

# TURTLE BEACH CORP

## **FORM DEF 14A** (Proxy Statement (definitive))

Filed 05/01/17 for the Period Ending 06/12/17

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

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**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Turtle Beach Corporation**

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) \_\_\_\_\_  
Form, Schedule or Registration Statement No.:

(3) \_\_\_\_\_  
Filing Party:

(4) \_\_\_\_\_  
Date Filed:

\_\_\_\_\_

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**TURTLE BEACH CORPORATION**

**12220 Scripps Summit Drive, Suite 100  
San Diego, California 92131**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be Held on June 12, 2017**

Dear Stockholder:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of Turtle Beach Corporation (the “Company”) to be held at 9:00 a.m. local time on Monday, June 12, 2017, at the Embassy Suites San Diego—La Jolla, 4550 La Jolla Village Drive, San Diego, California 92122 for the following purposes:

1. To elect six members to the Board of Directors to serve until the next Annual Meeting of Stockholders and until their successors are elected and have qualified;
2. To ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; and
3. To transact such other business that is properly presented at the Annual Meeting and any adjournments or postponements thereof.

Additional details regarding the meeting, the business to be conducted, and information about Turtle Beach Corporation that you should consider when you vote your shares are described in our Proxy Statement. You may vote if you were a record owner of Turtle Beach Corporation common stock at the close of business on April 24, 2017.

**All stockholders are cordially invited to attend the Annual Meeting. Whether you plan to attend the Annual Meeting or not, it is important that your shares be represented at the Annual Meeting, regardless of the number of shares you may hold. Even though you may plan to attend the Annual Meeting in person, please promptly vote using one of the following methods: by telephone, by calling the toll-free telephone number printed on your proxy card; on the Internet, by accessing the website address printed on your proxy card; or by completing, signing and returning the enclosed proxy card in the enclosed postage-prepaid return envelope. Voting by any of these methods will not prevent you from attending the Annual Meeting and voting in person. You may change or revoke your proxy at any time before it is voted.**

We hope that you will be able to attend the Annual Meeting of Stockholders in person. Even if you choose to attend in person, you are encouraged to review the proxy materials and vote your shares in advance of the meeting. Your vote is extremely important, and we appreciate you taking the time to vote promptly.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON  
JUNE 12, 2017.**

**This Proxy Statement and the other proxy materials also are available online at [www.proxyvote.com](http://www.proxyvote.com)**

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Juergen Stark  
Chief Executive Officer and President

May 1, 2017

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**TURTLE BEACH CORPORATION  
12220 Scripps Summit Drive, Suite 100  
San Diego, California 92131**

**PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD JUNE 12, 2017**

**ABOUT THE MEETING**

**Why did I receive a notice regarding the availability of proxy materials on the internet?**

Pursuant to rules adopted by the Securities and Exchange Commission (the “SEC”), we have elected to provide access to our proxy materials over the internet. Accordingly, we have sent you a Notice of Internet Availability of Proxy Materials (the “Notice”) because the Board of Directors (the “Board”) of Turtle Beach Corporation (also referred to as “we,” “us,” “Turtle Beach” and the “Company”) is soliciting your proxy to vote at the 2017 Annual Meeting of Stockholders (the “Annual Meeting”), including any adjournments or postponements of the meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or may request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about May 1, 2017 to all stockholders of record entitled to vote at the Annual Meeting.

**How do I attend the Annual Meeting in person?**

The meeting will be held on Monday, June 12, 2017 at 9:00 a.m. local time at the Embassy Suites San Diego—La Jolla, 4550 La Jolla Village Drive, San Diego, California 92122. Information on how to vote in person at the Annual Meeting is discussed below.

**Who can vote?**

Only stockholders of record as of the close of business on April 24, 2017, the (“Record Date”), are entitled to vote. On that day, approximately 49,251,336 shares of common stock were outstanding and eligible to vote, and there were approximately 950 record holders. Each share is entitled to one vote on each matter presented at the Annual Meeting. A list of stockholders eligible to vote will be available at the offices of Turtle Beach Corporation, 12220 Scripps Summit Drive, Suite 100, San Diego, California 92131 beginning June 2, 2017. Stockholders may examine this list during normal business hours for any purpose relating to the Annual Meeting by contacting the Secretary of the Company.

**What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares entitled to vote are present at the meeting in person or represented by proxy. Thus, the holders of 24,625,669 shares must be present in person or represented by proxy at the meeting to have a quorum. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, either the chairman of the meeting or the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

**What am I voting on?**

There are two matters scheduled for a vote:

*Proposal 1* : To elect six members to the Board of Directors to serve until the next Annual Meeting of Stockholders and until their successors are elected and have qualified.

*Proposal 2* : To ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.

**What if another matter is properly brought before the meeting?**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

**How do I vote?**

**Your vote is very important .** Your shares can only be voted at the Annual Meeting if you are present in person or represented by proxy. Whether or not you plan to attend the Annual Meeting, you are encouraged to vote by proxy to ensure that your shares will be represented. Stockholders can choose among the following methods to vote:

**Via the Internet** — Stockholders can vote by voting their shares via the Internet as instructed on the website identified in the Notice of Internet Availability of Proxy Materials. The Internet procedures are designed to authenticate a stockholder’s identity to allow stockholders to vote their shares and confirm that their instructions have been properly recorded. Internet voting for stockholders of record is available 24 hours a day and will close at 11:59 p.m., Eastern Time, on June 11, 2017.

**By Telephone** — The Notice of Internet Availability of Proxy Materials includes a toll-free number you can call to request printed copies of proxy materials. Telephone voting for stockholders of record is available 24 hours a day and will close at 11:59 p.m., Eastern Time, on June 11, 2017.

**By Mail** — Stockholders who receive a paper Proxy Card may elect to vote by mail by completing, signing and dating their Proxy Card and mailing it in the pre-addressed envelope that accompanies the delivery of a paper Proxy Card. Proxy Cards submitted by mail must be received prior to the Annual Meeting in order for your shares to be voted. Stockholders who hold shares beneficially in street name may vote by mail by requesting a paper Proxy Card according to the instructions contained in the Notice of Internet Availability of Proxy Materials, and then completing, signing and dating the Proxy Card provided by the brokers or other agents and mailing it in the pre-addressed envelope provided.

**At the Annual Meeting** — Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Shares held beneficially in street name may be voted by you in person at the Annual Meeting only if you obtain a legal proxy from the broker or other agent that holds your shares giving you the right to vote the shares and you bring such proxy to the Annual Meeting.

If your shares are held in “street name” (held in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Telephone and Internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a legal proxy or broker’s proxy card and bring it to the Annual Meeting in order to vote.

If you vote via the Internet, by telephone or by mailing a Proxy Card, we will vote your shares as you direct. For the election of directors (Item 1), you can specify whether your shares should be voted for all, some or none of the nominees for director listed. With respect to the ratification of our Audit Committee’s appointment of BDO USA, LLP as our independent registered public accounting firm (Item 2), you may vote “for” or “against” the ratification, or you may abstain from voting on the ratification.

**How does the Board recommend I vote?**

The Board recommends the following votes:

- **FOR** each of the Board’s nominees for election to serve until the Annual Meeting of Stockholders in 2018 and until their successors are duly elected and qualified (Item 1); and
- **FOR** the ratification of the Audit Committee’s appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2017 (Item 2).

**Can I change my vote after submitting my proxy? What if I return a proxy card or otherwise vote but do not make specific choices?**

You may revoke or change a previously delivered proxy at any time before the Annual Meeting by delivering another proxy with a later date, by voting again via the Internet or by telephone, or by delivering written notice of revocation of your proxy to the corporate Secretary of the Company at the Company’s principal executive offices before the beginning of the Annual Meeting. You may also revoke your proxy by attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not, in and of itself, revoke a valid proxy that was previously delivered. If you hold shares through a bank or brokerage firm, you must contact that bank or brokerage firm to revoke any prior voting instructions. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described above. Unless properly revoked, properly executed and delivered proxies that are received before the Annual Meeting’s adjournment will be voted in accordance with the directions provided and if no directions are provided on such properly executed and delivered proxy, those shares will be voted by one of the individuals named on your proxy card as recommended by the Board of Directors, as stated in this Proxy Statement and in the Notice of Internet Availability of Proxy Materials, specifically (1) in favor of our nominees for directors and (2) in favor of the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017. If you wish to give a proxy to someone other than those named on the proxy card, you should cross out those names and insert the name(s) of not more than three people, to whom you wish to give your proxy.

**How many votes are needed to approve each proposal? How are votes counted? What are broker non-votes?**

The Annual Meeting will be held if a quorum is represented at the Annual Meeting in person or by proxy. If you are a stockholder whose shares are not registered in your name and you do not vote, then your bank, broker or other holder of record may still represent your shares at the Annual Meeting for purposes of obtaining a quorum.

In the absence of your voting instructions, your bank, broker or other holder of record may not be able to vote your shares in its discretion depending on the proposal before the Annual Meeting. As a result of rules applicable to director elections after January 1, 2010, your broker may no longer vote your shares in its discretion in the election of directors. These are sometimes referred to as “broker non-votes.” Therefore, you must vote your shares if you want them to be counted in the election of directors. However, your broker may vote your shares in its discretion on routine matters such as the ratification of the Company’s independent registered public accounting firm.

Because each director nominee is elected by the affirmative vote of the holders of a plurality of the shares of common stock voted, abstentions will have no effect on the election of director nominees (Item 1). The ratification of the appointment of BDO USA, LLP (Item 2) requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Annual Meeting. Because abstentions will be included in tabulations of the votes entitled to vote for purposes of determining whether Item 2 has been approved, abstentions have the same effect as negative votes.

**Who will count the vote?**

The votes will be tabulated by Joe Azevedo, the Company’s Senior Director of Financial Planning & Analysis and the inspector of elections appointed by the Board of Directors for the Annual Meeting.

**Where can I find the results of the Annual Meeting?**

We intend to announce preliminary voting results at the Annual Meeting and publish final results in a Current Report on Form 8-K within four business days of the Annual Meeting.

