IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
GSE ENVIRONMENTAL, INC., *et al.*,[1]	)	Case No. 14-11126 (___)
Debtors.	)	(Joint Administration Requested)

DECLARATION OF DEAN SWICK IN SUPPORT OF FIRST DAY MOTIONS

I, Dean Swick, hereby declare under penalty of perjury:

1. I am the Vice President, Finance of the above-captioned debtors and debtors in possession (collectively, the "Debtors," and together with their non-Debtor affiliates, the "Company"). I have served the Debtors as Vice President, Finance since January 10, 2014. I am generally familiar with the Debtors' day-to-day operations, business and financial affairs, and books and records. I am above 18 years of age and I am competent to testify.

2. I am authorized to submit this Declaration on behalf of the Debtors. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors' operations and finances, information learned from my review of relevant documents, and information I have received from other members of the Debtors' management or the Debtors' advisors. If I were called upon to testify, I could and would testify competently to the facts set forth herein on that basis.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: GSE Environmental, Inc. (1074); GSE Environmental, LLC (1539); GSE Holding, Inc. (9069); and SynTec, LLC (2133). The location of the Debtors' service address is: 19103 Gundle Road, Houston, Texas 77073.

Preliminary Statement

3. The Company is a leading provider of highly engineered geosynthetic containment solutions for environmental protection and confinement applications. The Company owns eight manufacturing facilities across five continents and is headquartered in Houston, Texas. As of the Petition Date, the Company had approximately 625 employees worldwide.

4. Continued effects of the European recession, increasingly aggressive pricing by competitors globally, a downturn in the global mining industry, an almost 33 percent capacity increase by domestic competitors, and escalated operational expenditures and employee spending under prior management have put a strain on the Debtors' financial condition. For example, revenue and adjusted EBITDA declined from $477 million and $46 million, respectively, in 2012 to $418 million and $16 million in 2013. At the same time, the Company invested over $40 million in scheduled growth capital expenditures. Specifically, the Company added additional manufacturing lines at four of their facilities and constructed a new Chinese manufacturing facility. While the Company believes these capital improvements should ultimately improve their industry-leading position, this combination of an unanticipated downturn in financial performance coupled with the Company's large investments in its infrastructure led to a decrease in the Company's operating cash flows from $42 million in 2012 to $17 million in 2013. Consequently, the Company became excessively leveraged.

5. The Company's current management has taken a series of operational and financial measures to respond to the challenging market conditions facing the Company and to capitalize on the Company's significant operational enhancements, including retaining a new Chief Executive Officer in July 2013. The Company anticipates significant growth opportunities in its industry, which it expects will grow approximately 9.4 percent annually through 2022.

Moreover, the Company believes its recent investments will position it to realize growth and improve profitability. Nevertheless, given the severity of the Debtors' current cash flow situation, the Debtors are suffering from the effects of excess leverage and have been unable to maintain profitability through business improvements, cost-cutting, and self-help measures alone.

6. Additionally, in September 2013, the Debtors embarked on a process to raise additional junior capital and/or refinance their existing senior secured debt with the assistance of Moelis & Company LLC ("Moelis"). During this process, the Debtors contacted over 70 potential capital parties. The Debtors entered into non-disclosure agreements with 50 interested parties, seven of which submitted term sheets or proposals. However, such efforts were ultimately unsuccessful.

7. Despite their best efforts, the Debtors can no longer afford to maintain their current capital structure. As of the Petition Date,[2] the Debtors had approximately $193.1 million in principal amount of funded debt, including approximately $18 million of Super Priority Credit Facility (as defined herein) obligations, approximately $173.4 million of First Lien Credit Facility (as defined herein) obligations, and approximately $1.7 million of capital lease obligations. The Company's consolidated adjusted EBITDA for the 12 months ending March 31, 2014 was approximately $14.3 million; measured against total consolidated indebtedness of approximately $224.0 million, the Debtors are nearly 16 times.

8. Earlier this year, the Debtors' high leverage ratio put them at risk of triggering a default under the First Lien Credit Agreement. Moreover, at that time the Debtors' liquidity

[2] Many of the financial figures presented in this Declaration are unaudited and potentially subject to change, but reflect the Company's most recent review of its businesses. The Company reserves all rights to revise and supplement the figures presented herein.

position left them unable to appropriately fund the seasonal working capital needs of their businesses. On January 10, 2014, following negotiations with their first lien lenders, the Debtors entered into a waiver agreement regarding potential leverage and interest coverage ratio defaults. In addition, certain of the first lien lenders agreed to provide the Debtors with additional funds pursuant to the $15 million Super Priority Credit Facility to ensure the Debtors were properly capitalized to continue to operate in the ordinary course. As part of the agreement, the Debtors agreed to commence a sale process.

9. With the assistance of Moelis and the Debtors' other advisors, the Debtors contacted approximately 120 prospective buyers. Fifty of those parties executed non-disclosure agreements, and nine of those parties submitted non-binding indications of interest. After several rounds of due diligence inquiries and management presentations, the Debtors ultimately received four non-binding letters of intent. The Debtors engaged in extensive negotiations with the four interested parties, ultimately yielding a range of bids which provided insufficient value to repay the Company's current and projected funded indebtedness. Indeed, Moelis determined that the high side of the bid range would have resulted in a recovery to first lien holders of less than 70 percent of their claims.

10. Nevertheless, the Debtors continued to engage in negotiations with the interested parties, hoping to capitalize on competitive bidding dynamics. To that end, the Debtors executed a letter of intent with one of the potential buyers and facilitated a robust due diligence process pursuant to which additional site visits were scheduled, interviews were scheduled with Company personnel, and the Debtors agreed to limited expense reimbursement. At the conclusion of this process, however, the Debtors, in consultation with their advisors, determined that a sale process would not maximize stakeholder recoveries.

11. Simultaneously with the sale process, the Debtors engaged in negotiations with an ad hoc group of first lien lenders regarding a potential debt-for-equity chapter 11 restructuring that would substantially deleverage the Debtors' balance sheets and provide a meaningful recovery for unsecured creditors. After considerable arm's-length negotiations, the Debtors and all lenders holding first lien claims—namely, Littlejohn Opportunities Master Fund LP, Tennenbaum Opportunities Partners V, LP, and Strategic Value Partners, LLC (the "First Lien Lenders")—reached an agreement, which was memorialized in a restructuring support agreement (attached hereto as **Exhibit A**, the "RSA"). Pursuant to the RSA, the Debtors and the First Lien Lenders have committed to seek to restructure the Debtors' balance sheets pursuant to a prearranged chapter 11 plan (the "Plan"). The Debtors commenced these chapter 11 cases in connection therewith. Notably, the RSA contemplates that only the Company's North American entities commence these chapter 11 cases, and the Plan does not effect a recapitalization of the Debtors' international affiliates or their debt. The Debtors intend to emerge from chapter 11 pursuant to the Plan within three to four months following the Petition Date.

12. The Plan generally provides for the following treatment of claims and interests:

- administrative expense claims (including debtor-in-possession financing claims) and prepetition priority claims (including tax claims) will be paid in full upon emergence (or, in the case of priority tax claims, treated in accordance with section 1129(a)(9)(C));
- claims arising under the First Lien Credit Agreement will receive their pro rata share of 100% of the equity of reorganized GSE Holding, Inc.;
- other secured claims will be treated in such a manner that they are unimpaired;
- holders of trade vendor claims that agree in writing to return to market trade terms and provide such terms for at least a year following these chapter 11 cases will receive payment in full on account of their trade claims to the extent not previously satisfied;
- other holders of general unsecured claims against each of the Debtors will receive their pro rata share of $1.0 million in cash; and

- existing equity interests in GSE Holding, Inc. will be cancelled without any distribution to the holders of such interests.

13. Claims arising under the Super Priority Credit Agreement will not be treated under the Plan. Instead, those claims will be satisfied pursuant to the proposed DIP financing.

14. Importantly, the RSA does not restrict the Debtors' ability to solicit potential alternative restructuring transactions and consider any such proposals from third parties. In addition, the RSA expressly reserves the Debtors' ability to take any action in accordance with their fiduciary duties.

15. To familiarize the Court with the Debtors and the relief the Debtors seek on the first day of these chapter 11 cases, this Declaration is organized in three sections. The first section provides background information with respect to the Debtors' businesses and corporate history, as well as their prepetition capital structure. The second section describes the circumstances surrounding the commencement of these chapter 11 cases. The last section sets forth the relevant facts in support of each of the pleadings filed in connection with these chapter 11 cases (collectively, the "First Day Motions").

General Background

I. The Company's Businesses

16. As discussed above, the Company is a leading global provider of highly engineered geosynthetic containment solutions for environmental protection and confinement applications. The majority of the Company's products serve as barriers that prevent the transmission of undesirable fluids and solids that could contaminate ground water or otherwise pollute the environment, and the Company's products are utilized across a broad spectrum of end markets, including: (a) waste management; (b) mining; (c) liquid containment; (d) coal ash containment; and (e) oil and gas. The Company's containment solutions prevent common

environmental problems associated with these end markets through a wide range of geosynthetic products.

