

Turtle Beach Corporation

2Q FY2014 Prepared Comments

August 11, 2014

Turtle Beach is providing a copy of these prepared remarks in combination with its press release to provide shareholders and analysts with additional time and detail for analyzing our results in connection with our quarterly conference call. As previously scheduled, the conference call was held on August 11, 2014 and included comments by Turtle Beach's management team followed by questions and answers. To access the broadcast, please visit the Investor Relations section of Turtle Beach's Website at <http://investor.turtlebeachcorp.com/events.cfm>.

Brendon Frey

Thank you. Good afternoon everyone and welcome to the Turtle Beach Corporation's second quarter fiscal 2014 earnings call to discuss the financial results. Before we get started, we'll be referring to the press release filed today with details of the results, which can be downloaded from the Investor Relations page of our website at www.corp.turtlebeach.com. Shortly after we end this call, a recording of the call will be available as a replay in the Investor Relations section of the company's website.

Please be aware that some of the comments made during our call may include forward-looking statements. They involve risks and uncertainties regarding our operations and future results that could cause Turtle Beach Corporation's results to differ materially from management's current expectations. We encourage you to review the Safe Harbor Statements contained in today's press release and on our filings with the Securities and Exchange Commission, including, without limitation, our Annual Report on Form 10-K and other periodic reports, as well as our Proxy Statement on Schedule 14A filed in connection with the merger of Turtle Beach and Parametric Sound, which identify specific risk factors that may cause actual results or events to differ materially from those described in forward-looking statements.

We also note that this call contains non-GAAP financial information, providing that information as a supplement to information prepared in accordance with accounting principles generally accepted in the United States or GAAP. You can find a reconciliation of these metrics to our reported GAAP results and the reconciliation table provided in today's earnings release.

And now, I'll turn the call over to Juergen Stark, the company's Chief Executive Officer.

Juergen Stark

Thank you and thanks everyone for joining us on the call today. With me is John Hanson, our Chief Financial Officer. We're excited to be with you all again today to share the continued progress we've made in the second quarter to advance the growth of our company. Similar to the format of our first

quarter earnings call, I will cover the business highlights, John will cover the financial performance and outlook, and then we will open up the call to take your questions.

With our second quarter performance we achieved our first half revenue targets while executing several strategic initiatives that have positioned the company for the holiday season and for future growth. We moved quickly to capitalize on the consumer excitement generated by the launch of Xbox One and PS4 last November by launching several new products for both consoles. This helped fuel our sell-in particularly during Q1, when we shipped our first officially licensed Xbox One headsets to accounts. You'll recall, we led the industry with the first headsets for both platforms. Retailer demand for our Xbox One headsets was very strong, and - as we disclosed on our last call - we executed shipments more quickly than expected resulting in approximately \$4 million in revenues expected in Q2 being pulled forward into the first quarter.

Consumer response to our newest headsets, which include two PS4 models and our first three models of Xbox One compatible headsets released in March has been positive. Initial sell-through has been solid.

In keeping with Turtle Beach's long history of leading the gaming headset category, we introduced a number of industry firsts in June at E3, the largest gaming industry tradeshow in the country. Our new offerings further enhance the user experience by expanding gamers' ability to control game and chat audio. Many of these new console headsets include new technology that will differentiate our products during the holidays and beyond.

The Elite 800 for PlayStation®4 is our new flagship wireless headset. We believe it is the most technologically advanced headset ever produced. The Elite 800 has several firsts for gaming console headsets, including the first time active noise cancellation is being used to improve the quality of outbound chat audio, as well as to block out external noise so the gaming experience is more immersive. The Elite 800 also uses dual invisible microphones for voice pickup, which provides a sleek, boom-free look that is not available on any competitive gaming headsets.

We also announced the first fully wireless headset for the Xbox One, the Stealth 500X, which we believe is likely to be the only fully wireless headset available for the Xbox One this year. This is a significant technological achievement as it requires integration into the audio outputs from the Xbox One console, which have changed significantly from the Xbox 360. Wireless headsets are preferred by gamers because of the freedom of movement and flexibility they provide.