**Who is soliciting this proxy?**

Solicitation of proxies is made on behalf of the Board of Directors of the Company. The cost of soliciting proxies, including preparing, assembling and mailing the Notice of Internet Availability of Proxy Materials, Proxy Statement, form of proxy and other soliciting materials, as well as the cost of forwarding such material to the beneficial owners of stock, will be paid by us, except for some costs associated with individual stockholders' use of the Internet or telephone. In addition to solicitation by e-proxy and/or by mail, directors, officers, regular employees and others may also, but without compensation other than their regular compensation, solicit proxies personally or by telephone or other means of electronic communication. We may reimburse brokers and others holding stock in their names or in the names of nominees for their reasonable out-of-pocket expenses in sending proxy materials to principals and beneficial owners.

**What if I can't attend the Annual Meeting?**

If you are unable to attend the Annual Meeting in person and you intend to vote, you may vote your shares by proxy, via the Internet, by telephone or by mail by the applicable deadline.

**Who can help answer your questions?**

If you have questions about the Annual Meeting or would like additional copies of this Proxy Statement, requests should be directed as described below:

Turtle Beach Corporation  
c/o Liolios Group  
20371 Irvine Avenue, Suite A-100  
Newport Beach, California 92660  
Attn: Cody Slach  
Phone: (949) 574-3860

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 12, 2017.**

The Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2016 are both available free of charge at [corp.turtlebeach.com](http://corp.turtlebeach.com). We will provide without charge to each person to whom this Proxy Statement has been delivered (whether by mail or through the Internet), on the request of any such person, up to two additional copies per request of our Annual Report, including the consolidated financial statements and financial statement schedule.

We make available free of charge through our Internet website ( [corp.turtlebeach.com](http://corp.turtlebeach.com) ) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and certain other forms and reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “[Exchange Act](#)”), as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the SEC. The information on our website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated into any other filings we make with the SEC.

## CORPORATE GOVERNANCE

In accordance with the Nevada Revised Statutes and the Company's Articles of Incorporation, as amended, and our Bylaws, as amended, the Company's Board of Directors (the "Board") has full control over the affairs of the Company. Although the Company's non-management directors are not involved in the day-to-day operating details, they are kept informed of the Company's business through reports and materials provided to them regularly, as well as by operating, financial and other reports presented by the officers of the Company at meetings of the Board and committees of the Board.

**Board Leadership Structure.** Ronald Doornink serves as the Chairman of the Board and in such capacity presides over meetings of the Board. Our Chief Executive Officer ("CEO") is Juergen Stark, and he manages the business and affairs of the Company under the direction of the Board. We currently separate the positions of CEO and Chairman of the Board. The Board has reviewed this leadership structure and has determined that it is the most appropriate structure for the Company because it enables the CEO to focus on running the Company's business while the Board Chair focuses on the affairs of the Board. Mr. Stark provides hands-on leadership running the business on a day-to-day basis, and the Board believes that currently it is most effective to keep the principal executive officer and Board Chair positions separate.

**The Board's Role in Risk Oversight.** The Board as a whole has responsibility for the general oversight of risk, and the Board's committees address and report to the Board on any individual risk areas within their purview. Topics related to risk and risk management are regularly discussed at Board and Board Committee meetings. The Company's senior management makes presentations to the full Board as to the areas of principal risk, as well as on the processes that the Company has in place to identify, assess and report such risks.

The Board committees report to the Board on their consideration of any risks within their respective areas of focus. The Audit Committee primarily oversees risks relating to or arising from financial and disclosure controls and procedures, and accounting and other financial matters. The Company's Chief Financial Officer reports to the Audit Committee on such risks and related risk management, and the Company's independent auditors regularly provide reports at Audit Committee meetings. The Compensation Committee has considered whether the Company's compensation policies and practices create risks that are reasonably likely to have a material adverse effect on its business or operations. The Nominating and Governance Committee reviews any risks that come within its area of responsibility (for example, risks related to corporate governance).

**Controlled Company Status.** The Board has elected for the Company to be treated as a "controlled company" under NASDAQ's listing rules. A "controlled company" under NASDAQ rules is a listed company more than 50 percent of the voting power of which is held by an individual, a group or another company (and which elects to be treated as a "controlled company"). Pursuant to the voting provisions contained in the Stockholder Agreement described under the "Certain Relationships and Related Party Transactions" section of this Proxy Statement, certain of our stockholders constitute a "group" (for purposes of Rule 13d-5(b) of the Exchange Act) controlling more than 50% of the voting power of the Company's voting stock.

As a "controlled company," the Company is not required to comply, and has opted not to comply, with certain corporate governance rules of NASDAQ that would otherwise require (i) a majority of the members of the Board to be independent, (ii) that the Company's Compensation Committee be comprised entirely of independent directors and (iii) that the Company establish a Nominating and Governance Committee comprised entirely of independent directors or otherwise ensure that director nominees are determined, or recommended to the Board, by the independent members of the Board.

**Independence.** Our common stock is currently listed on the NASDAQ Global Market under the symbol "HEAR," and therefore, our determination of the independence of directors is made using the definition of "independent director" contained in the NASDAQ listing rules. On the basis of information solicited from each director, the Board has determined that each of Mr. Keitel and Dr. Wolfe has no material relationship with the Company and is an independent director within the meaning of NASDAQ listing rules. In making its determinations regarding director independence, the Board considered, among other things:

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- any material relationships with the Company, its subsidiaries or its management, aside from such director's service as a director;
- transactions between the Company, on the one hand, and the directors and their respective affiliates, on the other hand;
- transactions outside the ordinary course of business between the Company and companies at which some of its directors are or have been executive officers or significant stakeholders, and the amount of any such transactions with these companies; and
- relationships among the directors with respect to common involvement with for-profit and non-profit organizations.

**Conflicts of Interest and Corporate Governance Matters.** Under our Code of Business Conduct and Ethics (“[Code of Conduct](#)”), no employee may serve as a director of any outside business concern, other than on behalf of the Company, without the written approval of the Company. In addition, no director may serve as a director of a company that engages in the business of providing audio products such as headsets, speakers, sound-bars or other commercial audio products, or gaming accessories. The Charter of the Nominating and Governance Committee empowers the Nominating and Governance Committee to at least once a year review the Company's corporate governance principles, as recommended by the Nominating and Governance Committee and adopted by the Board. There are no pre-determined limitations on the number of other boards of directors on which the directors of the Company may serve; however, the Board expects individual directors to use judgment in accepting other directorships and to allow sufficient time and attention to Company matters. There are no set term limits for directors.

**Code of Business Conduct and Ethics.** The Company is committed to ethical business practices. Our Code of Conduct applies to all of the Company's employees, officers and directors and our Code of Ethics for Senior Financial Employee applies to the Company's principal executive officer, principal financial officer and principal accounting officer within the meaning of the SEC regulations adopted under the Sarbanes-Oxley Act of 2002, as amended, as well as certain other senior financial employees. The Company's corporate Code of Conduct can be found on the Company's website at [corp.turtlebeach.com](http://corp.turtlebeach.com) under the heading “Investors Relations—Corporate Governance—Code of Ethics.” Please note that none of the information on the Company's website is incorporated by reference in this Proxy Statement.

**Communications with the Board of Directors.** If you would like to communicate with the Company's directors, please send a letter to the following address: Turtle Beach Corporation c/o Corporate Secretary, 12220 Scripps Summit Drive, Suite 100, San Diego, California 92131. The Company's corporate Secretary will review each such communication and forward a copy to the Board of Directors.

**Meetings of the Board of Directors and Stockholders.** It is the policy of the Board to meet at least quarterly. The Board of Directors held 16 meetings in 2016. In 2016, the Board also held regular executive sessions where non-management directors met without management participation. Each incumbent director (other than Mr. Ballard, who was appointed to the Board in April 2017) attended at least 75% of the meetings of the Board and the committees on which he or she served in 2016. Directors are encouraged to attend the Annual Meeting of Stockholders. Each of our directors attended our annual meeting of stockholders in 2016.

**Committees of the Board of Directors.** The Board of Directors currently has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Charters for the Audit Committee, Compensation Committee and Nominating and Governance Committee can be found on the Company's website at [corp.turtlebeach.com](http://corp.turtlebeach.com) under the heading “Investor Relations.”

**Audit Committee** — The Audit Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's website at [corp.turtlebeach.com](http://corp.turtlebeach.com). The Audit Committee's primary purpose is to assist the Board in the oversight of the integrity of its accounting and financial reporting process, the audits of the Company's financial statements and its compliance with legal and regulatory requirements. The functions of the audit committee include, among other things: (i) hiring the Company's independent registered public accounting firm to conduct the annual audit of the Company's consolidated financial statements and monitoring its

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independence and performance; (ii) reviewing and approving the planned scope of the annual audit and the results of the annual audit; (iii) pre-approving all audit services and permissible non-audit services provided by the Company's independent registered public accounting firm; (iv) reviewing the significant accounting and reporting principles to understand their impact on the Company's consolidated financial statements; (v) reviewing the Company's internal financial, operating and accounting controls with management and the Company's independent registered public accounting firm; (vi) reviewing with management and the Company's independent registered public accounting firm, as appropriate, the Company's financial reports, earnings announcements and its compliance with legal and regulatory requirements; (vii) establishing procedures for the treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and confidential submissions by the Company's employees of concerns regarding questionable accounting or auditing matters; (viii) reviewing and approving related-party transactions; and (ix) reviewing and evaluating, at least annually, the Audit Committee charter.

In so doing, it is the responsibility of the Audit Committee to maintain free and open communication among the Audit Committee, the independent registered public accounting firm, the internal audit function and Company management. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain at the expense of the Company independent outside counsel or other experts or advisers as it deems necessary to carry out its duties. In addition, the Committee periodically meets in executive session without management present. A detailed list of the Audit Committee's functions is included in its charter, a copy of which can be found on the Company's website. The Company maintains a policy that the Audit Committee review certain transactions in which the Company and its directors, executive officers or their immediate family members are participants to determine whether a related person has a direct or indirect material interest. The Audit Committee is responsible for reviewing and, if appropriate, approving or ratifying any such related party transaction. This policy has been communicated orally by the Board. See the "Certain Relationships and Related Party Transactions" section of this Proxy Statement.