17. The Company's lining solutions are manufactured primarily from polyethylene resins (a type of plastic) and proprietary additives. Because the Company's products play a mission-critical role in the safe containment of materials and groundwater protection across a wide range of applications, the Company's products must meet a broad array of exacting quality standards, including with respect to impermeability, structural integrity, resistance to weathering and ultraviolet degradation, and usefulness after extended chemical exposure.

18. Given its broad geographic presence and diversified product line, the Company is as one of only a few geosynthetic lining solution manufacturers capable of meeting the specific performance and regulatory standards required to supply large, complex projects on a global basis. Moreover, the Company is the technological leader in its industry, and its global network of engineers often collaborate with international standards organizations to develop regional specifications and standards for existing and new product applications.

19. Not surprisingly, the demand for geosynthetics is heavily influenced by environmental regulations. As such, the Company's collaboration with these international standards organizations helps to ensure that newly promulgated environmental regulations are geared around the specifications of the Company's product line. Consequently, the Company is well-positioned to capture new opportunities from the implementation and enforcement of more stringent environmental regulations driven by increasing environmental awareness globally, especially in emerging markets.

A. End Markets and Applications

20. The Company focuses primarily on providing containment products for global waste management, mining, liquid containment, coal ash containment, and oil and gas end markets. As set forth in more detail below, the Company's products are used in a variety of material containment and environmental protection applications by end-users in these industries, including some of the largest mining, waste management, power, and other civil and industrial infrastructure companies in the world.

Illustrative Application Sites

1. Waste Management

21. Geosynthetics are used in the construction of landfill liner systems for solid waste containment to prevent landfill runoff from entering the surrounding soil and groundwater. These geosynthetic liners are also used as caps to prevent the escape of greenhouse gases, control

odors, and limit rainwater infiltration of landfills. Sales to waste management end market users accounted for approximately 35 percent of the Company's 2013 revenue.

2. Mining

22. Geosynthetics are used in the heap leach mining process, which involves pouring acid leachate over mined ore to separate the targeted metals and minerals from the ore. Geosynthetic liners also provide protection in other mining processes which result in water that is contaminated with materials left over from separating the valuable fraction from the uneconomic fraction of an ore, also known as "water-borne tailings." In the heap leach extraction process, geosynthetic systems prevent the leakage of the leachate into which metals are dissolved, protect the ground and soil from contamination, and provide drainage solutions. In other mining processes, geosynthetics are used as containment solutions for the tailing ponds in which water-borne tailings are stored in order to allow the separation of solid particles from water. This end market is driven by the demand for metals such as copper, gold, and lithium, and minerals such as phosphate, as well as by the need for new mining infrastructure to satisfy that demand. Sales to mining end market users accounted for approximately 25 percent of the Company's 2013 revenue.

3. Liquid Containment

23. Geosynthetic products are used to prevent water leakage in a wide variety of civil engineering and water infrastructure applications, such as water treatment facilities, reservoirs, canals, and dams. In addition to preventing water leakage, geosynthetics are also used in agriculture and aquaculture applications—such as irrigation waterways and fish farming ponds—to reinforce structural integrity, as well as to protect against soil erosion and weed growth. Sales to liquid containment end market users accounted for approximately 17 percent of the Company's 2013 revenue.

4. Coal Ash Containment

24. The Company's geosynthetic products are used in connection with coal-burning power plants to prevent the runoff of coal ash—a byproduct thereof—which can contaminate soil and groundwater. These lining solutions also are used by electric utilities and other non-utility, industrial coal burning sites. Recent events such as the 2008 coal ash spill at the Tennessee Valley Authority's coal-burning power plant in Kingston, Tennessee have highlighted the importance of liners in this end market.

Tennessee Valley Spill

25. The Tennessee Valley Authority had no lining solutions at the site, but the Debtors estimate that approximately $1.5 million of geosynthetic liner would have prevented the release of approximately 5.4 million cubic yards of coal ash whose clean-up costs were in excess of $1.2 billion. Sales to coal ash containment end market users accounted for approximately 5 percent of the Company's 2013 revenue.

5. Oil and Gas

26. The Company's products are used in a number of applications in the drilling and production of oil and gas, including the fracking industry. Geosynthetics are used to line storage and disposal ponds holding freshwater required for hydraulic fracking, fracking chemicals, and flowback water, by-products containing high levels of the salt, down-well chemicals, and metals

used in the fracking process, brine ponds, and mud pits. Sales to oil and gas end market users accounted for approximately 7 percent of the Company's 2013 revenue.

B. Products

27. The Company's primary product lines include geomembranes, drainage products, geosynthetic clay liners, nonwoven geotextiles, and specialty products. The Company's products can be used on stand-alone bases or packaged together multifaceted, custom solutions designed to meet unique containment requirements of the Company's customers.

1. Geomembranes

28. Geomembranes are geosynthetic lining materials which are used as barriers for both fluids and solids in the waste management, mining, and liquid containment markets. Geomembranes are manufactured from polyethylene and polypropylene resins with additives designed to resist weathering, ultraviolet degradation, and chemical exposure for extended periods of time. The Company is by far the largest global provider of geomembrane solutions, with a market share of nearly 25 percent. Sales for geomembranes accounted for approximately 75 percent of the Company's 2013 revenue.

2. Drainage Products

29. The Company's drainage products include geonets and geocomposites, which are products designed to complement or replace sand, stone, and gravel in applications such as erosion control, foundation wall damage, and pavement drainage. These products are typically installed along with geomembranes in a liner system to keep liquids from accumulating on the liners. The Company's drainage solutions also include geogrids, another form of geosythetics used in the mining, transportation, waste management, and oil and gas markets to improve the structural integrity of soils, slopes, and walls. Sales for drainage products accounted for approximately 10 percent of the Company's 2013 revenue.

Illustrative Geogrid

3. Geosynthetic Clay Liners

30. Geosynthetic clay liners are typically installed as the bottom layer of a liner system and are used in the Company's waste management, liquid containment, and coal ash end markets. The Company combines geosynthetics with sodium bentonite clay to form a highly impermeable barrier that can replace thick layers of expensive compacted clay. Sales for geosynthetic clay liners accounted for approximately 8 percent of the Company's 2013 revenue.

4. Nonwoven Geotextiles

31. Nonwoven geotextiles are synthetic, staple fiber, nonwoven needle-punched fabrics used in environmental and other industrial applications that include filtration, soil stabilization, separation, drainage, and gas transmission, cushion, and liner protection applications. The Company's customers often include these products as protective layers underneath geomembrane liners, shielding such geomembrane liners from rocks or other protrusions. The Company also uses nonwoven geotextiles for the construction of roadways, although they are primarily used internally to manufacture drainage products and geosynthetic clay liners. Sales for nonwoven geotextiles accounted for approximately 2 percent of the Company's 2013 revenue.

5. Specialty Products

32. In addition to its main product lines, the Company also manufactures products tailored and custom-made to meet unique customer needs. For example, the Company produces tanks, pipe boots, corners, sumps, and other ancillary parts that are fit to the Company's liners in order to reduce installation time. The Company also offers vertical barrier systems that block the lateral migration of subsurface fluids and studded geomembranes which protect against corrosion and deterioration of concrete structures, including tanks, pipes, and drainage channels. The Company offers its specialty products in a wide range of markets, including environmental, aquaculture, and civil applications. Sales for specialty and other products accounted for approximately 6 percent of the Company's 2013 revenue.

C. Raw Materials and Supply Chain Management

33. The Company's principal products are manufactured primarily from specially formulated high grade polyethylene resins with chemical additives. These resin-based materials, derived from crude petroleum and natural gas, represent approximately 80 percent of the Company's cost of goods sold. Because raw materials account for such a large part of the Company's expenditures, the Company has taken steps in recent years to reduce the risk of volatility in resin costs to its profitability. Where possible, the Company maintains at least two suppliers for most of their raw materials at each manufacturing location in order to protect against potential supply shortages and to avoid reliance on a single supplier. Internally, the Company has taken several steps to improve its ability to forecast resin pricing and price its bids for resins accordingly. These steps include retaining a highly experienced polyethylene pricing expert, as well as improving bid approval procedures and creating a sales managers' commission program that is tied to the Company's gross profit.

34. In general, the Company's raw material orders are flexible and do not contain minimum purchase volumes or fixed prices. Only about ten percent of the Company's sales relate to long-term contracts, which are tied to published resin price indexes. The remaining 90 percent of sales relate to contracts that contain re-pricing provisions after 30 days at the Company's option. The Company passes fluctuations in the cost of raw materials through to its clients, but, as described above, proactively manages the cost of resin purchases to both limit the need to re-price projects already under contract and better manage customer relationships.

D. Customers

35. The Company maintains a strongly diversified customer base, with approximately 1,300 customers worldwide. The Company's engineering and technical sales personnel primarily target national or regional waste management companies, independent installers of geosynthetic liners, and mining, power, and industrial companies. In 2013, the Company's top ten customers represented approximately 21 percent of its total sales, and no single customer represented more than ten percent of the Company's total sales. Additionally, the Company's customer base is geographically diverse, with the Company selling its products in approximately 100 countries. This diverse customer base across a range of end markets and geographies helps support a stable demand for the Company's products; indeed, in its highly competitive industry, the Company is the only industry participant with both (a) the ability to supply its customers with complete geosynthetic lining solutions and (b) the geographic reach to effectively serve a global market and respond to demand internationally.

