Affiliates" shall also include, without limitation, such person's spouse, issue, parents, siblings, and any trust the beneficiaries or grantor of which are limited solely to such person and/or such other persons.

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"Authority" means the United States of America or any other nation, any state or other political subdivision thereof, or any entity, agency or authority (foreign, federal, state or local) exercising executive, legislative, judicial, regulatory or administrative functions of government or any court, tribunal or arbitrator, and any self-regulatory organization.

"Board of Directors" means the Board of Directors of the Company.

"Business Day" means any day other than a Saturday, Sunday or day on which banks are permitted or required to close in the State of New York.

"Permitted Transferee" means in the case of any Series B Preferred Stockholder that is or becomes a party to this Agreement and its Permitted Transferees, (A) such Series B Preferred Stockholder, or (B) the spouse or lineal descendants, heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of such Series B Preferred Stockholder, or (C) any trust, the beneficiaries of which, any charitable trust, the grantor of which, or any corporation, limited liability company, partnership or other entity, the stockholders, members, general or limited partners or owners of which include only such Series B Preferred Stockholder or its Permitted Transferees.

"Person" means an individual, a general or limited partnership, a corporation, a limited liability company, an association, a joint stock company, a business or other trust, a joint venture, a company, an unincorporated organization, an Authority or any other legal entity.

"SEC" means the Securities and Exchange Commission.

"Series B Preferred Shares" means shares of the Company's Series B Preferred Stock.

"Series B Preferred Stock" means the Company's Series B Preferred Stock, par value \$.01.

"Stripes Group" means SG VTB Holdings, LLC and its transferees and assigns.

"Transfer" means the making of any sale, exchange, assignment, hypothecation, gift, security interest, pledge or other encumbrance, or any contract therefor, any voting trust or other agreement or arrangement with respect to the transfer or grant of voting rights or any other beneficial interest in any of the Series B Preferred Shares, the creation of any other claim thereto or any other transfer or disposition whatsoever, whether voluntary or involuntary, affecting the right, title, interest or possession in or to such Series B Preferred Shares.

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ARTICLE II

RESTRICTIONS ON TRANSFERABILITY

2.1. Restrictions on Transfer. Each Series B Preferred Stockholder agrees not to Transfer any Series B Preferred Shares (or solicit any offers in respect of any Transfer of any Series B Preferred Shares) other than upon the conditions specified under Sections 2.2, 3.1 or 3.2 of this Agreement.

2.2. Permitted Transferees. Notwithstanding anything in this Agreement to the contrary, any Series B Preferred Stockholder may at any time Transfer any or all of its Series B Preferred Shares to one or more of its Permitted Transferees without compliance with Sections 3 so long as (i) Series B Preferred Stockholder provides the Company notice of the proposed Transfer to its Permitted Transferee at least fifteen (15) days in advance of such Transfer, (ii) such Permitted Transferee shall have agreed in writing to be bound by the terms of this Agreement and (iii) the Transfer to such Permitted Transferee is not in violation of applicable federal or state securities laws, as reasonably determined by the Company.

2.3. Effect of Prohibited Transfers. If any Transfer is made or attempted contrary to the provisions of this Agreement, such purported Transfer shall be void *ab initio* and the Company shall not register such attempted Transfer on its books. In such event, the Company and the other parties hereto shall have, in addition to any other legal or equitable remedies that they may have, the right to enforce the provisions of this Agreement by actions for specific performance (to the extent permitted by law), and the Company shall have the right to refuse to recognize any transferee for any purpose.

ARTICLE III

RIGHTS OF REFUSAL

3.1. Stockholder Right of First Refusal.

(a) In the event that any Series B Preferred Stockholder proposes to sell any or all of such Series B Preferred Stockholder's Series B Preferred Shares pursuant to a bona fide written offer from an unaffiliated third party, prior to accepting such offer, such Series B Preferred Stockholder (the "Selling Stockholder") will first offer to sell such Series B Preferred Shares to the Company pursuant to this Article III.

(b) The Selling Stockholder shall deliver a written notice of any such bona fide offer (a "Sale Notice") to the Company, describing in reasonable detail the Series B Preferred Shares proposed to be sold, the name of the transferee, the purchase price and all other material terms of the proposed Transfer. Upon receipt of a Sale Notice, the Company shall have the right and option, for fifteen (15) days from the date of the Sale Notice, to notify the Selling Stockholder of an intent to purchase all or any part of the Series B Preferred Shares proposed to be sold by the Selling Stockholder at the price per share and on the terms of the proposed

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Transfer set forth in the Sale Notice. Within fifteen (15) days after receipt of the Sale Notice, the Company shall deliver a written notice to the Selling Stockholder (a "Stockholder Response Notice") stating whether or not the Company wishes to purchase all or any part of such offered Series B Preferred Shares. Absent the delivery of a Stockholder Response Notice to the Selling Stockholder within the fifteen (15) day period following receipt of the Sale Notice, the Company shall be deemed to have waived its right of first refusal under this Section 3.1(b). If the Company elects to purchase all or any part of the offered Series B Preferred Shares, the closing of the purchase and sale of such Series B Preferred Shares shall be held at the place and on the date established in the Stockholder Response Notice, which in no event shall be less than ten (10) or more than forty-five (45) days from the date of such Stockholder Response Notice. In any case where non-fungible property such as real estate constitutes part of the purchase price included in the bona fide offer or where any aspect of the terms of such offer depends on the unique attributes of the proposed transferee or otherwise cannot be precisely and reasonably duplicated by someone other than such transferee, purchases by the Company shall be made on terms that constitute the reasonable economic equivalent of the price and terms of such bona fide offer, as determined by the Board of Directors in good faith.

(c) In the event that the Company does not elect to purchase all of the offered Series B Preferred Shares, the Selling Stockholder may, subject to the other provisions of this Agreement, sell the portion of the offered Series B Preferred Shares not purchased by the Company to the transferee specified in the Sale Notice at a price no less than the price specified in the Sale Notice and on other terms no more favorable to the transferee(s) thereof than specified in the Sale Notice during the forty-five (45)-day period immediately following the last date on which the Company could have elected to purchase the offered Series B Preferred Shares; provided, however, that no such sale shall be made unless the transferee executes and delivers a joinder to this Agreement in accordance with Section 5.2 hereof. Any such Series B Preferred Shares not transferred within such forty-five (45)-day period will be subject to the provisions of this Article III upon subsequent Transfer.

ARTICLE IV

CONFIDENTIALITY

4.1. Confidentiality. Each Series B Preferred Stockholder agrees that it will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor its investment in the Company, any confidential information or data obtained from the Company or any of its subsidiaries (other than information or data that is or becomes available to the public other than as a result of a breach of this Article IV); provided, however, that each Series B Preferred Stockholder may disclose confidential information (a) to such Series B Preferred Stockholder's Affiliates and officers, directors, principals, employees, advisors, auditors, agents, bankers and other representatives if the Series B Preferred Stockholder informs such Persons of the confidential nature of such information and takes reasonable steps to ensure that such Persons treat such information as confidential or (b) as may otherwise be required by applicable law. Nothing in this Article IV shall limit the confidentiality obligations of the Series B Preferred Stockholders under applicable law or any other agreements to which they may be party.

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ARTICLE V

MISCELLANEOUS

5.1. Termination of Prior Agreement. The parties hereto agree that that certain Right of First Refusal Agreement between Voyetra Turtle Beach, Inc. and the holder specified therein, dated October 12, 2010, is hereby terminated and of no further force or effect.

5.2. Legend. Each certificate evidencing Series B Preferred Shares, if any, shall bear the following legend (in addition to any other legend required under applicable law):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OR THE DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO THE TERMS AND CONDITIONS OF A RIGHT OF FIRST REFUSAL AGREEMENT BY AND BETWEEN THE COMPANY AND THE HOLDERS SPECIFIED THEREIN, AS AMENDED FROM TIME TO TIME (THE "RIGHT OF FIRST REFUSAL AGREEMENT"), A COPY OF WHICH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY. THE SALE, TRANSFER, ASSIGNMENT OR OTHER DISPOSITION OF THE SECURITIES IS SUBJECT TO THE TERMS OF SUCH AGREEMENT AND THE SECURITIES ARE TRANSFERABLE OR OTHERWISE DISPOSABLE ONLY UPON PROOF OF COMPLIANCE THEREWITH.

5.3. Additional Stockholders. The issuance to, or transfer of any Series B Preferred Shares by, any Series B Preferred Stockholder (including via the exercise of any option to purchase the Company's Common Stock) shall be contingent upon the holder becoming a party to this Agreement by executing and delivering a joinder to this Agreement satisfactory in form and substance to the Company which joinder provides that such transferee agrees to be fully bound by this Agreement.

5.4. Amendment; Waiver. This Agreement may be amended or modified, or any provision hereof may be waived; provided that such amendment, modification or waiver is set forth in a writing executed by the Company and the Series B Preferred Stockholders that own among them more than 50% of the Series B Preferred Shares. Any amendment or waiver effected in accordance with this Section shall be binding upon the each of the Series B Preferred Stockholders and each future holder of any of such Series B Preferred Shares, and the Company.

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5.5. Termination. This Agreement shall terminate immediately upon the redemption of all of the Series B Preferred Shares.

5.6. Severability. The invalidity or unenforceability of any particular provision, or part of any provision, of this Agreement shall not affect the other provisions or parts hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions or parts were omitted. Upon any such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

5.7. Governing Law; Submission to Jurisdiction; Trial by Jury. This Agreement is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of New York (and United States federal law, to the extent applicable), irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law. Nothing contained herein shall prevent or delay any party hereto from seeking, in any court of competent jurisdiction, specific performance or other equitable remedies in the event of any breach or intended breach by any other party hereto of any of its obligations hereunder. Each of the parties hereto hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the United States District Court for the Southern District of New York solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby. Each of the parties hereto irrevocably agrees that all claims in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, or with respect to any such action or proceeding, shall be heard and determined in such a New York State or federal court, and that such jurisdiction of such courts with respect thereto shall be exclusive, except solely to the extent that all such courts shall lawfully decline to exercise such jurisdiction. Each of the parties hereto hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document or in respect of any such transaction, that it is not subject to such jurisdiction. Each of the parties hereto hereby waives, and agrees not to assert, to the maximum extent permitted by law, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document or in respect of any such transaction, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts. The parties hereto hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of any such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 5.8 or in such other manner as may be

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permitted by law, shall be valid and sufficient service thereof. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

5.8. Entire Agreement. This Agreement constitutes the entire agreement among all the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings.

5.9. Notices. All notices or other communications permitted or required under this Agreement shall be in writing and shall be sufficiently given if and when hand delivered to the Persons set forth below or if sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by facsimile, receipt acknowledged, addressed as set forth below or to such other Person or Persons and/or at such other address or addresses as shall be furnished in writing by any party hereto to the others. Any such notice or communication shall be deemed to have been given as of the date received, in the case of personal delivery, on the Business Day following delivery to a overnight courier service in the case of overnight delivery, three Business Days following deposit by regular U.S. mail in the case of a mailing, or on the date shown on the receipt or confirmation therefor in all other cases (including electronic confirmation of facsimile delivery)

(a) if to the Company, to:

VTB Holdings, Inc.
150 Clearbrook Rd. Suite 162
Elmsford, NY 10523
Facsimile: (914) 345-2252
Attention: Carmine Bonanno

with a copy to:

Dechert LLP
Cira Centre
2929 Arch Street
Philadelphia, PA 19102
Facsimile: (215) 994-2222
Attention: Henry N. Nassau, Esq. and David S. Denious, Esq.

(b) If to any of the Series B Preferred Stockholders, to such Series B Preferred Stockholder's address as set forth in Exhibit A hereto.

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5.10. Construction. Within this Agreement, the singular shall include the plural and the plural shall include the singular, and any gender shall include all other genders, all as the meaning and the context of this Agreement shall require. The parties 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 and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

5.11. Section Headings and Defined Terms. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement. The terms defined herein and in any agreement executed in connection herewith include the plural as well as the singular and the singular as well as the plural, and the use of masculine pronouns shall include the feminine and neuter. Except as otherwise indicated, all agreements defined herein refer to the same as from time to time amended or supplemented or the terms thereof waived or modified in accordance herewith and therewith.

5.12. Party No Longer Owning Securities. If a party hereto ceases to own any securities of the Company, such party will no longer be deemed to be a Stockholder for purposes of this Agreement.

5.13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original (including facsimile or pdf signatures); and any Person may become a party hereto by executing a counterpart hereof, but all of such counterparts together shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. The parties hereto may deliver this Agreement by facsimile or pdf signature, and each party shall be permitted to rely upon the signatures so transmitted to the same extent and effect as if they were original signatures.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have executed this Right of First Refusal Agreement as of the date first set forth above.

VTB HOLDINGS, INC.

By /s/ Kenneth A. Fox
Name: Kenneth A. Fox
Title: President

SERIES B PREFERRED STOCKHOLDERS

By /s/ John Bonanno
John Bonanno

[Signature Page to Right of First Refusal Agreement]

EXHIBIT A

(To the Right of First Refusal Agreement)

SCHEDULE OF STOCKHOLDERS

<u>Name</u>	<u>Address</u>	<u>Shares of Series B Preferred Stock Owned</u>
John Bonanno	215 E. 77th Street New York, NY 10021 USA	1,000,000
TOTAL:		1,000,000

VTB HOLDINGS, INC.

2011 PHANTOM EQUITY APPRECIATION PLAN

VTB Holdings, Inc., a Delaware corporation (the "Company"), wishes to attract employees, directors and consultants to the Company and its Affiliates, to induce employees, directors and consultants to remain with the Company and its Affiliates, to encourage them to increase their efforts to make the Company's business more successful and to enhance equity holder value. In furtherance thereof, the VTB Holdings, Inc. 2011 Phantom Equity Appreciation Plan (the "Plan") is designed to provide employees, directors and consultants of the Company and its Affiliates with an additional incentive through the grant of Phantom Units.

**ARTICLE I.
DEFINITIONS.**

Whenever used herein and unless otherwise provided in a Participant's Award Agreement, the following terms shall have the meanings set forth below:

1.1. "Affiliate" means, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the stock having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person, and (iii) each of such Person's officers, directors, managers (in the case of any Person that is a manager-managed limited liability company), and general partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise. With respect to any natural person, "Affiliates" shall also include, without limitation, such person's spouse, issue, parents, siblings, and any trust the beneficiaries or grantor of which are limited solely to such person and/or such other persons.

1.2. "Authority" means the United States of America or any other nation, any state or other political subdivision thereof, or any entity, agency or authority (foreign, federal, state or local) exercising executive, legislative, judicial, regulatory or administrative functions of government or any court, tribunal or arbitrator, and any self-regulatory organization.

1.3. "Approved Sale" shall have the meaning given such term in the Stockholders Agreement; provided, however, that an Approved Sale will not be deemed to have occurred unless such event would also be a "change in control" under Code Section 409A or would otherwise be a permitted distribution event under Code Section 409A.

1.4. "Award" means a grant of Phantom Units under the Plan.

1.5. "Award Agreement" means the written agreement between the Company and a Participant pursuant to which an Award is granted and which specifies the terms and conditions of that Award, including the vesting requirements applicable to that Award. All Awards shall be evidenced by an Award Agreement.

1.6. "Board" means the Board of Directors of the Company.

1.7. "Cause" shall have the meaning ascribed to it in the Participant's employment or consulting agreement or, if no employment or consulting agreement is in effect or if "cause" is not defined therein, "Cause" shall mean:

- (a) the Participant's conviction of or plea of guilty or nolo contendere to a felony;
- (b) a determination by the Board that the Participant committed fraud, misappropriation or embezzlement against any Person;
- (c) the Participant's material breach of the terms of any material written agreement with the Company or any Affiliate to which Employee is a party;
- (d) the Participant's willful misconduct or gross neglect in performance of Participant's duties; or
- (e) the Participant's failure or refusal to carry out material responsibilities reasonably assigned by the Board or the Company's Chief Executive Officer to the Participant;

provided, however, that with respect to subsections (c), (d) and (e) above, Cause will only be deemed to occur after written notice to the Participant of such action or inaction giving rise to Cause and the failure by the Participant to cure such action or inaction (which is capable of cure) within 30 days after written notice.

1.8. "Code" means the Internal Revenue Code of 1986, as amended.

1.9. "Committee" means the committee appointed by the Board to administer the Plan, or if no such committee is appointed, the Board.

1.10. "Common Shares" means shares of Common Stock.

1.11. "Common Stock" means the Company's Common Stock, par value \$.01.

1.12. "Common Stockholder" means holders of the Company's Common Stock.

1.13. "Effective Date" means November 9, 2011.

1.14. "Grant Date" means the effective date on which the Committee grants Phantom Units to a Participant.

1.15. "Grant Date Value" means the initial value of each Phantom Unit as determined in the sole discretion of the Committee on the Grant Date and as set forth in the Participant's Award Agreement and relative to which the Unit Appreciation Value shall be calculated.

1.16. "Participant" means any employee, director or consultant of the Company or any of its Affiliates to whom an Award is made.

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1.17. "Payment Date Value" means upon an Approved Sale, the consideration to be paid to the Common Stockholders of the Company with respect to each outstanding share of Common Stock (on a fully diluted basis).

1.18. "Person" means an individual, a general or limited partnership, a corporation, a limited liability company, an association, a joint stock company, a business or other trust, a joint venture, a company, an unincorporated organization, an Authority or any other legal entity.

1.19. "Phantom Unit" means a hypothetical unit designated by the Company as a metric for measuring future payments. Phantom Units do not represent Common Shares or any other equity security of the Company or its Affiliates, nor does a Phantom Unit provide any rights to obtain ownership of any Common Shares or any other equity security of the Company of its Affiliates.

1.20. "Stockholders Agreement" means the VTB Holdings, Inc. Stockholders Agreement dated January 7, 2011 entered into in connection with the consummation of the transactions contemplated by that certain Stock Purchase Agreement dated September 28, 2010.

1.21. "Termination of Service" means a Participant's termination of employment or other service, as applicable, with the Company and all of its Affiliates for any reason, including without limitation, death, disability, termination by the Company or any of its Affiliates with or without Cause and resignation by the Participant. For purposes of the Plan, unless otherwise determined by the Committee in its sole discretion, a change in the capacity in which a Participant is employed by, or otherwise providing services to, the Company and/or its Affiliates or a change in the entity employing the Participant or to which the Participant otherwise provides services will not be deemed a Termination of Service so long as the Participant continues providing services as an employee, director or consultant to the Company or an Affiliate of the Company. If a Participant's employment or other service relationship is with an Affiliate of the Company and that entity ceases to be an Affiliate of the Company, the Participant will be deemed to have incurred a Termination of Service when the entity ceases to be an Affiliate of the Company unless the Participant transfers employment or other service to the Company or its remaining Affiliates.

1.22. "Unit Appreciation Value" means with respect to each Phantom Unit, the amount, if any, by which the Payment Date Value exceeds the Grant Date Value.

ARTICLE II.

EFFECTIVE DATE AND TERMINATION OF THE PLAN.

The Plan shall become effective on the Effective Date and shall terminate on the tenth anniversary of the Effective Date; provided, however, that the Committee may at any time prior to the tenth anniversary of the Effective Date terminate the Plan; provided further, however, that the termination of the Plan shall not impact any Awards that are outstanding as of the date of such termination.

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ARTICLE III.

ADMINISTRATION OF THE PLAN.

The Plan shall be administered by the Committee, who shall have full responsibility and authority to administer the Plan. The Committee shall have full authority to (i) determine to whom Awards will be granted, (ii) determine the amount of Awards to be granted, (iii) determine the terms and conditions of Awards (including, but not limited to, restrictions as to vesting, transferability or forfeiture, settlement of an Award and waivers or accelerations thereof, based in each case on such considerations as the Committee shall determine) and all other matters to be determined in connection with an Award and (iv) otherwise do all things it deems appropriate to carry out the purposes of the Plan. Any interpretation by the Committee of the terms and provisions of the Plan and Award Agreements and the administration thereof, and all actions taken by the Committee, shall be final and binding on Participants and all other Persons.

ARTICLE IV.

ELIGIBILITY, GRANT AND VESTING.

4.1. Eligibility. Any employee, director and consultant of the Company or its Affiliates who is designated by the Committee as eligible to participate in the Plan shall be eligible to receive an Award under the Plan.

4.2. Phantom Units. The maximum number of Phantom Units available for grant under the Plan shall be 991,692.

4.3. Grant of Phantom Units. Subject to the other terms of the Plan, the Committee shall, in its sole discretion as reflected by the terms of the applicable Award Agreement: (i) determine and designate from time to time those Participants to whom Phantom Units are to be granted and the number of Phantom Units to be granted to each such Participant, considering the position and responsibilities of the Participant, the nature and value to the Company of the Participant's present and potential contribution to the success of the Company, whether directly or through an Affiliate, and such other factors as the Committee may deem relevant; (ii) determine the Grant Date Value of each Phantom Unit; (iii) determine the time or times when, and the manner and conditions under which, each Phantom Unit shall be vested and paid-out; and (iv) determine or impose other conditions to the grant of Phantom Units under the Plan as it may deem appropriate.

4.4. Vesting. The Committee may condition the vesting upon: (i) the Participant's continued employment or other service with the Company or any of its Affiliates over a period of time; (ii) the Company's or any of its Affiliates' attainment of specified financial targets; (iii) the achievement by the Participant, the Company or any of its Affiliates of any other performance goals set by the Committee; or (iv) any combination of the above conditions, as specified in the relevant Award Agreement. In addition, upon an Approved Sale, the Committee may condition vesting and payment of the Unit Appreciation Value upon the Participant's continuation of employment with the Company or a successor entity or such other conditions as the Committee shall determine. The Committee may, in its sole discretion and at any time, accelerate the vesting of all or part of any Award.

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ARTICLE V.

PAYMENT OF VESTED UNIT APPRECIATION VALUE

5.1. Subject to Section 5.3 below, upon an Approved Sale, the Unit Appreciation Value with respect to each vested Phantom Unit shall be payable in the same manner, according to the same schedule and at the same time as payments are made to Common Stockholders of the Company in connection with such Approved Sale (and as such, each Participant recognizes that his or her payment of the Unit Appreciation Value may not be made in full until the expiration of any escrow, holdback, earnout, indemnification or similar condition); provided, however, that unless otherwise permitted by Code Section 409A, no payments of the Unit Appreciation Value shall be made in respect of an Approved Sale after the fifth anniversary thereof.

5.2. Upon payment of the Unit Appreciation Value pursuant to this Article V: (i) the vested Phantom Units with respect to which such payments were made shall be cancelled; and (ii) any unvested Phantom Units shall be cancelled for no consideration; and in both cases, no further payments shall be made from the Plan in relation to such Phantom Units.

5.3. In accordance with Code Section 409A, with respect to an Approved Sale, the Committee, in its sole discretion, may condition payment of the Unit Appreciation Value upon the Participant's continuation of employment with the Company or a successor entity or such other conditions as the Committee shall determine.

ARTICLE VI. TERMINATION OF SERVICE

6.1. Unless specifically provided otherwise in an Award Agreement or as otherwise provided by the Committee in its sole discretion, in the event that a Participant incurs a Termination of Service for any reason (excluding a termination for Cause), (i) the Participant's unvested Phantom Units shall immediately terminate and be cancelled for no consideration and (ii) the Participant's vested Phantom Units shall remain outstanding until an Approved Sale.

6.2. If a Participant is terminated for Cause, the Participant shall forfeit his or her entire Award, including all vested and unvested Phantom Units.

ARTICLE VII. LIMITS ON TRANSFERABILITY OF AWARDS.

No Award or other right or interest of a Participant under the Plan shall be pledged, assigned or transferred for any reason during the Participant's lifetime, and any attempt to do so shall be void and the relevant Award shall be forfeited.

5 ARTICLE VIII. TAX WITHHOLDING.

The Company and its Affiliates shall be entitled to withhold from any payments under the Plan any amount of tax withholding determined by the Committee to be due in respect of an Award.

ARTICLE IX. INTERPRETATION AND AMENDMENTS, OTHER RULES.