The current members of the Audit Committee are Mr. Keitel, Mr. Ballard and Dr. Wolfe. Mr. Keitel is the Chair of this committee. On February 3, 2017, Lauren DeBuono resigned from the Board. Ms. DeBuono was serving as a member of the Audit Committee of the Board prior to her resignation. The Board has determined in its business judgment that each member of the Audit Committee is financially literate and "independent" as defined in the applicable NASDAQ listing standards and the applicable rules under the Exchange Act. In addition, the Board has determined that Mr. Keitel is an "audit committee financial expert" as that term is defined in Item 407(d)(5) of Regulation S-K of the Exchange Act. The Audit Committee held 12 meetings in 2016.

*Compensation Committee* — The Compensation Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's website at [corp.turtlebeach.com](http://corp.turtlebeach.com). The primary purpose of the Compensation Committee is to assist the Board in exercising its responsibilities relating to compensation of the Company's executive officers and employees and to administer the Company's equity compensation and other benefit plans including the Company's 2013 Stock-Based Incentive Compensation Plan, as amended (the "[Equity Plan](#)").

In carrying out these responsibilities, the committee reviews all components of executive officer and employee compensation for consistency with its compensation philosophy, as in effect from time to time. The functions of the Compensation Committee include, among other things (i) designing and implementing competitive compensation policies to attract and retain key personnel; (ii) reviewing and formulating policy and determining the compensation of the Company's executive officers and employees; (iii) reviewing and recommending to the Board the compensation of the directors; (iv) administering the Company's equity incentive plans and granting equity awards to employees and directors under these plans; (v) reviewing with management the Company's disclosures under the caption "Executive Compensation" and recommending to the full Board its inclusion in the Company's periodic reports to be filed with the SEC; (vi) preparing the report of the compensation committee to be included in the Company's annual proxy statement; (vii) engaging compensation consultants or other advisors it deems appropriate to assist with its duties; and (viii) reviewing and evaluating, at least annually, the Compensation Committee's charter.

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The Compensation Committee makes all decisions regarding the CEO's compensation. Decisions regarding the compensation of other Named Executive Officers, or "NEOs," are made by the Compensation Committee in consultation with, and upon the recommendation of, the CEO. In this regard, the CEO provides the Compensation Committee evaluations of business goals and objectives and executive performance and recommendations regarding salary levels, equity grants and other incentive awards. The Compensation Committee's charter authorizes the Compensation Committee, in its sole discretion, to retain and terminate consultants to assist it in the evaluation of compensation for the NEOs. The Compensation Committee has sole authority to approve the fees and other retention terms of any such consultant.

Pursuant to its authority under its charter to retain compensation consultants, the Compensation Committee engaged Compensia, Inc. ("Compensia"), an executive compensation consulting firm, to act as its independent advisor with respect to 2016 compensation decisions. All services provided by Compensia to the Compensation Committee are conducted under the direction and authority of the Compensation Committee, and all work performed by Compensia must be pre-approved by the Compensation Committee. Compensia does not provide any other services to the Company and does not own any shares of the Company's stock. There are no personal or business relationships between the Compensia consultants and any executive of the Company. In addition, there are no personal relationships between the Compensia consultants and any member of the Compensation Committee. Compensia maintains a detailed conflict of interest policy in order to ensure that compensation committees receive conflict-free advice.

The current members of the Compensation Committee are Messrs. Doornink, Ballard and Keitel, and Mr. Doornink is the Chair of this committee. The Board has determined in its business judgment that Messrs. Keitel and Ballard are "independent" as defined in the applicable NASDAQ listing standards, non-employee directors under SEC Rule 16b-3 and outside directors under Section 162(m) of the Internal Revenue Code of 1986, as amended. As a "controlled company," as defined under NASDAQ rules, the Company's Compensation Committee is not required to be comprised entirely of independent directors. The Compensation Committee met 4 times in 2016.

*Nominating and Governance Committee* — The Nominating and Governance Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's website at [corp.turtlebeach.com](http://corp.turtlebeach.com). The primary purpose of the Nominating and Governance Committee is to assist the Board in promoting the best interest of the Company and its stockholders through the implementation of sound corporate governance principles and practices. The functions of the Nominating and Governance Committee include, among other things: (i) identifying, reviewing and evaluating candidates to serve on the Board; (ii) determining the minimum qualifications for service on the Board; (iii) developing and recommending to the Board an annual self-evaluation process for the Board and overseeing the annual self-evaluation process; (iv) developing, as appropriate, a set of corporate governance principles, and reviewing and recommending to the Board any changes to such principles; and (v) annually reviewing and evaluating the Nominating and Corporate Governance Committee's charter.

The Nominating and Governance Committee considers stockholder nominees for directors in the same manner as nominees for director from other sources. Stockholder suggestions for nominees for director should be submitted to the Company's Corporate Secretary no later than the date by which stockholder proposals for action must be submitted (see "Submission of Stockholder Proposals and Director Nominations" below) and should include the information required under our Bylaws.

The current members of the Nominating and Governance Committee are Dr. Wolfe and Messrs. Doornink and Fox, and Dr. Wolfe serves as the Chair of the committee. Ms. DeBuono served as the Chair of this committee until her resignation from the Board effective February 3, 2017, and Dr. Wolfe was appointed Chair by the Board in April 2017. As a "controlled company," as defined under NASDAQ rules, the Company is not required to establish a Nominating and Governance Committee comprised entirely of independent directors or otherwise ensure that director nominees are determined, or recommended to the Board, by the independent members of the Board. The Nominating and Governance Committee did not meet during 2016 as the purposes and responsibilities of the Nominating and Governance Committee were fulfilled at meetings of the full Board.

## SUBMISSION OF STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS

Under the rules of the SEC, stockholders wishing to have a proposal included in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held in 2018 must submit the proposal so that the Corporate Secretary of the Company receives it no later than January 1, 2018. The SEC rules set forth standards as to what stockholder proposals are required to be included in a proxy statement. In addition, under the Company's Bylaws certain procedures must be followed for a stockholder to nominate persons as directors or to introduce a proposal at an annual meeting of stockholders that will not be included in our proxy statement. A stockholder wishing to make a nomination for election to the Board of Directors or to have a proposal presented at an annual meeting of stockholders that is not included in our proxy statement must submit written notice of such nomination or proposal so that the Corporate Secretary of the Company receives it no later than April 13, 2018 but no earlier than March 14, 2018, which is 60 days and 90 days prior to the one year anniversary of the date the Company's 2017 Annual Meeting of Stockholders, respectively; provided, however, that in the event that the Company does not hold an annual meeting of stockholders the preceding year or if the date of the annual meeting of stockholders is changed by more than 30 days from the date of the preceding year's annual meeting of stockholders, notice by the stockholder must be delivered within a reasonable time before the Company prints and mails its proxy materials (or makes them available on the Internet) in connection with the annual meeting of stockholders. The Company's Bylaws also set forth certain informational requirements for stockholders' nominations of directors and proposals.

## ITEM 1 — ELECTION OF DIRECTORS

The Company's Bylaws provide that the Company's business shall be managed by a Board of Directors ranging from one to twelve members. The number of directors may be increased or decreased from time to time by resolution of the Board. Directors shall be elected at the annual meeting of the stockholders and each director elected shall hold office until a successor is duly elected and qualified or until his or her death, resignation or removal.

The Board is currently comprised of six members. The Nominating and Governance Committee identifies and recommends director candidates to serve on the Board. Director candidates are then nominated for election by the Board of Directors. Stockholders are also entitled to nominate director candidates for election in accordance with the procedures set forth in the Company's Bylaws (see "Submission of Stockholder Proposals and Director Nominations" above).

In identifying and recommending director candidates to serve on the Board, the Nominating and Governance Committee considers the qualifications and composition of the Board as a whole, taking into account the totality of experience, skills and other qualifications or attributes that the individual nominees collectively bring to the Board and striving to maintain diversity of representation among its members. The Committee also considers each individual's experience, skills and other qualifications and attributes to determine that individual's suitability and desirability for service on the Company's Board. All director candidates should possess high personal and professional ethics, integrity and values, and should have sufficient time available to devote to service on the Board and Board committees. The characteristics which the Nominating and Governance Committee considers include, but are not limited to, the individual's: (i) personal integrity and professional ethical standards along with the willingness to express independent thought, (ii) being committed to representing the long-term interests of the Company's shareholders; (iii) practical wisdom and mature judgment; (iv) objectivity; (v) professional knowledge and business expertise; and (vi) broad industry knowledge.

At the Annual Meeting, six directors are to be elected. As a "controlled company," as defined under NASDAQ rules, the Company is not required to establish a Nominating and Governance Committee comprised entirely of independent directors or otherwise ensure that director nominees are determined, or recommended to the Board, by the independent members of the Board. All nominees have consented to being named as nominees for directors of the Company and have agreed to serve if elected. If some or all of the nominees should become unavailable to serve at the time of the Annual Meeting, the shares represented by proxy will be voted for any remaining nominee(s) and any substitute nominee(s) designated by the Board of Directors. In no event, however, will the shares represented by proxy be voted for more than six nominees. Director elections are determined by a plurality of the votes cast.

Set forth below is information regarding each nominee for director, including the specific experience, qualifications, skills or attributes that led to the conclusion that such nominee should serve as a director of the Company.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Juergen Stark	50	Chief Executive Officer, President and Director
Ronald Doornink	62	Chairman of the Board
Kenneth A. Fox	46	Director
William E. Keitel	64	Director
Andrew Wolfe, Ph.D.	54	Director
L. Gregory Ballard	63	Director

### **Nominees for Directors**

*Juergen Stark.* Mr. Stark is our Chief Executive Officer, as well as a member of the Board, and has served as Chief Executive Officer of the Company since January 2014 and of VTB Holdings, Inc. since September 2012. Before joining Turtle Beach, Mr. Stark spent over eight years in senior management positions with Motorola Inc. and Motorola Mobility Holdings, Inc. with responsibilities for hardware and software businesses in the consumer, enterprise, and government sectors. From January 2011 to June 2012, Mr. Stark served as Chief Operating Officer of Motorola Mobility after having previously served as Senior Vice President and Chief Operating Officer, Mobile

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Devices, for Motorola from August 2010 until the spinoff of Motorola Mobility in January 2011. Prior to that, Mr. Stark served in various senior management positions with Motorola and, prior to joining Motorola, as Chief Executive Officer of Centerpost Corporation, a technology company he co-founded. Mr. Stark has served as a member of the Board since January 2014. Mr. Stark received his B.S. in Aerospace Engineering from University of Michigan and his M.B.A. from Harvard Business School.