We also introduced a Tournament Audio Controller (or TAC as we call it) that sets a new standard for console and PC professional gaming, with unique features for audio control, video streaming and broadcast. The TAC, along with our partnerships with Twitch and MLG, gives us a product that caters to the growing popularity of both tournament gaming and video game streaming.

With the Elite 800 and Stealth 500X we are also delivering the first console gaming headsets to utilize DTS Headphone:X 7.1 surround sound, which is a new, advanced form of surround sound processing that provides even more accurate directional sound and an array of presets, uniquely on our headsets, that allows users to match their audio mix to different game and media types. The Tournament Audio Controller also has DTS Headphone:X....another first for this category.

We also announced the XO ONE to fill out the lower end of the Xbox One portfolio. This headset will utilize our own Xbox One headset adapter which we have also advanced to include several unique features.

These innovations add capabilities which make a difference to gamers. They enable our customers to play better and enjoy a more immersive experience. Leading in innovation and capabilities that matter to end-users is at the very essence of what makes us different and what we strive to do as company on every product, in every category

As I noted on our last call, an important ingredient in our success will be expanding our portfolio of next-generation headsets. With the introduction of the Stealth 500X, the XO ONE and three Call of Duty: Advanced Warfare headsets for the Xbox One, our portfolio of officially-licensed Xbox One headsets will increase from three to seven headsets in time for the holidays. And with the new Elite 800, Stealth 400, P12 and our Call of Duty®: Advanced Warfare headset for the PS4 our PlayStation®4 portfolio increases from two to six headsets.

In addition to our new Call of Duty®: Advanced Warfare licensed headsets, at E3 we also unveiled our new Disney Infinity gaming headset, which will launch with the Marvel Super Heroes Edition of Disney Infinity 2.0. The multiplatform headset leverages our partnership with Marvel to align us at retail with one of the most successful new game franchises in the industry.

In conjunction with the debut of our new Elite 800 gaming headset, we announced our Elite Membership Program, an exclusive offering available for tournament professionals and competitive gamers. This will be a great vehicle for us to further engage and communicate with our elite gaming customers by offering them exclusive Turtle Beach and partner products and services, early access to news and product information, concierge service, and a range of unique, member-only opportunities at Major League Gaming (MLG) tournaments and other industry events.

We believe that our new product introductions, new partnerships and value-added Elite Membership Program further strengthen our industry leading position and set us up to drive sustained, long-term growth in our gaming headset business.

Bolstering our positive long-term view for our headset business is the strong initial performance of the next generation consoles. While neither Sony nor Microsoft has updated worldwide console sales figures since April, in June, DFC intelligence increased their 2014 unit sales forecasts for both consoles. NPD retail data shows that the new consoles are posting sales that continue to be significantly higher than prior generation launches. These are strong signs of the overall health of the gaming industry and speak to the significant long-term growth opportunities for Turtle Beach as we expect both consoles to drive the proliferation of multiplayer gaming and the resulting demand for high quality headsets.

As you can see, there are several reasons to be excited about the future of our gaming headset business including our growing product portfolio and the underlying success of the new consoles. At the same time, as I've stated in the past, we are very early into a transition cycle and visibility on key metrics, such as headset attachment rates is limited and difficult to predict. Attach rates are a key driver of the overall gaming headset market size and growth and a key variable behind our 2014 forecasts. On our Q1 call, we had only a few weeks of Xbox One shipments under our belt so I said that we would provide more color as the year progressed and I'll do that now.

Let me start with how we measure attach rates. We look at headset sales for the full year as a percentage of the active installed base of consoles at year end. Roughly 22% of consumers on previous generation consoles owned a headset based on 2013 data. Note that the numbers I'm citing are typically US based where we have the most detailed retail tracking. At the peak on the previous generation of consoles, these annual attach rate numbers were roughly 24% for the Xbox 360 and 14% for the PS3. The PlayStation platform has historically had a lower attach rate than the Xbox platform, which emphasized multiplayer gaming sooner and marketed it more aggressively. The attach rates on the old generation consoles are tracking roughly in line with our expectations so far at mid-year.