The Committee may make such rules and regulations and establish such procedures for the administration of the Plan as it deems appropriate. Without limiting the generality of the foregoing and subject to the other terms of the Plan, the Committee may (i) at the time of grant, determine the extent, if any, to which Awards shall be forfeited (whether or not such forfeiture is expressly contemplated hereunder); (ii) interpret the Plan and the Award Agreements hereunder, with such interpretations to be conclusive and binding on all Persons and otherwise accorded the maximum deference permitted by law; and (iii) take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or Award Agreements or the administration or interpretation thereof. Unless otherwise expressly provided hereunder or under an Award Agreement, the Committee, with respect to any Award, may exercise its discretion hereunder at the time of grant or thereafter. In the event of any dispute or disagreement as to the interpretation of the Plan, any Award Agreement or any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan or any Award Agreement, the decision of the Committee shall be final and binding upon all Persons. The Committee may amend the Plan and Award Agreements as it shall deem advisable.

ARTICLE X. CHANGES IN CAPITAL STRUCTURE

In the event of any stock dividend, recapitalization, forward split or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase or share exchange, extraordinary or unusual cash distribution or other similar corporate transaction or event, the Committee shall make such changes to the Plan or Awards as it deems appropriate and its determination shall be final, binding and conclusive. The Plan shall not affect, in any way, the right or power of the Company to make adjustments, re-classifications, reorganizations or changes of its capital or business structure, to make distributions to its Common Stockholders, or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or part of its business or assets.

ARTICLE XI. MISCELLANEOUS.

11.1. Section 409A Compliance. The Plan and all Awards are intended to comply with, or be exempt from, Code Section 409A and all regulations, guidance, compliance programs and other interpretative authority thereunder, and shall be interpreted in a manner consistent therewith; provided, however, that neither the Company, any of its Affiliates or any member of the Committee, shall have any liability to Participants or any other Person if any Award is not

exempt from or compliant with Code Section 409A. Notwithstanding anything contained herein to the contrary, in the event any Award is subject to Code Section 409A, the Committee may, in its sole discretion and without a Participant's prior consent, amend the Plan and/or Awards, adopt policies and procedures, or take any other actions as deemed appropriate by the Committee to (i) exempt the Plan and/or any Award from the application of Code Section 409A, (ii) preserve the intended tax treatment of any such Award or (iii) comply with the requirements of Code Section 409A.

11.2. No Rights to Employment or Other Service. Nothing in the Plan or in any Award Agreement shall confer on any Participant any right to continue in the employ or other service of the Company or its Affiliates or interfere in any way with the right of the Company or its Affiliates to terminate a Participant's employment or other service at any time and for any reason.

11.3. No Right to an Award. Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give any individual any right to be granted an Award under the Plan's terms, except as may be evidenced by an Award Agreement duly executed on behalf of the Company or its Affiliate, and then only to the extent and on the terms and conditions set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the performance of its obligations under any Award.

11.4. Additional Obligations. Participants shall take whatever actions and execute whatever documents the Committee deems necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of the Plan and the relevant Award Agreement. In connection with an Approved Sale, each Participant shall be subject to and shall comply with any escrow and/or indemnification requirements imposed upon the Common Stockholders of the Company.

11.5. No Fiduciary Relationship. Nothing contained in the Plan, and no action taken pursuant to the provisions of the Plan, shall create or shall be construed to create a trust of any kind, or a fiduciary relationship between the Company, its Affiliates, the officers of the Company or its Affiliates or the Committee, on the one hand, and the Participant or any Person claiming rights by or through the Participant, on the other.

11.6. Notices. All notices under the Plan shall be in writing, and if to the Company, shall be delivered to the Committee or mailed to its principal office, addressed to the attention of the Committee; and if to the Participant, shall be delivered personally, sent by facsimile transmission or mailed to the Participant at the address appearing in the records of the Company or its Affiliates. Such addresses may be changed at any time by written notice to the other party given in accordance with this Section.

11.7. Exculpation and Indemnification. The Company shall indemnify and hold harmless any member of the Committee from and against any and all liabilities, costs and expenses incurred by such members as a result of any act or omission to act in connection with the performance of such Person's duties, responsibilities and obligations under the Plan.

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11.8. Captions. The use of captions in this Plan is for convenience. The captions are not intended to provide substantive rights.

11.9. Governing Law. All questions concerning the construction, validity and interpretation of the Plan shall be governed by the internal law, not the law of conflicts, of the State of New York.

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PERSONAL AND CONFIDENTIAL

August 13, 2012

Mr. Juergen Stark
 8324 Santaluz Pointe
 San Diego, California
 92127

Dear Juergen,

Voyetra Turtle Beach, Inc. ("VTB") is pleased to offer you a position with VTB as its Chief Executive Officer. The effective start date of your employment is September 4, 2012 (the "Effective Date"). You will report directly to the Board of Directors of VTB (the "Board") and perform such duties consistent with your title as may, from time to time, be determined and assigned by the Board or any of its designees. Additionally, you will be appointed to serve on the Board during your tenure at VTB. As discussed, you will be leading an effort to relocate the Company's headquarters to the San Diego, Los Angeles, or San Francisco area with a goal to have that substantially completed by June 2013.

Your annual base salary will be \$500,000.00 and you will be eligible to participate in VTB's bonus plan with a target bonus of \$300,000.00, *provided*, that if you remain employed with VTB through December 31, 2012, your bonus for 2012 shall be no less than \$97,808 and shall be paid to you no later than March 15, 2013. The bonus targets for each fiscal year (or portion thereof) will be based on mutually agreed upon performance goals, currently contemplated to be comprised of EBITDA and other management objectives. You will be eligible to participate in the medical, prescription drug, dental, long-term disability, life insurance and retirement plans that VTB sponsors for the benefit of its employees, on the same terms as other VTB senior executives, all subject to the terms and conditions of those plans as in effect from time to time, some of which may require employee contribution. During the term of your employment, VTB will reimburse you for any and all reasonable business expenses (including travel and housing) incurred by you in the course of performing your duties, subject to VTB's requirements with respect to reporting and documentation of such expenses. You will be entitled to two weeks of paid vacation during the remainder of 2012 and four weeks in subsequent calendar years and you will accrue sick days, all in accordance with VTB policy.

In terms of equity, you will be entitled to a stock option grant of VTB common stock representing a 7% ownership interest (as of the Effective Date) on a fully diluted basis with an exercise price equal to the grant date fair market value of the common stock (anticipated to be approximately \$2.13/share as of the Effective Date). Such options will vest 25% on the first anniversary of the Effective Date, with the remainder vesting ratably each month over the following three year period (subject to accelerated vesting as provided in the Grant Agreement (as defined below)) and will be subject to the terms and conditions set forth under the 2011 VTB Equity Incentive Plan and your grant agreement thereunder which grant agreement, subject to the terms of this agreement, shall be substantially in the form attached hereto as Exhibit A (the "Grant Agreement").

Your employment with VTB will be on an "at-will" basis and either you or VTB may terminate your employment at any time with or without cause or notice. However, in the event that your employment is terminated by VTB without "cause" or by you for "good reason", in either case, (i) on or prior to the first anniversary of the Effective Date and/or following an Approved Sale, you will be entitled (A) to continue to receive your then-current base salary and to receive VTB-paid healthcare continuation benefits for you and your dependents at the levels in effect immediately prior to such termination (it being understood that if such benefits cannot be provided directly by the Company because they are prohibited by law or would



result in the imposition of tax penalties, then the Company shall pay the cash value of the premiums to you as and when they would otherwise have been paid to the plans for purposes of procuring your own health insurance) (in any event, such healthcare benefits or payments, the "Continuation Benefits"), in each case, for a period of one year following the effective date of such termination, except that if the termination occurs following an Approved Sale, the salary payments shall be paid as a single lump sum on the First Payroll Date (as defined below), (B) to payment on the First Payroll Date of a pro rata bonus equal to your target bonus (as may be increased in the future) multiplied by a fraction, the numerator of which equals the number of days you are employed by VTB in the calendar year through the date of termination and the denominator of which equals 365 (a "Pro-Rated Bonus"), and (ii) after the first anniversary of the Effective Date (and not following an Approved Sale), you will be entitled (A) to continue to receive your then-current base salary and to receive Continuation Benefits, in each case, for a period of six months following the effective date of such termination, and (B) to payment on the First Payroll Date of a Pro-Rated Bonus. In addition, upon your termination by VTB without "cause" or by you for "good reason", in either case, on or prior to the first anniversary of the Effective Date, you will vest in a pro-rata portion of the stock options that would have vested on the first anniversary of the Effective Date (had you remained employed), determined by multiplying such number of stock options by a fraction, the numerator of which equals the number of days from the Effective Date through the date of such termination and the denominator of which equals 365. The receipt of such severance benefits shall be conditioned upon your execution and non-revocation of a release of claims in the form attached hereto as Exhibit B, as well as your continued compliance with the covenants set forth in the VTB employee restrictive covenant agreement executed concurrently herewith (the "Employee Agreement") and, notwithstanding anything herein to the contrary, no cash severance payments shall be paid to you prior to VTB's first regularly scheduled payroll date occurring 30 days or more after your date of termination (such date, the "First Payroll Date"), and any amounts otherwise payable prior to the First Payroll Date shall instead be paid on the First Payroll Date. For the purposes of this letter, "Approved Sale" shall have the meaning set forth in the Stockholders Agreement, dated January 7, 2011, by and among VTB Holdings, Inc. and certain of its stockholders.

For purposes of this letter, "cause" shall mean (a) your conviction of or plea of guilty or nolo contendere to a felony; (b) your commission of fraud, misappropriation or embezzlement; (c) your material breach of the terms of this offer or the Employee Agreement; (d) your willful misconduct or gross neglect in performance of your duties; or (e) your willful failure or refusal to carry out material responsibilities consistent with your title that are reasonably assigned to you by the Board, in the case of sections (c), (d) and (e) above, after written notice thereof and your failure to cure such action or inaction (which is capable of cure) within 30 days thereafter and "good reason" shall mean (i) a material diminution, without your consent, in your title, duties or responsibilities as in effect immediately before such diminution, (ii) a material breach of by VTB of this or any other written agreement between you and VTB, including without limitation, a failure by VTB to relocate its headquarters as discussed above, (iii) a material reduction in your base salary or target bonus opportunity by VTB, in any case, after written notice to VTB thereof and VTB's failure to remedy such diminution, breach or reduction within 30 days thereafter, provided that you actually terminate employment within 60 days after the expiration of such cure period.

In addition, VTB will promptly reimburse you for your legal and due diligence costs actually incurred in connection with the negotiation and drafting of this agreement (and any ancillary agreements contemplated hereby), not to exceed \$10,000. As a VTB employee, you will be expected to abide by VTB's published rules and regulations generally applicable to other VTB senior executives and to sign and comply with the Employee Agreement. By executing this letter, you represent that you will not be prevented from performing any of your duties for VTB as a result of any agreement with or other contractual or statutory obligation to (including, without limitation, any non-competition, proprietary information or confidentiality agreement) any prior employer and there is no criminal or fraudulent conduct in your past. As required by law, this offer is subject to satisfactory proof of your right to work in the United States.

100 Summit Lake Drive Ste 100, Valhalla, NY 10595 Tel: 914.345.2255 Fax: 914.345.2266 www.turtlebeach.com



We are thrilled about the opportunity to work with you and have you as part of our team. If you have any questions regarding this offer, please call me. If this offer is acceptable, please countersign and date this letter and return the original to me.

Sincerely,

/s/ Ron Doornink

Ron Doornink

Executive Chairman, Voyetra Turtle Beach, Inc.

I have read and understand the terms of this employment offer and I accept this offer as presented:

/s/ Juergen Stark

Juergen Stark

8/13/2012

Date

100 Summit Lake Drive Ste 100, Valhalla, NY 10595 Tel: 914.345.2255 Fax: 914.345.2266 www.turtlebeach.com

Voyetra Turtle Beach, Inc. Proprietary Information and Employment Agreement

I, Juergen Stark, (hereinafter "**Employee**"), residing at 8324 Santaluz Pointe, San Diego, California 92127 recognize that Voyetra Turtle Beach, Inc. (hereinafter "**VTB**") is engaged in a continuous program of research, development, production, and distribution of computer products, and that it is part of my responsibility as an employee to assist VTB in such endeavors.

In consideration of my employment by VTB (hereinafter "**Employment**"). I agree to the terms and conditions in this Agreement. I understand that the faithful observance of this Agreement is, and shall remain, a condition of Employment.

The capitalized terms in this Agreement shall have the following meanings:

- 1.1 "**Confidential Information**" means any of VTB's proprietary information and trade secrets, including but not limited to, methods of doing business, data, know-how, research, product plans, products, services, software, developments, inventions, processes, formulas, technology, designs, drawings, marketing, lists of actual or potential customers or suppliers, financial or other business information disclosed to me, either directly or indirectly in writing, orally or by drawings or observation of parts or equipment. Confidential Information shall not include (a.) information disclosed publicly in published materials; (b.) information generally known in the industry; or (c.) information that has become publicly known and made publicly available through no wrongful act on behalf of myself or others who were under confidentiality obligations as to the item or items involved.
- 1.2 "**Work Product**" means all items created or made, discoveries, concepts, ideas and fixed expressions thereof, whether or not patent-able or registerable under copyright or other statutes, including but not limited to software, source and object code, hardware, technology, products, machines, programs, process developments, formulae, methods, techniques, know-how, data and improvements, which: (a.) I make or conceive or reduce to practice or learn alone or jointly with others who are retained, employed or acting on behalf of VTB; (b.) occur during the period of, as a consequence of, or in connection with Employment; (c.) result from tasks assigned to me by VTB; or (d.) result from use of property, premises or facilities owned, leased or contracted for by VTB. This paragraph shall not apply to any development, which meets all of the following three conditions: (1.) I do the work entirely by myself without use of VTB's facilities, property, resources or Confidential Information, (2.) I do the work entirely on my own time, and (3.) the development does not relate in any way to VTB's current, previous or planned business or research.

2. Project Maintenance

- 2.1 I agree to disclose promptly to VTB or its authorized agent all Information regarding Work Products as soon as is possible. I agree to maintain thorough documentation of all Work Products and of any projects that I undertake as part of Employment so that any knowledgeable person with qualifications similar to mine will be capable of understanding or continuing such projects with reasonably minimal effort. After termination of Employment, I agree to make myself reasonably available to assist VTB in completing or maintaining projects I was involved in during Employment. My compensation for providing such assistance will be equal to the higher of my equivalent hourly wage at the time of termination of Employment with VTB or my equivalent hourly wage at my current employment.

3. Confidentiality and Conflicting Obligations

- 3.1 I represent to VTB that I am free to enter into Employment with VTB and I have no interest, obligation or agreement, written or oral, which is inconsistent with or conflicts with this Agreement or any other agreement I have entered into with VTB, or which would prevent, limit or impair my performance of any part of this Agreement or any other agreement I have entered into with VTB. I agree to notify VTB immediately if any such interest or obligation arises. I represent to VTB that the accuracy of the statements I have made in my resume and in my Employment application are true and complete and I understand that any false or incomplete statements in my resume or Employment applications will be grounds for immediate discharge.
- 3.2 It is VTB's policy to respect trade secrets of others. This applies especially to knowledge employees may have of trade secrets of a former employer. I understand that it is VTB's policy to refuse to receive or consider any trade secret information (i.e. non-disclosed ideas, inventions, patent applications,

etc.) submitted from companies or person outside or VTB without the prior written approval of the Chief Executive Officer of VTB . I represent to VTB that my performance of the terms in this Agreement do not and will not breach any agreement to keep in confidence proprietary information of a third party. During Employment, I agree not to improperly use or disclose any confidential information of any former or concurrent employer or of any other person or entity and I further agree to not bring onto VTB's premises any confidential information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity. I will not give any person at VTB any information is a trade secret of a former employer or any other third party. If I have signed a confidentiality or non-competition agreement that might affect Employment with VTB, I will immediately inform my supervisor.

- 3.3 I recognize that VTB has received and in the future may receive confidential or proprietary information from third parties (such as, but not limited to, software programs provided under license and unannounced hardware under development) subject to a duty on VTB's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential and proprietary information in the strictest confidence and not to disclose it to any person, firm or entity or use it except as necessary in carrying out my work for VTB consistent with VTB's agreement with such third party. I agree to comply with VTB's policies and procedures with respect to such information and at no time during or after Employment will I breach any such obligation of confidentiality that VTB has with third parties.
- 3.4 At all times during and subsequent to Employment. I agree to keep in strictest confidence and trust VTB's Confidential Information. I understand that my obligations regarding Confidential Information are as follows: (a.) Not to disclose Confidential Information to persons outside of VTB in conversations with visitors, suppliers, family, or anyone else; (b.) Not to use Confidential Information for my own benefit or for the profit or benefit of persons outside of VTB; (c.) To disclose this information to other VTB employees only on a "need to know" basis and then only to employees who have been informed that the information is Confidential Information; and (d.) To place appropriate Confidential Information notices on all materials and in all software files prepared by me that contain Confidential Information. Notwithstanding the foregoing, the Employee may disclose Confidential Information in accordance with judicial or other government order, provided that the Employee gives VTB prompt notice upon learning of such order in order to permit VTB to seek an appropriate protective order.
- 3.5 I understand and agree that a person leaving the employ of VTB has an obligation to protect VTB's Confidential Information until the information becomes publicly available or until VTB no longer considers it trade secret or proprietary. I understand that after termination of Employment, all correspondence, printed matter, software files and programs, documents, or records of any kind are all property of VTB and must remain at VTB's premises. Of course, skills and general knowledge acquired or improved on the job are personal assets of the employee.
- 3.6 I understand that it is VTB's policy that software licensed by VTB may not be duplicated or used in any manner inconsistent with VTB's rights and vendor's rights as spelled out in licensing agreements. When VTB licenses to others any software products that contain computer code supplied by other companies, if I am involved in the development of such code, I will be sure that VTB has a valid license that authorizes our use and distribution of the code.
- 3.7 I understand and agree that I will notify VTB immediately upon discovery of any unauthorized sale, distribution, disclosure, publication or other unauthorized use of Confidential Information and/or materials and will cooperate with VTB in every reasonable way to assist in regaining possession of the Confidential Information and/or materials and to prevent the further unauthorized use or disclosure of such Confidential Information and/or materials.

4. Disclosure and Assignment of Work Product

- 4.1 I hereby assign to VTB any rights I now have or may hereafter acquire in VTB's Confidential Information. Upon termination of Employment, for whatever reason, I will promptly surrender to VTB all copies, in whatever form, of VTB's Confidential Information in my possession, custody or control, and I will not take with me any Confidential Information embodied in a tangible medium of expression.
- 4.2 I agree and understand that my Work Products are works made for hire and shall be the sole property of VTB and its assigns. As such, I hereby assign to VTB any and all intellectual property rights I now have or may hereafter acquire in such Work Products and irrevocably relinquish for the benefit of VTB and its assigns any moral rights in my Work Products. During Employment, I shall promptly and fully disclose to VTB the existence of any Work Products generated, conceived or learned by me, either alone or jointly with others.
- 4.3 If any of my Work Products may not, by operation of law, be considered work made for hire by me for VTB, or if ownership of all right, title, and interest of the intellectual property rights therein shall not otherwise vest exclusively in VTB, I agree to assign, without further consideration, the ownership of all Trade Secrets, U.S. and international copyrights, patentable inventions, and other intellectual property rights therein to VTB, its successors, and assigns. I agree to perform, upon the reasonable request of VTB, during or after Employment, such further acts as may be necessary or desirable to transfer, perfect, and defend VTB's ownership of my Work Products.
- 4.4 During and subsequent to Employment, I agree to assist VTB, at VTB's expense, in obtaining any Protections relating my Work Products, whereby "**Protections**" means methods of protecting intellectual property and collectively includes as a matter of example: patents, copyrights, trademarks, and trade secrets. To that end, I will furnish to VTB, upon its request and at its expense, all written assignments, transfers, affidavits, certifications and other documents VTB may request in order to confirm the fact of VTB's ownership of any of its property and I will execute all documents for use in applying for and obtaining such Protections as VTB may reasonably request, together with any assignments thereof to VTB or persons designated by it. I agree to assist VTB in obtaining and enforcing Protections relating to my Work Products beyond the termination of Employment if VTB compensates me for time actually spent by me at VTB's request on such assistance. My compensation for providing such assistance will be equal to the higher of my equivalent hourly wage at the time of termination of Employment with VTB or my equivalent hourly wage at my current employment.

5. Prohibition Against Unfair Business Practices

- 5.1 During Employment I will refrain from engaging in any action that would reasonably be expected to be harmful to VTB and I shall responsibly promote and support VTB's business activities to prevent VTB from suffering injury or hardship, if it can reasonably be avoided.
- 5.2 During Employment, and for a period of one (1) year following termination of Employment, I shall not, either directly or indirectly, (a.) use Confidential Information for any purpose (other than the proper performance of employment duties), including to design, develop, produce, promote or sell products or services competitive with those of VTB; or (b.) solicit or accept business from any of VTB's customers for products or services competitive with those of VTB. Should any court of law subsequently determine that I have violated this section, I agree that I will not engage in the foregoing activities for one year following that judicial determination.
- 5.3 During Employment and for a period of one (1) year subsequent to termination of Employment, I will not, directly or indirectly, solicit for hire or cause to be solicited for hire by others, or otherwise induce any person employed by VTB or a VTB subsidiary to terminate his or her employment or contract with VTB or a VTB subsidiary.
- 5.4 I understand that as an employee of VTB I should avoid outside activity that may raise an actual or potential conflict with my job responsibilities at

VTB. I acknowledge that, where reasonably identifiable and avoidable, even the appearance of a conflict with my employment duties should be avoided.

- 5.5 I understand that as an employee of VTB, I may not solicit a gift from any company or persons with whom VTB does business and that any gift is inappropriate if the value of the gift is intended to influence VTB's business decisions. I understand that as an employee of VTB I may not give a gift of value that is calculated to influence a business decision.

6. Return of Materials

- 6.1 I understand that during Employment, I may have access to software, hardware, documentation, equipment, tools, materials, and supplies belonging to VTB and other items either licensed or owned by VTB and I agree not to remove such items from VTB's premises except as required by the proper performance of my employment duties.
- 6.2 Upon VTB's request or upon the termination of Employment, I agree to return to VTB and leave at its disposal all memoranda, notes, records, drawings, manuals, computer programs, documentation, diskettes, computer tapes, and other documents or media pertaining to VTB's business activities or my specific duties at VTB, including all copies of such materials in my possession. I will also return to VTB and leave at its disposal all materials containing any Confidential Information. I will not keep any copies of such materials. This section shall apply to all materials made or compiled by me, as well as to all materials furnished to me by anyone else in connection with Employment.

7. General Terms and Conditions

- 7.1 I agree that because of the nature of VTB's business, the restrictions contained in this Agreement are reasonable and necessary in order to protect the legitimate interests of VTB.

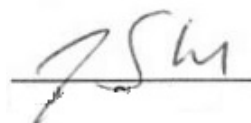
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Confidential Information

- 7.2 I understand that in the event that any term, clause or provision of this Agreement shall be construed to be or adjudged invalid, void or unenforceable, such term, clause or provision shall be construed as severed from this Agreement, and the remaining terms, clauses and provisions shall remain in effect.
- 7.3 I acknowledge that VTB's waiver of any provision of this Agreement shall not constitute a waiver of any succeeding breach of the same or other provision; nor shall any delay or omission by VTB to exercise or avail itself of any right, power or privilege that it has hereunder, operate as a waiver of any such right, power or privilege.
- 7.4 I understand that if I violate any provision of this agreement relating to Confidential Information, Work Product, non-solicitation, or my duty to cooperate in matters relating to protection of intellectual property, VTB will suffer immediate and irreparable injury. If I violate any of such provisions. I agree that in addition to any other remedies that may apply, my strict compliance with this Agreement should be ordered by a court of competent jurisdiction, and VTB is therefore entitled to preliminary and final injunctive relief to enforce this Agreement.
- 7.5 This Agreement may not be amended or altered except by a writing signed by both parties.
- 7.6 This Agreement shall inure to the benefit of and be binding upon VTB, its successors and assigns, and on me, my successors, assigns, heirs, executors, administrators and legal representatives.
- 7.7 This Agreement shall be governed by, subject to and construed under the laws of the State of California. In any action by VTB to enforce this Agreement, I agree to submit to the jurisdiction and venue of any court of competent jurisdiction in San Diego County in the State of California.