Mr. Stark's perspective and business experience in consumer and enterprise hardware and software businesses, as well as the depth of his operating and senior management experience, provide him with the qualifications and skills to serve as a director.

*Ronald Doornink.* Mr. Doornink has served as the Chairman of the Board since January 2014. Since May 2006, Mr. Doornink has served as an Operating Partner of Stripes Group, LLC. Prior to joining Stripes, Mr. Doornink served as President of Activision, Inc. from 1998 to 2006, and served in other senior management and advisory roles with Activision and Activision-Blizzard, Inc. through July 2012. Mr. Doornink has also held senior management positions with ConAgra Foods, Inc. and the Procter & Gamble Company. Mr. Doornink has served on the board of directors of Turtle Beach since October 2010, including as executive chairman from October 2010 to September 2012, and he served as a board member of Activision from May 2003 to July 2008. Mr. Doornink holds an undergraduate degree in Economics from the Hogere Economische School of Arnhem in the Netherlands and an M.B.A. from Columbia University.

Mr. Doornink's perspective and business experience in the branded consumer product and consumer technology marketplaces, as well as his many years of senior executive experience, provide him with the qualifications and skills to serve as a director.

*Kenneth A. Fox.* Mr. Fox has served as a member of the Board since January 2014. Mr. Fox founded Stripes Group, LLC in February 2003 and has served as the Managing General Partner of Stripes Group since that time. Prior to forming Stripes Group, Mr. Fox co-founded Internet Capital Group in 1995 and served as Managing Director until June 2002. Mr. Fox currently serves on the board of directors of various private companies, including Kareo Inc., Stella & Chewy's LLC, Sandata Technologies, LLC, Blue Apron Inc. and The Reformation Inc.. Mr. Fox received his B.S. in Economics from Pennsylvania State University.

Mr. Fox's perspective and business experience as an entrepreneur and investor, as well as the depth of his operating and senior management experience, provide him with the qualifications and skills to serve as a director.

*William E. Keitel.* Mr. Keitel has served as a member of the Board since January 2014. Prior to joining our Board, Mr. Keitel served as special advisor to QUALCOMM Incorporated from March 2013 to November 2013, as QUALCOMM's Executive Vice President from December 2003 to March 2013, and as its Chief Financial Officer from February 2002 to March 2013. Since November 2013, Mr. Keitel has been pursuing personal interests including various not-for-profit ventures. Mr. Keitel also served as Senior Vice President and Corporate Controller of QUALCOMM from May 1999 to February 2002. Mr. Keitel holds a B.A. degree in Business Administration from the University of Wisconsin and an M.B.A. from Arizona State University.

Mr. Keitel's many years of senior executive experience with technology companies qualifies him to serve as a director.

*Andrew Wolfe, Ph.D.* Dr. Wolfe was appointed as a member of the Board in February 2012. He founded Wolfe Consulting in 2002 and serves as a technology and intellectual property consultant in the consumer electronics, computer, and semiconductor industries. He works with Global 500 corporations and technology startups in developing product strategy, new product technology, and intellectual property strategy. He also serves as an expert for intellectual property (IP) and other technology-related litigation matters. Dr. Wolfe was Chief Technology Officer for SONICblue Incorporated (formerly S3 Incorporated) from 1999 to 2002 and also served as Senior Vice President of Business Development from 2001 to 2002. He served as a Consulting Professor at Stanford University from 1999 to 2002 and an Assistant Professor at Princeton University from 1991 to 1997 and currently lectures at Santa Clara University. Dr. Wolfe obtained a B.S.E.E. in Electrical Engineering and Computer Science from The Johns Hopkins University in 1985, a M.S. in Electrical and Computer Engineering in 1987 and a Ph.D. in Computer Engineering in 1992 both from Carnegie Mellon University. Dr. Wolfe is also a named inventor on over 80 patents.

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Dr. Wolfe's extensive intellectual property and licensing experience qualifies him to serve as a director.

*L. Gregory Ballard* . Mr. Ballard was appointed as a member of the Board in April 2017. He currently serves as general partner of Eleven Ventures, an operationally focused, seed venture investment fund. He has also served as a Full Professor of Management at Menlo College during the 2016-17 academic year. Prior to joining Eleven Ventures, Mr. Ballard served as Senior Vice President of Mobile, Social and Emerging Platforms for Warner Bros. Interactive Entertainment since April 2013, and Senior Vice President, Digital Games since October 2010, in each case until 2016. From May 2010 to September 2010, Mr. Ballard served as Chief Executive Officer of Transpera, Inc., a mobile video advertising network. From October 2003 through December 2009, Mr. Ballard served as President & Chief Executive Officer of Glu Mobile Inc., a publisher of mobile video games. Prior to joining Glu Mobile, Mr. Ballard served in a variety of senior management and consultancy roles for Virgin USA, Inc., SONICblue Incorporated, a manufacturer of ReplayTV digital video recorders and Rio digital music players, MyFamily.com, Inc. (later Ancestry.com), a subscription-based Internet service, 3dfx Interactive, Inc., an advanced graphics chip manufacturer; Warner Custom Music Corp., a division of Time Warner, Inc.; Capcom Entertainment, Inc., a developer and publisher of video games; and Digital Pictures, Inc., a video game developer and publisher. Mr. Ballard has previously served on the boards of DTS Inc., Glu Mobile Inc., Pinnacle Systems, Inc., Imagine Games Network and THQ Inc. He also served on the Audit and Nominating and Corporate Governance Committees of DTS Inc. and the Compensation Committee of Pinnacle Systems, Inc. Mr. Ballard holds a B.A. degree in Political Science from the University of Redlands and a J.D. from Harvard Law School.

Mr. Ballard's perspective and experience as an executive, investor and entrepreneur with various technology companies qualifies him to serve as a director.

**The Board of Directors recommends a vote FOR each of the listed nominees.**

## EXECUTIVE OFFICERS

The following table sets forth the names, current ages and titles of the Company's current executive officers. Effective March 17, 2017, the Company's employment relationship with Robert Andris, the Company's third named executive officer for the year ended December 31, 2016, was terminated and he is no longer an executive officer.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Juergen Stark	50	Chief Executive Officer, President and Director
John T. Hanson	59	Chief Financial Officer, Treasurer and Secretary

*Juergen Stark* is described as a director nominee above.

*John T. Hanson.* Mr. Hanson is our Chief Financial Officer and has served as Chief Financial Officer of the Company since January 2014 and of VTB Holdings, Inc. since September 2013. Before joining Turtle Beach, Mr. Hanson served as Executive Vice President and Chief Financial Officer of Dialogic, Inc., a global telecommunications network appliance and software business, from September 2011 to June 2013. From June 2013 to September 2013 and from April 2011 to September 2011, Mr. Hanson pursued personal interests. From April 2008 to April 2011, Mr. Hanson served as Chief Financial Officer for OneCommunications Corp., a local exchange carrier located in Boston, Massachusetts. Mr. Hanson has also previously served as the Chief Financial Officer for Worldport Communications, Inc., Millennium Rail, Inc., and Wace USA, Inc., and in other senior financial positions with Motorola, Inc. and Ameritech, Inc. Mr. Hanson has a master's degree in management from Northwestern University J.L. Kellogg Graduate School of Business and bachelor's degree in commerce with an accounting major from DePaul University. He is a CPA (inactive) in Illinois and an adjunct professor at the Lake Forest Graduate School of Management.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our Common Stock as of the Record Date for (i) each person who is known by the Company to own beneficially more than 5% of the Common Stock, (ii) each of the Company's current directors and executive officers and (iii) all of the Company's current directors and executive officers as a group. Other than as set forth below, we are not aware of any other stockholder who may be deemed a beneficial owner of more than 5% of our Common Stock.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Common Stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days after April 24, 2017 are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Unless otherwise indicated in the footnotes below, we believe that the persons and entities named in the table have sole voting or investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

Unless otherwise indicated, the principal address of each of the persons below is c/o Turtle Beach Corporation, 12220 Scripps Summit Drive, Suite 100, San Diego, NY 92131.

	<b>Number of Shares Beneficially Owned(1)</b>	<b>Percentage of Outstanding Shares Beneficially Owned(2)</b>
<b>Executive Officers and Directors</b>		
Juergen Stark(3)	2,340,979	4.6%
John Hanson(4)	161,551	*
Ronald Doormink(5)(6)	1,822,427	3.7%
Kenneth A. Fox (includes shares held by Stockholder Group (as defined below))(6)(7)	29,678,403	56.7%
William E. Keitel(8)	249,025	*
Andrew Wolfe, Ph.D.(9)	190,429	*
L. Gregory Ballard	55,555	*
Joseph Cleary(11)	9,166	*
All current executive officers and directors as a group (8 persons)(12)	32,627,108	59.6%

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	Number of Shares Beneficially Owned(1)	Percentage of Outstanding Shares Beneficially Owned(2)	Number of Shares Held of Record	Percentage of Shares Owned of Record(2)
<b>Stockholder Group</b>				
SG VTB Holdings, LLC(6)(7) 402 West 13th Street New York, New York 10014	29,678,403	56.7%	17,938,830	36.4%
Carmine Bonanno(6) 39 Albermarle Road White Plains, New York 10605	350,000	0.7%	350,000	0.7%
Frederick Romano(6) 3176 Arbour Lane Yorktown Heights, New York 10598	4,729,044	9.6%	4,729,044	9.6%
Doomink Revocable Living Trust, dated December 17, 1996, as amended(5)(6) Ronald Doornink 2012 Irrevocable Trust, dated November 30, 2012(6) 601 Delaware Avenue, Floor 2 Wilmington, Delaware 19801	1,822,427	3.7%	1,516,036	3.1%
Martha M. Doornink 2012 Irrevocable Trust, dated November 30, 2012(6) 601 Delaware Avenue, Floor 2 Wilmington, Delaware 19801	1,007,908	2.0%	1,007,908	2.0%
Michael Rowe(6) 1032 Canyon Creek Drive Rochester Hills, Michigan 48306	35,996	*	35,996	*
Amie Rowe(6) 17340 College Parkway Livonia, Michigan 48152	35,996	*	35,996	*
<b>Stockholder Group (8 persons)(6)</b>	<b>29,678,403</b>	<b>56.7%</b>	<b>26,621,718</b>	<b>54.1%</b>

\* Less than 1%.