Attach rates on new generation consoles, which began from a base of zero, are tracking somewhat below our expectations for the first half of the year. There are two primary contributors: On Xbox One, widespread availability of the Microsoft Headset Chat Adapter is leading some consumers to prolong the life of their older headsets, reducing the number of consumers that are purchasing a new headset for their Xbox One console and holding down the initial attachment rate. We anticipated some sales of the stand-alone adapter but year-to-date actual sales are higher than we expected.

On Playstation®4, we anticipated that as multiplayer gaming became more popular it would cause the headset attach rate to increase over the historical levels of the PlayStation®3. While the PS4 attach rate has indeed increased, it has not increased as much as we expected it to in the first half of 2014. We believe this is in part due to the very small number of new multiplayer game launches for the PlayStation®4 so far.

If attach rates for both platforms remain below our expectations through the holidays it would trend us towards the low end of our guidance ranges. To give you some sense of the sensitivity, we estimate that a one percent change in attach rates on next gen consoles has a \$5 to \$7 million dollar impact on our revenues at our current market share. So needless to say, we pay close attention to the trajectory of these attach rate curves.

That said, two developments in the second half of the year may increase the trajectory of the upward curve on attach rates. First, there are a dozen major multiplayer game titles scheduled to launch in the second half of the year which will drive retail traffic and gaming headset purchases. Second, we believe our new next-gen console headsets have differentiated features at compelling price points that will help drive sales of headsets over adapters and increase attach rates as consumers head into stores over the holidays.

Please keep in mind that because of the seasonality of our business, we are less than 30% of the way through our sales year. We could see substantial changes in key industry metrics, including attach rates, as we move through the third quarter and into the holidays. And we absolutely expect attach rates to rise over time, with the Xbox One reaching the mid-20s or higher, and the PlayStation®4 reaching at least the mid-teens and hopefully higher as that platform attracts more multi-player gamers. So the attach rate color I just provided is intended to give you a sense of what we are seeing so far, albeit very early in the transition cycle.

Finally, as I've mentioned before, we pay close attention to our market share as an indication of how well we are performing in whatever underlying overall market conditions exist. We are very pleased that in the first half of the year our console gaming headset revenue share has grown in every major market, including in the U.S., U.K., and key international markets, when compared to the same period in 2013.

Turning now to some of our other growth initiatives, beginning with PC gaming. We have recently taken several important steps to expand our share of this large, underpenetrated market. At E3, we unveiled Star Wars and Blizzard Heroes of the Storm PC gaming headsets which will help raise our brand visibility among PC gamers and provide additional SKUs to our retailers starting in the Q4 holiday sales window.

Heroes of the Storm -- a new Blizzard title that draws characters from their highly successful Warcraft®, Diablo®, and StarCraft® franchises --is expected to be the largest PC game launch of the year. As an added incentive to purchase to consumers, anyone who purchases our Heroes of the Storm headset prior to the game launch will be enrolled in the closed Beta of the game.

The Star Wars headset aligns us with an incredible entertainment franchise that is popular worldwide, and is entering a new period of film, television and video game publishing activity. We are excited about both headsets and about the opportunity for us to work with these great brands.

At E3, we also introduced the Recon 320 headset, which is a Dolby Surround Sound headset for PC. Together, the three new headsets expand and improve our PC product portfolio going into the holidays.

This week at the Gamescom trade show in Germany, we are introducing a range of PC gaming keyboards, mice, and gaming mouse pads in a licensing partnership involving our long-time distribution partner NGS. NGS will manufacture the accessories and distribute under the Turtle Beach brand, at Turtle Beach quality levels, for which Turtle Beach will receive a licensing fee.

These new PC accessories will help us expand distribution of our PC gaming headsets by offering a more robust PC product portfolio to retailers. This was a key part of our PC share gain strategy.