E. Competition

36. The Company maintains leading positions in its various markets due to the superior performance and quality of its lining systems combined with competitive pricing. The Company is one of the few businesses to offer multiple types of geosynthetic products. With

sales of approximately $419 million in 2013, the Company controls nearly 25 percent of the geomembrane market share, while the remaining landscape is fragmented with small- and medium-sized companies that offer only one or a few product types or lack global reach. The Company leverages its global presence by centralizing purchasing to ensure raw materials are purchased at the most economical prices, thereby taking advantage of economies of scale to which smaller competitors do not have access.

F. Employees

37. The Company employs approximately 625 employees worldwide, with the Debtors employing approximately 240 employees on a full-time basis. Approximately 140 of the Debtors' full time employees are paid on an hourly basis and approximately 100 receive a salary. The Debtors' workforce also includes approximately 15 individuals who are currently working part-time or are employed through temporary staffing agencies. The Debtors' highly-skilled employees occupy a variety of positions, including manufacturing, engineering, and sales. None of the Debtors' workers are subject to a collective bargaining agreement.

G. Working Capital

38. Because a significant amount of the Company's customers have projects in the northern hemisphere, a majority of the Company's products are delivered during the summer and fall of each year, when weather is milder. As a result, the Company's sales in the first and fourth quarters of each calendar year have historically been lower than sales in the second and third quarters. The impact of this seasonality is partially offset by the Company's mining and liquid containment end markets, which are primarily located in the southern hemisphere. As the Company's mining end market becomes a greater source of sales, the Company expects seasonality to be further mitigated.

H. Intellectual Property

39. The Company owns and controls a number of trade secrets, trademarks, patents, and other intellectual property rights that, in the aggregate, are important to the Company's businesses. The Company's intellectual property portfolio protects the Company's trademark, logo, and certain key components of their products. The Company's superior products and associated intellectual property portfolio provide the primary means by which the Company maintains its competitive advantage.

II. The Company's Corporate History and Organizational Structure

40. In 1981, the Company was founded under the name Gundle Corporation, the first company to utilize high-density polyethylene products in environmental protection barrier and lining systems. For the next five years, the Company's business rapidly expanded. By 1986, with business continuing to grow, the Company completed an initial public offering and was listed on the New York Stock Exchange. Over the next two decades, the Company continued to develop new lining products, added manufacturing capabilities, and expanded its distribution network. As part of this growth process, Gundle Corporation merged with SLT Environmental, Inc. in 1995 to create GSE Lining Technology, Inc., and in 2002, GSE Lining Technology, Inc. acquired Serrot International, Inc., which significantly improved the Company's global scale and established the Company as a global leader in geosynthetic containment solutions.

41. In May 2004, GSE Holding, Inc.'s principal stockholder, CHS Capital LLC, acquired a majority ownership interest in GSE Holding, Inc. and took the Company private as part of its acquisition. Subsequent to this acquisition, the Company continued to diversify its end market and geographic exposure. For example, in 2005, the Company acquired SL Limitada, which improved its penetration of the South American and mining markets. Further, the Company saw opportunities to streamline its business from within, and in 2009 and 2010, the

Company consolidated manufacturing capacities in North American and the United Kingdom, optimized its supply chain, and focused on product innovation.

42. On February 15, 2012, GSE Holding, Inc. completed another initial public offering. The Company used the proceeds from this offering to repay portions of its outstanding debt and to fund working capital and other general corporate purposes. Subsequently, the Company continued to expand its business and, in 2013, acquired the equity interests of SynTec, LLC, which gave the Company access to the civil engineering market, brought geogrid applications to existing end markets, and gave the Company exclusive access to certain patents which will increase the depth of the Company's product offerings. Most recently, the Company expanded its world-wide presence in 2014 by opening a new manufacturing plant in Suzhou, China, which is well-positioned in a key emerging market. The Company's corporate organization is depicted on the chart attached hereto as **Exhibit B**.

III. The Debtors' Prepetition Capital Structure

43. As of March 31, 2014, the Company reported approximately $269.5 million in total assets and approximately $261.9 million in total liabilities. As described in greater detail below, as of the Petition Date, the principal amount of the Debtors' consolidated funded debt obligations totaled approximately $193.1 million and comprised: (a) $18 million of obligations under the Super Priority Credit Facility; (b) $173.4 million of obligations under the First Lien Credit Facility; and (c) $1.7 million of obligations under certain capital leases (collectively, the "Prepetition Debt Obligations"). As set forth on **Exhibit B**, approximately 54 percent of the equity interests in GSE Holding, Inc. are held by CHS Capital LLC and its affiliates, with the remainder owned by certain current and former directors and officers and other public shareholders. The Prepetition Debt Obligations are described in greater detail herein.

A. The Super Priority Agreement

44. GSE Environmental, Inc. is the borrower under that certain First Lien Revolving Credit Agreement, dated as of January 10, 2014 (as amended from time to time and with all supplements and exhibits thereto, the "Super Priority Credit Agreement"), by and between the Debtors, Cantor Fitzgerald Securities, as successor administrative and collateral agent, and the lenders party thereto. The Super Priority Credit Agreement provides the Debtors with a revolving credit facility, subject to the terms and conditions set forth therein (the "Super Priority Credit Facility"), which was intended to provide the Debtors liquidity to support their operations while simultaneously pursuing a sale process, as described in greater detail below. Thus, the Super Priority Credit Agreement contains certain milestones that required (a) the Debtors to distribute an information memorandum to prospective buyers by January 17, 2014, and (b) interested bidders to submit letters of intent by February 21, 2014, and further require the Debtors to consummate a sale by April 30, 2014. The Super Priority Credit Facility matures on April 30, 2014, subject to certain extensions allowed by its terms.

45. The Super Priority Credit Agreement was amended four times between January 16 and April 11, 2014, to change certain of the Debtors' reporting requirements, clarify the scope and terms of potential employee compensation plans, remove a minimum liquidity requirement, and extend the deadline by which the Debtors have to complete the sale process until April 30, 2014. On April 17, 2014, the Debtors amended the Super Priority Credit Agreement to increase the amount available under the Super Priority Credit Facility to $18 million.

46. Obligations arising under the Super Priority Credit Facility are guaranteed on a super priority senior secured basis by each of the Debtors. The obligations arising under the Super Priority Credit Facility are also secured by liens on substantially all of the Debtors' assets,

subject to certain exceptions, as well as the pledged stock of the Debtors and non-Debtor affiliates GSE International, Inc. and GSE Lining Technology Chile S.A.[3]

B. The First Lien Credit Agreement

47. GSE Environmental, Inc. is the borrower under that certain First Lien Credit Agreement, dated as of May 27, 2011 (as amended from time to time and with all supplements and exhibits thereto, the "First Lien Credit Agreement"), by and between Debtors, Cantor Fitzgerald Securities, as successor administrative and collateral agent, and the lenders party thereto. The First Lien Credit Agreement provides the Debtors with a term loan (the "Term Loan") and a revolving credit facility (the "Revolver" and together with the Term Loan, the "First Lien Credit Facility") subject to the terms and conditions set forth therein. The Debtors use approximately $2 million of the Revolver in the form of letters of credit. Obligations arising under the First Lien Credit Facility are guaranteed on a senior secured basis by each of the Debtors. The obligations arising under the First Lien Credit Facility are also secured by liens on substantially all of the Debtors' assets, subject to certain exceptions, as well as the pledged stock of the Debtors and non-Debtor affiliates GSE International, Inc. and GSE Lining Technology Chile S.A.[4]

48. I understand that in October 2011, the Debtors amended the First Lien Credit Agreement to increase the amount available under the Revolver from $25 million to $35 million. In December 2011, in anticipation of the GSE Holding, Inc.'s 2012 public offering, the Debtors

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[3] GSE Environmental, Inc. owns 100 percent of non-Debtor GSE International, Inc.'s stock and 0.01 percent of non-Debtor GSE Lining Technology Chile S.A.'s stock. Only 65 percent of GSE Environmental, Inc.'s stock in non-Debtors GSE International, Inc. and GSE Lining Technology Chile S.A. is pledged in support of the Super Priority Credit Agreement.

[4] GSE Environmental, Inc. owns 100 percent of non-Debtor GSE International, Inc.'s stock and 0.01 percent of non-Debtor GSE Lining Technology Chile S.A.'s stock. Only 65 percent of GSE Environmental, Inc.'s stock in non-Debtors GSE International, Inc. and GSE Lining Technology Chile S.A. is pledged in support of the First Lien Credit Agreement.

amended the First Lien Credit Agreement definition of "Change of Control" to reduce Code Hennessy & Simmons LLP's specified ownership percentage from 35 to 20 percent.