- (1) As used in this table, beneficial ownership means the sole or shared power to vote or direct the voting of a security, or the sole or shared power to dispose, or direct the disposition, of a security.
- (2) Percentage ownership is based upon 49,251,336 shares of Common Stock outstanding as of the Record Date.
- (3) Includes options currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 2,104,479 shares of Common Stock.

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- (4) Includes options currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 161,551 shares of Common Stock.
- (5) Includes 1,516,036 shares of Common Stock held by the Doornink Revocable Living Trust, dated December 17, 1996, as amended (the “1996 Trust”). Mr. Doornink and his wife are the co-trustees of the 1996 Trust, and, as such, Mr. Doornink may be deemed to share beneficial ownership of such shares. Mr. Doornink expressly disclaims beneficial ownership of any such shares except to the extent of his pecuniary interest therein. Also includes warrants currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 306,391 shares of Common Stock
- (6) On January 27, 2014, SG VTB Holdings, LLC (“SG VTB”), the Ronald Doornink 2012 Irrevocable Trust dated November 30, 2012 (the “RD 2012 Trust”), the Martha M. Doornink 2012 Irrevocable Trust dated November 30, 2012 (the “MD 2012 Trust”), the 1996 Trust, Carmine Bonanno, Frederick Romano, Michael Rowe and Amie Rowe (collectively, the “Stockholder Group”) jointly filed, and on May 22, 2014 and February 23, 2016 filed an amendment to, a Schedule 13D (as amended, the “Schedule 13D”) with the SEC. The Stockholder Group made a single, joint filing to reflect the formation of a “group” within the meaning of Section 13(d)(3) of the Exchange Act. Pursuant to a Stockholder Agreement, dated August 5, 2013, as amended, by and among the members of the Stockholder Group (the “Stockholder Agreement”), the Stockholder Group has agreed to aggregate their voting power with respect to the election of directors of the Company that have been designated by SG VTB. As a result of the Stockholder Agreement, SG VTB and Mr. Fox (in his capacity as the sole manager of SG VTB) may be deemed to share beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of, and to share the power to vote or direct the vote of, 29,678,403 shares of Common Stock held, in the aggregate, by the Stockholder Group. In order for a member of the Stockholder Group other than SG VTB or Mr. Fox (each other member, a “Non-SG Member”) to be treated as having or sharing beneficial ownership of securities held by any other member of the Stockholder Group, evidence beyond formation of the group under Rule 13d-5(b) would need to exist. Since the Non-SG Members do not have the right to designate a director to the Company’s board of directors or otherwise share the power to vote or direct the vote of any securities held by any other member of the Stockholder Group, no Non-SG Member is deemed to beneficially own any securities held by another member of the Stockholder Group solely as a result of entering into the Stockholder Agreement. While certain members of the Stockholder Group share voting power as described above, each member of the Stockholder Group retains sole dispositive power with respect to any shares held by such member, subject to the terms of the Stockholder Agreement. Each member of the Stockholder Group expressly disclaims beneficial ownership of any shares owned by any other member of the Stockholder Group except to the extent of such member’s pecuniary interest therein.
- (7) Includes 29,678,403 shares of Common Stock beneficially owned by SG VTB. Mr. Fox is the sole manager of SG VTB and, as such, has voting and investment control over the securities held by SG VTB. By virtue of his relationship with SG VTB, Mr. Fox may be deemed to share beneficial ownership of such shares. Mr. Fox expressly disclaims beneficial ownership of any such shares except to the extent of his pecuniary interest therein. Includes 17,938,830 shares held of record and 8,989,279 shares of Common Stock beneficially owned as a result of the Stockholder Group. SG VTB disclaims beneficial ownership of any such beneficially owned shares except to the extent of its pecuniary interest therein. Also includes warrants currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 2,750,294 shares of Common Stock.
- (8) Includes (i) options currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 67,335 shares of Common Stock and (ii) 58,000 shares held by The Keitel McSweeney Family Trust. Mr. Keitel disclaims beneficial ownership of the shares held in trust, which are held for the benefit of his family members.
- (9) Includes options currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 69,937 shares of Common Stock.
- (10) Includes options currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 9,166 shares of Common Stock.
- (11) Includes options currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 2,412,468 shares of Common Stock and warrants currently exercisable and those exercisable within 60 days of April 24, 2017 for an aggregate of 3,056,685 shares.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

The rules of the SEC require the Company to disclose late filings of stock transaction reports by its executive officers and directors and by certain beneficial owners of the Company's common stock. Based on our records and other information, we believe that each of our executive officers, directors and certain beneficial owners of the Company's common stock complied with all Section 16(a) filing requirements applicable to them during 2016 on a timely basis, except that: Mr. Stark and Mr. Hanson, each filed a late Form 4 on April 26, 2016 reporting transactions on April 4, 2016; Mr. Keitel, Dr. Wolfe and Ms. DeBuono each filed late Form 4s on each of April 26, 2016 and April 27, 2016 reporting transactions on April 4, 2016; and Mr. Bonanno filed a late Form 4 on September 8, 2016 reporting transactions on September 1, 2016.

## AUDIT COMMITTEE REPORT

*The information contained in this report shall not be deemed to be “soliciting material” or “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to liability under that Section. This report shall not be deemed “incorporated by reference” into any document filed under the Securities Act of 1933, as amended, or the Exchange Act, whether such filing occurs before or after the date hereof, regardless of any general incorporation language in such filings, except to the extent that the Company specifically incorporates it by reference.*

The Audit Committee assists the Board in meeting its oversight responsibility to stockholders, potential stockholders, the investment community and others. The Audit Committee’s function is one of oversight, recognizing that management is responsible for preparing the Company’s financial statements, and the independent registered public accounting firm is responsible for auditing those statements. Management of the Company is responsible for (1) the preparation, presentation, and integrity of the Company’s financial statements; (2) the appropriateness of the accounting principles and reporting policies that are used by the Company; (3) establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act; and (4) maintaining adequate disclosure controls and procedures, as such term is defined by the Exchange Act. The Company’s independent registered public accounting firm is responsible for (1) auditing the Company’s annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and expressing an opinion on the conformity of those consolidated financial statements with accounting principles generally accepted in the United States of America (“GAAP”) and (2) reviewing the Company’s unaudited interim condensed consolidated financial statements. The Audit Committee’s primary responsibility is to oversee the Company’s financial reporting process on behalf of the Board and report the results of its activities to the Board. It is not the Audit Committee’s duty or responsibility to conduct auditing or accounting reviews or procedures. In performing its oversight function, the Audit Committee relies, without independent verification, on the information provided to it and on the representations made by management and the Company’s independent registered public accounting firm. The Audit Committee will, however, take the appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices and ethical behavior.

The Audit Committee is directly responsible for the selection of the independent registered public accounting firm to be retained to audit the Company’s consolidated financial statements and, if applicable, its internal control over financial reporting, and once retained, the independent registered public accounting firm reports directly to the Audit Committee. The independent registered public accounting firm is ultimately accountable to the Audit Committee and the Board. The Audit Committee consults with and reviews recommendations made by the independent registered public accounting firm with respect to the Company’s consolidated financial statements and related disclosures and, as applicable, internal control over financial reporting of the Company and makes recommendations to the Board as it deems appropriate from time to time. The Audit Committee is responsible for approving both audit and non-audit services to be provided by the independent registered public accounting firm. The Audit Committee is currently composed of two directors, each of whom the Board has determined to be independent as that term is defined by applicable NASDAQ listing standards and SEC rules. The Board has determined, in accordance with applicable NASDAQ listing standards, that Mr. Keitel is an audit committee financial expert, as defined in Item 407(d)(5) of Regulation S-K of the Exchange Act. The Audit Committee operates under a written charter adopted by the Board, which is available on the Company’s website at [corp.turtlebeach.com](http://corp.turtlebeach.com). The Audit Committee charter is reviewed on an annual basis by the Audit Committee and is subject to amendment from time to time.

The Audit Committee meets with management periodically to consider the adequacy of the Company’s internal controls, and discusses these matters with the Company’s independent registered public accounting firm. The Audit Committee also discusses with senior management the Company’s disclosure controls and procedures. The Audit Committee’s oversight of the independent registered public accounting firm includes resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the Company’s quarterly earnings releases, Quarterly Reports on Form 10-Q for the periods ended March 31, 2016, June 30, 2016 and September 30, 2016, and the audited consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2016 with management and the Company’s independent registered public accounting firm, which included a discussion of the quality, in addition to the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the consolidated financial statements. The Audit Committee also discussed with management and the independent registered public accounting firm the Company’s internal control over financial reporting.

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The Audit Committee has also received from, and discussed with, the Company's independent registered public accounting firm the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 1301 (Communications with Audit Committees). The Audit Committee received the written disclosures and the letter from the Company's independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence. In addition, the Audit Committee discussed with the independent registered public accounting firm its independence, including the compatibility of any non-audit services with the independent registered public accounting firm's independence.

The Audit Committee met with the independent registered public accounting firm, with and without management present, to discuss the year 2016 results of its consolidated financial statement audit and the overall quality of the Company's financial reporting. The independent registered public accounting firm has direct access to the Audit Committee at any time on any issue of its choosing, and the Audit Committee has the same direct access to the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements for the year ended December 31, 2016 be included in the 2016 Annual Report on Form 10-K for filing with the SEC.

The Audit Committee has appointed the firm of BDO USA, LLP as independent registered public accounting firm to audit and report upon the Company's consolidated financial statements and internal control over financial reporting for the year ending December 31, 2017. In making this selection, the Audit Committee has considered whether BDO USA, LLP's provision of services other than audit services is compatible with maintaining their independence.