I HAVE READ THIS AGREEMENT, UNDERSTAND IT, AND AGREE TO ITS TERMS.

By: Juergen Stark
Employee Printed Name



Employee Signature

8/13/2012
Date

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Confidential Information

VTB HOLDINGS, INC.
STOCK OPTION AWARD AGREEMENT

This Stock Option Award Agreement (this "Agreement"), dated as of September 4, 2012 evidencing the Option (as defined below), is made by and between VTB Holdings, Inc., a Delaware corporation (the "Company"), and Juergen Stark (the "Optionee").

WITNESSETH:

WHEREAS, the Company has adopted the VTB Holdings, Inc. 2011 Equity Incentive Plan (the "Plan"), a copy of which is attached hereto as Exhibit A, pursuant to which options may be granted to the Optionee to purchase shares of the Company's Common Stock; and

WHEREAS, the committee of the Board of Directors of the Company responsible for administering the Plan (the "Committee") has determined that it is in the best interests of the Company and its stockholders to grant to the Optionee a Stock Option to purchase the number of shares of the Company's Common Stock set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, and in reliance on the representations and warranties contained herein, the parties hereby agree as follows:

1. **Grant of Option.** The Company hereby grants to the Optionee an option (the "Option") to purchase 6,730,448 shares of Common Stock (such shares of Common Stock, the "Common Shares") with a grant date (the "Grant Date") of September 4, 2012 on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan (this "Award"). The Option is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein (including without limitation, the preceding sentence), the Award and this Agreement shall be subject to and construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, consistent with their terms, and its decision shall be binding and conclusive upon the Optionee and his or her legal representative in respect of any questions arising under the Plan or this Agreement. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Plan (except where the Plan is expressly superseded by this Agreement), the terms of the Plan shall govern and control.

3. **Purchase Price.** The Option price of the Common Shares covered by the Option shall be \$2.01 per share.

4. **Vesting.** The Option shall be eligible to vest based on the Optionee's continued employment with the Company. Provided the Optionee does not incur a Termination of Service prior to the applicable vesting date, the Option shall vest with respect to 25% of the Common Shares subject thereto on the first anniversary of the Grant Date and ratably each month thereafter (i.e., 2.0833% per month) as of the first day of each month until the fourth anniversary of the Grant Date; *provided, that*, immediately prior to the consummation of an Approved Sale, 50% of the then-unvested portion of the Option shall vest; *provided, further*, that the other 50% of the then-unvested portion of the Option (the "Unvested CIC Options") shall also vest immediately prior to the consummation of an Approved Sale unless the successor company or its direct or indirect parent agrees to assume the Unvested CIC Options or replace them with options that maintain the existing aggregate option spread of the Unvested CIC Options, provide for vesting that is not less favorable to Optionee than the Unvested CIC Options and are otherwise substantially similar to the Unvested CIC Options in connection with the Approved Sale.

5. **Option Term and Expiration.** Once a portion of the Option becomes vested, subject to the terms of the Plan, it will remain exercisable until it is exercised or until it expires. The Option shall expire at the end of the period commencing on the Grant Date and ending at 11:59 p.m. on the day preceding the tenth anniversary of the Grant Date (the "Expiration Date"). The Option shall not be exercisable after the Expiration Date.

6. **Method of Exercising Option.**

(a) Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by written notice to:

Attention: Director of Human Resources
 Voyetra Turtle Beach, Inc.
 100 Summit Lake Blvd, Suite 100
 Valhalla, New York 10595

Such notice (substantially in the form attached hereto as Exhibit B) shall:

(i) state the election to exercise the Option and the number of Common Shares with respect to which it is being exercised;

(ii) be signed by the person or persons exercising the Option;

(iii) be accompanied by an Investment Representation Statement (substantially in the form attached hereto as Exhibit C);

(iv) be accompanied by a joinder (substantially in the form attached hereto as Exhibit D) to the Company's Stockholders Agreement, dated January 7, 2011 (the "Stockholders Agreement"); and

(v) be accompanied by payment of the full Option Price of such Common Shares.

(b) The Option Price shall be paid to the Company in cash or its equivalent.

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(c) Upon receipt of notice of exercise and payment by the Optionee, the Company shall record the Common Shares (and fractions thereof) with respect to which the Option is so exercised.

(d) Such Common Shares shall be recorded in the Company's books and records in the name of the person or persons so exercising the Option. In the event the Option is exercised by any person or persons after the death or disability of the Optionee, the notice shall be accompanied by appropriate proof of

the right of such person or persons to exercise the Option. All Common Shares that are purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable.

7. Common Shares to be Purchased for Investment. Unless waived by the Company in writing, it shall be a condition to any exercise of the Option that the Common Shares acquired upon such exercise be acquired for investment and not with a view to distribution, and the person effecting such exercise shall submit to the Company a certificate of such investment intent substantially in the form attached hereto as Exhibit C, together with such other evidence supporting the same as the Company may request. The Company shall be entitled to restrict the transferability of the Common Shares issued upon any such exercise to the extent necessary to avoid a risk of violation of the Securities Act or of any federal or state laws or regulations.

8. Transferability of Option. The Option is not assignable or transferable, in whole or in part, by the Optionee other than as set forth in the Plan.

9. Rights as an Interest Holder; Restrictions; Repurchase.

(a) The Optionee shall not be deemed for any purpose to be the owner of any Common Shares subject to this Option unless, until and to the extent that (i) this Option shall have been exercised pursuant to its terms; (ii) the Company shall have issued and delivered to the Optionee such Common Shares; and (iii) the Optionee's name shall have been entered as a stockholder of record with respect to such Common Shares on the books of the Company.

(b) Upon exercise of the Options, the Optionee hereby agrees to be bound by all of the terms of the Stockholders Agreement, including, without limitation the right of first refusal, drag-along rights, tag-along rights and other transfer restrictions contained therein.

(c) Optionee further acknowledges that upon exercise of his Option, he is a Stockholder, within the meaning of the Stockholders Agreement, and shall be required to execute a counterpart signature page joining the Stockholders Agreement prior to receiving any Common Shares, such joinder is attached hereto as Exhibit D. The provisions of the Stockholders Agreement shall be in addition to any provisions contained in the Plan and this Agreement. The Optionee hereby acknowledges and consents to be bound by any amendments to the Stockholders Agreement generally applicable to holders of common stock of the Company.

(d) If Optionee experiences a Termination of Service, for any reason other than for Cause, Optionee shall be entitled to exercise any vested Options for 60 days after such termination. In the event of Optionee's death, Optionee's Permitted Transferee shall be entitled to exercise Optionee's vested Options for 180 days after Optionee's death. Notwithstanding the foregoing, in no event shall the Options be exercisable on or after the tenth anniversary of the Grant Date.

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(e) This Option and any Common Shares acquired pursuant hereto are subject to the Company's right of repurchase as provided in Article VIII of the Plan; provided, that, any payment of Repurchase Price (as defined in the Plan) made on or after the 548th day following the Grant Date (the "Maturity Date") shall be made in cash, notwithstanding the last three sentences of Section 8.4 of the Plan; provided, further, that if the Company issues a promissory note to the Optionee pursuant to Section 8.4 of the Plan prior to the Maturity Date, such promissory note shall be due and payable on earliest to occur of the Maturity Date, an Approved Sale and the consummation of an underwritten public offering of Common Shares pursuant to an effective registration statement under the Securities Act.

10. Restrictive Covenants. Optionee hereby agrees that Optionee is subject to the covenants set forth in the Proprietary Information and Employment Agreement entered into between Optionee and the Company, dated August 13, 2012.

11. Governing Law. To the extent that federal laws do not otherwise control, the Plan and this Agreement and all determinations made and actions taken pursuant hereto shall be governed by the substantive laws of the State of New York, irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law that would require the application of any other state law.

12. Withholding of Taxes. The Common Shares awarded upon exercise of the Option shall be subject to applicable federal, state, and local tax withholding requirement.

13. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

14. No Rights to Continue Service. Nothing contained in this Agreement shall be construed as giving the Optionee any right to be retained, in any position, as an employee, consultant or director of the Company or its affiliates nor shall it interfere with or restrict in any way the right of the Company or its affiliates, which right is hereby expressly reserved, to remove, terminate or discharge the Optionee at any time for any reason whatsoever.

15. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Optionee and the beneficiaries, executors, administrators, heirs and successors of the Optionee.

16. Amendment of Award. The Committee may amend the terms of this Agreement; provided, that, the Committee may not effect any amendment which would otherwise constitute an impairment of the Optionee's rights under this Award unless the Company requests the Optionee's consent and the Optionee consents in writing.

17. Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

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18. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

19. Entire Agreement. This Agreement and the Plan (including all exhibits hereto and thereto) sets forth the entire understanding of the parties hereto and supersedes all prior agreements, arrangements, and communications, whether oral or written, pertaining to the subject matter hereof.

[Remainder of page intentionally left blank; signature page to follow]

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

VTB HOLDINGS, INC.

/s/ Bruce Murphy
Witness

By: /s/ Ron Doornink
Name: Ron Doornink
Title: Exec. Chairman

JUERGEN STARK

/s/ Sara Weiss
Witness Sara Weiss

/s/ Juergen Stark
Optionee's Signature
Juergen Stark

[Signature Page to Stock Option Award Agreement]

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

VTB HOLDINGS, INC.

/s/ Bruce Murphy
Witness

By: /s/ Ronald Doornink
Name: Ronald Doornink
Title: Executive Chairman

JUERGEN STARK

Witness

Optionee's Signature

[Signature Page to Stock Option Award Agreement]

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

VTB HOLDINGS, INC.

Witness

By: _____
Name: _____
Title: _____

JUERGEN STARK

/s/ Bruce Murphy
Witness

/s/ Juergen Stark
Optionee's Signature

[Signature Page to Stock Option Award Agreement]

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

VTB HOLDINGS, INC.

Witness

By: _____
Name: _____
Title: _____

JUERGEN STARK

Witness

Optionee's Signature

[Signature Page to Stock Option Award Agreement]

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EXHIBIT A

VTB HOLDINGS, INC.
2011 EQUITY INCENTIVE PLAN

COPY OF 2011 EQUITY INCENTIVE PLAN

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EXHIBIT B

VTB HOLDINGS, INC.
2011 EQUITY INCENTIVE PLAN

NOTICE OF EXERCISE OF OPTION

I hereby exercise the nonqualified option granted to me pursuant to that certain VTB Holdings, Inc. Stock Option Agreement (“Stock Option Agreement”) dated as of October __, 2012, by VTB Holdings, Inc. (the “Company”), with respect to the following number of Common Shares covered by such option:

Number of Common Shares to be purchased _____

Purchase price per Common Share \$_____

Total purchase price \$_____

_____ Enclosed is cash or my certified check, bank draft, or postal or express money order in the amount of \$_____ in full/partial (circle one) payment for the Common Shares being purchased; and/or

_____ Please reduce the number of Common Shares to be issued with a total Fair Market Value, determined in accordance with the VTB Holdings, Inc. 2011 Equity Incentive Plan, of \$_____ in full/partial (circle one) payment for the Common Shares being purchased.

Unless the Company has waived the condition in Section 7 (“Common Shares to be Purchased for Investment”) of the Stock Option Agreement related to the Common Shares purchased hereby, the undersigned hereby certifies that the Common Shares purchased hereby are being acquired for investment and not with a view to or for sale in connection with any distribution of such Common Shares.

DATED: _____, ____

Optionee’s Signature

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EXHIBIT C

VTB HOLDINGS, INC.
2011 EQUITY INCENTIVE PLAN

INVESTMENT REPRESENTATION STATEMENT

Optionee: _____

Common Shares: _____ Common Shares of VTB Holdings, Inc. (the “Company”)

Amount Paid: _____

Date: _____

In connection with the purchase of the above-listed Common Shares, the undersigned Optionee represents to the Company the following:

Optionee is aware of the Company’s business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Common Shares. Optionee is acquiring these Common Shares for investment for Optionee’s own account only and not with a view to, or for resale in connection with, any “distribution” thereof within the meaning of the Securities Act of 1933, as amended (the “Securities Act”).

Optionee understands that the Common Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Common Shares. Optionee understands that no certificate evidencing the Common Shares will be issued and that Common Shares are nontransferable except as provided in the Stockholders Agreement.

Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of “restricted securities” acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Common Shares exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (a) the resale being made through a broker in an unsolicited “broker’s transaction” or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (b) the availability of certain public information about the Company; (c) the amount of Common Shares being sold during any three month period not exceeding the limitations specified in Rule 144(e); and (d) the timely filing of a Form 144, if applicable.

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In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Common Shares may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Common Shares were sold by the Company or the date the Common Shares were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Common Shares by an affiliate, or by a non-affiliate who subsequently holds the Common Shares less than two years, the satisfaction of the conditions set forth in sections (a), (b), (c) and (d) of the paragraph immediately above.

Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

EXHIBIT D

VTB HOLDINGS, INC.
2011 EQUITY INCENTIVE PLAN

JOINDER TO STOCKHOLDERS AGREEMENT

THIS JOINDER to the Stockholders Agreement, dated as of January 7, 2011, by and among the signatories thereto (as amended from time to time, the "Agreement"), is made and entered into as of _____, _____ by and between the VTB, Holdings, Inc. (the "Company") and [_____] (the "Holder"). Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Agreement.

WHEREAS, the Holder has acquired certain Common Shares and the Company requires the Holder, as a holder of Common Shares, to become bound by and/or a party to the Agreement, and the Holder agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this joinder hereby agree as follows:

1. Agreement to be Bound. The Holder hereby agrees that upon execution of this Joinder, it shall become bound by and/or a party to the Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement as though an original party thereto and shall be deemed a Stockholder for the purposes of being bound thereby. In addition, Holder hereby agrees that each class of Common Shares held by Holder shall be deemed Common Shares for the purposes of being bound thereby and shall be subject to all limitations and requirements provided in the Agreement.

2. Successors and Assigns. Except as otherwise provided herein, this Joinder shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and Holder (only as provided in the Agreement) and any subsequent holders of Common Shares and the respective successors and assigns of each of them, so long as they hold any Common Shares.

3. Counterparts. This Joinder may be executed in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

4. Notices. For purposes of Section 9.9 of the Agreement, all notice, demand, consent, election, offer, approval, request or other communication to the Holder shall be directed to:

Mr. Juergen Stark
8324 Santaluz Pointe
San Diego, California 92127

5. Governing Law. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this joinder shall be governed by the internal law, not the law of conflicts, of the State of New York.

6. Descriptive Headings. The descriptive headings of this Joinder are inserted for convenience only and do not constitute a part of this Joinder.

IN WITNESS WHEREOF, the undersigned have executed this Joinder as of the date first above written.

[_____]

By: _____
Name:
Title:

Acknowledged and Agreed:

VTB HOLDINGS, INC.

By: _____
Name:
Title:

VTB HOLDINGS, INC.
STOCK AWARD AGREEMENT

This Stock Award Agreement (this "Agreement"), dated as of the 21st day of June, 2011 (the "Grant Date"), is made by and between VTB Holdings, Inc., a Delaware corporation (the "Company"), and Ron Doormink (the "Grantee"),

WITNESSETH:

WHEREAS, the Company has adopted the VTB Holdings, Inc. 2011 Equity Incentive Plan (the "Plan"), a copy of which is attached hereto as Exhibit A, pursuant to which shares of the Company's Common Stock may be granted to the Grantee; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its stockholders to grant to the Grantee Common Stock, subject to the Company's right of repurchase, as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, and in reliance on the representations and warranties contained herein, the parties intending to be legally bound hereby agree as follows:

1. **Grant of Common Stock.** The Company hereby grants to the Grantee on the Grant Date 1,411,291 shares of Common Stock for his role as a member of the board of directors of the Company (the "Director Shares") and 1,411,291 shares of Common Stock for his role as a consultant for the Company (the "Consulting Shares," and collectively the "Shares") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan (the "Award").
2. **83(b) Election.** As a further condition to receiving the Award, the Grantee shall make a valid election under Section 83(b) of the Code, substantially in the form attached hereto as Exhibit B, to include the value of the Award in the Grantee's taxable income upon receipt. The Grantee acknowledges that it is the Grantee's sole responsibility, and not the Company's, to file timely the election under Code Section 83(b).
3. **Vesting.** The Shares shall not be subject to vesting.
4. **Shares to be Retained for Investment.** The Grantee agrees that the Shares have been acquired by Grantee for investment and not with a view to distribution. Grantee further agrees to provide the Company with an Investment Representation Statement (substantially in the form attached hereto as Exhibit C). The Company shall be entitled to restrict the transferability of the Shares to the extent necessary to avoid a risk of violation of the Securities Act or of any federal or state laws or regulations.
5. **Stockholders Agreement.** The Grantee hereby acknowledges that he is a stockholder of the Company and hereby agrees (a) to be bound by all of the terms of the Stockholders Agreement, as amended from time to time, (a current copy of which is attached hereto as Exhibit D), applicable with respect to the Shares, including, without limitation the right of first refusal, drag-along rights, tag-along rights and other transfer restrictions contained therein and (b) that Exhibit A of the Stockholders Agreement shall be updated to reflect the Shares.
6. **Company's Repurchase Rights.** Grantee agrees that the Shares granted hereunder are subject to the following repurchase rights of the Company or its designee:
 - a. In the event that prior to October 12, 2014, the Grantee voluntarily (i) terminates his position as a member of the board of directors of the Company or otherwise attempts to dispose of, transfer, or sell the Director Shares, or (ii) ceases providing consulting services to the Company or otherwise attempts to dispose of, transfer, or sell the Consulting Shares, the Company or its designee shall have the right (but not the obligation) to repurchase the Director Shares and/or the Consulting Shares, as applicable, for a repurchase price equal to Grantee's per share federal and state income tax liability on the applicable Shares as evidenced by the Grantee's Section 83(b) election filed pursuant to Section 2 above and assuming an applicable combined tax rate of 50.6%¹ (the "Repurchase Right").
 - b. The Repurchase Right will lapse (i) with respect to 2.0833% of the Shares on June 12, 2011 and on the 12th day of every month thereafter and (ii) with respect to all of the Director Shares, if Grantee remains on the board of directors of the Company, and all of the Consulting Shares, if Grantee remains a consultant for the Company, through the consummation of an Approved Sale.
 - c. Grantee and the Company agree that on the Grant Date, the Repurchase Right is not applicable as to 14.58% of the Shares.
 - d. The Grantee agrees that the terms and conditions set forth in this Section 6 will supersede any contrary provisions set forth in Article VIII of the Plan.

7. **Plan Terms.** The provisions of the Plan are incorporated herein by reference. Except as otherwise expressly set forth herein, the Award and this Agreement shall be subject to and construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and his legal representative in respect of any questions arising under the Plan or this Agreement. Except as provided in Section 6(d), in the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern and control.

¹ This represents a federal rate of 39.6% and a maximum California rate of 11%.

8. **Governing Law.** To the extent that federal laws do not otherwise control, the Plan and this Agreement and all determinations made and actions taken pursuant hereto shall be governed by the substantive laws of the State of New York, irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law that would require the application of any other state law.

9. **Withholding of Taxes.** The Award shall be subject to applicable federal, state, and local tax withholding requirement.

10. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

11. **No Rights to Continue Service.** Nothing contained in this Agreement shall be construed as giving the Grantee any right to be retained, in any position, as an employee, consultant or director of the Company or its affiliates nor shall it interfere with or restrict in any way the right of the Company or its affiliates, which right is hereby expressly reserved, to remove, terminate or discharge the Grantee at any time for any reason whatsoever.

12. **Successors.** The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

13. **Amendment of Award.** The Committee may amend the terms of this Agreement; provided, that, the Committee may not effect any amendment which would otherwise constitute an impairment of the Grantee's rights under this Award unless such amendment is: (i) pursuant to the Stockholders Agreement; or (ii) the Company requests the Grantee's consent and the Grantee consents in writing.

14. **Headings.** The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

15. **Signature in Counterparts.** This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. **Entire Agreement.** This Agreement and the Plan (including all exhibits hereto and thereto) sets forth the entire understanding of the parties hereto and supersedes all prior agreements, arrangements, and communications, whether oral or written, pertaining to the subject matter hereof.

[Remainder of page intentionally left blank; signature page to follow]

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

VTB HOLDINGS, INC.

[ILLEGIBLE]

Witness

By: /s/ Carmine J. Bonanno

Name: Carmine J. Bonanno

Title: PRES/CEO

RON DOORNINK

/s/ Bruce Murphy

Witness

/s/ Ron Doornink

Grantee's Signature

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EXHIBIT A

VTB HOLDINGS, INC.
2011 EQUITY INCENTIVE PLAN

COPY OF 2011 EQUITY INCENTIVE PLAN
EXHIBIT B

ELECTION TO INCLUDE
IN GROSS INCOME
IN YEAR OF TRANSFER OF PROPERTY
PURSUANT TO SECTION 83(b) OF
THE INTERNAL REVENUE CODE

The undersigned hereby elects under Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to the property described below to include in gross income the excess (if any) of the fair market value of the property at the time of transfer (determined without regard to any lapse restriction) over the amount paid for such property (if any), as compensation for services, and supplies the following information in accordance with Treasury Regulation Section 1.83-2(e):

1. *Name, address and social security number of the undersigned:*

Name: Ron Dooraink

Address: 872 6th Str.
Manhattan Beach
CA 90266

Social Security Number: ###-##-####

2. *Description of property with respect to which the election is being made:*

The property with respect to which this election is being made is 2,822,582 shares of Common Stock ("Common Stock") of VTB Holdings, Inc., a Delaware corporation (the "Company").

3. *Date on which the property was transferred:* June 21, 2011.

4. *Taxable year to which this election relates:* 2011.

5. *Nature of the restrictions to which the property is subject:*

The Common Stock is fully vested; however, it is subject to a four year right of repurchase by the Company. The Company's repurchase right is triggered upon the taxpayer's voluntary termination of service or attempt to transfer the Common Stock prior to the end of the four year repurchase period. The Company's repurchase right lapses in monthly installments.

6. *Fair market value of the property:*

The total fair market value at the time of transfer (determined without regard to any restrictions other than restrictions that by their terms will never lapse) of the Common Stock was \$1,411,291.00.

7. *Amount paid for the property:*

The amount paid by the taxpayer for the Common Stock is \$0.00.

8. *Furnishing statement to service recipient:*

A copy of this statement has been furnished to the Company.

Dated: 6/21/2011

Signed: /s/ Ronald Doornink

EXHIBIT C

VTB HOLDINGS, INC.
2011 EQUITY INCENTIVE PLAN

INVESTMENT REPRESENTATION STATEMENT

Grantee: Ron Doornink

Common Stock: 2,822,582 shares of Common Stock of VTB Holdings, Inc. (the "Company")

Amount Paid: \$0.00

Date: June 21, 2011

In connection with the grant of the above-listed Common Stock, the undersigned Grantee represents to the Company the following:

Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding the Common Stock. Grantee is acquiring these shares of Common Stock for investment for Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

Grantee understands that the Common Stock must be held indefinitely unless such Common Stock is subsequently registered under the Securities Act or an exemption from such registration is available. Grantee further acknowledges and understands that the Company is under no obligation to register the Common Stock. Grantee understands that no certificate evidencing the Common Stock will be issued and that the shares of Common Stock are nontransferable except as provided in the Stockholders Agreement.

Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant to Grantee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Common Stock exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (a) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (b) the availability of certain public information about the Company; (c) the amount of Common Stock being sold during any three month period not exceeding the limitations specified in Rule 144(e); and (d) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant to the Grantee, then the shares of Common Stock may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the shares of Common Stock were sold by the Company or the date the shares of Common Stock were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Common Stock by an affiliate, or by a non-affiliate who subsequently holds the Common Stock less than two years, the satisfaction of the conditions set forth in sections (a), (b), (c) and (d) of the paragraph immediately above.

Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

Date: 6/21/2011

Signature of Grantee: /s/ Ronald Doornink

EXHIBIT D

VTB HOLDINGS, INC.
2011 EQUITY INCENTIVE PLAN

COPY OF THE STOCKHOLDERS AGREEMENT
JOINDER AGREEMENT

THIS IS A JOINDER AGREEMENT, dated as of June 21, 2011 (the "Agreement"), by and between VTB Holdings, Inc., a Delaware corporation (the "Company"), and Martha M. Doornink (the "Spouse"). Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Stock Award Agreement between the Company and Ron Doornink (the "Grantee") dated June 21, 2011 ("Award Agreement").

WHEREAS, under the Award Agreement, the Grantee was granted a total of 2,822,582 shares of Common Stock for his role as a consultant and as a member of the Board of Directors of the Company (collectively, the "Shares");

WHEREAS, the Award Agreement provides the Company with Repurchase Rights with respect to the Shares upon the occurrence of certain events;

WHEREAS, the Grantee and the Spouse are residents of the state of California and are therefore subject to the community property laws of such state;

WHEREAS, under the community property laws of California the Spouse may be deemed to have a community property interest in the Shares when granted to the Grantee;

WHEREAS, as a result of the Spouse's potential community property interest in the Shares, the Company desires to have the Spouse join and become a party to the Award Agreement, attached hereto as Schedule A, and thereby bound by the terms of the Repurchase Rights contained therein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement intending to be legally bound hereby agree as follows:

1. Agreement to be Bound. The Spouse hereby joins in and becomes a party to the Award Agreement and agrees to be fully bound by, and subject to, all of the covenants, terms and conditions of the Award Agreement, including, without limitation, the Repurchase Rights contained therein as though she was an original party thereto.

2. Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Company and the Spouse and the respective successors and assigns of each of them.

3. Counterparts. This Agreement may be executed in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic means, such as facsimile or portable document format, shall be as effective as delivery of a manually executed counterpart of this Agreement.

4. Governing Law. To the extent federal laws do not otherwise control, this Agreement and all determinations made and actions taken pursuant hereto shall be governed by the substantive laws of the State of New York, irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law that would require the application of any other state law.

5. Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

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

By: /s/ Bruce Murphy
Name: Bruce Murphy
Title: CFO

/s/ Martha M. Doornink
Martha M. Doornink

Schedule A

[Stock Grant Agreement]

June 21, 2011

VTB Holdings, Inc.
150 Clearbrook Rd. Suite 162
Elmsford, NY 10523

Re: Transfer of Shares under the VTB Holdings, Inc. 2011 Equity Incentive Plan

To Whom It May Concern:

I, Ronald Doornink, have been granted 2,822,582 shares of Common Stock under the VTB Holdings, Inc. 2011 Equity Incentive Plan on June 21, 2011. I, together with my spouse, Martha Doornink, hereby direct VTB Holdings, Inc. to transfer such shares to the Doornink Revocable Living Trust dated December 17, 1996, as amended (the "Trust"), effective immediately.

The Trust is already a party to the VTB Holdings, Inc. Stockholders Agreement and, therefore, we have not provided a joinder to such Agreement. As trustees of the Trust, we agree to cause the Trust to continue to abide by the terms of the 2011 VTB Holdings, Inc. Equity Incentive Plan.

Sincerely,

/s/ Ronald Doornink
Ronald Doornink

/s/ Martha Doornink
Martha Doornink

**FIRST AMENDMENT TO RONALD DOORNINK'S
VTB HOLDINGS, INC. STOCK AWARD AGREEMENT**

WHEREAS, pursuant to the VTB Holdings, Inc. 2011 Equity Incentive Plan (the "Plan"), VTB Holdings, Inc. (the "Company") granted Ronald Doornink (the "Grantee") 2,822,582 shares of Common Stock (as defined in the Plan) pursuant to the VTB Holdings, Inc. Stock Award Agreement, dated June 21, 2011 (the "Stock Award Agreement");

WHEREAS, the shares of Common Stock granted to the Grantee were equally divided into Director Shares (as defined in the Stock Award Agreement) and Consulting Shares (as defined in the Stock Award Agreement);

WHEREAS, effective April 12, 2013, the Grantee will no longer provide consulting services to the Company; however, the Grantee will continue to serve as a Director of the Company;

WHEREAS, the Company and the Grantee agree to amend the Stock Award Agreement to eliminate the Company's rights to repurchase the Consulting Shares triggered upon the Grantee's termination of consulting services to the Company and the Company and the Grantee agree that the Consulting Shares will be subject to the same repurchase provisions as are applicable to the Grantee's Director Shares.

NOW THEREFORE, pursuant to Section 13 of the Stock Award Agreement, and intending to be legally bound hereby, the parties hereto agree to amend the Stock Award Agreement, effective as of April 12, 2013, as follows:

1. Section 6.a. of the Stock Award Agreement is hereby amended and restated in its entirety to read as follows:

"a. In the event that prior to October 12, 2014, the Grantee voluntarily terminates his position as a member of the board of directors of the Company, or otherwise attempts to dispose of, transfer, or sell the Shares subject to this Agreement, the Company or its designee shall have the right (but not the obligation) to repurchase such Shares for a repurchase price equal to the Grantee's per share federal and state income tax liability on the applicable Shares as evidenced by the Grantee's Section 83(b) election filed pursuant to Section 2 above and assuming an applicable combined tax rate of 50.6% (the "Repurchase Right")."

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2. Section 6(b) of the Stock Award Agreement is hereby amended and restated in its entirety to read as follows:

"b. The Repurchase Right will lapse (i) with respect to 2.0833% of the Shares on July 12, 2011 and on the 12th day of every month thereafter through October 12, 2014 or (ii) with respect to all of the Shares, if the Grantee remains on the board of directors of the Company through the consummation of an Approved Sale prior to October 12, 2014."

3. Section 6(c) of the Stock Award Agreement is hereby amended and restated in its entirety to read as follows:

"c. Grantee and the Company agree that on the Grant Date, the Repurchase Right is not applicable as to 16.67% of the Shares."

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IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Stock Award Agreement this 26th day of February, 2013.

VTB HOLDINGS, INC.

By: /s/ Kenneth A. Fox

Name: Kenneth A. Fox

Title: President

/s/ Ronald Doornink

Ronald Doornink

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CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") dated as of October 12, 2010 (the "Effective Date") is by and between Voyetra Turtle Beach, Inc. a Delaware corporation (the "Company") and Ronald Doornink (the "Consultant").

WHEREAS, the Company desires to hire the Consultant pursuant to the terms and conditions set forth herein; and

WHEREAS, the Consultant desires to provide services to the Company on the terms and conditions set forth herein; and

WHEREAS, in connection with the consummation of the transactions contemplated by that certain Stock Purchase Agreement, dated as of the date hereof, by and among the Company, SG VTB Merger Sub, Inc. and the other signatories thereto (the "Stock Purchase Agreement"), the Consultant has been given the opportunity to invest \$2,800,000.00 in shares of the Company's Series A Preferred Stock and has joined and agrees to be bound by the Stockholder's Agreement among the Company and the stockholders named therein, dated as of the date hereof, as such agreement may be amended from time to time.

NOW, THEREFORE, in consideration of the mutual promises, terms, covenants and conditions set forth herein, and the performance of each, the parties, intending to be legally bound, hereby agree as follows:

AGREEMENTS

Section 1. Definitions. For purposes of this Agreement, the following terms have the meanings set forth below:

"Board" means the Board of Directors of the Company as the same is constituted from time to time.

"Company's Business" includes, but is not limited to, the business of designing, marketing, selling, manufacturing and distributing peripherals and related software for video game consoles, mobile devices, audio devices and personal computers.

"Cause" means: (A) Consultant's conviction of or plea of guilty or nolo contendere to a felony; (B) a determination by the Board that Consultant committed fraud, misappropriation or embezzlement against any Person; (C) Consultant's material breach of the terms of this Agreement or Consultant's material breach of any other material written agreement with the Company or any of its affiliates (excluding the Seller Transaction Documents or Company Transaction documents, as those terms are defined in the Stock Purchase Agreement) to which Consultant is a party other than this Agreement; (D) Consultant's willful misconduct or gross

Consulting Agreement

neglect in performance of Consultant's duties; or (E) Consultant's failure or refusal to carry out material responsibilities reasonably assigned by the Board to the Consultant; provided, however, that with respect to subsections (C), (D) and (E) above, Cause will only be deemed to occur after written notice to Consultant of such action or inaction giving rise to Cause and the failure by Consultant to cure such action or inaction (which is capable of cure) within 30 days after written notice.

"Confidential Information" shall mean all information respecting the business and activities of the Company or any affiliate of the Company, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any affiliate of the Company. Notwithstanding the immediately preceding sentence, Confidential Information shall not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of Consultant's breach of any portion of this Agreement).

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

Section 2. Consulting Period. The Company hereby agrees to retain the Consultant to provide Consulting Services, and the Consultant hereby agrees to provide such Consulting Services to the Company upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending on the termination of the Consultant's services for any reason (the "Consulting Period"). Notwithstanding anything in this Agreement to the contrary, the Company or the Consultant may terminate this Agreement and the Consulting Period for any reason or no reason at any time upon 30 days advance written notice and the Company may immediately terminate this Agreement and the Consulting Period at any time for Cause.

Section 3. Consulting Services. During the Consulting Period, the Consultant shall provide the services requested by the Board of Directors (the "Consulting Services"). During the Consulting Period, the Consultant shall report directly to the Board. During the Consulting Period, the Consultant shall devote his best efforts and as much of his time and attention as necessary to provide the Consulting Services.

Section 4. Fees and Expense Reimbursements.

4.1 Consulting Fee. During the Consulting Period, the Company agrees to pay the Consultant an annual fee equal to \$100,000 (the "Consulting Fee"), which Consulting Fee will be payable by the Company in quarterly installments payable in arrears.

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Consulting Agreement

4.2 Consulting Bonus. During the Consulting Period, the Consultant shall be eligible to receive an annual bonus in an amount up to \$100,000 based upon the attainment of an annual EBITDA target as determined by the Board (the "Consulting Bonus").

4.3 Director Fee. During the period which the Consultant serves as the chairman of the Board (the "Board Membership Period"), the Company agrees to pay the Consultant an annual fee equal to \$100,000 (the "Director Fee"), which Director Fee will be payable by the Company in quarterly installments payable in arrears.

4.4 Director Bonus. During the Board Membership Period, the Consultant shall be eligible to receive an annual bonus in an amount up to \$100,000 based upon the attainment of an annual EBITDA target as determined by the Board (the "Consulting Bonus").

4.5 Business Expense Reimbursement. The Company shall reimburse the Consultant for any and all reasonable expenses (a) incurred by him in the course of performing his duties under this Agreement during the Consulting Period and (b) his service as a member of the Board during the Board Membership Period, in each case, which are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses ("Reimbursable Expenses"), subject to the Company's requirements with respect to reporting and documentation of expenses. All reimbursements shall be made as soon as reasonably practicable, but in no event later than the last day of the calendar year following the calendar year in which such expenses were incurred. In addition, no reimbursement shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement during any calendar year shall not affect the amount available for reimbursement in a subsequent calendar year.

4.6 Office Expenses. The Company shall pay to the Consultant \$50,000 a year quarterly in arrears for office and related expenses during the Consulting Period.

Section 5. Company Options.

5.1 Consulting Options. The Company shall grant the Consultant options to purchase shares of the Company representing one and six-tenths of a percent (1.6%) of the Company's common equity on a fully-diluted as-converted basis common stock (the "Consulting Options") with a per share exercise price equal to the fair market value of the common stock at the time of the grant, subject to the terms and conditions of the Company's Stock Option Plan (the "Option Plan"). Subject to the Consultant continuing to provide Consulting Services, the Consulting Options shall vest and shall become exercisable as follows: (a) the Consulting Options will vest and become exercisable in substantially equal monthly installments over the forty-eight (48) months immediately the date of grant of the Consulting Options (the "Consulting Option Grant Date") and (b) all Consulting Options will vest in full and become exercisable upon a Change of Control (as such term is defined in Option Plan). The Options, to the extent vested and exercisable, shall remain exercisable until the tenth anniversary the date of the Consulting Option Grant Date. Unless otherwise provided at the time of the grant of the Consulting Options, any of the Consulting Options that are not fully vested and exercisable as of the date the Consultant ceases to provide the Consulting Services shall be immediately cancelled without any payment or compensation to the Consultant.

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Consulting Agreement

5.2 Board Membership Options. The Company shall grant the Consultant options to purchase shares of the Company representing one and six-tenths of a percent (1.6%) of the Company's common equity on a fully-diluted as-converted basis common stock (the "Board Membership Options") with a per share exercise price equal to the fair market value of the common stock at the time of the grant, subject to the terms and conditions of the Option Plan. Subject to the Consultant continuing to serve as a member of the Board, the Board Membership Options shall vest and shall become exercisable as follows: (a) the Board Membership Options will vest and become exercisable in substantially equal monthly installments over the forty-eight (48) months immediately the date of grant of the Board Membership Options (the "Board Membership Option Grant Date") and (b) all Board Membership Options will vest in full and become exercisable upon a Change of Control (as such term is defined in Option Plan). The Board Membership Options, to the extent vested and exercisable, shall remain exercisable until the tenth anniversary the date of the Board Membership Option Grant Date. Unless otherwise provided at the time of the grant of the Board Membership Options, any of the Board Membership Options that are not fully vested and exercisable as of the date the Consultant ceases to serve as a member of the Board shall be immediately cancelled without any payment or compensation to the Consultant.

Section 6. Confidential Information. Consultant shall not, during or after the Consulting Period, without the prior express written consent of the Board, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information to any Person (other than when required to do so in good faith to perform Consultant's duties and responsibilities under this Agreement or when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power). In the event that Consultant becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of the Confidential Information, then prior to such disclosure, Consultant will provide the Company with prompt written notice so that the Company may seek (with Consultant's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then Consultant will furnish only that portion of the Confidential Information which he is advised by counsel is legally required, and will cooperate with the Company in the Company's efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

Section 7. Ownership of Intellectual Property. Consultant acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, reports, patent applications, copyrightable work, and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) that relate to the Company's or any affiliate's actual or anticipated business, research and development, or existing or future products or services and that are conceived, developed, contributed to, made, or reduced to practice by

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Consulting Agreement

Consultant (either solely or jointly with others) while providing services to the Company (including any of the foregoing that constitutes any proprietary information or records) (collectively, "Intellectual Property") belong to the Company or any affiliate, and Consultant hereby assigns, and agrees to assign, all of the above Intellectual Property to the Company. Any copyrightable work prepared in whole or in part by Consultant in the course of Consultant's work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and the Company or such affiliate of the Company shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire," Consultant hereby assigns and agrees to assign to the Company or such affiliate of the Company all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Consultant shall promptly disclose such Intellectual Property and copyrightable work to the Board and perform all actions reasonably requested by the Board (whether during or after the Consulting Period) to establish and confirm the ownership of the Company or such affiliate of the Company (including, without limitation, assignments, consents, powers of attorney and other instruments).

Section 8. Delivery of Materials upon Termination of Consulting Services. As requested by the Company from time to time and upon the termination of the Consulting Period for any reason, the Consultant will promptly deliver to the Company all copies and embodiments, in whatever form or medium, of all Confidential Information or Intellectual Property in the Consultant's possession or within his control (including, without limitation, any written records, notes, photographs, manuals, notebooks, documentation, program listings, flow charts, projections, customer or supplier lists, magnetic media, disks, diskettes, tapes and all other materials containing any Confidential Information or Intellectual Property) irrespective of the location or form of such material and, if requested by the Company, will provide the Company with written confirmation that all such materials have been delivered to the Company.

Section 9. Non-Competition. The Consultant covenants and agrees that while providing Consulting Services for the Company, and for a period of eighteen (18) months following the termination of the Consulting Period, for any reason, Consultant shall not, either directly or indirectly, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others serve anywhere in the United States as an owner, manager, stockholder (except as a holder of no more than 1% of the issued and outstanding stock of a publicly traded company or in his capacity as Special Advisor to the Board of Directors of Activision-Blizzard, Inc. or any successors in interest), consultant, director, officer or employee of any business entity that provides services that are similar to or competitive to those provided, offered or sold by the Company; and for a period of eighteen (18) months following the

termination of the Consulting Period for any reason, the Consultant shall not, either directly or indirectly (i) solicit or divert or appropriate to or for any competing business, or (ii) attempt to solicit, divert or appropriate to or for any competing business, any services offered, sold or provided by the Company to or from those entities who are clients of the Company, joint venturers, or partners with the Company or parties to which Company has submitted a proposal to offer any products or services within six (6) months prior to such termination.

Section 10. Agreement Not to Solicit Employees. The Consultant covenants and agrees that while providing Consulting Services for the Company, and for a period of three (3) years following termination, for any reason, of the Consulting Period, he will not directly on his own behalf or in the service or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert or hire away, to any competing business any person employed by the Company, whether or not such employee is a full-time employee or a temporary employee of the Company, and whether or not such employment is pursuant to written agreement and whether or not such employment is for a determined period or is at will.

Section 11. Non-Disparagement. Except as required by applicable law, rule or regulation or any recognized subpoena power, during and after the Consulting Period, each of the Consultant and the Company agrees not to, at any time, make any statement or representation, written or oral, which such party knows or should know will, or which such party knows or should know is reasonably likely to, impair or adversely affect in any way the reputation, goodwill, business, customer or supplier relationships, or public relations of the other party and/or any of its affiliates, and/or any of their respective partners, directors, employees or officers. In the event that either party becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to make any such statements or representations, then prior thereto, such party will provide the other party with prompt written notice so that the other party may seek (with the reasonable cooperation of the first party) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then the first party will only make such statements or representations which he or it is advised by counsel is legally required, and will cooperate with the other party in the other party's efforts to obtain reliable assurance that confidential treatment will be accorded to any such statements or representations.

Section 12. The time periods for Consultant's obligations contained in Section 9 and 10 hereof will be extended beyond the time periods specified therein by the length of time during which Consultant will have been in breach (as determined by a court of competent jurisdiction in a final nonappealable judgment, ruling or order or by an arbitration) of any of the provisions of such Sections 9 and 10.

Section 13. Affiliates; Equitable Relief. It is expressly understood that the provisions and limitations of Sections 6, 7, 8, 9, 10, 11 and 12 above shall apply to and with respect to any and all Confidential Information, Intellectual Property, employees and businesses of the Company and any of its affiliates, as if such Persons and their Confidential Information, Intellectual Property, employees and businesses were expressly named and described herein. The Consultant acknowledges that a breach or threatened breach by him of any of his covenants contained in Sections 6, 7, 8, 9, 10, 11 and 12 of this Agreement could cause irreparable harm to the Company and their respective affiliates, for which it or they would have no adequate remedy at law. Accordingly, and in addition to any remedies which the Company or their affiliates may have at law, in the event of an actual or threatened breach by the Consultant of his covenants contained in Sections 6, 7, 8, 9, 10, 11 and 12 of this Agreement, the Company and their affiliates shall have the absolute right to apply to any court of competent jurisdiction for such injunctive or other equitable relief as such court may deem necessary or appropriate in the circumstances.

Section 14. No Prior Agreements. The Consultant hereby represents and warrants to the Company that the execution of this Agreement by the Consultant and the performance of his Consulting Services hereunder will not violate or be a breach of any agreement with a former employer, client, or any other Person. Further, Consultant agrees to indemnify and hold harmless the Company and its officers, directors, and representatives for any claim, including, but not limited to, reasonable attorney's fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy, or other agreement between Consultant and such third party that was in existence as of the date of this Agreement.

Section 15. Miscellaneous.

15.1 **Independent Contractor.** This Agreement does not establish an employer-employee relationship with the Company. Consultant is for all purposes an independent contractor. Consultant will not, as an independent contractor, be entitled to any benefits available to the Company's employees including, but not limited to, medical, unemployment, vacation and retirement benefits. Consultant is solely responsible for obtaining his own workers' compensation coverage. Consultant shall be responsible for all employment-related taxes pursuant to the requirements of applicable local, state, and federal regulation.

15.2 **Insurance.** Consultant understands and agrees that as an independent contractor, Consultant is responsible for any insurance coverage he deems appropriate.

15.3 **Remedies.** The Company will have all rights and remedies set forth in this Agreement, all rights and remedies which the Company has been granted at any time under any other agreement or contract and all of the rights which the Company has under any law. The Company will be entitled to enforce such rights specifically, without posting a bond or other security, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law or available in equity.

15.4 **Waivers and Amendments.** The provisions of this Agreement may be amended or waived only by a written agreement executed and delivered by the Company and the Consultant. No other course of dealing between the parties to this Agreement or any delay in exercising any rights hereunder will operate as a waiver of any rights of any such parties.

15.5 **Successors and Assigns.** All covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of any of the parties hereto will bind and inure to the benefit of the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns, whether so expressed or not; provided that the Consultant may not assign his rights or delegate his obligations under this Agreement without the written consent of the Company.

15.6 **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

15.7 **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all of which counterparts taken together will constitute one and the same agreement.

15.8 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

15.9 Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when delivered personally to the recipient, two business days after the date when sent to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands, and other communications will be sent to the Consultant and to the Company at the addresses set forth below.

If to the Consultant:

Ron Doornink
872 6th Street
Manhattan Beach, CA 90266
Telephone: (949) 636-0817
Facsimile: (310) 374-8534

If to the Company:

Voyetra Turtle Beach, Inc.
150 Clearbrook Rd. Suite 162
Elmsford, NY 10523
Attention: Carmine Bonanno
Fax: (914) 345-2252

With Copy To (which shall not constitute notice):

Dechert LLP
Cira Centre
2929 Arch Street
Philadelphia, PA 19102
Facsimile: (215) 994-2222
Attention: Henry N. Nassau, Esq. and David S. Denious, Esq.

Or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party.

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Consulting Agreement

15.10 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended and the parties hereto agree to interpret, apply and administer this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Company.

15.11 No Third Party Beneficiary. This Agreement will not confer any rights or remedies upon any person other than the Company, the Consultant and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

15.12 Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, that may have related in any way to the subject matter hereof.

15.13 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party. Any reference to any federal, state, local or foreign statute or law will be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The use of the word "including" in this Agreement means "including without limitation" and is intended by the parties to be by way of example rather than limitation.

15.14 Survival. Sections 6, 7, 8, 9, 10, 11 and 12 of this Agreement will survive and continue in full force in accordance with their terms notwithstanding any termination of the Consulting Period.

15.15 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the state of New York.

15.16 Waiver of Trial by Jury. The Company and consultant waive trial by jury in any proceeding.

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Consulting Agreement

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

Voyetra Turtle Beach, Inc.

By: /s/ Kenneth A. Fox
Name: Kenneth A. Fox
Title: Authorized Signatory

Ronald Doornink

By: /s/ Ronald Doornink

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Consulting Agreement

February 26, 2013

Mr. Ron Doornink
872 6th Street
Manhattan Beach, CA 90266

Re: Termination of Consulting Agreement and Continued Service on the Board of Directors

Dear Ron:

We would like to thank you for your services as a consultant and member of the Board of Directors of VTB Holdings, Inc. (the "Company"). This letter agreement is to memorialize the agreement between you and the Company regarding the termination of your consulting services under the Consulting Agreement, dated October 12, 2010, between you and the Company (the "Consulting Agreement").

Pursuant to our mutual agreement, the Consulting Agreement shall be terminated effective April 12, 2013, other than with respect to Sections 6 through 15 thereof, which shall survive and continue in full force and effect in accordance with their terms. Upon termination of the Consulting Agreement, you shall receive a final payment of \$71,500 with respect to your services under the Consulting Agreement through April 12, 2013 and thereafter you shall be entitled to no further compensation thereunder. Notwithstanding the termination of the Consulting Agreement, the Company wishes to have you continue to serve as the Chairman of the Company's Board of Directors. Therefore, effective April 13, 2013, and in connection with your service as Chairman of the Board of Directors, you will be entitled to receive the following:

- Annual compensation of \$150,000, payable quarterly in arrears; and
- Reimbursement of reasonable expenses incurred in connection with your duties as a member of the Board of Directors, in accordance with the Company's reimbursement policy. Notwithstanding the foregoing, you will be entitled to reimbursement for the lowest available cost business class travel arrangements for both intercontinental and transcontinental travel.