49. In April 2012, the Debtors further amended the First Lien Credit Agreement to increase the Term Loan from $135 million to $157 million. In September 2012, the Debtors amended the First Lien Credit Agreement to increase the covenant for capital expenditure limitations from $17.5 million to $21.7 million. And, in January 2013, the Debtors entered into a fifth amendment to the First Lien Credit Agreement to provide for more efficient capacity to move funds between foreign entities, as well as clarify and correct certain technical provisions contained therein.

50. On July 30, 2013, recognizing that they would not be able to comply with the First Lien Credit Agreement's financial covenants, the Debtors entered into a waiver and sixth amendment to the First Lien Credit Agreement (the "Sixth Amendment") to provide for the following terms and conditions, among others:

(a) the waiver of a default in respect to compliance with the maximum total leverage ratio, and modification of the agreement's total leverage ratios through March 31, 2014;

(b) increasing the margin on loans by 200 basis points; and

(c) reducing the Debtors' borrowing capacity under the Revolver from $35 million to approximately $21.5 million.

51. On January 10, 2014, contemporaneously with entering into the Super Priority Credit Agreement, the Debtors entered into a waiver and seventh amendment (the "Seventh Amendment") to the First Lien Credit Agreement. Pursuant to the Seventh Amendment, the lenders under the First Lien Credit Agreement agreed to waive certain loan covenants through March 30, 2014, in exchange for the Debtors' promise to (a) retain me as Vice

President, Finance and (b) conduct a sale process and use the proceeds to repay their indebtedness under the First Lien Credit Agreement.

52. On January 16, 2014, the Debtors amended the First Lien Credit Agreement to extend the date by which the Debtors had to furnish certain financial information related to the sale process to the administrative agent. On March 5, 2014, the Debtors amended the First Lien Credit Agreement to clarify the scope and terms of potential employee compensation plans. And, on March 14, 2014, the Debtors entered into a tenth amendment to the First Lien Credit Facility extending the deadline by which they had to complete the sale process until April 21, 2014. The sale deadline was further extended to April 30, 2014, pursuant to the eleventh amendment to the First Lien Credit Facility, which the Debtors entered into on April 17, 2014.

C. The Intercreditor Agreement

53. The Debtors and Cantor Fitzgerald Securities, as successor administrative agent under the First Lien Credit Agreement and Super Priority Credit Agreement, are parties to that certain Intercreditor Agreement, dated as of January 10, 2014 (as amended from time to time and with all supplements and exhibits thereto, the "Intercreditor Agreement"). The Intercreditor Agreement governs certain of the respective rights and interests of lenders under the First Lien Credit Agreement and Super Priority Credit Agreement relating to, among other things, their rights with respect to the exercise of remedies in connection with any Event of Default (as defined in the Intercreditor Agreement) and in the event of a bankruptcy filing, including related enforcement and turnover provisions.

D. The Debtors' Other Obligations

1. Capital Leases

54. During 2012, Debtor GSE Environmental, LLC entered into three equipment financing agreements. The first lease is with Susquehanna Commercial Finance, Inc. for equipment used to transport railcars and matures on April 19, 2015. As of April 30, 2014, there was approximately $63,000 outstanding under this lease arrangement at an implied interest rate of 8.72 percent. The second lease is with CapitalSource Bank for geosynthetic clay liner production equipment and matures on July 31, 2015. As of April 30, 2014, there was approximately $1.6 million outstanding under this lease arrangement at an implied interest rate of 7.09 percent. The third lease is with NMHG Financial Services for a truck and matures on May 5, 2016. As of April 30, 2014, there was approximately $19,000 outstanding under this lease arrangement at an implied interest rate of 5.42 percent. Each of the Debtors' capital leases are secured by a first lien on the financed equipment.

2. Other Secured Claims

55. In the ordinary course of business, the Debtors routinely transact business with a number of third-party contractors and vendors who may be able to assert liens against the Debtors and their property (such as equipment) if the Debtors fail to pay for the goods delivered or services rendered. These parties perform various services for the Debtors, including manufacturing and repairing equipment and component parts necessary for the Debtors' manufacturing facilities, as well as shipping the Debtors' products.

Events Leading to these Chapter 11 Cases

I. Economic Recession and Prepetition Investments

56. As described above, the ongoing European recession, the downturn in the global mining industry, increased competition domestically and internationally, and escalated

operational expenditures and employee spending under prior management have have put a strain on the Company's financial condition. Additionally, at the same time that revenue declined in recent years, the Company made significant investments in growth capital expenditures. While the Company expects that these investments will play an important role in their future success, this spending unfortunately coincided with an unanticipated downturn in the Company's financial performance.

57. The Company's current management has taken a series of operational and financial measures in an attempt to respond to challenging market conditions. These include attempting to broaden their supplier base and thereby increasing price competition, finding alternative sources of resins, and focusing on higher margin products. The Company's efforts to broaden and improve supplier support have been hampered by the deterioration in its businesses and the uncertain future regarding its recapitalization and sale process. The Company has also started implementing measures which are expected to result in $14 million in annual cost savings, including trimming professional fees and employee headcount. Nevertheless, given the severity of their current cash flow situation, the Company has been unable to maintain profitability through cost-cutting and self-help measures alone.

II. First Lien Credit Facility Amendments, the Super Priority Credit Agreement, and Sale Efforts

58. Upon recognizing that they would have trouble meeting their First Lien Credit Agreement financial covenants, the Debtors entered into the Sixth Amendment in July 2013. In addition to waiving any default caused by the Debtors' failure to be in compliance with their total leverage ratios as of June 30, 2013, and modifying the maximum total leverage ratios under the First Lien Credit Agreement, the Sixth Amendment required the Debtors to use their best efforts to raise $30 million of unsecured mezzanine debt or other subordinated capital on or

before October 31, 2013. In July 2013, the Debtors engaged Moelis to assist them with seeking to raise these funds, the first $20 million of which was to be applied to pay down the First Lien Credit Facility. Despite these efforts, the Debtors were unable to secure such financing as of the October 31, 2013, deadline. Beginning in September 2013, the Debtors also sought to secure a complete refinancing of their First Lien Credit Facility. To that end, the Debtors conducted a three-month financing process, which involved contacting 71 potential investors. Such efforts were ultimately unsuccessful.

59. In January 2014, in danger of failing to comply with certain covenants in the First Lien Credit Agreement, the Debtors entered into the Seventh Amendment and the Super Priority Credit Agreement. The First Lien Credit Agreement lenders required that the Debtors consummate a sale process by March 30, 2014—later extended to April 30, 2014—using the proceeds from any sale to repay their indebtedness.

60. As set forth above, with the assistance of Moelis, the Debtors contacted approximately 120 buyers in early January 2014. Of those prospective buyers, nine submitted indications of interest. After careful analysis and discussion with their advisors, the Debtors invited three of these prospective buyers to management presentations and granted them access to the Debtors' dataroom. After completing their initial due diligence, all three prospective buyers submitted letters of intent by February 21, 2014, the milestone set forth in the Seventh Amendment. Additionally, the Company received a letter of intent from one prospective buyer after February 21, 2014. The initial bids proposed in these letters were within a range which did not provide sufficient value to repay the Company's current and projected funded indebtedness. Although the Debtors pursued multiple prospective buyers in an effort to capitalize on bidding dynamics, the final range of bids was likewise insufficient. Indeed, Moelis determined that even

the highest final bid would have resulted in a recovery to first lien holders of less than 70 percent of their claims. The Company made every effort to attract high bids, including signing a letter of intent with a prospective buyer and sharing access to a dataroom of its operational and financial information, arranging site visits, scheduling meetings with Company personnel, and providing limited expense reimbursement. At the same time, in order to pursue all available options, the Debtors worked with their lenders on structuring alternative restructuring transactions.

III. The Restructuring Support Agreement

61. Simultaneously with the sale process, the Debtors entered into negotiations with the First Lien Lenders to identify alternative transaction structures if the sale process did not result in an acceptable offer. As it became clear that a sale process would not yield a bid that cleared the par value of the Debtors' prepetition funded debt, negotiations with the First Lien Lenders intensified.

62. After extensive arms-length negotiations, the Debtors, in consultation with their advisors, entered into the RSA. The RSA sets forth the parameters of a financial restructuring to be implemented pursuant to a plan of reorganization. Specifically, the RSA contemplates a quick emergence from chapter 11 with the following key terms:

- claims arising under the Super Priority Credit Facility will be refinanced through a DIP loan;
- administrative expense claims (including DIP financing claims) and prepetition priority claims (including tax claims) will be paid in full upon emergence (or, in the case of priority tax claims, treated in accordance with section 1129(a)(9)(C))
- holders of claims arising under the First Lien Credit Agreement will receive, subject to dilution by management equity and/or options, their pro rata share of 100% of the equity of reorganized GSE Holding, Inc., which shall be the top-tiered holding company of the Debtors as reorganized;
- other secured claims will be treated in such a manner that they are unimpaired;

- holders of trade vendor claims that agree in writing to provide payment terms no less advantageous than those terms provided as 12 months prior to the Petition Date for at least 12 months following the effective date of a plan of reorganization will receive payment on such terms on the later of the date the Debtors' plan of reorganization becomes effective and the dates upon which such claims become due in the ordinary course of business;

- other holders of general unsecured claims against each of the Debtors will receive their pro rata share of $1.0 million in cash, which amount was determined to be sufficient to pay general unsecured creditors 100 percent of their claims if the allowed amount of such claims is consistent with the Debtors' projections;

- holders of existing equity interests in GSE Holding, Inc. will receive no distribution and such interests will be canceled;

- the reorganized Debtors will enter into an exit facility sufficient to fund ongoing operations and obligations under the Plan; and

- the Debtors will confirm a plan of reorganization within 90 days of the Petition Date.