***AUDIT COMMITTEE***

William E. Keitel, Chairman  
Andrew Wolfe, Ph.D

## ITEM 2 — RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed BDO USA, LLP as the independent registered public accounting firm to audit the Company's consolidated financial statements for the year ending December 31, 2017 and internal control over financial reporting. Although action by the stockholders on this matter is not required under Nevada law or the Sarbanes-Oxley Act of 2002, as amended, or the rules of the SEC promulgated thereunder, the Audit Committee and the Board believe it is appropriate to seek stockholder ratification of this appointment in light of the role played by the independent registered public accounting firm in reporting on the Company's consolidated financial statements. Ratification requires the affirmative vote of a majority of eligible shares present at the Annual Meeting, in person or by proxy, and voting thereon. If this appointment is not ratified by the stockholders, the Audit Committee may reconsider its appointment. One or more representatives of BDO USA, LLP are expected to attend the Annual Meeting telephonically. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**The Board of Directors recommends a vote FOR ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017.**

### Principal Accountant Fees and Services

The aggregate fees billed by our independent registered public accounting firm for professional services rendered in connection with (i) the audit of our consolidated financial statements for the fiscal years ended December 31, 2016 and 2015 set forth in our Annual Reports on Form 10-K for the years then ended and (ii) the review of our quarterly consolidated financial statements as set forth in our Quarterly Reports on Form 10-Q for each of our quarters during 2016 and 2015, as well as any fees paid to our independent registered public accounting firm for audit-related work, tax compliance, tax planning and other consulting services are set forth in the table below:

	<u>2016</u>	<u>2015</u>
Audit Fees	\$721,236	\$750,702
Audit-Related Fees	—	158,846
Tax Fees	—	—
All Other Fees	—	—
	<u>\$721,236</u>	<u>\$909,598</u>

*Audit fees:* Audit fees consist of fees associated with the annual audit of our financial statements, the reviews of our interim financial statements and the issuance of consent and comfort letters in connection with registration statement filings with the SEC, and all services that are normally provided by the accounting firm in connection with statutory and regulatory filings or engagements.

*Audit-related fees:* Audited-related fees consist of fees for professional services reasonably related to the performance of the audit or review of the financial statements and are not included in Audit Fees, including in connection with the Company's February 2016 equity offering.

*Tax fees :* Tax fees consist of fees for tax services, including tax compliance, and related expenses.

### Pre-approval of services

All audit and permissible non-audit services provided by the Company's independent registered public accounting firm, BDO USA, LLP, require pre-approval by the Audit Committee in accordance with the Audit Committee Charter. The Company's Audit Committee approves the independent registered public accounting firm's engagement prior to the independent registered public accounting firm rendering any non-audit services. The Audit Committee pre-approved 100% of the 2016 and 2015 fees paid to BDO.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information for the fiscal years ended December 31, 2016 and 2015 concerning compensation of Mr. Juergen Stark, our Chief Executive Officer (principal executive officer) (“CEO”); our two most highly compensated executive officers other than our CEO who were serving as executive officers as of December 31, 2016, Mr. John Hanson, our Chief Financial Officer (“CFO”) and Mr. Robert Andris, our former Senior Vice President, Global Supply Chain and Operations; and Mr. Rodney Schutt, our former Senior Vice President and General Manager, HyperSound, information with respect to whom is included pursuant to Item 402(m)(2)(iii) of Regulation S-K. We sometimes refer to Messrs. Stark, Hanson and Andris collectively as our NEOs.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (in \$)</u>	<u>Bonus (in \$)(1)</u>	<u>Option Awards (in \$)(2)(3)</u>	<u>Non-Equity Incentive Plan Compensation (in \$)(4)</u>	<u>All Other Compensation (in \$)(5)</u>	<u>Total Compensation (in \$)</u>
Juergen Stark	2016	550,001	—	220,500	535,950	22,727	1,329,178
Chief Executive Officer, Director	2015	539,039	—	738,793	220,000	10,512	1,508,344
John Hanson	2016	360,501	—	40,592	171,680	22,727	595,500
Chief Financial Officer	2015	352,827	—	127,013	91,928	9,876	581,644
Robert Andris	2016	300,761	—	41,399	106,182	28,881	477,223
Senior Vice President, Global Supply Chain and Operations (6)							
Rodney Schutt	2016	284,615	—	43,918	92,314	280,686	701,553
Senior Vice President and General Manager, HyperSound (7)	2015	370,000	159,000	147,866	106,144	9,876	792,886

- (1) Includes, with respect to Mr. Schutt, a \$100,000 signing bonus paid in January 2015, a \$59,000 supplemental bonus paid in June 2015.
- (2) Amounts shown in this column do not reflect actual compensation received by the named executive officers. The “Option Awards” column reports the grant date fair value of stock awards in accordance with the provisions of FASB Accounting Standards Codification Topic 718 Compensation—Stock Compensation (“ASC Topic 718”), for stock awards granted during the applicable year.
- (3) In April 2015 we commenced an option exchange program (the “Option Exchange”) to allow employees (including our NEOs) to voluntarily exchange certain stock options for replacement options with an exercise price equal to the fair market value of our shares and covering a smaller number of shares. The exchange ratios used in the Option Exchange were designed so that the fair value of the replacement options would equal approximately the fair value of the stock options for which they were exchanged (for accounting purposes and based on certain valuation assumptions made prior to the commencement of the Option Exchange). The amount reported for Messrs. Stark, Hanson and Schutt for 2015 includes \$519,718, \$33,124 and \$50,064, respectively, of grant date fair value associated with replacement options received in the Option Exchange attributable to changes in our stock price from the date on which the Option Exchange commenced to the date on which it closed.
- (4) Includes amounts payable pursuant to the Company’s annual incentive cash bonus plan. 50% of the amounts reported for each individual with respect to 2016 were paid in March 2017 and the remaining 50% will be paid in September 2017.
- (5) The amounts reported in the “All Other Compensation” column include the employer portion of and other reimbursement payments pursuant to the Company’s medical and dental plans as well as, with respect to Mr. Schutt in 2016, \$199,231 of severance benefits (\$113,847 of which remains payable in 2017), \$24,193

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of payments in respect of accrued vacation,\$27,535 in relocation fees, in each case, in connection with Mr. Schutt’s departure in September 2016, and \$7,000 in consulting fees pursuant to the consulting agreement entered into by and between the Company and Mr. Schutt described under “Certain Relationship and Related Party Transactions” below. Depending on when and if Mr. Schutt finds subsequent employment in 2017, the Company may be required to pay up to an additional \$170,770 in severance to Mr. Schutt in excess of the amounts described above.

- (6) Effective March 17, 2017, the Company’s employment relationship with Mr. Andris was terminated and he is no longer an executive officer. In addition, Mr. Andris was not a named executive officer during the fiscal year ended December 31, 2015.
- (7) Effective September 30, 2016, Mr. Schutt’s employment with the Company was terminated and he is no longer an executive officer. Disclosure regarding Mr. Schutt’s compensation during the year ended December 31, 2016 is included in this Proxy Statement pursuant to Item 402(m)(2)(iii) of Regulation S-K.

**Components of Compensation.** For 2016, the principal components of compensation for our NEOs include the following:

*Base Salary* . The Company provides NEOs with base salaries to compensate them for services rendered during the year.

*Annual Incentive Bonus* . Annual cash bonuses are included as part of the executive compensation program because the Committee believes that a significant portion of each NEO’s compensation should be contingent on individual and Company performance.

*Long-term Incentive Compensation* . The Company grants equity-based awards to executives in the form of stock options with time-based vesting requiring continued service through each vesting date. The primary purpose of granting equity-based awards is to align the interests of our executives and stockholders so that they share the common goal of long-term stockholder value creation. A summary of all stock option awards granted in 2016 to our NEOs is provided below.

Name	Shares Subject to Stock Options
Juergen Stark(1)	450,000
John Hanson (2)	82,840
Robert Andris (3)	84,488
Rodney Schutt (4)	89,628

The stock option awards were granted under the 2013 Plan. Such awards will generally vest (subject to the executive’s continued employment on the applicable vesting date) as follows: 25% of the award will vest on the first anniversary of the grant date and 1/48th of the award will vest monthly thereafter, such that 100% of the award will become vested on the fourth anniversary of the grant date.

*Retirement Benefits* . The Company maintains a tax-qualified 401(k) Retirement Savings Plan to which all salaried employees, including the NEOs, are able to contribute a portion of their salaries on a pre-tax basis.

*Perquisites* . The Company provides the NEOs with a limited number of perquisites and other personal benefits to better enable the Company to attract and retain key executives.

*Severance* . The offer letters for Messrs. Stark, Hanson and Schutt provide for post-employment severance payments and benefits in the event of employment termination under certain circumstances. For more information regarding these potential severance payments and benefits, see “Potential Payments upon Termination.”

**Results of Say-on-Pay Vote and Say-on-Pay Frequency Vote .** At our Annual Meeting held on June 14, 2016, we held a non-binding Shareholder say-on-pay vote on the 2015 compensation of our NEOs. Excluding broker non-votes, approximately 88% of the votes cast voted “For” our say-on-pay proposal to approve the compensation of our NEOs. Because of the level of support expressed by our Shareholders for the compensation of our NEOs, the Compensation Committee (“Committee”) did not change its general approach to executive compensation as a result of this vote. Although the advisory Shareholder vote on executive compensation is non-binding, the Committee will continue to take the outcome of future say-on-pay votes into consideration when making compensation decisions for our NEOs.

At our Annual Meeting held on February 21, 2013, we held a non-binding shareholder vote on the frequency of future say-on-pay votes. The frequency that received the greatest number of votes was three years. After considering the results of these votes, the Board of Directors determined that a non-binding Shareholder vote on executive compensation would be conducted once every three years. Accordingly, the Company will hold its next say-on-pay vote in 2019.

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table summarizes the holdings of outstanding stock options and unvested stock awards by our NEOs. The following table includes the number of shares covered by options (under “Option Awards”) currently exercisable and those exercisable within 60 days of April 24, 2017 held by the Company’s NEOs. These outstanding equity awards have been granted to the Company’s NEOs under the 2013 Plan. In connection with his departure, Mr. Andris forfeited any unvested options outstanding under his awards.