In addition, we have agreed to amend certain provisions of the Stock Award Agreement, dated June 21, 2011 between you and the Company (the "Stock Award Agreement"), in accordance with the amendment attached hereto as Exhibit A.

Please indicate your acceptance of the terms of this letter agreement by countersigning below and by signing the First Amendment to the Stock Award Agreement attached as Exhibit A. Please return signed copies of this letter agreement and the amendment to Bruce Murphy at 100 Summit Lake Blvd, Suite 100, Valhalla, New York 10595.

Sincerely,

VTB Holdings, Inc.

By: /s/ Kenneth A. Fox

Name: Kenneth A. Fox

Title: President

Accepted and Agreed:

/s/ Ronald Doornink

Ronald Doornink

**EXHIBIT A
FIRST AMENDMENT TO RONALD DOORNINK'S
VTB HOLDINGS, INC. STOCK AWARD AGREEMENT**

WHEREAS, pursuant to the VTB Holdings, Inc. 2011 Equity Incentive Plan (the "Plan"), VTB Holdings, Inc. (the "Company") granted Ronald Doornink (the "Grantee") 2,822,582 shares of Common Stock (as defined in the Plan) pursuant to the VTB Holdings, Inc. Stock Award Agreement, dated June 21, 2011 (the "Stock Award Agreement");

WHEREAS, the shares of Common Stock granted to the Grantee were equally divided into Director Shares (as defined in the Stock Award Agreement) and Consulting Shares (as defined in the Stock Award Agreement);

WHEREAS, effective April 12, 2013, the Grantee will no longer provide consulting services to the Company; however, the Grantee will continue to serve as a Director of the Company;

WHEREAS, the Company and the Grantee agree to amend the Stock Award Agreement to eliminate the Company's rights to repurchase the Consulting Shares triggered upon the Grantee's termination of consulting services to the Company and the Company and the Grantee agree that the Consulting Shares will be subject to the same repurchase provisions as are applicable to the Grantee's Director Shares.

NOW THEREFORE, pursuant to Section 13 of the Stock Award Agreement, and intending to be legally bound hereby, the parties hereto agree to amend the Stock Award Agreement, effective as of April 12, 2013, as follows:

1. Section 6.a. of the Stock Award Agreement is hereby amended and restated in its entirety to read as follows:

"a. In the event that prior to October 12, 2014, the Grantee voluntarily terminates his position as a member of the board of directors of the Company, or otherwise attempts to dispose of, transfer, or sell the Shares subject to this Agreement, the Company or its designee shall have the right (but not the obligation) to repurchase such Shares for a repurchase price equal to the Grantee's per share federal and state income tax liability on the applicable Shares as evidenced by the Grantee's Section 83(b) election filed pursuant to Section 2 above and assuming an applicable combined tax rate of 50.6% (the "Repurchase Right")."
2. Section 6(b) of the Stock Award Agreement is hereby amended and restated in its entirety to read as follows:

“b. The Repurchase Right will lapse (i) with respect to 2.0833% of the Shares on July 12, 2011 and on the 12th day of every month thereafter through October 12, 2014 or (ii) with respect to all of the Shares, if the Grantee remains on the board of directors of the Company through the consummation of an Approved Sale prior to October 12, 2014.”

3. Section 6(c) of the Stock Award Agreement is hereby amended and restated in its entirety to read as follows:

“c. Grantee and the Company agree that on the Grant Date, the Repurchase Right is not applicable as to 16.67% of the Shares.”

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IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Stock Award Agreement this 26th day of February, 2013.

VTB HOLDINGS, INC.

By: _____
Name: Kenneth A. Fox
Title: President

Ronald Doornink

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PERFORMANCE BONUS AGREEMENT

THIS PERFORMANCE BONUS AGREEMENT (this "Agreement") is dated as of October 12, 2010, by and among Voyetra Turtle Beach, Inc., a Delaware corporation (the "Company"), Carmine J. Bonanno and Frederick J. Romano (each, a "Founder" and collectively, the "Founders").

RECITALS

This Agreement is being entered into in connection with the consummation of the transactions contemplated by that certain Stock Purchase Agreement, dated as September 28, 2010, by and among the Company, the stockholders of the Company (including the Founders), SG VTB Merger Sub, Inc. (the "Buyer") and the other signatories thereto (the "Purchase Agreement"), and shall be effective upon the Effective Time of the Merger, as each of those terms is defined in the Agreement and Plan of Merger dated as of the date hereof between the Company and the Buyer.

AGREEMENT

NOW THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants, and agreements herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS. Whenever used in this Agreement, the following terms and phrases shall have the following respective meanings:

1.1. "Affiliate" means, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the stock having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person, and (iii) each of such Person's officers, directors, managers (in the case of any Person that is a manager-managed limited liability company) and general partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

1.2. "Business Day" means any day other than a Saturday, Sunday or day on which banks are permitted or required to close in the State of New York.

1.3. "EBITDA" means with respect to any period, earnings of the Company (excluding any one-time or non-recurring items of income or expense, including without limitation any Bonus, Transaction Expenses (as defined in the Purchase Agreement) Buyer Transaction Expenses (as defined in the Purchase Agreement) and Financing Expenses (as defined in the Purchase Agreement)) before the deduction of (i) interest, (ii) taxes based upon the income of the Company and (iii) depreciation and amortization, all as determined in accordance with GAAP Consistently Applied.

1.4. "Final 2010 EBITDA" means (x) the 2010 EBITDA contained in the respective Statement if no Notice of Disagreement with respect thereto is duly and timely delivered pursuant to Section 2.1 or (y) if such an Notice of Disagreement is so delivered, the 2010 EBITDA contained in the Statement as agreed by the Founders and the Company pursuant to Section 2.1 or (z) if such Notice of Disagreement is so delivered and in the absence of such agreement, the 2010 EBITDA contained in Statement as prepared by the Nonpartisan Accountants pursuant to Section 2.1.

1.5. "Final 2011 EBITDA" means (x) the 2011 EBITDA contained in the respective Statement if no Notice of Disagreement with respect thereto is duly and timely delivered pursuant to Section 2.1 or (y) if such a Notice of Disagreement is so delivered, the 2011 EBITDA contained in the Statement as agreed by the Founders and the Company pursuant to Section 2.1 or (z) if such Notice of Disagreement is so delivered and in the absence of such agreement, the 2011 EBITDA contained in Statement as prepared by the Nonpartisan Accountants pursuant to Section 2.1.

1.6. "Final 2011 Revenue" means (x) the 2011 Revenue contained in the respective Statement if no Notice of Disagreement with respect thereto is duly and timely delivered pursuant to Section 2.1 or (y) if such an Notice of Disagreement is so delivered, the 2011 Revenue contained in the Statement as agreed by the Founders and the Company pursuant to Section 2.1 or (z) if such Notice of Disagreement is so delivered and in the absence of such agreement, the 2011 Revenue contained in Statement as prepared by the Nonpartisan Accountants pursuant to Section 2.1.

1.7. "Financial Statements" means (i) the unaudited consolidated balance sheets of the Company as at December 31, 2008 and December 31, 2007 and the audited consolidated balance sheets of the Company as at December 31, 2009, including the notes thereto, and (ii) the unaudited consolidated statements of income, stockholders' equity and cash flow for the fiscal years ended December 31, 2007 and 2008 and the audited consolidated statements of income, stockholders' equity and cash flow for the fiscal year ended December 31, 2009, together with the report thereon of Fried and Kowgios Partners CPA's LLP, independent accountants.

1.8. "GAAP" means generally accepted accounting principles in the United States as in effect from time to time.

1.9. "GAAP Consistently Applied" means GAAP using the same accounting methods, policies, practices, and procedures, with consistent classification, judgments, and estimation methodology, as were used by the Company in preparing the Financial Statements.

1.10. "Nonpartisan Accountants" means an independent accounting firm mutually agreed upon by the Company and the Founders.

1.11. "Revenue" for any relevant period means the Company's net revenues for such period as determined in accordance with GAAP Consistently Applied.

2. DISTRIBUTIONS

2.1. Statements.

(a) Within thirty (30) days after the delivery to the Founders of the Company's audited financial statements for the fiscal year ended December 31, 2010 and within thirty (30) days after the delivery to the Founders of the Company's audited financial statements for the fiscal year ended December 31, 2011 (which audited financial statements shall be delivered within 90 days after the end of each such fiscal year), the Company shall cause to be prepared and shall deliver to the Founders a statement (the "Statement"), which shall include (i) a statement which sets forth in reasonable detail a calculation of the Company's EBITDA for the fiscal year ended December 31, 2010 ("2010 EBITDA") or Revenue for the fiscal year ended December 31,

2011 (“2011 Revenue”) and EBITDA for the fiscal year ended December 31, 2011 (“2011 EBITDA”), as applicable, and (ii) the amount, if any, of the Bonus to which the Founders may be entitled under Section 2.2 or Section 2.3 based on the 2010 EBITDA or 2011 Revenue or 2011 EBITDA, as applicable.

(b) During the thirty (30)-day period following the Founders’ receipt of each Statement, the Founders and their independent accountants shall be permitted to review at their expense, and the Company shall, and shall cause the Company’s independent accountants to, make available to the Founders, the supporting schedules, analyses, working papers, records, data and other documentation of the Company or the Company’s independent accountants relating to such Statement, and to ask questions of, promptly receive answers from and request such other data and information from each of the Company and the Company’s independent accountants as shall be reasonable under the circumstances, but subject to the execution of any release, waiver, non-reliance or indemnification agreements that the Company’s independent accountants may reasonably request from the Founders. The Statement shall become final and binding upon the parties on the Business Day following the 30th day following delivery thereof (and the 2010 EBITDA or 2011 Revenue and 2011 EBITDA, as applicable, therein shall be deemed to be the Final 2010 EBITDA or Final 2011 Revenue and Final 2011 EBITDA, as applicable), unless the Founders give written notice of their disagreement with such Statement (“Notice of Disagreement”) to the Company prior to such date.

(c) During the fifteen (15) day period following the delivery of an Notice of Disagreement or such longer period as the Founders and the Company may mutually agree, the Founders and the Company shall seek in good faith to resolve in writing any differences that they may have with respect to the matters specified in the Notice of Disagreement, and in the event the Founders and the Company are able to reach such resolution then the amount so agreed by them in writing shall be deemed to be the Final 2010 EBITDA, Final 2011 Revenue or Final 2011 EBITDA, as applicable. If, at the end of such fifteen (15) day period (or such longer period as mutually agreed between the Founders and the Company), the Founders and the Company have not so resolved such differences, the remaining disputed items properly included in the Notice of Disagreement shall be submitted to the Nonpartisan Accountants for final resolution. After affording the Company and its representatives and the Founders and their representatives the opportunity to present their positions as to the disputed items (which opportunity shall not extend for more than thirty (30) days after the submission of such dispute to the Nonpartisan Accountants), the Nonpartisan Accountants shall resolve all disputed items in writing. Such resolution shall be final and binding upon the parties and shall be reflected in any necessary

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revisions to the Statement; provided, however, that the scope of the disputes to be resolved by the Nonpartisan Accountants is limited to only such items included in the Statement that the Founders have disputed in the Notice of Disagreement based upon mathematical errors in the Statement or based upon 2010 EBITDA, 2011 Revenue or 2011 EBITDA, as applicable, not having been calculated in accordance with relevant provisions of this Agreement (including the definitions of defined terms used in this Agreement). The Nonpartisan Accountants shall determine, based solely on presentations by the Company and the Founders and their respective representatives, only those issues in dispute specifically set forth on the Notice of Disagreement and shall prepare a written report as to the disputes and the resulting calculation of 2010 EBITDA, 2011 Revenue or 2011 EBITDA, as applicable. In resolving any disputed item, the Nonpartisan Accountants: (w) shall be bound by the principles set forth in this Section 2, (x) shall limit its review to matters specifically set forth in the Notice of Disagreement, (y) shall further limit its review to whether the Statement contained mathematical errors or whether 2010 EBITDA, 2011 Revenue or 2011 EBITDA, as applicable, was calculated in accordance with the relevant provisions of this Agreement (including the definitions of defined terms used in this Agreement) and (z) shall not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The fees, costs and expenses of the Nonpartisan Accountants in connection with any such determination shall be borne by (x) the Company in the proportion that the aggregate dollar amount of such disputed items so submitted that are successfully disputed by the Founders bear to the aggregate dollar amount of such items so submitted and (y) by the Founders in the proportion that the aggregate dollar amount of such disputed items so submitted that are unsuccessfully disputed by the Founders bear to the aggregate dollar amount of such items so submitted. The Founders and the Company shall bear their own costs in connection with this Section 2, including the fees and expenses of their respective attorneys and accountants, if any.

2.2. Determination of 2010 Bonus. Subject to and in accordance with the provisions of this Section 2, the Founders shall be entitled to the following payment to this Agreement (the “2010 Bonus”):

(a) If the Final 2010 EBITDA is less than \$16,200,000, then the 2010 Bonus payable to the Founders shall be zero; or

(b) If the Final 2010 EBITDA equal to or greater than \$16,200,000, the 2010 Bonus shall be calculated as set forth in the table provided below for the applicable Final 2010 EBITDA (in an amount not to exceed \$7,500,000):

<u>Final 2010 EBITDA</u>			<u>2010 Bonus</u>
\$ 18,000,000	and	Over	\$ 7,500,000
\$ 17,820,000	to	\$ 17,999,999	\$ 7,350,000
\$ 17,640,000	to	\$ 17,819,999	\$ 7,200,000
\$ 17,460,000	to	\$ 17,639,999	\$ 7,050,000
\$ 17,280,000	to	\$ 17,459,999	\$ 6,900,000
\$ 17,100,000	to	\$ 17,279,999	\$ 6,750,000
\$ 16,920,000	to	\$ 17,099,999	\$ 6,600,000
\$ 16,740,000	to	\$ 16,919,999	\$ 6,450,000
\$ 16,560,000	to	\$ 16,739,999	\$ 6,300,000
\$ 16,380,000	to	\$ 16,559,999	\$ 6,150,000
\$ 16,200,000	to	\$ 16,379,999	\$ 6,000,000
Less than		\$ 16,200,000	\$ 0

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2.3. Determination of 2011 Bonus. Subject to and in accordance with the provisions of this Section 2, the Founders shall be entitled to the following payment pursuant to this Agreement (“2011 Bonus,” and together with the 2010 Bonus, the “Bonus”):

(a) If (a) the Final 2011 EBITDA is less than \$18,900,000, and (b) the Final 2011 Revenue is less than \$89,100,000, then the 2011 Bonus payable to the Founders shall be zero;

(b) If the Final 2011 Revenue is equal to or greater than \$89,100,000, then the aggregate amount of 2011 Bonus payable to the Founders under this Section 2.3 shall be \$7,500,000; or

(c) If (a) the Final 2011 Revenue is less than \$89,100,000, and (b) the Final 2011 EBITDA is greater than \$18,900,000, the 2011 Bonus shall be calculated as set forth in the table provided below for the applicable Final 2011 EBITDA (in an amount not to exceed \$7,500,000):

Final 2011 EBITDA

2011 Bonus

\$ 21,000,000	and	Over	\$ 7,500,000
\$ 20,790,000	to	\$ 20,999,999	\$ 7,350,000
\$ 20,580,000	to	\$ 20,789,999	\$ 7,200,000
\$ 20,370,000	to	\$ 20,579,999	\$ 7,050,000
\$ 20,160,000	to	\$ 20,369,999	\$ 6,900,000
\$ 19,950,000	to	\$ 20,159,999	\$ 6,750,000
\$ 19,740,000	to	\$ 19,949,999	\$ 6,600,000
\$ 19,530,000	to	\$ 19,739,999	\$ 6,450,000
\$ 19,320,000	to	\$ 19,529,999	\$ 6,300,000
\$ 19,110,000	to	\$ 19,319,999	\$ 6,150,000
\$ 18,900,000	to	\$ 19,109,999	\$ 6,000,000
Less than		\$ 18,900,000	\$ 0

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2.4. Payment of Bonus.

(a) If the Founders are eligible to receive the 2010 Bonus pursuant to this Section 2, the Company shall pay the 2010 Bonus to the Founders on December 31, 2011 (the "2010 Bonus Payment"). Each Founder shall be entitled to one-half of the 2010 Bonus Payment.

(b) If the Founders are eligible to receive the 2011 Bonus pursuant to this Section 2, the Company shall pay the 2011 Bonus to the Founders in the following manner: (a) one third (1/3rd) of the 2011 Bonus shall be paid on July 31, 2012 (the "First 2011 Bonus Payment"); and (b) one third (1/3rd) of the 2011 Bonus shall be paid on July 31st of each year following the First 2011 Bonus Payment for each of the next two (2) years (the "Other 2011 Bonus Payments" and collectively with the First 2011 Bonus Payment, the "2011 Bonus Payments"), and collectively with the 2010 Bonus Payment, the "Bonus Payments"). For the avoidance of doubt, the final 2011 Bonus Payment shall be made by no later than July 31, 2014. Each Founder shall be entitled to one-half of each 2011 Bonus Payment.

(c) Notwithstanding the foregoing, if the Founders are eligible to receive any of the Bonus Payments and such Bonus Payments have not been paid (the "Unpaid Bonus Payments") as of the date of a Change in Control, the Founders shall be entitled to and shall be paid the Unpaid Bonus Payments on the date of the Change in Control. "Change in Control" means any one person, or more than one person acting as a group (other than Stripes Group LLC or any Affiliate of Stripes Group, LLC) (i) acquires (whether by merger, consolidation, purchase of stock or otherwise) ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company or (ii) acquires assets of the Company (other than inventory) that constitute more than 50 percent of the total gross fair market value of the assets of the Company. For this purpose, "gross fair market value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(d) Notwithstanding the foregoing, if a Change in Control occurs prior to December 31, 2011 and the aggregate proceeds received by the holders of the Series A Preferred Stock and the Common Stock (after giving effect to the payment of the Maximum 2011 Bonus, as defined below) are greater than an amount (the "2011 Bonus Payment Acceleration Threshold") equal to the higher of (i) \$40,672,389 and (ii) the aggregate liquidation preference of all then outstanding shares of Series A Preferred Stock, then the Founders shall be entitled to and shall be paid the 2011 Bonus on the date of the Change in Control as calculated in the table provided in Section 2.3(c) based on a Final 2011 EBITDA that is equal to \$21,000,000 (the "Maximum 2011 Bonus"), but if a Change in Control occurs prior to December 31, 2011 and the aggregate proceeds received by the holders of the Series A Preferred Stock and the Common Stock are less than the 2011 Bonus Payment Acceleration Threshold, then this Agreement shall continue in effect after such Change in Control as though such Change in Control had not occurred.

2.5. Further Assurances. For purposes of complying with the terms set forth in this Section 2, each party shall cooperate with and make available to the other parties and their respective representatives all information, records, data and working papers (subject to the entry into such agreements as the Company's accountants may request in connection therewith), and

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shall permit access to its facilities and personnel, as may be reasonably required in connection with the preparation or analysis of the Statement and the resolution of any disputes with respect to the Statement.

2.6. No Guaranty of Payment. The Company shall have complete discretion with respect to the manufacture, marketing, pricing and distribution of all of the Company's products and services after the Closing and the Company may eliminate or otherwise alter at any time or from time to time any or all of such products or services and shall have the right to operate the business of the Company as it sees fit and shall have no obligation (fiduciary or otherwise) to sell or promote products or to act in any manner in an attempt to protect or maximize the Bonus; provided, however, that the Company shall not take or omit to take any action for the sole purpose of reducing the amount of Bonus. Neither the Founders nor any other party shall have any claim against the Company in connection with the Bonus, except the extent unpaid when due under this Section 2. It is expressly acknowledged and agreed that the potential Bonus is contingent on the performance of the business of the Company and there is no guaranty of any Bonus under this Agreement.

2.7. Tax Gross-Up. Upon the payment to the Founders of each Bonus Payment due hereunder, the Company shall pay the Founders an additional amount sufficient to cover the excess difference between (i) all Federal, state, local and employment taxes (assuming the highest applicable tax rates) payable on the Bonus Payment and such additional amount, and (ii) the amount of tax that would have been payable on the Bonus Payment had it been subject to the long-term capital gains rate of tax (including Federal and any such state or local rates) (such additional amount, the "Gross-Up Amount"), provided that if the difference between the combined rates of tax in (i) and (ii) is greater than 20 percent, the Gross-Up Amount shall be calculated as if the difference between such rates was 20 percent. For purposes of calculating the Gross-Up Amount, all tax rates shall be as set forth in the Internal Revenue Code (or applicable state or local law) for the year in which the Bonus Payment is made. The Gross-Up Amount shall be paid to the Founders at the same time as the related Bonus Payment.

3. MISCELLANEOUS.

3.1. Construction. Within this Agreement, the singular shall include the plural and the plural shall include the singular, and any gender shall include all other genders, all as the meaning and the context of this Agreement shall require. The parties 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 and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

3.2. Costs of Enforcement. Except as set forth in the last sentence of Section 2.1(c), if any party hereto incurs any costs or expenses in connection with any controversy, disagreement or dispute arising under this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party such prevailing party's reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred in prosecuting or defending such controversy, disagreement or dispute, as the case may be.

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3.3. Notices. All notices or other communications permitted or required under this Agreement shall be in writing and shall be sufficiently given if and when hand delivered to the persons set forth below or if sent by documented overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, or by facsimile, receipt acknowledged, addressed as set forth below or to such other person or persons and/or at such other address or addresses as shall be furnished in writing in accordance with this Section 3.3 by any party hereto to the others. Any such notice or communication shall be deemed to have been given as of the date received, in the case of personal delivery, on the Business Day following delivery to a overnight courier service in the case of overnight delivery, three Business Days following deposit by regular U.S. mail in the case of a mailing, or on the date shown on the receipt or confirmation therefor in all other cases (including electronic confirmation of facsimile delivery).

To the Company:

Voyetra Turtle Beach, Inc.
150 Clearbrook Rd. Suite 162
Elmsford, NY 10523
Facsimile: (914) 345-2266
Attention: Chief Executive Officer

with a copy to (which shall not constitute notice):

Dechert LLP
Cira Centre
2929 Arch Street
Philadelphia, PA 19102
Facsimile: (215) 994-2222
Attention: Henry N. Nassau, Esq. and David S. Denious, Esq.

To the Founders:

Carmine J. Bonanno
39 Albemarle Road
White Plains, NY 10605
Facsimile: (914) 345-2266

Frederick J. Romano
3176 Arbour Lane
Yorktown Heights, NY 10598
Facsimile: (914) 345-2266

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3.4. Assignment. Neither the Company nor the Founders shall assign this Agreement or any rights hereunder, or delegate any obligations hereunder, without the prior written consent of the other parties. Subject to the foregoing, this Agreement and the rights and obligations set forth herein shall inure to the benefit of, and be binding upon, the parties hereto, and each of their respective successors, heirs and assigns.

3.5. Amendment, Modification and Waiver. The parties may amend or modify this Agreement in any respect. Any such amendment or modification shall be in writing and signed by the Company and the Founders. The waiver by a party of any breach of any provision of this Agreement shall not constitute or operate as a waiver of any other breach of such provision or of any other provision hereof, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof.

3.6. Governing Law; Submission to Jurisdiction; Trial by Jury. This Agreement is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of New York (and United States federal law, to the extent applicable), irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law. Each of the parties hereto hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the United States District Court for the Southern District of New York solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby. Each of the parties hereto irrevocably agrees that all claims in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, or with respect to any such action or proceeding, shall be heard and determined in such a New York State or federal court, and that such jurisdiction of such courts with respect thereto shall be exclusive, except solely to the extent that all such courts shall lawfully decline to exercise such jurisdiction. Each of the parties hereto hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document or in respect of any such transaction, that it is not subject to such jurisdiction. Each of the parties hereto hereby waives, and agrees not to assert, to the maximum extent permitted by law, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document or in respect of any such transaction, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts. The parties hereto hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of any such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 3.3 or in such other manner as may be permitted by law, shall be valid and sufficient service thereof. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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3.7. Section Headings and Defined Terms. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement. The terms defined herein and in any agreement executed in connection herewith include the plural as well as the singular and the singular as well as the plural, and the use of masculine pronouns shall include the feminine and neuter. Except as otherwise indicated, all agreements defined herein refer to the same as from time to time amended or supplemented or the terms thereof waived or modified in accordance herewith and therewith.