63. The RSA sets forth a clear pathway to emergence, and the Debtors believe the transaction embodied in the Plan will leave the reorganized enterprise substantially deleveraged and well-positioned to capitalize on the projected geosynthetic market growth in the years to come. Importantly, however, the RSA protects the Debtors' rights to continue to solicit and consider alternative restructuring constructs and preserves the Debtors' ability to take any actions in accordance with their fiduciary duties.

64. Because the transaction contemplated under the RSA is based on a consensual deal with the Debtors' key stakeholders and provides more value to creditors than would have been possible under a sale of the Debtors' businesses—including a potential full recovery to holders of trade claims—the Debtors anticipate confirming a plan of reorganization within a relatively short timeframe. The Debtors believe that the quick emergence contemplated under the RSA will enhance the Debtors' capital position and allow the Debtors to continue to focus on providing key environmental-barrier solutions to the market.

Relief Sought in the Debtors' First Day Motions

65. Contemporaneously herewith, the Debtors have filed a number of First Day Motions[5] in these chapter 11 cases seeking orders granting various forms of relief intended to stabilize the Debtors' business operations, facilitate the efficient administration of these chapter 11 cases, and expedite a swift and smooth restructuring of the Debtors' balance sheet. I believe that the relief requested in the First Day Motions is necessary to allow the Debtors to operate with minimal disruption during the pendency of these chapter 11 cases. A description of the relief requested and the facts supporting each of the First Day Motions is set forth below.

I. Administrative and Procedural Pleadings

A. Debtors' Motion for Entry of an Order Directing Joint Administration of Chapter 11 Cases ("Joint Administration Motion")

66. Pursuant to the Joint Administration Motion, the Debtors request entry of an order directing the joint administration of these cases, for procedural purposes only. The Debtors believe that many, if not most, of the motions, applications, and other pleadings filed in these chapter 11 cases will relate to relief sought jointly by all of the Debtors. For example, virtually all of the relief sought by the Debtors in the First Day Pleadings is sought on behalf of all of the Debtors. Joint administration of the Debtors' chapter 11 cases, for procedural purposes only, under a single docket entry, will also ease the administrative burdens on the Court by allowing the Debtors' cases to be administered as a single joint proceeding instead of four independent chapter 11 cases.

67. I believe that the relief requested in the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable

[5] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the respective First Day Motions.

the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be approved.

B. Debtors' Motion for Entry of an Order Authorizing the Debtors to File a Consolidated List of Creditors in Lieu of Submitting a Separate Mailing Matrix for Each Debtor ("Creditor Matrix Motion")

68. Pursuant to the Creditor Matrix Motion, the Debtors seek entry of an order authorizing the Debtors to file a consolidated list of creditors in lieu of submitting separate mailing matrices for each Debtor. The Debtors propose to retain Prime Clerk LLC as notice and claims agent in connection with the Debtors' chapter 11 cases to assist the Debtors in preparing creditor lists and mailing initial notices. With such assistance, the Debtors will be prepared to file a computer-readable, consolidated list of creditors upon request and will be capable of undertaking all necessary mailings. Indeed, because the Debtors have hundreds of creditors, converting the Debtors' computerized information to a format compatible with the matrix requirements would be an exceptionally burdensome task and would greatly increase the risk and recurrence of error with respect to information already intact on computer systems maintained by the Debtors or their agents.

69. I believe that consolidation of the Debtors' computer records into a creditor database and mailing notices to all applicable parties in such database will be sufficient to permit Prime Clerk LLC to promptly notice those parties. Maintaining electronic-format lists of creditors rather than preparing and filing separate matrices will maximize efficiency and accuracy and reduce costs. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Creditor Matrix Motion should be granted.

C. Debtors' Application for Appointment of Prime Clerk LLC as Claims and Noticing Agent ("Notice and Claims Agent Application")

70. Pursuant to the Notice and Claims Agent Application, the Debtors are seeking authority to retain Prime Clerk LLC as their Claims and Noticing Agent. The Debtors have evaluated several potential candidates to serve as their Claims and Noticing Agent. Following that review, and in consideration of the number of anticipated claimants and parties in interest, the nature of the Debtors' business, and the scope of tasks for which the Debtors will require the assistance of a Claims and Noticing Agent, the Debtors submit that the appointment of Prime Clerk as Claims and Noticing Agent is both necessary and in the best interests of the Debtors' estates.

71. Based on Prime Clerk's experience in providing similar services in large chapter 11 cases, the Debtors believe that Prime Clerk is eminently qualified to serve as Claims and Noticing Agent in these chapter 11 cases. A detailed description of the services that Prime Clerk has agreed to render and the compensation and other terms of the engagement are provided in the Notice and Claims Agent Application. I have reviewed the terms of the engagement and believe that the Debtors' estates, creditors, parties in interest, and this Court will benefit as a result of Prime Clerk's experience and cost-effective methods.

72. I believe that the relief requested in the Notice and Claims Agent Application is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Notice and Claims Agent Application should be approved.

II. Operational Motions Requesting Immediate Relief

A. Debtors' Motion for Entry of Order (I) Authorizing the Debtors to (A) Continue to Operate the Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Bank Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief ("Cash Management Motion")

73. Pursuant to the Cash Management Motion, the Debtors seek entry of an order authorizing the Debtors to (a) continue to operate the Cash Management System, (b) honor certain prepetition obligations related thereto, (c) maintain existing business forms, and (d) continue to perform intercompany transactions consistent with historical practice.

74. I believe that the Cash Management System is comparable to the centralized cash management system used by similarly situated companies to manage the cash of operating units in a cost-effective, efficient manner. The Debtors use the Cash Management System in the ordinary course of their business to collect, transfer, and disburse funds generated from their operations and to facilitate cash monitoring, forecasting, and reporting. The Debtors' treasury department maintains daily oversight over the Cash Management System and implements cash management controls for entering, processing, and releasing funds, including in connection with intercompany transactions. Additionally, the Debtors' corporate accounting department regularly reconciles the Debtors' books and records to ensure that all transfers are accounted for properly.

75. The Cash Management System is comprised of a total of nine bank accounts. Eight of the Bank Accounts reside at Bank of America, N.A. and the remaining Bank Account is at U.S. Bank, N.A. The Debtors maintain a centralized funding account, a payroll account, a merchant credit card account, a collateral account, a flexible spending account, and a health savings account. The Debtors also maintain two accounts—a master operational account and a money market account—that are generally dormant and maintain a zero balance.

76. The Debtors and certain non-Debtor affiliates maintain business relationships with each other resulting in intercompany loans, receivables, and payables in the ordinary course of business. Such Intercompany Transactions are frequently conducted (a) among the Debtors, and (b) between the Debtors and certain non-Debtor affiliates, including foreign affiliates, pursuant to prepetition shared services and intercompany trade arrangements, among others. Most of the Intercompany Transactions result in book value adjustments in respect of such transfers rather than an actual transfer of funds. With respect to the Intercompany Transactions wherein funds are transferred among the Debtors and their non-Debtor affiliates, including foreign affiliates, such affiliates transfer cash to the Debtors on an as needed basis in the Debtors' sole discretion. The Debtors do not intend to, and will not during these chapter 11 cases, transfer funds to their non-Debtor affiliates, including foreign affiliates, without further order from the Court and notice to the U.S. Trustee and any official committee appointed in these chapter 11 cases.[6]

77. In connection with the daily operation of the Cash Management System, as funds are disbursed throughout the Cash Management System and as business is transacted between the Debtors and certain non-Debtor affiliates, at any given time there may be Intercompany Claims owing by one Debtor to another Debtor or between a Debtor and a

[6] The Debtors have obtained a letter of credit in the amount of approximately $1,025,00.00 for the benefit of a Chilean customer in respect of a foreign purchase order being processed by a non-Debtor foreign affiliate. The Project L/C is secured by funds available through the Debtors' revolving credit facility under that certain first lien credit agreement, dated as of May 27, 2011, as amended from time to time. The Project is substantially complete, and the Project L/C expires by its own terms on July 31, 2014. The Chilean customer has not drawn on the Project L/C as of the Petition Date, and the Debtors submit that the Chilean customer has no legal basis to do so during these chapter 11 cases. Nonetheless, for the avoidance of doubt, in the event the Chilean customer attempts to draw on the Project L/C prior to July 31, 2014, such transaction, if consummated, would create an intercompany receivable owing from the applicable non-Debtor foreign affiliate in favor of the Debtors. To the extent the Chilean customer draws on the Project L/C during these chapter 11 cases, the Debtors shall provide notice of such event to the Office of the United States Trustee for the District of Delaware and counsel to any official committee appointed in these chapter 11 cases (subsequent to its appointment) within 15 days of becoming aware of such event.

non-Debtor affiliate. As previously indicated, certain Intercompany Claims are settled in cash while others are reflected as journal entry receivables and payables, as applicable, in the respective Debtors' accounting systems.