Name	Option Awards			
	Number of Securities Underlying Unexercised Exercisable Options (Shares)	Number of Securities Underlying Unexercisable Options (Shares)	Option Exercise Price (in \$)	Option Expiration Date
Juergen Stark	0	450,000	\$ 1.16	4/4/2026
	110,833	169,167	\$ 1.81	5/29/2025
	1,778,934	84,712	\$ 1.93	9/3/2022
John Hanson	0	82,840	\$ 1.16	4/4/2026
	47,500	72,500	\$ 1.81	5/29/2025
	48,030	18,328	\$ 1.93	1/30/2024
	28,645	26,355	\$ 4.13	11/19/2024
Robert Andris	0	84,488	\$ 1.16	5/5/2026
	43,541	66,459	\$ 1.81	5/29/2025
	34,706	13,244	\$ 1.93	1/30/2024
	15,625	14,375	\$ 4.13	11/19/2024
	17,500	12,500	\$ 6.86	8/25/2024
Rodney Schutt	0	89,628	\$ 1.16	4/4/2026
	49,479	75,521	\$ 1.81	5/29/2025
	58,783	54,730	\$ 1.93	9/2/2024

## POTENTIAL PAYMENTS ON TERMINATION

### *Offer Letters*

The offer letters for Messrs. Stark and Hanson provide for certain post-termination severance payments in the event of employment termination under certain circumstances. The Committee believes that these severance benefits provide an incentive to the NEOs to remain with the Company and serve to align the interests of the NEOs with the interests of shareholders, including in the event of a potential acquisition of the Company.

Under the terms of Mr. Stark's offer letter, dated as of August 13, 2012, if the Company terminates Mr. Stark's employment without "Cause" or if Mr. Stark terminates his employment for "Good Reason," in each case, other than following an approved sale of the Company, the Company has agreed to pay Mr. Stark severance consisting of a continuation of his then-current base salary, as well as healthcare continuation benefits, for a period of six months following such termination and a pro-rated portion of his target bonus for the year in which such termination occurs. If such termination occurs following an approved sale of the Company, the Company has agreed to pay Mr. Stark (i) a lump sum payment equal to his then-current annual base salary, (ii) healthcare continuation benefits for a period of one year following such termination and (iii) a pro-rated portion of his target bonus for the year in which such termination occurs.

Under the terms of Mr. Hanson's offer letter, dated as of September 16, 2013, if Mr. Hanson's employment is terminated by the Company without "Cause," he will be entitled to continuation of his annual salary for a period of six months. In addition, if Mr. Hanson's employment is terminated by the Company without "Cause" or by Mr. Hanson for "Good Reason," he will be entitled to a pro-rated bonus for the year of termination based upon the average percentage of the applicable target bonuses received by the management team.

### *Retention Program*

On March 3, 2017, our Board approved a retention plan (the "Retention Plan") providing for cash bonuses and equity incentives to certain employees, including our two named executive officers. The purpose of the Retention Plan is to encourage the continued employment of the participating employees in the event of a change in control. Pursuant to the Retention Plan, if a participating employee is continuously employed with the Company and in good standing on the date of a change of control (as defined in the Retention Plan), (i) all of the employee's unvested stock options previously issued under any of the Company's equity incentive plans will immediately vest unless assumed on substantially similar terms by the acquiring company, (ii) the employee will receive a grant of units (the "Participation Points") which entitle the employee to a portion of a cash payment, payable on the date which is nine months after the change of control (or within three months for employees not retained by the acquiring company), in an aggregate amount equal to approximately 5% of the enterprise value of the Company (the "Bonus Pool") at the time of the change in control (as defined in the Retention Plan) and (iii) the employee will be entitled to certain severance payments, including reimbursement of COBRA premiums, if he or she is terminated by the acquiring company within one year of the change of control. Our named executive officers, Juergen Stark and John Hanson, will participate in the Retention Plan and will receive grants of Participation Points which entitle them to approximately 31% and 16% of the total Bonus Pool, respectively.

### *Potential Payments on Termination*

The following table provides estimates of the potential severance and other post-termination benefits each of the NEOs would have received under certain terminations of employment assuming (1) the executive's employment was terminated as of December 31, 2016, (2) goals for incentive-based compensation were met at target levels in the year of the executive's termination and (3) shares of the Company's stock are worth \$1.31 (the closing price of the Company's stock on December 31, 2016). The amounts paid or payable to Mr. Schutt in connection with his departure in September 2016 are described above in the Summary Compensation Table. As the Retention Plan was entered into after December 31, 2016, potential payments to our NEOs pursuant to the Retention Plan are not reflected in the table below.

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<b>Name</b>	<b>Benefit</b>	<b>Termination upon Retirement, Disability or Death (in \$)</b>	<b>Resignation for Good Reason prior to a Change in Control (in \$)</b>	<b>Termination without Cause prior to a Change in Control (in \$)</b>	<b>Termination without Cause or Resignation for Good Reason after a Change in Control (in \$)</b>
Juergen Stark	Salary:	—	275,000	275,000	550,000
	Bonus:	—	440,000	440,000	440,000
	Accelerated Equity				
	Vesting:	—	—	—	67,500
	Health Care				
	Benefits:	—	11,364	11,364	22,727
	Total:	—	726,364	726,364	1,080,227
John Hanson	Salary:	—	—	180,250	180,250
	Bonus:	—	144,200	144,200	144,200
	Accelerated Equity				
	Vesting:	—	—	—	12,426
	Health Care				
	Benefits:	—	—	—	—
	Total:	—	144,200	324,450	336,876
Robert Andris	Salary:	—	—	—	—
	Bonus:	—	—	—	—
	Accelerated Equity				
	Vesting:	—	—	—	—
	Health Care				
	Benefits:	—	—	—	—
	Total:	—	—	—	—

**DIRECTOR COMPENSATION**

In considering the Company's need to attract and retain qualified directors, effective January 2014, the Company adopted a policy for compensating directors who are not employees of the Company for their service. To ensure that the Company compensates non-employee directors in line with market practice, our director compensation program was formulated in consultation with independent compensation consultant. As described further below, the Company compensates non-employee directors through a mix of cash retainer fees and equity grants that are subject to vesting.

The following table lists 2016 director compensation for all non-employee directors who served as directors in 2016. Directors who are also employees of the Company receive no additional compensation for service as directors. Compensation for Mr. Stark, the Company's Chief Executive Officer, is reported in the Summary Compensation Table included in the Executive Compensation section above. In accordance with our general policy for directors who are also employees of the Company, Mr. Stark did not earn additional compensation for his service as a director or for his service as Chairman. As Mr. Ballard was not appointed to the Board until April 2017, he did not receive any compensation with respect to 2016.

<u>Name</u>	<u>Fees Earned or Paid in Cash (in \$(1))</u>	<u>Stock Awards (in \$(2))</u>	<u>Total (in \$)</u>
Ronald Doornink	150,000	—	150,000
Laureen DeBuono (3)	60,000	21,552	81,552
Kenneth A. Fox	—	—	—
William E. Keitel	67,500	21,552	89,052
Andrew Wolfe, Ph.D	50,000	21,552	71,552

- (1) Cash fees paid to directors are described below.
- (2) The "Stock Awards" column reports the aggregate grant date fair value of restricted stock awards and option awards made to directors during 2016 in accordance with ASC 718. Stock awards to directors are granted under the 2013 Plan and the number of shares awarded is determined by dividing the value of the grant by the closing market price of our common stock on the date of grant.
- (3) Ms. DeBuono resigned from the Board of Directors on February 3, 2017.

In 2016, directors who were not employees of the Company received a standard annual cash retainer fee, in addition to special fees for serving as a member of a committee or the chair of a committee, based upon the following schedule:

Annual Cash Base Fee (other than the Chairman of the Board)	\$ 40,000
Supplemental Annual Cash Committee Fees:	
• Chairman of the Board	\$ 150,000
• Audit Committee—Chairperson	\$ 20,000
• Audit Committee—Other Members	\$ 10,000
• Compensation Committee—Chairperson	\$ 15,000
• Compensation Committee—Other Members	\$ 7,500
• Nominating and Corporate Governance Committee—Chairperson	\$ 10,000
• Nominating and Corporate Governance Committee—Other Members	\$ 5,000

There are no Board or committee meeting attendance fees. Directors are reimbursed by the Company for travel and related expenses they incur in connection with their service on the Board and its committees.

The Company's policy regarding providing cash fees to non-employee directors will remain the same for 2017.

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In addition to the cash fees described above, the Company intends to continue to make certain equity grants to directors who are not employees of the Company. Upon initial election to the board of directors, the Company makes an initial grant to each non-employee director of an option to purchase a number of shares of our common stock with a grant date fair market value of \$50,000 and a grant of restricted shares having a grant date fair market value of \$50,000. The initial grants of options and restricted stock are subject to vesting over a period of four years. In addition, each non-employee director receives an annual grant of options to purchase a number of shares of our common stock with a grant date fair market value of \$50,000 and a grant of restricted shares having a grant date fair market value of \$50,000. The annual grants of options and restricted stock vest on the first anniversary of the grant date.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS AS OF  
DECEMBER 31, 2016**

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by security holders (1)	6,381,447	\$ 1.90	2,261,021
Equity compensation plans not approved by security holders	0	0	0
<b>Total</b>	<b>6,381,447</b>	<b>\$ 1.90</b>	<b>2,261,021</b>

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company maintains a policy that the Audit Committee review certain transactions in which the Company and its directors, executive officers or their immediate family members are participants to determine whether a related person has a direct or indirect material interest. The Audit Committee is responsible for reviewing and, if appropriate, approving or ratifying any such related party transaction. This policy has been communicated orally by the Board.

In determining whether to approve, disapprove or ratify a related party transaction, the Audit Committee will take into account, among other factors it deems appropriate, (1) whether the transaction is on terms no less favorable to the Company than terms that would otherwise be generally available to the Company if the transaction was entered into under the same or similar circumstances with a party unaffiliated with the Company and (2) the extent of the interest of the related party in the transaction.