3.8. Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amend and the parties hereto agree to interpret, apply and administer this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Company.

3.9. Severability. The invalidity or unenforceability of any particular provision, or part of any provision, of this Agreement shall not affect the other provisions or parts hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions or parts were omitted. Upon any such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

3.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original (including facsimile or pdf signatures); and any Person may become a party hereto by executing a counterpart hereof, but all of such counterparts together shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. The parties hereto may deliver this Agreement by facsimile or pdf signature, and each party shall be permitted to rely upon the signatures so transmitted to the same extent and effect as if they were original signatures.

3.11. No Third Party Beneficiaries. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

3.12. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters discussed herein and supersedes all prior agreements and understandings.

[Signature Page Follows]

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

THE COMPANY:

VOYETRA TURTLE BEACH, INC.

By: /s/ Carmine J. Bonanno

Name: Carmine J. Bonanno

Title: PRES/CEO

FOUNDERS:

/s/ Carmine J. Bonanno

Carmine J. Bonanno

/s/ Frederick J. Romano

Frederick J. Romano

EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) dated as of October 12, 2010, (the “Effective Date”) is by and between Voyetra Turtle Beach, Inc., a Delaware corporation (the “Company”), and Carmine J. Bonanno (the “Employee”).

WHEREAS, Voyetra Technologies, Inc. and the Employee entered into an Executive Employment Agreement dated November 27, 1996 and Voyetra Technologies, Inc. subsequently merged with its subsidiaries forming the Company;

WHEREAS, the Company, its stockholders, SG VTB Merger Sub, Inc. (the “Buyer”) and SG VTB Holdings, LLC have entered into a Stock Purchase Agreement dated September 28, 2010 (the “Stock Purchase Agreement”), pursuant to which the stockholders have agreed to sell to the Buyer, and the Buyer has agreed to purchase from the stockholders, outstanding shares of common stock of the Company;

WHEREAS, in connection with the closing of the transactions contemplated by the Stock Purchase Agreement, the Company and the Employee desire to enter into a new agreement intended to supersede, replace and cancel the agreement dated November 27, 1996 and all prior or subsequent agreements entered into prior to the Effective Date herein, which shall have no further force or effect on the terms of the Employee’s future employment with the Company;

WHEREAS, the Company desires to continue the employment relationship with the Employee pursuant to the terms and conditions set forth herein; and

WHEREAS, the Employee desires to continue employment with the Company on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, terms, covenants and conditions set forth herein, and the performance of each, the parties, intending to be legally bound, hereby agree as follows:

AGREEMENTS

Section 1. Definitions. For purposes of this Agreement, the following terms have the meanings set forth below:

“Affiliate” means, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the stock having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person, and (iii) each of such Person’s officers, directors, managers (in the case of any Person that is a manager-managed limited liability company) and general partners. For the purpose of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

“Base Salary” has the meaning set forth in Section 4.1.

“Board” means the Board of Directors of the Company as the same is constituted from time to time.

“Cause” means: (A) Employee’s conviction of or plea of guilty or nolo contendere to a felony; (B) a determination by the Board that Employee committed fraud, misappropriation or embezzlement against any Person; (C) Employee’s material breach of the terms of this Agreement or Employee’s material breach of any other material written agreement with the Company or any Subsidiary (excluding the Seller Transaction Documents or Company Transaction documents, as those terms are defined in the Stock Purchase Agreement) to which Employee is a party other than this Agreement; (D) Employee’s willful misconduct or gross neglect in performance of Employee’s duties; or (E) Employee’s failure or refusal to carry out material responsibilities reasonably assigned by the Board to the Employee; provided, however, that with respect to subsections (C), (D) and (E) above, Cause will only be deemed to occur after written notice to Employee of such action or inaction giving rise to Cause and the failure by Employee to cure such action or inaction (which is capable of cure) within 30 days after written notice.

“Confidential Information” shall mean all information respecting the business and activities of the Company or any Subsidiary, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any Subsidiary. Notwithstanding the immediately preceding sentence, Confidential Information shall not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of Employee’s breach of any portion of this Agreement).

“Employment Period” has the meaning set forth in Section 2.

“Good Reason” shall mean a material diminution, without Employee’s consent (which consent shall not be withheld unreasonably), in Employee’s duties or responsibilities as in effect immediately before such diminution.

“Intellectual Property” has the meaning set forth in Section 7.

“Non-Compete Period” means a period of eighteen (18) months following termination of Employee’s employment with the Company.

“Performance Bonus Agreement” shall mean the Performance Bonus Agreement of even date herewith between the Company, Employee and Frederick J. Romano.

“Permanent Disability” shall mean that the Employee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Reimbursable Expenses” has the meaning set forth in Section 4.5.

“Subsidiary” shall mean any corporation, partnership, joint venture, limited liability company, business trust, or other entity of which (or in which) more than 50% of (a) the issued and outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such entity or Persons performing similar functions with respect to such entity (irrespective of whether at the time capital stock or other equity interests of any other class or classes of such entity shall or might have voting power upon the occurrence of any contingency), or (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or other entity is at the time directly or indirectly owned or controlled by the Company and one or more of its other Subsidiaries or by one or more of the Company’s other Subsidiaries.

“Termination Notice” has the meaning set forth in Section 2.2.

Section 2. Employment.

2.1 Employment Period. The Employee’s employment hereunder shall commence on the Effective Date and shall continue in full force and effect until terminated as set forth in Section 2.2 (the “Employment Period”).

2.2 “At Will” Employment. The Employee’s employment under this Agreement is “at will.” Therefore, in accordance with Section 5, (a) either the Company, upon 60 days advance written notice, or the Employee upon 60 days (or such lesser time as determined by the Company) advance written notice to the Company, may terminate Employee’s employment with the Company and/or its Subsidiaries (“Termination Notice”) and (b) the Company may immediately terminate Employee’s employment with the Company and/or its Subsidiaries for Cause.

2.2.1 Subject to the terms and conditions of this Agreement, to the extent that there is a period of time elapsing between the date of delivery of a Termination Notice and the termination date, the Employee shall continue to perform his duties as set forth in this Agreement during such period, and shall also perform such services for the Company as are necessary and appropriate for a smooth transition to the Employee’s successor, if any. Notwithstanding the foregoing provisions of this Section 2, the Company may suspend the Employee from performing his duties under this Agreement following the delivery of a Termination Notice; provided, however, that during the period of suspension, the Employee shall continue to be treated as employed by the Company for other purposes, and his rights to compensation or benefits shall not be reduced by reason of the suspension.

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Section 3. Position and Duties.

3.1 Position. During the Employment Period, the Employee will serve in such position or capacity and will perform such duties and functions as shall from time to time be determined by the Board or its designee(s).

3.2 Performance of Duties; Other Activities. During the Employment Period, the Employee will devote substantially all of his business time and best efforts to the performance of his duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict with the rendition of such services, without the prior written consent of the Board; provided, however, the Employee, subject to Employee’s obligations under this Agreement, shall be permitted to make personal investments, perform reasonable volunteer services, and serve on the boards of directors of nonprofit organizations.

Section 4. Base Salary and Benefits.

4.1 Base Salary. From the Effective Date until December 31, 2010, the Employee’s monthly compensation will be \$41,666.67 or a prorated portion thereof. Effective January 1, 2011, the Employee’s base salary will be at the rate of \$355,000 per annum (the “Base Salary”), plus an annual percentage increase effective January 1, 2012 at least equal to the cost-of-living adjustment (as defined in the Social Security Act) for the immediately preceding year or such greater increase as the Board approves in its sole discretion from time to time. Base Salary will be payable by the Company in regular installments in accordance with the general payroll practices of the Company as in effect from time to time. The term “Base Salary” used in this Agreement shall refer to the Base Salary as it may be so increased from time to time.

4.2 Employee Benefits and Perquisites. During the Employment Period, the Employee shall be eligible to participate in the Company’s employee benefit plans on the same basis as those benefits are made available to other executives of the Company.

4.3 Vacation. During the Employment Period, the Employee shall be entitled to six weeks of paid vacation per calendar year. Employee shall not be entitled to carry over unused vacation to future years.

4.4 Bonus. Prior to the Effective Date, the Company awarded Employee a performance bonus for 2010 in the amount of \$500,000 (the “2010 Bonus”). The Company shall pay the 2010 Bonus on March 31, 2011. In addition to the 2010 Bonus and the compensation payable under the Performance Bonus Agreement, beginning each year during the Employment Period after December 31, 2010, Employee shall also participate in an annual incentive bonus plan that will provide Employee the opportunity to earn additional compensation of up to fifty percent (50%) of Employee’s Base Salary for such year (or such higher percentage as may be required pursuant to the immediately following sentence), contingent upon the achievement of performance goals set by the Board for each such year. The material terms (including performance goals), conditions and percentage payout of such

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incentive bonus hereunder shall be no less favorable to the Employee than the incentive bonuses established for “C level executives” as such term is defined in the sole discretion of the Board. All incentive bonus payments will be paid no later than the 15th day of the second month after the end of the calendar year in which such incentive bonus payment was earned. Notwithstanding anything to the contrary herein, the Employee shall not be eligible for an incentive bonus payment with respect to (a) 2010 if it is determined that he is eligible to receive his portion of the 2010 Bonus pursuant to the Performance Bonus Agreement (in which case, the Employee shall instead receive a bonus of \$75,000 payable on July 31, 2011) or (b) 2011 if it is determined that he is eligible to receive his portion of the 2011 Bonus pursuant to the Performance Bonus Agreement and any incentive bonus payment shall not be payable with respect to 2010 or 2011 prior to the final determination of such eligibility.

4.5 Expenses. The Company shall reimburse the Employee for any and all reasonable expenses incurred by him in the course of performing his duties under this Agreement which are consistent with the Company’s policies in effect from time to time with respect to travel, entertainment and other business expenses (“Reimbursable Expenses”), subject to the Company’s requirements with respect to reporting and documentation of expenses. All reimbursements shall be made as soon as reasonably practicable, but at least by the earlier of ninety (90) days following the date on which such Reimbursable Expenses were submitted for reimbursement or the last day of the calendar year following the calendar year in which such Reimbursable Expenses were incurred. In addition, no reimbursement shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement during any calendar year shall

not affect the amount available for reimbursement in a subsequent calendar year. Termination of Employee's employment hereunder shall not affect Employee's right to be reimbursed for any Reimbursable Expenses incurred by Employee before such termination.

4.6 Other Incentive Compensation. The Employee shall be entitled to the following additional compensation:

4.6.1 In the event that, after the Effective Date, the Board directs the Company to file, and the Company files a utility patent application in the United States naming Employee as an inventor (other than a provisional patent application, and expressly excluding continuation, continuation in part, divisional, foreign or other applications claiming priority to such utility patent application) with respect to any invention that is subject to Section 7 of this Agreement (each, an "Eligible Application"), the Company shall pay the Employee a bonus of \$10,000 within 30 days after such application is filed.

4.6.2 In the event that a patent issues in the United States on an Eligible Application (each, a "Company Patent"), the Company shall pay the Employee a bonus of \$10,000 within 30 days after the Company receives notice that such Company Patent has issued. It is acknowledged and understood that a patent may not issue in the United States on an Eligible Application, but that the Company may obtain a patent or patents with respect to patent application(s) filed by the Company, with Employee as a named inventor, that claim priority to the Eligible Application, including continuation, continuation in part or divisional filings. Where a United States patent does not issue on an Eligible Application, but does issue

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on a continuation, continuation in part or divisional filing claiming priority to an Eligible Application, such issued patent shall be deemed a Company Patent for purposes herein, but the \$10,000 bonus shall be paid only upon the issuance of the first Company Patent to issue in the United States based on a continuation, continuation in part or divisional filing claiming priority to such Eligible Application.

4.6.3 No bonus shall be payable in respect of any foreign patent application (including any international application) or issued foreign patent, whether or not claiming priority to an Eligible Application, filed by the Company after the Effective Date with Employee as a named inventor, but any such issued foreign patent shall, for purposes of the payment obligations described in Section 4.6.4, be deemed a Company Patent.

4.6.4 The Company shall pay to Employee, annually within 90 days of the end of the Company's fiscal year, a royalty equal to 0.5% of the net revenues realized by the Company on the sale of Company products where the manufacture, marketing or distribution of such products involves the practice of any inventions claimed in a Company Patent (the "Royalty"). Such Royalty shall be calculated and paid based on sales of Company products on a country-by-country basis during the term of the Company Patent(s) embodied in the applicable Company product, or in the manufacture thereof, sold in such country. The 0.5% Royalty shall be calculated on a product/SKU basis, irrespective of the number of Company Patents embodied in such Company product/SKU or its manufacture, and calculated on such eligible Company product until the last to expire of any Company Patent(s) embodied in such product or its manufacture. For the avoidance of doubt, no Royalty shall be incurred (a) with respect to a Company Patent until after the issuance of such Company Patent or (b) in a particular country on sales of Company products in such country following the date of expiration (or invalidation) of the last to expire (or to be invalidated) of the Company Patent(s) embodied in such Company product, or its manufacture in such country. The payment obligation under this Section 4.6.4 shall terminate upon a Change in Control; provided that the amount of any unpaid Royalty earned through the date of the Change of Control shall be paid on or prior to the consummation thereof. The Company agrees to afford the Employee and his professional representatives (subject to entry into reasonable and customary confidentiality restrictions if requested by the Company) reasonable access to the Company's financial statements, product designs and other technical information, and other books and records that are relevant to this Section 4.6.4, to determine whether the Company has complied with the provisions of this Section 4.6.4. "Change in Control" means any one person, or more than one person acting as a group (other than Stripes Group LLC or any Affiliate of Stripes Group, LLC) acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. For the avoidance of doubt, the Employee's right to receive the Royalty payable under this Section 4.6.4 shall not be affected by the termination of the Employee's employment with the Company.]

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Section 5. Termination.

5.1 Death. The Employee's employment under this Agreement shall terminate immediately upon the Employee's death, and neither the Company nor any of its Affiliates shall have any further obligations under this Agreement, except to pay to the Employee's estate (or his beneficiary, as may be appropriate) (a) any Base Salary earned through his date of death, to the extent theretofore unpaid and (b) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his death under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements.

5.2 Disability. If the Employee is unable to perform his duties under this Agreement because of Permanent Disability, the Company may terminate the Employee's employment by giving written notice to the Employee. Such termination shall be effective as of the date of such notice and neither the Company nor any of its Affiliates shall have any further obligations under this Agreement, except to pay to the Employee (a) any Base Salary earned through the date of such termination, to the extent theretofore unpaid and (b) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements.

5.3 Unjustified Termination.

5.3.1 Except as otherwise provided in Sections 5.1, 5.2, 5.4, and 5.5, if the Employee's employment shall be terminated by the Company other than for Cause, the Employee shall be entitled to (a) (i) any Base Salary earned through the date of such termination, to the extent theretofore unpaid and (ii) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements, and (b) so long as the Employee has not breached and does not breach the provisions of Sections 6, 7, 8, 9, or 10 of this Agreement a lump sum payment in an amount equal to (i) eighteen (18) months of the Employee's then current Base Salary and (ii) an amount equal to eighteen (18) months of COBRA premiums at the rate in effect under the Company's medical plan in which the Employee is participating immediately prior to the date of his termination, payable in accordance with Section 14.8.1 following the date of such termination.

5.3.2 Subject to the requirements of this Section 5.3.2, if the Employee terminates his employment for Good Reason during the period commencing on the Effective Date and ending on the second anniversary thereof, the Employee shall be entitled to (a) (i) any Base Salary earned through the date of such termination, to the extent theretofore unpaid and (ii) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms

of the applicable plans, policies and arrangements, and (b) so long as the Employee has not breached and does not breach the provisions of Sections 6, 7, 8, 9, or 10 of this Agreement, a lump sum payment in an amount equal to (i) twelve (12) months of the Employee's then current Base Salary and (ii) an amount equal to twelve (12) months of COBRA premiums at the rate in effect under the Company's medical plan in which the Employee is participating immediately prior to the date of his termination, payable in accordance with Section 14.8.1 following the date of such termination. Notwithstanding the foregoing, the Employee shall be entitled to the severance benefits provided under (b)(i) and (ii) of this Section 5.3.2 only if the Employee notifies the Company of the occurrence of the event alleged to constitute Good Reason within 30 days of the occurrence of such event, the Company fails to remedy such event within 30 days after receiving such notice from the Employee, and the Employee actually terminates employment within 15 days after the expiration of the 30-day remedial period.

5.4 Justified Termination. If the Company terminates Employee's employment for Cause (a "Justified Termination"), the Employee shall be entitled to receive (a) any Base Salary earned through the date of termination, to the extent theretofore unpaid, and (b) such accrued but unused vacation, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements. A Justified Termination shall become effective on the date designated by the Company and the Employee shall not be eligible to receive, and the Company shall not be required to pay, any severance pursuant to Section 5.3 hereof.

5.5 Voluntary Resignation. If the Employee resigns for any reason (other than for Good Reason, which shall be covered by Section 5.3.2) (a "Voluntary Resignation"), the Employee shall be entitled to receive (a) any Base Salary earned through the date of termination, to the extent theretofore unpaid and (b) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements. A Voluntary Resignation will be effective upon the conclusion of the 60 day written notice period pursuant to Section 2.2, unless an earlier date is approved by the Board. If the Board approves an earlier termination date, the Employee will not be entitled to payments under Sections 5.5(a) and (b) (above) after such date. In the case of a Voluntary Resignation, Employee shall not be eligible to receive, and the Company shall not be required to pay, any severance pursuant to Section 5.3 hereof.

5.6 Performance Bonus Agreement. For the avoidance of doubt, the termination of the Employee's employment for any reason shall not affect the Employee's right to any bonus otherwise payable under the terms of the Performance Bonus Agreement.

Section 6. Confidential Information. Employee shall not, during or after the Employment Period, without the prior express written consent of the Board, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information to any Person (other than when required to do so in good faith to perform

Employee's duties and responsibilities under this Agreement or when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power). In the event that Employee becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of the Confidential Information, then prior to such disclosure, Employee will provide the Company with prompt written notice so that the Company may seek (with Employee's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then Employee will furnish only that portion of the Confidential Information which he is advised by counsel is legally required, and will cooperate with the Company in the Company's efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

Section 7. Ownership of Intellectual Property. Employee acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, patent applications, copyrightable work, and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) that relate to the Company's or any Subsidiary's actual or anticipated business, research and development, or existing or future products or services and that are conceived, developed, contributed to, made, or reduced to practice by Employee (either solely or jointly with others) while employed by the Company (including any of the foregoing that constitutes any proprietary information or records) (collectively, "Intellectual Property") belong to the Company or such Subsidiary, and Employee hereby assigns, and agrees to assign, all of the above Intellectual Property to the Company or such Subsidiary. Any copyrightable work prepared in whole or in part by Employee in the course of Employee's work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and the Company or such Subsidiary shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire," Employee hereby assigns and agrees to assign to the Company or such Subsidiary all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Employee shall promptly disclose such Intellectual Property and copyrightable work to the Company and perform all actions reasonably requested by the Company or the Board (whether during or after the Employment Period) to establish and confirm the ownership of the Company or such Subsidiary (including, without limitation, assignments, consents, powers of attorney and other instruments).

Section 8. Non-Competition. The Employee covenants and agrees that during his employment with the Company, and during the Non-Compete Period, he shall not, either directly or indirectly, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others serve anywhere in the United States as an owner, manager, stockholder (except as a holder of no more than 1% of the issued and outstanding stock of a publicly traded company), consultant, director, officer or employee of any business entity that provides services that are similar to or competitive to those provided, offered or sold by the Company; and during the Non-Compete Period the Employee shall not, either directly or indirectly (i) solicit or divert or appropriate to or for any competing business, or (ii)

attempt to solicit, divert or appropriate to or for any competing business, any products or services offered, sold or provided by the Company to or from those entities who are clients of the Company or a Subsidiary or who are parties to which Company has submitted a proposal to offer any products or services within six (6) months prior to the termination of Employee's employment hereunder. The Employee acknowledges that the provisions of this Section 8 shall apply regardless of the circumstances under which Employee's employment with the Company terminates.

Section 9. Agreement Not to Solicit Employees. The Employee covenants and agrees that during his employment by the Company, and the Non-Compete Period, he will not directly on his own behalf or in the service or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert or hire away, to any competing business any person employed by the Company, whether or not such employee is a full-time employee or a temporary employee of the Company, and whether or not such employment is pursuant to written agreement and whether or not such employment is for a determined period or is at will. The Employee acknowledges that the provisions of this Section 9 shall apply regardless of the circumstances under which Employee's employment with the Company terminates.

Section 10. Non-Disparagement. Except as required by applicable law, rule or regulation or any recognized subpoena power, following termination of the Employee's employment, each of the Company and Employee agrees to refrain from making any derogatory comment to the press or to any individual or entity regarding the other (or its or his affiliates) that relates to their activities or relationship prior to the date of termination, which comment would be reasonably likely to cause material damage or harm to the business interests or reputation of the Company or the Employee, as the case may be, or its or his affiliates, as the case may be. In the event that either party becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to make any such statements or representations, then prior thereto, such party will provide the other party with prompt written notice so that the other party may seek (with the reasonable cooperation of the first party) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then the first party will only make such statements or representations which he or it is advised by counsel is legally required, and will cooperate with the other party in the other party's efforts to obtain reliable assurance that confidential treatment will be accorded to any such statements or representations.

Section 11. The time periods for Employee's obligations contained in Section 8 and 9 hereof will be extended beyond the time periods specified therein by the length of time during which Employee will have been in breach (as determined by a court of competent jurisdiction in a final nonappealable judgment, ruling or order or by an arbitration) of any of the provisions of such Sections 8 and 9.

Section 12. Equitable Relief. The Employee acknowledges that a breach or threatened breach by him of any of his covenants contained in Sections 6, 7, 8, 9, 10 and 11 of this Agreement could cause irreparable harm to the Company, its affiliates and Subsidiaries,

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for which it or they would have no adequate remedy at law. Accordingly, and in addition to any remedies which the Company, its affiliates or Subsidiaries may have at law, in the event of an actual or threatened breach by the Employee of his covenants contained in Sections 6, 7, 8, 9, 10 and 11 of this Agreement, the Company, its affiliates and Subsidiaries shall have the right to apply to any court of competent jurisdiction for such injunctive or other equitable relief as such court may deem necessary or appropriate in the circumstances.

Section 13. No Prior Agreements. The Employee hereby represents and warrants to the Company that the execution of this Agreement by Employee, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer, client, or any other Person. Further, Employee agrees to indemnify and hold harmless the Company and its officers, directors, and representatives for any claim, including, but not limited to, reasonable attorney's fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy, or other agreement between Employee and such third party that was in existence as of the date of this Agreement.

Section 14. Miscellaneous.

14.1 Remedies. The Company will have all rights and remedies set forth in this Agreement, all rights and remedies which the Company has been granted at any time under any other agreement or contract and all of the rights which the Company has under any law. The Company will be entitled to enforce such rights specifically, without posting a bond or other security, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law or available in equity.

14.2 Waivers and Amendments. The provisions of this Agreement may be amended or waived only by a written agreement executed and delivered by the Company and the Employee. No other course of dealing between the parties to this Agreement or any delay in exercising any rights hereunder will operate as a waiver of any rights of any such parties.

14.3 Successors and Assigns. All covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of any of the parties hereto will bind and inure to the benefit of the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns, whether so expressed or not; provided that the Employee may not assign his rights or delegate his obligations under this Agreement without the written consent of the Company.

14.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

14.5 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all of which counterparts taken together will constitute one and the same agreement.