78. The Debtors track all fund transfers in their respective accounting system and can ascertain, trace, and account for all Intercompany Transactions. The Debtors, with the assistance of personnel of Alvarez & Marsal North America, LLC, have also put in place monitoring systems to be able to track postpetition intercompany transfers. If the Intercompany Transactions were to be discontinued, I believe that the Cash Management System and the Debtors' operations would be disrupted unnecessarily to the detriment of the Debtors, their creditors, and other stakeholders.

79. The Debtors pay Bank of America approximately $11,100 per month, on the 15th day of each month, on account of fees incurred in connection with the Bank Accounts. Therefore, the Debtors estimate that they owe Bank of America approximately $11,100 as of the Petition Date, the entirety of which will become due and payable within 21 days of the Petition Date.

80. As part of the Cash Management System, the Debtors utilize numerous preprinted business forms in the ordinary course of their business. The Debtors also maintain books and records to document, among other things, their profits and expenses. To minimize expenses to their estates and avoid confusion on the part of employees, customers, vendors, and suppliers during the pendency of these chapter 11 cases, I believe that the Court should authorize the continued use of all correspondence and business forms (including, without limitation, letterhead, purchase orders, invoices, and preprinted checks) as such forms were in existence immediately before the Petition Date, without reference to the Debtors' status as debtors in

possession, rather than requiring the Debtors to incur the expense and delay of ordering entirely new business forms.

81. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be approved.

B. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, and Other Compensation, and Reimbursable Expenses, (B) Continue Ordinary Course Incentive Programs for Non-Insiders, and (C) Continue Employee Benefits Programs and (II) Granting Related Relief ("Wages Motion")

82. Pursuant to the Wages Motion, the Debtors seek entry of interim and final orders (I) authorizing the Debtors to (a) pay prepetition wages, salaries, commissions, other compensation, reimbursable expenses, director obligations, and severance obligations, (b) pursuant to the Debtors' proposed final order, continue ordinary course incentive programs for non-insiders, and (c) continue employee benefits programs in the ordinary course of business, including payment of certain prepetition obligations related thereto, and (II) scheduling a final hearing to consider entry of the final order, to the extent necessary.

83. As of the Petition Date, the Debtors employ approximately 240 individuals on a full-time basis. Approximately 140 of these Employees are paid on an hourly basis and approximately 100 receive a salary. Additionally, the Debtors' workforce includes approximately 15 individuals that are currently working part-time or are employed through temporary staffing agencies.

84. The Debtors' Employees perform a wide variety of functions critical to the administration of these chapter 11 cases and the Debtors' successful reorganization. Their skills,

knowledge, and understanding of the Debtors' operations and infrastructure are essential to preserving operational stability and efficiency. In many instances, the Debtors' Employees include highly trained personnel who cannot be easily replaced. Without the continued, uninterrupted services of their employees, I believe that an effective reorganization of the Debtors will be materially impaired.

85. At the same time, the vast majority of Employees rely exclusively on their compensation and benefits to pay their daily living expenses and support their families. Thus, Employees will be exposed to significant financial constraints if the Debtors are not permitted to continue paying their Employees compensation, providing their Employees benefits, and maintaining certain programs benefiting their Employees.

86. The Debtors seek to minimize the personal hardship the Employees would suffer if prepetition Employee-related obligations are not paid when due or as expected. Thus, by the Wages Motion, the Debtors seek authority to: (a) pay and honor certain prepetition claims relating to, among other things, wages, salaries, commissions, incentive programs, expense reimbursements, director obligations, severance obligations, and other compensation, payroll services, federal and state withholding taxes and other amounts withheld (including garnishments, Employees' share of insurance premiums, taxes, and 401(k) contributions), health insurance, retirement benefits, workers' compensation benefits, vacation time, bereavement leave, life insurance, voluntary life insurance, short- and long-term disability coverage, education assistance, relocation assistance, fitness program reimbursement, employee assistance, and other benefits that the Debtors have historically directly or indirectly provided to the Employees in the ordinary course of business; and (b) pay all costs incident to the Employee Compensation and Benefits.

87. I believe that paying prepetition Employee Compensation and Benefits will benefit the Debtors' estates and their stakeholders by allowing the Debtors' business operations to continue without interruption. Indeed, I believe that without the requested relief, the Debtors' Employees may seek alternative opportunities, perhaps with the Debtors' competitors. Such a development would deplete the Debtors' workforce, hindering the Debtors' ability to successfully reorganize. The loss of valuable Employees and the resulting need to recruit new personnel to replenish the Debtors' workforce would be distracting and counterproductive at this critical time in chapter 11. Further, if the Debtors lose valuable Employees, they will incur recruiting expenses in locating replacements. Accordingly, there can be no doubt that the Debtors must do their utmost to retain their workforce by, among other things, continuing to honor the Employee Compensation and Benefits that accrued prepetition.

C. Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing Debtors to Pay Certain Prepetition Claims of Critical Vendors and (B) Granting Related Relief ("Critical Vendors Motion")

88. Pursuant to the Critical Vendors Motion, the Debtors seek entry of interim and final orders authorizing the Debtors to pay prepetition claims held by Critical Vendors in an amount not to exceed $2.6 million on an interim basis and $4.1 million on a final basis. For the reasons set forth below, I believe that the relief requested in the Critical Vendors Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Critical Vendors Motion should be approved.

89. In the ordinary course of business, the Debtors rely on a wide range of vital raw materials, chemical additives, proprietary goods, equipment components, and services that are necessary to manufacture their geosynthetic systems. Certain of the Debtors' key supplies and

equipment are only available from a limited number of vendors, and in some cases, only one. Even when replacing certain vendors is possible, the Debtors must quality-test any new ingredient in their products, a process that lasts a minimum of 60 days.

90. With the assistance of their advisors, the Debtors have spent significant time reviewing and analyzing their books and records, consulting operations management and purchasing personnel, reviewing contracts and supply agreements, and analyzing applicable laws, regulations, and historical practice to identify certain critical business relationships and/or suppliers of goods and services—the loss of which could materially harm their businesses, shrink their market share, reduce their enterprise value, and/or impair going-concern viability.

91. The Debtors seek to pay all or part of the Critical Vendor Claims up to the applicable Critical Vendor Cap to ensure that the Critical Vendors provide necessary goods and services to the Debtors on a postpetition basis. The Debtors do not, however, seek to pay any prepetition obligations of the Critical Vendors arising under enforceable, long-term contractual relationships. Moreover, the Debtors propose to condition the payment of the Critical Vendor Claims upon each Critical Vendors' agreement to continue supplying goods and services to the Debtors in accordance with trade terms at least as favorable to the Debtors as those practices and programs (including credit limits, pricing, timing of payments, availability, and other terms) in place 12 months prior to the Petition Date, or such other trade terms that are acceptable to the Debtors. The Debtors may require certain Critical Vendors to enter into a contractual agreement evidencing such Customary Trade Terms.

92. Accordingly, the relief requested in the Critical Vendors Motion is narrowly tailored to facilitate the Debtors' restructuring efforts. By contrast, any interruption in the goods or services supplied by the Critical Vendors—however brief—would disrupt the Debtors'

operations and could cause irreparable harm to the Debtors' businesses, goodwill, employees, customer base, and market share. Such harm would likely far outweigh the cost of payment of the Critical Vendor Claims. Therefore, I submit that payment of the Critical Vendor Claims is a sound exercise of business judgment and necessary to preserve the value of the Debtors' businesses.

D. Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Claims of Shippers and Other Lien Claimants, (B) Pay Section 503(B)(9) Claims, and (C) Grant Administrative Expense Priority to All Undisputed Obligations for Goods and Raw Materials Ordered Prepetition and Delivered Postpetition and Satisfy Such Obligations in the Ordinary Course of Business and (II) Granting Related Relief ("Shippers and Lien Claimants Motion")

93. Pursuant to the Shippers and Lien Claimants Motion, the Debtors seek entry of an order authorizing the Debtors to (a) pay the Shipper Claims in an amount not to exceed $1.5 million and Lien Claimants in an amount not to exceed $1.8 million, absent further order of the Court, (b) pay Section 503(b)(9) Claims in an amount not to exceed $7 million absent further order of the Court, and (c) grant administrative expense priority to all undisputed obligations for goods and raw materials ordered prepetition and delivered postpetition and satisfy such obligations in the ordinary course of business.