### *Merger, Stockholder Agreement and Lock-Up*

On January 15, 2014, we completed the Merger in accordance with the terms and conditions of an Agreement and Plan of Merger dated August 5, 2013 among the Company, VTBH and Merger Sub (the “Merger Agreement”). As a result of the Merger, VTBH, the surviving entity in the Merger, became a wholly-owned subsidiary of the Company, and the Company issued to the former holders of VTBH common stock and Series A Preferred Stock (the “VTB Stockholders”) an aggregate of 30,227,100 shares of our Common Stock (“Common Stock”). In addition, in accordance with the terms of the Merger Agreement, all outstanding options to purchase shares of VTBH common stock under the 2011 Plan were converted into options to purchase shares of Common

Stock and were assumed by the Company (the “Converted Options”). The number of shares of Common Stock issued was computed in accordance with a formula specified in the Merger Agreement using an exchange ratio of 0.35997 shares of Common Stock for every one share of VTBH common stock or Series A Preferred Stock. The same exchange ratio was applied to the Converted Options.

Concurrently with the execution of the Merger Agreement, we and the VTB Stockholders entered into a stockholder agreement, (the “Stockholder Agreement”) pursuant to which the VTB Stockholders agreed to certain restrictions and other provisions with respect to the shares of Common Stock that we subsequently issued to them upon completion of the Merger, collectively referred to as the “merger shares.” Also in connection with the Merger, Juergen Stark, our Chief Executive Officer, Ronald Doornink, our Chairman of the Board, the other VTB Stockholders and several other members of Turtle Beach management entered into lock-up agreements (the “Lock-Ups”) pursuant to which they agreed not to sell or otherwise transfer any stock or options of the Company for a period of six months following the closing of the Merger, subject to certain limited exceptions.

*Registration Rights.* Pursuant to the Stockholder Agreement, the VTB Stockholders are entitled to certain registration rights covering the merger shares, including customary piggyback registration rights for all VTB Stockholders and demand registration rights for SG VTB Holdings, LLC, our largest stockholder (“SG VTB”). The Stockholder Agreement also includes customary indemnification and expense reimbursement obligations in connection with registrations of merger shares conducted pursuant to the Stockholder Agreement.

*Controlled Company; Voting Agreement.* Pursuant to the Stockholder Agreement, the VTB Stockholders have also agreed to the formation of a group, referred to as the “Stockholder Group,” for purposes of the Exchange Act. The VTB Stockholders provided these block voting covenants to cause the Company to qualify as a “controlled company” under NASDAQ rules following the closing of the Merger. The VTB Stockholders also agreed to vote their merger shares to ensure that SG VTB has the right to designate seven directors to our Board (including the Chief Executive Officer and two independent directors) so long as SG VTB and its affiliates collectively beneficially own at least 10% of our outstanding capital stock. The VTB Stockholders’ obligations with respect to the formation of the Stockholder Group and the voting requirements referred to above with respect to our Board terminate upon the first to occur of (i) the failure of the Stockholder Group to hold shares representing an aggregate of at least 50.1% of the voting power of the Company and (ii) termination by the mutual agreement of the Company and the Stockholder Group.

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*Termination.* Most of the provisions of the Stockholder Agreement will terminate upon the earlier of (i) the dissolution of the Company (unless the Company continues to exist after such dissolution as a limited liability company or in another form, whether incorporated in Delaware or another jurisdiction) and (ii) the consummation of a disposition of shares by SG VTB and its affiliates that would have the effect of transferring to a person or group that is not an affiliate of SG VTB or a portfolio company of one or more SG VTB affiliates, a number of shares of Common Stock such that, following the consummation of such disposition, such person or group would possess the voting power to elect a majority of our Board, or the board of directors (or similar body) of any successor entity; provided however, that (a) for so long as SG VTB and its affiliates collectively own any merger shares, the registration rights set forth in the Stockholder Agreement will not terminate without the prior written consent of SG VTB and (b) the indemnification provisions with respect to the registration rights in the Stockholder Agreement survive any termination of the Stockholder Agreement.

*Amendment and Lock-Up Extension.* Only July 10, 2014, the Company, SG VTB, Mr. Stark, Mr. Doornink and several other of the VTB Stockholders entered into an amendment (the “Amendment”) to the Stockholder Agreement and the Lock-Ups pursuant to which, among other things, the stockholders agreed to extend lock-up restrictions regarding their sale or other disposition of shares of the Company’s stock from July 16, 2014 to April 1, 2015, subject to certain exceptions, including limited sales through privately negotiated block trades.

***Public Offering and Concurrent Private Placement***

On February 2, 2016, the Company entered into an Underwriting Agreement (the “Underwriting Agreement”) with Oppenheimer & Co. Inc., as representative of the several other underwriters named therein, relating to an underwritten public offering (the “Offering”) of 5,000,000 shares of our common stock, at a price to the public of \$1.00 per share (the “Offering Price”). Under the terms of the Underwriting Agreement, the Company also granted the underwriters a 30-day option to purchase up to an additional 750,000 shares of common stock at the Offering Price less the underwriting discount. Juergen Stark, our Chief Executive Officer, Ronald Doornink, our Chairman of the Board, and SG VTB, our largest stockholder, each participated in the Offering and purchased 150,000, 500,000 and 800,000 shares, respectively, on the terms available to the public.

In addition, on February 1, 2016, the Company entered into a separate, concurrent, side-by-side private placement of 1,700,000 shares of its common stock at a price of \$1.00 per share with SG VTB.

***Schutt Consulting Agreement***

On September 30, 2016, the Company and Rodney Schutt, the Company’s former Senior Vice President and General Manager, HyperSound, agreed to terminate Mr. Schutt’s employment relationship, effective as of September 30, 2016, in connection with the Company’s previously announced restructuring of its HyperSound business segment.

Mr. Schutt continued to provide the Company with consulting services pursuant to an agreement (the “Consulting Agreement”) which became effective October 1, 2016 and will continue until terminated by the Company or Mr. Schutt. Under the consulting arrangement in exchange for such services, Mr. Schutt receives a cash retainer of \$7,030 and Mr. Schutt’s existing options to purchase shares of the Company’s common stock continue to vest in accordance with the terms thereof and remain exercisable for a period of six months following termination of the consulting agreement.

In connection with Mr. Schutt’s departure, the Company and Mr. Schutt also entered into an amendment to Mr. Schutt’s offer letter (the “Offer Letter Amendment”) pursuant to which, among other things, (i) the continuation period following termination with respect to Mr. Schutt’s annual salary was extended from six months following termination to, if longer, the earliest of Mr. Schutt’s acceptance of other employment, other rendering of services for compensation or twelve months following termination, in each case, subject to certain conditions and (ii) the Company agreed to reimburse Mr. Schutt for certain COBRA health coverage expenses for a period of six months following termination, subject to election and continued eligibility for such coverage, and certain relocation costs.

## HOUSEHOLDING

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of the Company’s Notice may have been sent to multiple stockholders in your household. The Company will promptly deliver a separate Notice to you if you request one by writing or calling as follows: Turtle Beach Corporation, c/o Liolios Group, 20371 Irvine Avenue, Suite A-100, Newport Beach, California 92660, Attn: Cody Slach, (949) 574-3860. If you want to receive separate copies of the Notice of Internet Availability of Proxy Materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact the Company at the above address and phone number.

## OTHER BUSINESS

The Company is not aware of any other matters that will be presented for stockholder action at the Annual Meeting. If other matters are properly introduced, the person named in the accompanying proxy will vote the shares they represent as recommended by the Board of Directors.

By Order of the Board of Directors

/s/ Juergen Stark

Juergen Stark

Chief Executive Officer and President

May 1, 2017

TURTLE BEACH CORPORATION  
 12220 SCRIPPS SUMMIT DRIVE  
 SUITE 100  
 SAN DIEGO, CA 92131

**VOTE BY INTERNET - www.proxyvote.com**

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

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

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

**VOTE BY PHONE - 1-800-690-6903**

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

**VOTE BY MAIL**

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

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

KEEP THIS PORTION FOR YOUR RECORDS  
 DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR the following:		For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.	
1. Election of Directors		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	
<b>Nominees</b>						
01 Juergen Stark	02 Ronald Doornink	03 Kenneth A. Fox	04 William E. Keitel	05 Andrew Wolfe, Ph.D.		
06 L. Gregory Ballard						
The Board of Directors recommends you vote FOR proposals 2 and 3.						
2	To ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	For	Against
3	To transact such other business that is properly presented at the Annual Meeting and any adjournments or postponements thereof.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Abstain	
NOTE: Such other business as may properly come before the meeting or any adjournment thereof.						
Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.						
<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>
Signature [PLEASE SIGN WITHIN BOX]		Date		Signature (Joint Owners)		Date

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Annual Report, Notice & Proxy Statement is/ are available at [www.proxyvote.com](http://www.proxyvote.com)

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**TURTLE BEACH CORPORATION**  
**Annual Meeting of Shareholders**  
**June 12, 2017 9:00 AM**  
**This proxy is solicited by the Board of Directors**

The undersigned hereby appoint(s) Juergen Stark and John T. Hanson, or either of them, as proxies, each with the power to appoint (his/her) substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common stock of TURTLE BEACH CORPORATION that the stockholder(s) is/are entitled to vote at the Annual Meeting of stockholder(s) to be held at 09:00 AM, PDT on June 12, 2017, at the Embassy Suites San Diego - La Jolla 4550 La Jolla Village Drive San Diego, CA 92122, and any postponements, continuations, or adjournments thereof with all powers which the undersigned would possess if personally present, upon and in respect of the matters listed on the reverse side and in accordance with the instructions indicated on the reverse side, with discretionary authority as to any and all other matters that may properly come before the meeting.

**UNLESS A CONTRARY DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED IN PROPOSAL ONE AND FOR PROPOSAL TWO. IF SPECIFIC INSTRUCTIONS ARE INDICATED, THIS PROXY WILL BE VOTED IN ACCORDANCE THEREWITH.**

This proxy has been solicited by or for the benefit of the Board of Directors of the Company. I understand that I may revoke this proxy only by written instructions to that effect, signed and dated by me, which must be actually received prior to commencement of the Annual Meeting.

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**Continued and to be signed on reverse side**