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14.6 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

14.7 Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when delivered personally to the recipient, two business days after the date when sent to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands, and other communications will be sent to the Employee and to the Company at the addresses set forth below.

If to the Employee:

Carmine J. Bonanno
39 Albemarle Road
White Plains, NY 10605
Facsimile: (914) 345-2266

If to the Company:

Voyetra Turtle Beach, Inc.
150 Clearbrook Rd. Suite 162
Elmsford, NY 10523
Attn: Chief Financial Officer

With a copy to (which shall not constitute notice):

Dechert LLP
Cira Centre
2929 Arch Street
Philadelphia, PA 19102
Facsimile: (215) 994-2222
Attention: Henry N. Nassau, Esq. and David S. Denious, Esq.

Or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party.

14.8 409A. The parties intend that this Agreement (and all payments and other benefits provided under this Agreement) be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A") to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Code Section

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409A is applicable to such payments and benefits, the parties intend that this Agreement (and such payments and benefits) comply with the deferral, payout and other limitations and restrictions imposed under Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted, operated and administered in a manner consistent with such intentions.

14.8.1 Notwithstanding anything to the contrary contained herein, the Employee's receipt of any of the severance benefits set forth in Section 5 (other than any unpaid accrued benefits) shall be conditioned on the Employee's execution of a release of claims in form and substance satisfactory to the Company (which release shall be provided to the Employee at the time of Employee's termination of employment), such that such release is effective (with all revocation periods having expired unexercised) within sixty (60) days following the Employee's termination of employment. Any severance payments (other than unpaid accrued benefits) shall be paid to the Executive in a lump sum on the seventieth (70th) day following the Employee's termination of employment.

14.8.2 Without limiting the generality of the foregoing, and notwithstanding any other provision of this Agreement to the contrary: (a) if at the time of the Employee's termination of employment, the Employee is a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i) and determined using the identification methodology selected by the Company from time to time, or if none, the default methodology, and a payment or benefit provided for in this Agreement would be subject to additional tax under Code Section 409A if such payment or benefit is paid within 6 months after the Employee's termination, then such payment or benefit required under this Agreement shall not be paid (or commence to be paid) during the 6 month period immediately following the Employee's termination (except as specifically provided otherwise in this clause (a)), but shall instead be paid in a lump sum on the first day of the seventh month following the Employee's termination of employment or, if earlier, on the tenth business day following the Employee's death (even if such business day is less than six months following the Employee's termination); (b) a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service," as defined in Treasury Regulation Section 1.409A-1(h) after giving effect to the presumptions contained therein, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" and like terms shall mean separation from service; (c) each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments; and (d) with regard to any provision in this Agreement, including, without limitation, Section 4.5, that provides for reimbursement of expenses or in-kind benefits, except for any reimbursement or in-kind benefit provided pursuant to this Agreement that does not constitute taxable compensation to the Employee, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (iii) such payments shall be made on or before the last day of the Employee's taxable year following the taxable year in which the expense occurred.

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14.9 No Third Party Beneficiary. This Agreement will not confer any rights or remedies upon any person other than the Company, the Employee and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

14.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes, cancels and replaces any prior understandings, agreements or representations by or between the parties, written or oral, that may have related in any way to the subject matter hereof. Without limiting the foregoing, the Executive Employment Agreement dated as of November 27, 1996 between the Company and the Employee is superseded in its entirety by this Agreement and is terminated effective as of the Effective Date.

14.11 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party. Any reference to any federal, state, local or foreign statute or law will be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The use of the word "including" in this Agreement means "including without limitation" and is intended by the parties to be by way of example rather than limitation.

14.12 Survival. Sections 4.5, 4.6, 5, 6, 7, 8, 9, 10, and 11 of this Agreement will survive and continue in full force in accordance with their terms notwithstanding any termination of the Employment Period.

14.13 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the state of New York.

14.14 Waiver of Trial by Jury. The Company and Employee waive trial by jury in any proceeding.

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

VOYETRA TURTLE BEACH, INC.

By: /s/ Frederick J. Romano
Name: Frederick J. Romano
Title: EVP/COO

CARMINE BONANNO

August 2, 2012

Carmine Bonanno
39 Albemarle Road
White Plains, NY 10605

Dear Carmine:

As discussed, this letter agreement confirms your retirement as Chief Executive Officer at Voyetra Turtle Beach, Inc. ("VTB") effective August 31, 2012 (the "Retirement Date"). In connection with such retirement, if you return a signed copy of this letter agreement prior to August 7, 2012, then VTB will treat your retirement as a termination for Good Reason pursuant to Section 5.3.2 of that certain employment agreement, dated October 12, 2010 (the "Employment Agreement"), between you and VTB, and you will be entitled to the following: (a) all unpaid base salary earned through the Retirement Date, (b) all accrued but unused vacation, retirement, incentive, bonus and other benefits to the extent earned and vested as of the Retirement Date and (c) a lump sum severance payment of \$515,936 in each case, subject to tax withholdings and deductions (collectively, the "Retirement Payments"). You agree that such Retirement Payments shall be in full satisfaction of any liabilities or obligations VTB may have to you in connection with your employment by VTB (including the ending thereof) or the Employment Agreement, including under Section 5 thereof, other than: (i) any amounts payable to you under the Performance Bonus Agreement dated as of October 12, 2010, (ii) reimbursement of any business expenses incurred by you prior to the Retirement Date in accordance with the Company's normal reimbursement policies, (iii) any amounts which may become due under Section 4.6 of the Employment Agreement, and (iv) any indemnification rights you have under applicable law, VTB's certificate of incorporation and/or bylaws as currently in effect and any indemnification agreement that you are currently a party to. By signing this letter agreement, you also represent that you have complied with the provisions of Sections 6, 7, 8, 9, 10, and 12 of the Employment Agreement, acknowledge that such provisions shall remain in effect after the Retirement Date, agree that you will continue to comply with such provisions, agree that, prior to the Retirement Date, you will deliver to VTB any Confidential Information or Intellectual Property (as each such term is defined in the Employment Agreement) as well as any other property of VTB (including credit cards and access keys) in your possession and agree that you will provide such assistance as VTB may reasonably request (not to exceed an average of 2 days a week during the first month after the Retirement Date and an average of 2 days a month during the following 5 months); provided, that, after such six-month period, if such assistance would require more than de minimus time and effort from you, you shall not be required to provide such assistance unless the parties enter into a mutually acceptable consulting arrangement. Additionally, the parties agree that any communications regarding your retirement by either party including to employees and third parties will be consistent with the following: 1) your retirement will be characterized as a retirement from the daily operations of VTB, 2) you fully intend to remain active as a member of the board of directors and a significant shareholder of VTB and 3) you have indicated that you will provide VTB reasonable assistance after the Retirement Date on an as-needed basis. Additionally, although Section 4.1 of the Employment Agreement provided that your base salary was to be at the rate of \$355,000 per annum effective January 1, 2011, you have continued to receive a base salary at a rate of \$500,000 per annum. If you return a signed copy of this letter agreement as contemplated above, you may retain the additional base salary that you received and the Employment Agreement will be amended as set forth on Exhibit A hereto.

This letter agreement constitutes the complete agreement with respect to the ending of your employment relationship with VTB and supersedes any and all agreements, understandings, and discussions, whether written or oral, between you and VTB regarding the same. Neither you nor VTB has made any representations, promises or statements to induce the other to enter into our agreement, and both parties specifically disclaim reliance, and represent that there has been no reliance, on any such representations, promises or statements and any rights arising therefrom. The invalidity or unenforceability of any provision of this letter agreement shall have no effect on and shall not impair the validity or enforceability of any other provision of this letter agreement. This letter agreement shall be governed by the laws of the State of New York (without giving effect to conflict of laws principles that would require the application of the laws of any other state) as to all matters including, without limitation, validity, construction, effect, performance and remedies.

Very Truly Yours,



Acknowledged and agreed as of August 3, 2012:

/s/ Carmine J. Bonanno

Carmine J. Bonanno

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EXHIBIT A

Section 4.1 of the Employment Agreement shall be deleted and replaced in its entirety with the following:

"4.1 Base Salary. From the Effective Date until December 31, 2010, the Employee's monthly compensation will be \$41,666.67 or a prorated portion thereof. Effective January 1, 2011, the Employee's base salary will continue at the rate of \$500,000 per annum (the "Base Salary") subject to such increase as the Board approves in its sole discretion from time to time. Base Salary will be payable by the Company in regular installments in accordance with the general payroll practices of the Company as in effect from time to time. The term "Base Salary" used in this Agreement shall refer to the Base Salary as it may be so increased from time to time."

Section 4.4 of the Employment Agreement shall be deleted and replaced in its entirety with the following:

"4.4 Bonus. Prior to the Effective Date, the Company awarded Employee a performance bonus for 2010 in the amount of \$500,000 (the "2010 Bonus"). The Company shall pay the 2010 Bonus on March 31, 2011. In addition to the 2010 Bonus and the compensation payable under the Performance Bonus Agreement, with respect to the year ending December 31, 2011, Employee shall also participate in an annual incentive bonus plan that will provide Employee the opportunity to earn additional compensation of up to fifty percent (50%) of Employee's Base Salary for such year (or such higher percentage as may be required pursuant to the immediately following sentence), contingent upon the achievement of performance goals set by the Board for each such year. The material terms (including performance goals), conditions and percentage payout of such incentive bonus hereunder shall be no less favorable to the Employee than the incentive bonuses established for "C level executives" as such term is defined in the sole discretion of the Board. Notwithstanding anything to the

contrary herein, the Employee shall not be eligible for an incentive bonus payment with respect to (a) 2010 if it is determined that he is eligible to receive his portion of the 2010 Bonus pursuant to the Performance Bonus Agreement (in which case, the Employee shall instead receive a bonus of \$75,000 payable on July 31, 2011) or (b) 2011 if it is determined that he is eligible to receive his portion of the 2011 Bonus pursuant to the Performance Bonus Agreement and any incentive bonus payment shall not be payable with respect to 2010 or 2011 prior to the final determination of such eligibility. With respect to each fiscal year during the Employment Period after the fiscal year ending December 31, 2011, the Board may determine in its sole discretion to award Employee a bonus, the amount of which, if any, will also be determined by the Board in its sole discretion. All incentive bonus payments will be paid no later than the 15th day of the second month after the end of the calendar year in which such incentive bonus payment was earned.”

EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) dated as of October 12, 2010, (the “Effective Date”) is by and between Voyetra Turtle Beach, Inc., a Delaware corporation (the “Company”), and Frederick J. Romano (the “Employee”).

WHEREAS, Voyetra Technologies, Inc. and the Employee entered into an Executive Employment Agreement dated November 27, 1996 and Voyetra Technologies, Inc. subsequently merged with its subsidiaries forming the Company;

WHEREAS, the Company, its stockholders, SG VTB Merger Sub, Inc. (the “Buyer”) and SG VTB Holdings, LLC have entered into a Stock Purchase Agreement dated September 28, 2010 (the “Stock Purchase Agreement”), pursuant to which the stockholders have agreed to sell to the Buyer, and the Buyer has agreed to purchase from the stockholders, outstanding shares of common stock of the Company;

WHEREAS, in connection with the closing of the transactions contemplated by the Stock Purchase Agreement, the Company and the Employee desire to enter into a new agreement intended to supersede, replace and cancel the agreement dated November 27, 1996 and all prior or subsequent agreements entered into prior to the Effective Date herein, which shall have no further force or effect on the terms of the Employee’s future employment with the Company;

WHEREAS, the Company desires to continue the employment relationship with the Employee pursuant to the terms and conditions set forth herein; and

WHEREAS, the Employee desires to continue employment with the Company on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, terms, covenants and conditions set forth herein, and the performance of each, the parties, intending to be legally bound, hereby agree as follows:

AGREEMENTS

Section 1. Definitions. For purposes of this Agreement, the following terms have the meanings set forth below:

“Affiliate” means, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the stock having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person, and (iii) each of such Person’s officers, directors, managers (in the case of any Person that is a manager-managed limited liability company) and general partners. For the purpose of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

“Base Salary” has the meaning set forth in Section 4.1.

“Board” means the Board of Directors of the Company as the same is constituted from time to time.

“Cause” means: (A) Employee’s conviction of or plea of guilty or nolo contendere to a felony; (B) a determination by the Board that Employee committed fraud, misappropriation or embezzlement against any Person; (C) Employee’s material breach of the terms of this Agreement or Employee’s material breach of any other material written agreement with the Company or any Subsidiary (excluding the Seller Transaction Documents or Company Transaction documents, as those terms are defined in the Stock Purchase Agreement) to which Employee is a party other than this Agreement; (D) Employee’s willful misconduct or gross neglect in performance of Employee’s duties; or (E) Employee’s failure or refusal to carry out material responsibilities reasonably assigned by the Board to the Employee; provided, however, that with respect to subsections (C), (D) and (E) above, Cause will only be deemed to occur after written notice to Employee of such action or inaction giving rise to Cause and the failure by Employee to cure such action or inaction (which is capable of cure) within 30 days after written notice.

“Confidential Information” shall mean all information respecting the business and activities of the Company or any Subsidiary, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any Subsidiary. Notwithstanding the immediately preceding sentence, Confidential Information shall not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of Employee’s breach of any portion of this Agreement).

“Employment Period” has the meaning set forth in Section 2.

“Good Reason” shall mean a material diminution, without Employee’s consent (which consent shall not be withheld unreasonably), in Employee’s duties or responsibilities as in effect immediately before such diminution.

“Intellectual Property” has the meaning set forth in Section 7.

“Non-Compete Period” means a period of eighteen (18) months following termination of Employee’s employment with the Company.

“Performance Bonus Agreement” shall mean the Performance Bonus Agreement of even date herewith between the Company, Employee and Carmine Bonanno.

“Permanent Disability” shall mean that the Employee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Reimbursable Expenses” has the meaning set forth in Section 4.5.

“Subsidiary” shall mean any corporation, partnership, joint venture, limited liability company, business trust, or other entity of which (or in which) more than 50% of (a) the issued and outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such entity or Persons performing similar functions with respect to such entity (irrespective of whether at the time capital stock or other equity interests of any other class or classes of such entity shall or might have voting power upon the occurrence of any contingency), or (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or other entity is at the time directly or indirectly owned or controlled by the Company and one or more of its other Subsidiaries or by one or more of the Company’s other Subsidiaries.

“Termination Notice” has the meaning set forth in Section 2.2.

Section 2. Employment.

2.1 Employment Period. The Employee’s employment hereunder shall commence on the Effective Date and shall continue in full force and effect until terminated as set forth in Section 2.2 (the “Employment Period”).

2.2 “At Will” Employment. The Employee’s employment under this Agreement is “at will.” Therefore, in accordance with Section 5, (a) either the Company, upon 60 days advance written notice, or the Employee upon 60 days (or such lesser time as determined by the Company) advance written notice to the Company, may terminate Employees employment with the Company and/or its Subsidiaries (“Termination Notice”) and (b) the Company may immediately terminate Employee’s employment with the Company and/or its Subsidiaries for Cause.

2.2.1 Subject to the terms and conditions of this Agreement, to the extent that there is a period of time elapsing between the date of delivery of a Termination Notice and the termination date, the Employee shall continue to perform his duties as set forth in this Agreement during such period, and shall also perform such services for the Company as are necessary and appropriate for a smooth transition to the Employee’s successor, if any. Notwithstanding the foregoing provisions of this Section 2, the Company may suspend the Employee from performing his duties under this Agreement following the delivery of a

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Termination Notice; provided, however, that during the period of suspension, the Employee shall continue to be treated as employed by the Company for other purposes, and his rights to compensation or benefits shall not be reduced by reason of the suspension.

Section 3. Position and Duties.

3.1 Position. During the Employment Period, the Employee will serve in such position or capacity and will perform such duties and functions as shall from time to time be determined by the Board or its designee(s).

3.2 Performance of Duties; Other Activities. During the Employment Period, the Employee will devote substantially all of his business time and best efforts to the performance of his duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict with the rendition of such services, without the prior written consent of the Board; provided, however, the Employee, subject to Employee’s obligations under this Agreement, shall be permitted to make personal investments, perform reasonable volunteer services, and serve on the boards of directors of nonprofit organizations.

Section 4. Base Salary and Benefits.

4.1 Base Salary. From the Effective Date until December 31, 2010, the Employee’s monthly compensation will be \$29,583.33 or a prorated portion thereof. Effective January 1, 2011, the Employee’s base salary will be at the rate of \$300,000 per annum (the “Base Salary”), plus an annual percentage increase effective January 1, 2012 at least equal to the cost-of-living adjustment (as defined in the Social Security Act) for the immediately preceding year or such greater increase as the Board approves in its sole discretion from time to time. Base Salary will be payable by the Company in regular installments in accordance with the general payroll practices of the Company as in effect from time to time. The term “Base Salary” used in this Agreement shall refer to the Base Salary as it may be so increased from time to time.

4.2 Employee Benefits and Perquisites. During the Employment Period, the Employee shall be eligible to participate in the Company’s employee benefit plans on the same basis as those benefits are made available to other executives of the Company.

4.3 Vacation. During the Employment Period, the Employee shall be entitled to six weeks of paid vacation per calendar year. Employee shall not be entitled to carry over unused vacation to future years.

4.4 Bonus. Prior to the Effective Date, the Company awarded Employee a performance bonus for 2010 in the amount of \$500,000 (the “2010 Bonus”). The Company shall pay the 2010 Bonus on March 31, 2011. In addition to the 2010 Bonus and the compensation payable under the Performance Bonus Agreement, beginning each year during the Employment Period after December 31, 2010, Employee shall also participate in an annual incentive bonus plan that will provide Employee the opportunity to earn additional

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compensation of up to fifty percent (50%) of Employee’s Base Salary for such year (or such higher percentage as may be required pursuant to the immediately following sentence), contingent upon the achievement of performance goals set by the Board for each such year. The material terms (including performance goals), conditions and percentage payout of such incentive bonus hereunder shall be no less favorable to the Employee than the incentive bonuses established for “C level executives” as such term is defined in the sole discretion of the Board. All incentive bonus payments will be paid no later than the 15th day of the second month after the end of the calendar year in which such incentive bonus payment was earned. Notwithstanding anything to the contrary herein, the Employee shall not be eligible for an incentive bonus payment with respect to (a) 2010 if it is determined that he is eligible to receive his portion of the 2010 Bonus pursuant to the Performance Bonus Agreement (in which case, the Employee shall instead receive a bonus of \$75,000 payable on July 31, 2011) or (b) 2011 if it is determined that he is eligible to receive his portion of the 2011 Bonus pursuant to the Performance Bonus Agreement and any incentive bonus payment shall not be payable with respect to 2010 or 2011 prior to the final determination of such eligibility.

4.5 Expenses. The Company shall reimburse the Employee for any and all reasonable expenses incurred by him in the course of performing his duties under this Agreement which are consistent with the Company’s policies in effect from time to time with respect to travel, entertainment and other business expenses (“Reimbursable Expenses”), subject to the Company’s requirements with respect to reporting and documentation of expenses. All reimbursements shall be made as soon as reasonably practicable, but at least by the earlier of ninety (90) days following the date on which such Reimbursable Expenses were submitted for reimbursement or the last day of the calendar year following the calendar year in which such Reimbursable Expenses were incurred. In addition,

no reimbursement shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement during any calendar year shall not affect the amount available for reimbursement in a subsequent calendar year. Termination of Employee's employment hereunder shall not affect Employee's right to be reimbursed for any Reimbursable Expenses incurred by Employee before such termination.

Section 5. Termination.

5.1 Death. The Employee's employment under this Agreement shall terminate immediately upon the Employee's death, and neither the Company nor any of its Affiliates shall have any further obligations under this Agreement, except to pay to the Employee's estate (or his beneficiary, as may be appropriate) (a) any Base Salary earned through his date of death, to the extent theretofore unpaid and (b) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his death under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements.

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5.2 Disability. If the Employee is unable to perform his duties under this Agreement because of Permanent Disability, the Company may terminate the Employee's employment by giving written notice to the Employee. Such termination shall be effective as of the date of such notice and neither the Company nor any of its Affiliates shall have any further obligations under this Agreement, except to pay to the Employee (a) any Base Salary earned through the date of such termination, to the extent theretofore unpaid and (b) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements.

5.3 Unjustified Termination.

5.3.1 Except as otherwise provided in Sections 5.1, 5.2, 5.4, and 5.5, if the Employee's employment shall be terminated by the Company other than for Cause, the Employee shall be entitled to (a) (i) any Base Salary earned through the date of such termination, to the extent theretofore unpaid and (ii) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements, and (b) so long as the Employee has not breached and does not breach the provisions of Sections 6, 7, 8, 9, or 10 of this Agreement a lump sum payment in an amount equal to (i) eighteen (18) months of the Employee's then current Base Salary and (ii) an amount equal to eighteen (18) months of COBRA premiums at the rate in effect under the Company's medical plan in which the Employee is participating immediately prior to the date of his termination, payable in accordance with Section 14.8.1 following the date of such termination.

5.3.2 Subject to the requirements of this Section 5.3.2, if the Employee terminates his employment for Good Reason during the period commencing on the Effective Date and ending on the second anniversary thereof, the Employee shall be entitled to (a) (i) any Base Salary earned through the date of such termination, to the extent theretofore unpaid and (ii) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination under any employee benefit plan of the Company in which the Employee participates, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements, and (b) so long as the Employee has not breached and does not breach the provisions of Sections 6, 7, 8, 9, or 10 of this Agreement, a lump sum payment in an amount equal to (i) twelve (12) months of the Employee's then current Base Salary and (ii) an amount equal to twelve (12) months of COBRA premiums at the rate in effect under the Company's medical plan in which the Employee is participating immediately prior to the date of his termination, payable in accordance with Section 14.8.1 following the date of such termination. Notwithstanding the foregoing, the Employee shall be entitled to the severance benefits provided under (b)(i) and (ii) of this Section 5.3.2 only if the Employee notifies the Company of the occurrence of the event alleged to constitute Good

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Reason within 30 days of the occurrence of such event, the Company fails to remedy such event within 30 days after receiving such notice from the Employee, and the Employee actually terminates employment within 15 days after the expiration of the 30-day remedial period.

5.4 Justified Termination. If the Company terminates Employee's employment for Cause (a "Justified Termination"), the Employee shall be entitled to receive (a) any Base Salary earned through the date of termination, to the extent theretofore unpaid, and (b) such accrued but unused vacation, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements. A Justified Termination shall become effective on the date designated by the Company and the Employee shall not be eligible to receive, and the Company shall not be required to pay, any severance pursuant to Section 5.3 hereof.

5.5 Voluntary Resignation. If the Employee resigns for any reason (other than for Good Reason, which shall be covered by Section 5.3.2) (a "Voluntary Resignation"), the Employee shall be entitled to receive (a) any Base Salary earned through the date of termination, to the extent theretofore unpaid and (b) such accrued but unused vacation, retirement, incentive, bonus and other benefits earned by the Employee and vested (if applicable) as of the date of his termination, all of the foregoing to be paid in the normal course for such payments and in accordance with the terms of the applicable plans, policies and arrangements. A Voluntary Resignation will be effective upon the conclusion of the 60 day written notice period pursuant to Section 2.2, unless an earlier date is approved by the Board. If the Board approves an earlier termination date, the Employee will not be entitled to payments under Sections 5.5(a) and (b) (above) after such date. In the case of a Voluntary Resignation, Employee shall not be eligible to receive, and the Company shall not be required to pay, any severance pursuant to Section 5.3 hereof.

5.6 Performance Bonus Agreement. For the avoidance of doubt, the termination of the Employee's employment for any reason shall not affect the Employee's right to any bonus otherwise payable under the terms of the Performance Bonus Agreement.