In the United States, our PC revenue for the first six months of 2014 is up 62 percent year-over-year. Combined with this kind of momentum, I am confident that the launch of our new PC headsets and accessories will enable us to grow our share of the PC market globally.

Now to China, a market that could easily present the largest growth opportunity in the world for our gaming headset business over the next few years. China has an estimated 500 million people playing games annually, and the growth of active players in China increased at a compound annual growth rate of 56 percent from 2008 to 2013. We expect China to be an important market for our PC headsets and we anticipate launching many of our new PC headsets into the market over the next six months.

Game play in China has been dominated by mobile and online PC gaming due to a government ban on consoles. In January of this year, the Chinese government changed the policy and lifted the ban. Microsoft followed quickly and announced their intent to introduce the Xbox One to China in September 2014.

We believe this development significantly increases our longer-term prospects in China, and we have taken a number of steps to quickly capitalize on this rapidly evolving opportunity. We are in discussions with many of our existing partners about coordinated China launch activity leveraging our strong Xbox One portfolio. We have also signed an agreement to begin marketing our console headsets alongside the Xbox launch and are in process on securing additional partnerships for expanded distribution. In the next 30 days we anticipate incorporating our China-based business in Shanghai and introducing a localized version of the Turtle Beach brand. We've very excited about the developments in China and the opportunities they present over the next few years.

I'd like to turn now to HyperSound, our disruptive directed audio technology. We made further progress in the commercial segment – sales of HyperSound to businesses for retail merchandising - , as we continued to test, learn and refine our sales strategy during the second quarter. We are working to close some high-profile, large-footprint U.S. installations of HyperSound -- including a top national retailer, a

premier video game franchise, and a large consumer electronics brand – which will contribute to revenue but, more importantly, will raise the visibility of HyperSound as a valuable commercial retail marketing solution.

At the same time, our teams have been working to develop HyperSound 2.0 featuring a new emitter design that delivers better performance and audio clarity than the original version and can be manufactured more quickly and more cost effectively. I'm pleased to share that they completed this task on schedule and that this new technology will be introduced in 2015 with the launch of our HyperSound solution for the hard of hearing. The reductions in manufacturing costs across multiple components are significant. For example, we have reduced the cost of the film used in each emitter by over 80 percent. Note that the completion of the 2.0 HyperSound design was based on multiple additional innovations...in materials, in manufacturing techniques, and in digital signal processing. All of which we have filed patents on.

Our preparations for the launch of our hearing health product are also gaining momentum. We have recently renewed a collaboration with two leading audiologists who are laying the groundwork for broader engagement with the audiology and scientific communities. Keep in mind that the profound benefits of ultrasound based audio are relatively unknown in the audiology community. We have also added new talent to the team that brings us relevant healthcare experience. Expect more specifics on these items as we approach 2015.

Finally, our investments into HyperSound on research and long-term development front are also paying off. Our engineers have made additional technology breakthroughs that I am eager to share once they get closer to commercialization. I am very pleased with how the team has progressed both the underlying technology for HyperSound and our readiness to launch additional products in 2015. Of course, across all of our technology developments, we are aggressively filing patents to protect our innovations. At this point, we have 30 patents granted and another 60 patents pending.

On the strategic front, we officially changed our company name to Turtle Beach Corporation on May 27, to better align with the business post merger. We now feel our overall corporate identity including our name and our ticker symbol, H-E-A-R, reflects our strategy to improve customers' audio experience, so they can hear better when they're playing video games, listening to the music, or experiencing ultrasound based audio in commercial or consumer environments. As a demonstration of our confidence and commitment to the business, we recently agreed with our largest shareholders to extend the lock up agreement for over 72% of our shares by 8 ½ months to next April.

With that, I will turn it over to John for the financials.

John Hanson

Thank you, Juergen. Good afternoon, everyone and thanks for joining us today. In my presentation, I will be discussing combined Turtle Beach and Parametric results for the second quarter as well as the first six months of 2014 which we believe is the better barometer of our overall recent performance due to the timing of the Xbox One rollout. It is important to note that results for the year-ago periods represent Turtle Beach headset business on a standalone basis.