94. I believe that the critical need for the continued receipt and distribution of goods and raw materials that Shippers may hold on the Petition Date justifies the grant of the relief sought in the Shippers and Lien Claimants Motion. The prompt payment to Shippers, which may be necessary to obtain delivery of the goods in their possession, is crucial for the orderly and efficient operation of the Debtors' business. Unless the Debtors have the authority to pay for these essential services, their business will suffer irreparable harm. Indeed, the Shippers may be unwilling to release the Debtors' goods in their possession on which, I am advised, they may be entitled to assert liens, since the surrender of possession may result in the loss of an otherwise

secured claim. It is therefore highly unlikely the Debtors will be able to ensure the timely delivery of their property currently in transit unless the Debtors are authorized to pay the Shippers and Warehousemen as provided in the Shippers and Lien Claimants Motion.

95. Additionally, payment of the Lien Claims is necessary to facilitate the uninterrupted operation of the Debtors' businesses. Absent payments of the Lien Claims, the Lien Claimants may stop providing essential services. I am advised that the Lien Claimants may also assert various mechanics liens against the Debtors' or their customers' property, notwithstanding the automatic stay under section 362 of the Bankruptcy Code. The cessation of the services provided by the Lien Claimants and/or the assertion of mechanics liens would materially disrupt the Debtors' businesses.

96. I believe that the Debtors' ongoing ability to obtain goods from their suppliers is critical to their survival, necessary to preserve the value of their estates, and justifies the Debtors' decision to pay the Section 503(b)(9) Claims early in the Debtors' chapter 11 cases. Absent payment of the Section 503(b)(9) Claims—which I am advised will likely only accelerate the timing of payment and not improve the ultimate treatment of such claims—the Debtors could be denied access to the crucial parts and components necessary to continue operations. Such costs and distractions could impair the Debtors' ability to stabilize their operations at this critical juncture to the detriment of all stakeholders. For these reasons, I believe the relief requested in the Shippers and Lien Claimants Motion is vitally necessary to preserve the value of the Debtors' estates for the benefit of all stakeholders in the chapter 11 cases.

E. Debtors' Motion for the Entry of an Order (A) Authorizing the Payment of Certain Prepetition Taxes and Fees and (B) Granting Related Relief ("Taxes and Fees Motion")

97. Pursuant to the Taxes and Fees Motion, the Debtors seek the authority for the Debtors to make payment and remittance of Taxes and Fees that accrued prior to the Petition

Date and that will become payable during the pendency of these chapter 11 cases in an aggregate amount not to exceed $673,000. The Debtors also request that the Court authorize and direct applicable financial institutions, when the Debtors in their sole discretion so request, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the Taxes and Fees.

98. In the ordinary course of business, the Debtors collect, withhold, and incur income, sales, use, franchise, business, environmental and safety, and property taxes, as well as other fees and assessments described in the Taxes and Fees Motion, and occasionally are the subject of audit investigations on account of prior year tax returns. The Debtors estimate that approximately $673,000 in Taxes and Fees relating to the prepetition period will become due and owing to the Authorities after the Petition Date. Payment of the Taxes and Fees is critical to the Debtors' continued and uninterrupted operations. The Debtors' failure to pay prepetition Taxes and Fees may cause the Governmental Authorities to take precipitous action, including, but not limited to, conducting audits, filing liens, preventing the Debtors from doing business in certain jurisdictions, seeking to lift the automatic stay, or pursuing payment of the Taxes and Fees from the Debtors' officers and directors, all of which would greatly disrupt the Debtors' operations and ability to focus on their reorganization efforts.

99. I believe that the relief requested in the Taxes and Fees Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Taxes and Fees Motion should be approved.

F. Debtors' Motion for Entry of Interim and Final Orders (A) Approving the Debtors' Proposed Adequate Assurance of Payment for Future Utility Services, (B) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (C) Approving the Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (D) Granting Related Relief ("Utilities Motion")

100. Pursuant to the Utilities Motion, the Debtors seek entry of interim and final orders, (a) approving the Debtors' Proposed Adequate Assurance of payment for future utility services, (b) prohibiting Utility Companies from altering, refusing, or discontinuing services, and (c) approving the Debtors' proposed procedures for resolving Adequate Assurance Requests.

101. In the ordinary course of their businesses, the Debtors incur utility expenses for electricity, natural gas, telephone, water, waste disposal, and other similar services from a number of utility companies or brokers. On average, the Debtors pay approximately $390,426 each month for third party Utility Services, calculated as a historical average for the twelve-month period ended December 31, 2013.

102. Preserving Utility Services on an uninterrupted basis is essential to the Debtors' ongoing operations and, therefore, to the success of their reorganization. Indeed, any interruption in Utility Services, even for a brief period of time, would disrupt the Debtors' ability to continue operations and manufacture their products. I believe this disruption would adversely impact customer relationships and result in a decline in the Debtors' revenues and profits. Such a result could seriously jeopardize the Debtors' reorganization efforts and, ultimately, value and creditor recoveries. It is critical, therefore, that Utility Services continue uninterrupted during these chapter 11 cases. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Utilities Motion should be granted.

G. Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Insurance Coverage Entered Into Prepetition, (B) Enter Into New Insurance Policies, (C) Honor Their Prepetition Insurance Premium Financing Agreement, and (D) Renew Their Prepetition Financing Agreement in the Ordinary Course of Business, and (II) Granting Related Relief ("Insurance Motion")

103. Pursuant to the Insurance Motion, the Debtors seek entry of an order authorizing the Debtors to (a) continue insurance coverage entered into prepetition, (b) enter into new Insurance Policies and arrangements, (c) honor their prepetition insurance Premium Financing Agreement in an amount not to exceed $650,000, and (d) renew their Premium Financing Agreement in the ordinary course of business.

104. In the ordinary court of business, the Debtors maintain approximately 19 insurance policies that are administered by multiple third-party insurance carriers. These policies provide coverage for, among other things, the Debtors' property, general liability, automobile liability, marine liability, terrorism, pollution liability, umbrella coverage, excess liability, and stop loss coverage.

105. Continuation of the Insurance Policies is essential to the preservation of the value of the Debtors' businesses, properties, and assets. Moreover, in many cases, coverage provided by the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors' commercial activities, including the requirements of the Office of the United States Trustee.

106. I believe that the relief requested in the Insurance Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Insurance Motion should be approved.

H. Debtors' Motion for Entry of an Order Authorizing the Debtors to Honor Certain Prepetition Obligations to Customers and to Otherwise Continue Certain Customer Programs the Ordinary Course of Business ("Customer Programs Motion")

107. Pursuant to the Customer Programs Motion, the Debtors seek entry of a final order authorizing the Debtors to maintain and administer the Customer Programs and honor prepetition obligations to customers related thereto in the ordinary course of business and in a manner consistent with past practice in an amount not to exceed $1,140,000. I am familiar with the Customer Programs, which include, but are not limited to, warranty programs, credits, deposits and prepayments, and customer cargo claims. The Customer Programs are integral to the Debtors' efforts to stabilize their business, restore profitability, and ultimately deliver the most value to all stakeholders in these chapter 11 cases.

108. Operating in a competitive industry, the Debtors rely on their customers' satisfaction, which leads to repeat business, and enhances the Debtors' reputation for reliability. Maintaining the loyalty, support, and goodwill of their customers is critical to the Debtors' reorganization efforts. In addition, the Debtors must maintain positive customer relationships and their reputation for reliability to assure that their customers continue to purchase the Debtors' products. Achieving these goals will be particularly important while operating in chapter 11. Accordingly, the Debtors seek the relief requested in the Customer Programs Motion to ease any anxieties that customers may have that the chapter 11 cases will interfere with the Debtors' ability to fully meet customer needs and expectations.

109. I believe that the relief requested in the Customer Programs Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption.

Accordingly, on behalf of the Debtors, I respectfully submit that the Customer Programs Motion should be approved.

I. Debtors' Motion for Entry of an Order Approving Continuation of Surety Bond Program ("Surety Bond Motion")

110. Pursuant to the Surety Bond Motion, the Debtors seek entry of an order authorizing the Debtors to continue and renew their Surety Bond Program on an uninterrupted basis, including paying insurance premiums as they come due, renewing or potentially acquiring additional bonding capacity as needed in the ordinary course of their business, and execution of other agreements in connection with the Surety Bond Program.

111. In the ordinary course of business, the Debtors are required to provide surety bonds to certain third parties to secure the Debtors' payment or performance of certain obligations, often to governmental units or other public agencies. These include, among others: (a) workers' compensation obligations; (b) obligations relating to obtaining and maintaining permits or licenses; and (c) obligations related to Canadian and U.S. customs. Often, statutes or ordinances require the Debtors to post surety bonds to secure such obligations. As such, failure to provide, maintain, or timely replace their surety bonds may prevent the Debtors from undertaking essential functions related to their operations. As of the Petition Date, the Debtors have approximately $820,000 in outstanding surety bonds.

112. To continue their business operations during the reorganization, the Debtors must be able to provide financial assurances to local governments, regulatory agencies, and other third parties. This in turn requires the Debtors to maintain the existing Surety Bond Program and potentially to acquire additional bonding capacity as needed in the ordinary course of the Debtors' businesses.