Section 6. Confidential Information. Employee shall not, during or after the Employment Period, without the prior express written consent of the Board, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information to any Person (other than when required to do so in good faith to perform Employee's duties and responsibilities under this Agreement or when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power). In the event that Employee becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of the Confidential Information, then prior to such disclosure, Employee will provide the Company with prompt written notice so that the Company may seek (with Employee's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the

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event that such protective order or other remedy is not obtained, then Employee will furnish only that portion of the Confidential Information which he is advised by counsel is legally required, and will cooperate with the Company in the Company's efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

Section 7. Ownership of Intellectual Property. Employee acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, patent applications, copyrightable work, and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) that relate to the Company's or any Subsidiary's actual or anticipated business, research and development, or existing or future products or services and that are conceived, developed, contributed to, made, or reduced to practice by Employee (either solely or jointly with others) while employed by the Company (including any of the foregoing that constitutes any proprietary information or records) (collectively, "**Intellectual Property**") belong to the Company or such Subsidiary, and Employee hereby assigns, and agrees to assign, all of the above Intellectual Property to the Company or such Subsidiary. Any copyrightable work prepared in whole or in part by Employee in the course of Employee's work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and the Company or such Subsidiary shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire," Employee hereby assigns and agrees to assign to the Company or such Subsidiary all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Employee shall promptly disclose such Intellectual Property and copyrightable work to the Company and perform all actions reasonably requested by the Company or the Board (whether during or after the Employment Period) to establish and confirm the ownership of the Company or such Subsidiary (including, without limitation, assignments, consents, powers of attorney and other instruments).

Section 8. Non-Competition. The Employee covenants and agrees that during his employment with the Company, and during the Non-Compete Period, he shall not, either directly or indirectly, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others serve anywhere in the United States as an owner, manager, stockholder (except as a holder of no more than 1% of the issued and outstanding stock of a publicly traded company), consultant, director, officer or employee of any business entity that provides services that are similar to or competitive to those provided, offered or sold by the Company; and during the Non-Compete Period the Employee shall not, either directly or indirectly (i) solicit or divert or appropriate to or for any competing business, or (ii) attempt to solicit, divert or appropriate to or for any competing business, any products or services offered, sold or provided by the Company to or from those entities who are clients of the Company or a Subsidiary or who are parties to which Company has submitted a proposal to offer any products or services within six (6) months prior to the termination of Employee's employment hereunder. The Employee acknowledges that the provisions of this Section 8 shall apply regardless of the circumstances under which Employee's employment with the Company terminates.

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Section 9. Agreement Not to Solicit Employees. The Employee covenants and agrees that during his employment by the Company, and the Non-Compete Period, he will not directly on his own behalf or in the service or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert or hire away, to any competing business any person employed by the Company, whether or not such employee is a full-time employee or a temporary employee of the Company, and whether or not such employment is pursuant to written agreement and whether or not such employment is for a determined period or is at will. The Employee acknowledges that the provisions of this Section 9 shall apply regardless of the circumstances under which Employee's employment with the Company terminates.

Section 10. Non-Disparagement. Except as required by applicable law, rule or regulation or any recognized subpoena power, following termination of the Employee's employment, each of the Company and Employee agrees to refrain from making any derogatory comment to the press or to any individual or entity regarding the other (or its or his affiliates) that relates to their activities or relationship prior to the date of termination, which comment would be reasonably likely to cause material damage or harm to the business interests or reputation of the Company or the Employee, as the case may be, or its or his affiliates, as the case may be. In the event that either party becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to make any such statements or representations, then prior thereto, such party will provide the other party with prompt written notice so that the other party may seek (with the reasonable cooperation of the first party) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then the first party will only make such statements or representations which he or it is advised by counsel is legally required, and will cooperate with the other party in the other party's efforts to obtain reliable assurance that confidential treatment will be accorded to any such statements or representations.

Section 11. The time periods for Employee's obligations contained in Section 8 and 9 hereof will be extended beyond the time periods specified therein by the length of time during which Employee will have been in breach (as determined by a court of competent jurisdiction in a final nonappealable judgment, ruling or order or by an arbitration) of any of the provisions of such Sections 8 and 9.

Section 12. Equitable Relief. The Employee acknowledges that a breach or threatened breach by him of any of his covenants contained in Sections 6, 7, 8, 9, 10 and 11 of this Agreement could cause irreparable harm to the Company, its affiliates and Subsidiaries, for which it or they would have no adequate remedy at law. Accordingly, and in addition to any remedies which the Company, its affiliates or Subsidiaries may have at law, in the event of an actual or threatened breach by the Employee of his covenants contained in Sections 6, 7, 8, 9, 10 and 11 of this Agreement, the Company, its affiliates and Subsidiaries shall have the right to apply to any court of competent jurisdiction for such injunctive or other equitable relief as such court may deem necessary or appropriate in the circumstances.

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Section 13. No Prior Agreements. The Employee hereby represents and warrants to the Company that the execution of this Agreement by Employee, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer, client, or any other Person. Further, Employee agrees to indemnify and hold harmless the Company and its officers, directors, and representatives for any claim, including, but not limited to, reasonable attorney's fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy, or other agreement between Employee and such third party that was in existence as of the date of this Agreement.

Section 14. Miscellaneous.

14.1 Remedies. The Company will have all rights and remedies set forth in this Agreement, all rights and remedies which the Company has been granted at any time under any other agreement or contract and all of the rights which the Company has under any law. The Company will be entitled to enforce such rights specifically, without posting a bond or other security, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law or available in equity.

14.2 Waivers and Amendments. The provisions of this Agreement may be amended or waived only by a written agreement executed and delivered by the Company and the Employee. No other course of dealing between the parties to this Agreement or any delay in exercising any rights hereunder will

operate as a waiver of any rights of any such parties.

14.3 Successors and Assigns. All covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of any of the parties hereto will bind and inure to the benefit of the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns, whether so expressed or not; provided that the Employee may not assign his rights or delegate his obligations under this Agreement without the written consent of the Company.

14.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

14.5 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all of which counterparts taken together will constitute one and the same agreement.

14.6 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

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14.7 Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when delivered personally to the recipient, two business days after the date when sent to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands, and other communications will be sent to the Employee and to the Company at the addresses set forth below.

If to the Employee:

Frederick J. Romano
3176 Arbour Lane
Yorktown Heights, NY 10598
Facsimile: (914) 345-2266

If to the Company:

Voyetra Turtle Beach, Inc.
150 Clearbrook Rd. Suite 162
Elmsford, NY 10523
Attn: Chief Executive Officer

With a copy to (which shall not constitute notice):

Dechert LLP
Cira Centre
2929 Arch Street
Philadelphia, PA 19102
Facsimile: (215) 994-2222
Attention: Henry N. Nassau, Esq. and David S. Denious, Esq.

Or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party.

14.8 409A. The parties intend that this Agreement (and all payments and other benefits provided under this Agreement) be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A") to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Code Section 409A is applicable to such payments and benefits, the parties intend that this Agreement (and such payments and benefits) comply with the deferral, payout and other limitations and restrictions imposed under Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted, operated and administered in a manner consistent with such intentions.

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14.8.1 Notwithstanding anything to the contrary contained herein, the Employee's receipt of any of the severance benefits set forth in Section 5 (other than any unpaid accrued benefits) shall be conditioned on the Employee's execution of a release of claims in form and substance satisfactory to the Company (which release shall be provided to the Employee at the time of Employee's termination of employment), such that such release is effective (with all revocation periods having expired unexercised) within sixty (60) days following the Employee's termination of employment. Any severance payments (other than unpaid accrued benefits) shall be paid to the Executive in a lump sum on the seventieth (70th) day following the Employee's termination of employment.

14.8.2 Without limiting the generality of the foregoing, and notwithstanding any other provision of this Agreement to the contrary: (a) if at the time of the Employee's termination of employment, the Employee is a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i) and determined using the identification methodology selected by the Company from time to time, or if none, the default methodology, and a payment or benefit provided for in this Agreement would be subject to additional tax under Code Section 409A if such payment or benefit is paid within 6 months after the Employee's termination, then such payment or benefit required under this Agreement shall not be paid (or commence to be paid) during the 6 month period immediately following the Employee's termination (except as specifically provided otherwise in this clause (a)), but shall instead be paid in a lump sum on the first day of the seventh month following the Employee's termination of employment or, if earlier, on the tenth business day following the Employee's death (even if such business day is less than six months following the Employee's termination); (b) a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service," as defined in Treasury Regulation Section 1.409A-1(h) after giving effect to the presumptions contained therein, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" and like terms shall mean separation from service; (c) each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments; and (d) with regard to any provision in this Agreement, including, without limitation, Section 4.5, that provides for reimbursement of expenses or in-kind benefits, except for any reimbursement or in-kind benefit provided pursuant to this Agreement that does not constitute taxable compensation to the Employee, (i) the right to reimbursement or in-kind benefits shall not be

subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (iii) such payments shall be made on or before the last day of the Employee's taxable year following the taxable year in which the expense occurred.

14.9 No Third Party Beneficiary. This Agreement will not confer any rights or remedies upon any person other than the Company, the Employee and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

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14.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes, cancels and replaces any prior understandings, agreements or representations by or between the parties, written or oral, that may have related in any way to the subject matter hereof. Without limiting the foregoing, the Executive Employment Agreement dated as of November 27, 1996 between the Company and the Employee is superseded in its entirety by this Agreement and is terminated effective as of the Effective Date.

14.11 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party. Any reference to any federal, state, local or foreign statute or law will be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The use of the word "including" in this Agreement means "including without limitation" and is intended by the parties to be by way of example rather than limitation.

14.12 Survival. Sections 4.5, 4.6, 5, 6, 7, 8, 9, 10, and 11 of this Agreement will survive and continue in full force in accordance with their terms notwithstanding any termination of the Employment Period.

14.13 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the state of New York.

14.14 Waiver of Trial by Jury. The Company and Employee waive trial by jury in any proceeding.

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

VOYETRA TURTLE BEACH, INC.

By: /s/ Carmine J. Bonanno

Name: Carmine J. Bonanno

Title: PRES/CEO

FREDERICK J. ROMANO

/s/ Frederick J. Romano

August 2, 2012

Frederick J. Romano
3176 Arbour Lane
Yorktown Heights, NY 10598

Dear Fred:

As discussed, this letter agreement confirms your retirement as Executive Vice President and Chief Operating Officer at Voyetra Turtle Beach, Inc. ("VTB") effective August 31, 2012 (the "Retirement Date"). In connection with such retirement, if you return a signed copy of this letter agreement prior to August 7, 2012, then VTB will treat your retirement as a termination for Good Reason pursuant to Section 5.3.2 of that certain employment agreement, dated October 12, 2010 (the "Employment Agreement"), between you and VTB, and you will be entitled to the following: (a) all unpaid base salary earned through the Retirement Date, (b) all accrued but unused vacation, retirement, incentive, bonus and other benefits to the extent earned and vested as of the Retirement Date and (c) a lump sum severance payment of \$457,669, in each case, subject to tax withholdings and deductions (collectively, the "Retirement Payments"). You agree that such Retirement Payments shall be in full satisfaction of any liabilities or obligations VTB may have to you in connection with your employment by VTB (including the ending thereof) or the Employment Agreement, including under Section 5 thereof, other than: (i) any amounts payable to you under the Performance Bonus Agreement dated as of October 12, 2010, (ii) reimbursement of any business expenses incurred by you prior to the Retirement Date in accordance with the Company's normal reimbursement policies and (iii) any indemnification rights you have under applicable law, VTB's certificate of incorporation and/or bylaws as currently in effect and any indemnification agreement that you are currently a party to. By signing this letter agreement, you also represent that you have complied with the provisions of Sections 6, 7, 8, 9, 10, and 12 of the Employment Agreement, acknowledge that such provisions shall remain in effect after the Retirement Date, agree that you will continue to comply with such provisions, agree that, prior to the Retirement Date, you will deliver to VTB any Confidential Information or Intellectual Property (as each such term is defined in the Employment Agreement) as well as any other property of VTB (including credit cards and access keys) in your possession and agree that you will provide such assistance as VTB may reasonably request (not to exceed an average of 2 days a week during the first month after the Retirement Date and an average of 2 days a month during the following 5 months); provided, that, after such six-month period, if such assistance would require more than de minimus time and effort from you, you shall not be required to provide such assistance unless the parties enter into a mutually acceptable consulting arrangement. Additionally, the parties agree that any communications regarding your retirement by either party including to employees and third parties will be consistent with the following: 1) your retirement will be characterized as a retirement from the daily operations of VTB, 2) you fully intend to remain active as a member of the board of directors and a significant shareholder of VTB and 3) you have indicated that you will provide VTB reasonable assistance after the Retirement Date on an as-needed basis. Additionally, although Section 4.1 of the Employment Agreement provided that your base salary was to be at the rate of \$300,000 per annum effective January 1, 2011, you have continued to receive a base salary at a rate of \$425,000 per annum. If you return a signed copy of this letter agreement as contemplated above, you may retain the additional base salary that you received and the Employment Agreement will be amended as set forth on Exhibit A hereto.

This letter agreement constitutes the complete agreement with respect to the ending of your employment relationship with VTB and supersedes any and all agreements, understandings, and discussions, whether written or oral, between you and VTB regarding the same. Neither you nor VTB has made any representations, promises or statements to induce the other to enter into our agreement, and both parties specifically disclaim reliance, and represent that there has been no reliance, on any such representations, promises or statements and any rights arising therefrom. The invalidity or unenforceability of any provision of this letter agreement shall have no effect on and shall not impair the validity or enforceability of any other provision of this letter agreement. This letter agreement shall be governed by the laws of the State of New York (without giving effect to conflict of laws principles that would require the application of the laws of any other state) as to all matters including, without limitation, validity, construction, effect, performance and remedies.

Very truly yours,

Acknowledged and agreed as of August 3, 2012:

/s/ Frederick J. Romano
Frederick J. Romano

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EXHIBIT A

Section 4.1 of the Employment Agreement shall be deleted and replaced in its entirety with the following:

"4.1 Base Salary. From the Effective Date until December 31, 2010, the Employee's monthly compensation will be \$35,416.67 or a prorated portion thereof. Effective January 1, 2011, the Employee's base salary will continue at the rate of \$425,000 per annum (the "Base Salary") subject to such increase as the Board approves in its sole discretion from time to time. Base Salary will be payable by the Company in regular installments in accordance with the general payroll practices of the Company as in effect from time to time. The term "Base Salary" used in this Agreement shall refer to the Base Salary as it may be so increased from time to time."

Section 4.4 of the Employment Agreement shall be deleted and replaced in its entirety with the following:

"4.4 Bonus. Prior to the Effective Date, the Company awarded Employee a performance bonus for 2010 in the amount of \$500,000 (the "2010 Bonus"). The Company shall pay the 2010 Bonus on March 31, 2011. In addition to the 2010 Bonus and the compensation payable under the Performance Bonus Agreement, with respect to the year ending December 31, 2011, Employee shall also participate in an annual incentive bonus plan that will provide Employee the opportunity to earn additional compensation of up to fifty percent (50%) of Employee's Base Salary for such year (or such higher percentage as may be required pursuant to the immediately following sentence), contingent upon the achievement of performance goals set by the Board for each such year. The material terms (including performance goals), conditions and percentage payout of such incentive bonus hereunder shall be no less favorable to the Employee than the incentive bonuses established for "C level executives" as such term is defined in the sole discretion of the Board. Notwithstanding anything to the contrary herein, the Employee shall not be eligible for an incentive bonus payment with respect to (a) 2010 if it is determined that he is eligible to receive his portion of the 2010 Bonus pursuant to the Performance Bonus Agreement (in which case, the Employee shall instead receive a bonus of \$75,000 payable on July 31, 2011) or (b) 2011 if it is determined that he is eligible to receive his portion of the 2011 Bonus pursuant to the Performance Bonus Agreement and any incentive bonus payment shall not be payable with respect to 2010 or 2011 prior to the final determination of such eligibility. With respect to each fiscal

year during the Employment Period after the fiscal year ending December 31, 2011, the Board may determine in its sole discretion to award Employee a bonus, the amount of which, if any, will also be determined by the Board in its sole discretion. All incentive bonus payments will be paid no later than the 15th day of the second month after the end of the calendar year in which such incentive bonus payment was earned.”



PERSONAL AND CONFIDENTIAL

October 21, 2013

Mr. Frederick J. Romano
3176 Arbour Lane
Yorktown Heights, NY 10598

Dear Fred;

Voyetra Turtle Beach, Inc. ("VTB") is pleased to extend you this offer of part-time employment with VTB as the company's operations and supply chain advisor. Your employment will commence on October 21, 2013 and shall continue until terminated by either party as provided below. During your employment, you will report directly to Juergen Stark, VTB's Chief Executive Officer, and perform such duties as may, from time to time, be determined and assigned by VTB's Chief Executive Officer or his designee.

During your employment with VTB, you will be compensated for each day worked at a rate of \$1,635 per day, payable in accordance with VTB's normal payroll practices and pro-rated based on an eight hour workday for any partial day worked. You acknowledge and agree that you shall not be entitled to any other compensation from VTB with respect to your employment, and, except as required by law or the applicable plan, you shall not be eligible to participate in any employee benefit plan, program or arrangement sponsored by VTB or its affiliates.

We anticipate that the performance of your duties to VTB will require frequent travel, both domestically and internationally. You will be reimbursed for travel and business expenses in accordance with the terms of VTB's travel and business expense reimbursement policies, each as in effect from time to time.

Your employment with VTB will be on an "at-will" basis, and either you or VTB may terminate your employment for any reason upon two weeks prior written notice to the other party. Following the termination of your employment with VTB for any reason, VTB's sole obligation to you shall be to (i) pay you any earned compensation that remains unpaid as of your termination date and (ii) reimburse you for any reimbursable travel or business expenses incurred but not reimbursed as of your termination date in accordance with VTB's travel and business expense reimbursement policies, each as in effect from time to time.

As a condition to the commencement of your employment with VTB, you must execute the standard VTB employee restrictive covenant agreement attached hereto as Exhibit A (the "Employee Agreement"). As a VTB employee, you will be expected to abide by VTB's published rules and regulations.

We are very pleased to have you as part of our team again. If you have any questions regarding this offer, please contact me at the number below. If this offer is acceptable, please countersign and date this letter, execute the Employee Agreement and return the originals.

VOYETRA TURTLE BEACH, INC.

By: /s/ Juergen Stark

Name: Juergen Stark
Title: Chief Executive Officer

I have read and understand the terms of this employment offer and I accept this offer as presented:

/s/ Frederick J. Romano

Frederick J. Romano

11/6/2013

Date

**PERSONAL AND CONFIDENTIAL**

September 16, 2013

John Hanson1361 Bridgewater Lane
Long Grove, IL 60047

Dear John:

We are pleased to extend an offer to you to join Voyetra Turtle Beach, Inc. ("VTB" or the "Company") under the terms and conditions as stated below.

TITLE: Chief Financial Officer

REPORTING TO: Juergen Stark, CEO

START DATE: On or about 9/23/2013

COMPENSATION: Your base salary will be \$350,000 annually, paid in bi-weekly intervals of \$13,461.53 and subject to applicable withholdings for FICA, state and federal tax. Your base salary will not be reduced unless you and the Company mutually agree.

PERFORMANCE BONUS: You will be eligible for a target Performance Bonus. Your target incentive is initially 40% of base salary going to 50% of base salary once you have completed your move to New York or San Diego. Your actual bonus will be based upon a variety of factors including company performance, and your achieving specified performance criteria to be established and approved with your manager. In the event that changes are made to any of the Bonus Plans, the changes will apply to you as they do other similarly situated employees of the Company.

Your 2013 bonus will be fixed at 100% payout prorated based on the portion of 2013 worked.

Payment of your bonus will be delivered according to the regular annual incentive plan payout schedule. An annual bonus shall not be deemed earned by you until the Company has determined your entitlement to such bonus and only if you are employed by the Company at the time such bonus is payable in accordance with the Bonus Plan and Company practices, except that if you are terminated by the Company without Cause (as defined in the VTB Holdings, Inc. 2011 Equity Incentive Plan) or by you for Good Reason, you will be paid a pro-rata bonus for the fiscal year in which such termination occurs in the following fiscal year based upon the average percentage of the applicable target bonuses received by the management team.

EQUITY PARTICIPATION: On the 30th day following the closing of the pending transaction with Parametric Sound Corporation ("PAMT"), you will receive a stock option grant of the number of shares of PAMT that 700,000 shares of VTB Holdings Inc. Common Stock would have converted to in the transaction had they been outstanding at that time with a strike price equal to the closing price of PAMT stock on the trading day prior to the date of grant, 25% of which will vest on the first anniversary of your start date with the Company, with the remainder vesting ratably each month over the following three year period.

100 Summit Lake Drive Ste 100, Valhalla, NY 10595

Tel: 914.345.2255

Fax: 914.345.2266

www.turtlebeach.com



VACATION & SICK TIME: You will be granted one week of paid vacation for each consecutive three (3) months of employment (for a total of four weeks (20 days) per year) and one paid sick day per two months of employment, subject to our standard vacation and sick day "roll over" rules, which will be provided to you.

RELOCATION: You agree to move to either New York or San Diego within 1 year of your start date. Your relocation expenses will be covered per our existing executive relocation plan.

SEVERANCE/NOTICE: In the event that your employment is terminated by VTB without Cause (including following a change in control of the Company), you will be entitled to continuation of your annual salary for a period of six months. In the event that you decide to terminate your employment, you agree to give VTB 30 calendar days notice. Any such payment will be subject to and conditioned upon (a) your continuing compliance with the "Voyetra Turtle Beach, Inc. Proprietary Information and Employment Agreement" and (b) your signing a written waiver and release of any and all claims against the Company arising out of or relating to your employment with the Company inform and substance reasonably satisfactory to the Company.

RESTRICTIVE COVENANTS: Your employment agreement will contain non-compete, non-solicit, confidentiality and other customary restrictive covenants consistent with those contained in employment agreements for other employees.

REPRESENTATION: You represent that you are free to accept employment with VTB.

POLICIES & PROCEDURES:

You will be required to comply with VTB policies and procedures for employees, which include, among other things, your obligations to comply with VTB rules regarding confidential and proprietary Information and trade secrets, and to furnish accurate and complete information to VTB in connection with your application for employment.

CONFIDENTIALITY:

You agree not to disclose the terms of this letter to anyone, other than to your immediate family, your tax advisors and legal counsel, or as otherwise required by law.

Good Reason means a material diminution in responsibilities; relocation more than 35 miles from San Diego or Valhalla, NY; or any material breach of this agreement by the Company.

We look forward to having you join the Company and anticipate a long and mutually beneficial relationship.

Should you accept this offer and begin employment with the Company you retain the right to resign without cause. There is no fixed duration for your employment. In accepting this offer you acknowledge and agree that your employment with the Company is at will and may be terminated by the Company at any time, with or without notice, and for any or no reason. In accepting this offer you acknowledge that, apart from this letter, there is not and shall not be any written contract between you and the Company concerning this offer of employment, and that this letter does not guarantee employment for any definite or specific term or duration.

By signing and returning this letter you confirm that its contents accurately summarize the current understanding between you and the Company and that you accept and agree to the terms as stated above.

100 Summit Lake Drive Ste 100, Valhalla, NY 10595

Tel: 914.345.2255

Fax: 914.345.2266

www.turtlebeach.com



Sincerely,

Juergen Stark
Chief Executive Officer

Acknowledged & Agreed:

/s/ John Hanson
John Hanson

Date: 9-16-2013

100 Summit Lake Drive Ste 100, Valhalla, NY 10595

Tel: 914.345.2255

Fax: 914.345.2266

www.turtlebeach.com

**List of Subsidiaries of
Parametric Sound Corporation**

PSC Licensing Corporation

Turtle Beach Europe Limited

Voyetra Turtle Beach, Inc.

VTB Holdings, Inc.

CERTIFICATION

I, Juergen Stark, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parametric Sound Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2014

/s/ JUERGEN STARK

Juergen Stark

Chief Executive Officer and President (Principal Executive Officer)

CERTIFICATION

I, John T. Hanson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parametric Sound Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2014

/s/ JOHN T. HANSON

John Hanson

Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his or her capacity as an officer of Parametric Sound Corporation (the "Company"), that, to his or her knowledge, the Quarterly Report of the Company on Form 10-Q for the period ended March 31, 2014, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: May 12, 2014

/s/ JUERGEN STARK

Juergen Stark

Chief Executive Officer and President (Principal Executive Officer)

Date: May 12, 2014

/s/ JOHN T. HANSON

John Hanson

Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)