Net revenue totaled \$22.3 million compared to \$24.5 million in the second quarter of 2013. The decrease in revenue was driven primarily by the timing of approximately \$4 million in shipments of the Company's new Xbox One headsets, which moved into the first quarter of 2014 as discussed on our first quarter call. A large proportion of this shift occurred in international markets. For the first six months of 2014, revenue increased 12.1% to \$60.6 million, compared with \$54.0 million for the same period a year ago, driven by strong consumer response to the Company's Xbox One and Playstation 4 compatible headsets.

Gross profit in the second quarter was \$4.8 million, compared to \$6.3 million in the second quarter of 2013. Gross margin declined to 21.7% compared to 25.8% in the second quarter last year due to higher trade marketing and promotional credits and non-recurring costs associated with packing and shipping the Microsoft adapter in time for the Xbox One headset audio and Titanfall game launches. Excluding the non-recurring costs, gross margin would have been 24.2%. For the first six months of 2014, we achieved a gross margin improvement of 50 basis points to 28.2% compared with the same period a year ago driven by an increased penetration of higher margin headsets, partially offset by the aforementioned non-recurring costs associated with packaging and shipping the Microsoft adapter. Excluding the non-recurring costs, gross margin would have been approximately 32.6% for the first six months of 2014.

Operating expenses in Q2 totaled \$14.0 million, which was a 16% increase year-over year due primarily to HyperSound operating expenses of approximately \$2.0 million, higher non-cash expenses for depreciation & amortization and stock compensation of \$1.0 million, partially offset by lower business transaction expenses of \$1.2 million. In Q2 2014 the company was able to release \$.5 million in business transaction expense accruals as we finalized Parametric merger costs.

For the first six months of 2014, operating expenses totaled \$30.8 million compared to \$20.9 million in 2013. The increase was due primarily to HyperSound operating expenses of approximately \$4.0 million, higher business transaction expenses associated with the Parametric merger of \$3.0 million, and higher non-cash expenses for depreciation & amortization and stock compensation of \$1.8 million. Our operating expenses year-to-date are in-line with our expectations and consistent with our plans to invest in the commercialization of HyperSound.

Adjusted EBITDA in Q2 2014 was negative \$6.8 million for the combined business as compared to negative \$3.3 million in 2013. The headset business delivered negative adjusted EBITDA of \$4.8 million for the quarter, which compares to \$3.3 million of negative Adjusted EBITDA in 2013. The decline was primarily due to higher trade marketing and promotional credits and non-recurring Microsoft adapter packing and shipping costs. The company invested approximately \$2.0 million in HyperSound for the quarter as compared to zero in 2013.

For the first six months of 2014, Adjusted EBITDA on a consolidated basis totaled a negative \$4.0 million, which compares to a negative \$1.3 million in 2013. Year to date, the headset business has delivered a positive Adjusted EBITDA of \$.2 million as compared to a negative Adjusted EBITDA of \$1.3M in 2013. Excluding the non-recurring Microsoft adapter expenses of approximately \$2.8 million the headset business substantially improved Adjusted EBITDA year over year. The company has invested approximately \$4.0 million in HyperSound on a year to date basis consistent with our plans

Please note that we have provided a reconciliation of GAAP reported results to adjusted EBITDA in the accompanying tables at the end of the press release we issued today.

Now, turning to the balance sheet as of June 30, 2014. Cash and cash equivalents totaled \$9.0 million compared to \$5.5 million as of March 31, 2014. Outstanding debt was \$40.8 million, which consisted of \$19.2 million drawn down from our revolver, \$7.3 million of subordinated notes and \$14.3 million in Series B Preferred Stock. This compared to debt of \$60.7 million as of March 31, 2014. Total inventory as of June 30, 2014 was \$37.5 million, a decrease of 13.8% as compared to the same period in 2013. There were approximately 41.9 total shares issued and outstanding on June 30, 2014.

Moving on, accounts receivable decreased \$1.5 million to \$15.2 million at June 30, 2014, due to lower sequential revenue and strong cash collections in the quarter], consistent with historical trends. Total inventory decreased \$6.0 million to \$37.5 million at June 30, 2014, due to [Xbox One product sales and proactive inventory management initiatives. We continue to be pleased with the progress we are making to reduce our inventory investment, which continues to be a priority for the Company.

Now, turning to our full year outlook. We are maintaining our previous forecasts which call for headset revenues to be in the range of \$210 million to \$230 million, and revenues from HyperSound in the range of \$1 million to \$4 million. Total Company gross margins for 2014 are expected to be in the 30% range.

Full-year adjusted EBITDA for headsets is expected to be in the range of \$30 million to \$35 million. The Company remains committed to investing approximately \$10 million in HyperSound in 2014 in order to capitalize on the broad array of expected future opportunities for this technology. Total company adjusted EBITDA for 2014, therefore, is expected to be in the range of \$20 million to \$25 million.

And now I'd like to pass the call back over to Juergen for some closing remarks.

Juergen Stark

Thanks, John. I am encouraged by our first half performance and pleased with how our entire team continues to execute on our operational and strategic objectives to capitalize on the introduction of the new gaming consoles and develop and commercialize our HyperSound technology. We continued our leadership in the gaming headset industry with our first-to-market compatible products and successfully announced an expanded offering of Xbox One and PlayStation 4 compatible products with differentiated features at E3 in June. For this coming holiday, we'll have the largest assortment of next generation compatible headsets available combined with the best looking real estate at retail thanks to our 16,000 in-store kiosks and enhanced merchandising and point of sale materials. And of course, we continued to invest in research, product development and sales of HyperSound products to drive long term growth in areas outside of console headsets. I'd like to end by thanking our great team of dedicated colleagues globally who help make our vision become a reality.

With that, we will now take your questions.

Forward-Looking Statements

These remarks include forward-looking information and statements within the meaning of the federal securities laws. Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events. Forward looking statements are based on management's statements containing the words "may", "could", "would", "should", "believe", "expect", "anticipate", "plan", "estimate", "target", "project", "intend" and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Forward-looking statements are based on management's current belief, as well as assumptions made by, and information currently available to, management.

While the Company believes that its expectations are based upon reasonable assumptions, there can be no assurances that its goals and strategy will be realized. Numerous factors, including risks and uncertainties, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. Some of these factors include, but are not limited to, the substantial uncertainties inherent in acceptance of existing and future products, the difficulty of commercializing and protecting new technology, the impact of competitive products and pricing, general business and economic conditions, risks associated with the expansion of our business including the implementation of any businesses we acquire, our indebtedness, and other factors discussed in our public filings, including the risk factors included in the Company's Prospectus Supplement filed with the SEC on April 24, 2014, the Company's Proxy Statement on Schedule 14A filed in connection with our recent merger and the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, the Company any is under no obligation to publicly update or revise any forward-looking statement after the date of this release whether as a result of new information, future developments or otherwise.

Key Performance Indicators and Non-GAAP Measures

Management routinely reviews key performance indicators including revenue, operating income and margins, earnings per share, among others. In addition, we consider other certain measures to be useful to management and investors evaluating our operating performance for the periods presented, and believe these additional measures provide a tool for evaluating our ongoing operations, liquidity and management of assets. These metrics, however, are not measures of financial performance under accounting principles generally accepted in the United States of America ("GAAP") and should not be considered a substitute for net income (loss) or other consolidated income statement data as determined in accordance with GAAP. These other measures may not be comparable to similarly titled measures employed by other companies. We consider the following non-GAAP measure, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators:

Adjusted EBITDA

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

Adjusted EBITDA has limitations as an analytical tool, and when assessing our operating performance, it should not consider Adjusted EBITDA in isolation or as a substitute for net income (loss) or other consolidated income statement data. Some of these limitations include, but are not limited to:

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