113. Continuing the Surety Bond Program is thus necessary in order to maintain the Debtors' current terms and existing relationships with their Sureties. Based on the Debtors' current circumstances, I do not believe that it is likely that the Debtors will be able to renew, or obtain replacement of, existing bonds on terms more favorable than those offered by the Sureties. The process of establishing a new surety bond program, moreover, would be burdensome to the Debtors, and it is doubtful that the Debtors could replace all of the surety bonds in time to avoid defaults or other consequences of the applicable obligations.

114. I believe that the relief requested in the Surety Bond Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Surety Bond Motion should be granted.

J. Debtors' Motion for Entry of Interim and Final Orders Approving Notification and Hearing Procedures for Certain Transfers of, or Claims of Worthlessness with Respect to, Certain Equity Securities ("Equity Trading Motion")

115. Pursuant to the Equity Trading Motion, the Debtors seek entry of orders (a) approving the Procedures, without prejudice to the Debtors' right to waive the Procedures, or any term thereof, with respect to any purchase, sale, or other transfer of, or declaration of worthlessness with respect to, the Equity Securities, (b) directing that any purchase, sale, or other transfer of, or declaration of worthlessness with respect to, the Equity Securities in violation of the Procedures is null and void *ab initio*, and (c) granting related relief. In addition, the Debtors request that the Court schedule a final hearing within approximately 25 days of the commencement of these chapter 11 cases to consider approval of the Equity Trading Motion on a final basis.

116. As of December 31, 2013, the Debtors had NOLs in an amount of approximately $33.4 million and Tax Credits in an amount of approximately $16.3 million. I understand that utilization of the Tax Attributes in future tax years may generate up to approximately $29.7 million in cash savings from reduced taxes considering an assumed effective tax rate of 40 percent for the post-emergence company. The value of the Tax Attributes will inure to the benefit of all of the Debtors' stakeholders.

117. The Tax Attributes are substantial and I believe that any loss of the Tax Attributes, including during the first month of these chapter 11 cases, could cause significant and irreparable damage to the Debtors' estates and stakeholders. The Procedures are the mechanism by which the Debtors will monitor, and object to, certain transfers of, and declarations of worthlessness with respect to, the Equity Securities to ensure preservation of the Tax Attributes. I further believe that the Procedures and other relief requested are critical for maximizing estate value and will help to ensure a meaningful recovery of creditors. If no restrictions on trading or worthlessness deductions are imposed as requested in the Equity Trading Motion, such trading or deductions could severely limit or even eliminate the Debtors' ability to utilize the Tax Attributes. I believe that the loss of these valuable estate assets could lead to significant negative consequences for the Debtors, their estates, the Debtors' stakeholders, and the overall reorganization process. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Equity Trading Motion should be granted.

[*Remainder of page intentionally left blank*]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: May 4, 2014

Dean Swick
GSE Environmental, Inc.
Vice President, Finance

Exhibit A

Restructuring Support Agreement

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (together with all exhibits and attachments hereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), dated as of May 4, 2014, is entered into by and among GSE Holding, Inc. ("Parent"), GSE Environmental, Inc. (f/k/a Gundle/SLT Environmental, Inc.) ("GSE"), and their subsidiaries GSE Environmental LLC and SynTec, LLC (collectively the "Company" or the "Debtors"), and certain holders of the First Lien Loans (as defined below) parties hereto from time to time (together with their respective successors and permitted assigns, the "Consenting Lenders"). The Company, each Consenting Lender, and any subsequent person or entity that becomes a party hereto in accordance with the terms hereof are referred to herein as the "Parties" and individually as a "Party". Capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the Joint Plan (as defined below).

PRELIMINARY STATEMENTS

WHEREAS, as of the date hereof, the Consenting Lenders hold, in the aggregate, 100% of the aggregate outstanding principal amount of the loans (the "First Lien Loans") under that certain First Lien Credit Agreement, dated as of May 27, 2011 (as amended from time to time and with all supplements and exhibits thereto, the "First Lien Credit Agreement"), by and between GSE Environmental, Inc. and the financial institutions from time to time party thereto;

WHEREAS, the Company and the Consenting Lenders have agreed to implement a restructuring (the "Restructuring Transaction") pursuant to a joint plan of reorganization under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), the form of which is attached hereto as Exhibit A (the "Joint Plan");

WHEREAS, the Company has agreed to commence voluntary, pre-arranged reorganization cases (to be jointly administered) under chapter 11 of the Bankruptcy Code for the Debtors (the "Chapter 11 Cases") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") to effect the Restructuring Transaction;

WHEREAS, the Joint Plan is the product of arm's-length, good faith negotiations between the Company and the Consenting Lenders and their respective professionals; and

WHEREAS, the Parties desire to express to each other their mutual support and commitment in respect of the matters discussed in the Joint Plan.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Joint Plan.

The Joint Plan is expressly incorporated herein by reference and made part of this Agreement as if fully set forth herein. The Joint Plan sets forth the material terms and conditions of the Restructuring Transaction; however, the Joint Plan is supplemented by the terms and conditions

of this Agreement. In the event of any inconsistency between the Joint Plan and this Agreement, the Joint Plan shall control.

2. Definitions.

As used in this Agreement, the following terms have the following meanings:

(a) "Agreement" has the meaning set forth in the Preamble.

(b) "Company" has the meaning set forth in the Preamble.

(c) "Confirmation Order" means a Final Order of the Bankruptcy Court confirming the Joint Plan pursuant to section 1129 of the Bankruptcy Code, which order shall be materially consistent with this Agreement.

(d) "Consenting Lenders" has the meaning set forth in the Preamble.

(e) "Debtors" has the meaning set forth in the Preamble.

(f) "DIP Financing" means the postpetition financing arrangements for the purpose of funding the Chapter 11 Cases, the material terms of which shall be acceptable to the Consenting Lenders.

(g) "DIP Facility Motion" means the motion seeking approval of the DIP Financing.

(h) "Disclosure Statement" means the disclosure statement for the Joint Plan, as amended, supplemented, or otherwise modified from time to time, that describes the Joint Plan and is prepared and distributed in accordance with, among other things, sections 1125, 1126(b), and 1145 of the Bankruptcy Code, rule 3018 of the Federal Rules of Bankruptcy Procedure and other applicable law, and which shall be materially consistent with this Agreement.

(i) "Disclosure Statement Motion" means a motion of the Debtors, and all related implementing documents, agreements, exhibits, annexes, and schedules, as such documents may be amended, modified, or supplemented from time to time, requesting entry of an order approving, among other things, (a) the Disclosure Statement, (b) the solicitation and notice procedures with respect to confirmation of the Joint Plan, (c) the form of ballots and notices in connection therewith, and (d) scheduling certain dates with respect thereto, including, without limitation, a joint hearing to consider confirmation of the Joint Plan.

(j) "Disclosure Statement Order" means an order of the Bankruptcy Court granting the relief requested in the Disclosure Statement Motion.

(k) "Effective Date" means the effective date of the Joint Plan.

(l) "Exit Financing" means a financing facility entered into by the Reorganized Debtors on the Effective Date, the terms and amount of which shall be acceptable to the Company and each Consenting Lender in its sole discretion.

(m) "Final Order" means an order or judgment of the Bankruptcy Court (or any other court of competent jurisdiction) entered by the Clerk of the Bankruptcy Court (or such other court) on the docket in the Chapter 11 Cases (or the docket of such other court), which has not been modified, amended, reversed, vacated, or stayed and as to which (a) the time to appeal, petition for certiorari, or move for a new trial, stay, reargument, or rehearing has expired and as to which no appeal, petition for certiorari or motion for new trial, stay, reargument, or rehearing shall then be pending or (b) if an appeal, writ of certiorari, new trial, stay, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court (or other court of competent jurisdiction) shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, stay, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, stay, reargument or rehearing shall have expired, as a result of which such order shall have become final in accordance with rule 8002 of the Federal Rules of Bankruptcy Procedure; *provided* that the possibility that a motion under rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy Procedure, may be filed relating to such order, shall not cause an order not to be a Final Order.

(n) "First Day Pleadings" means any motions or applications, other than ministerial first day motions, filed by the Company on the Petition Date (as defined herein), which motions shall be materially consistent with this Agreement.

(o) "First Lien Loan Claims" means any and all claims arising under the First Lien Credit Agreement or First Lien Loans.

(p) "GSE" has the meaning set forth in the Preamble.

(q) "Kirkland" means Kirkland & Ellis LLP, counsel to the Company.

(r) "Moelis" means Moelis & Company, financial advisor to the Company.

(s) "Parent" has the meaning set forth in the Preamble.

(t) "Party" or "Parties" has the meaning set forth in the Preamble.

(u) "Plan Process Documents" means all agreements, instruments, pleadings, orders, or other related documents utilized to implement the Joint Plan and to obtain confirmation of the Joint Plan, including, but not limited to, the Joint Plan, the Plan Supplement, the Disclosure Statement, the Disclosure Statement Motion, the Disclosure Statement Order, and the Confirmation Order, each of which shall contain terms and conditions materially consistent with this Agreement.

(v) "Plan Supplement" means the compilation of documents and forms of documents, schedules, and exhibits to the Joint Plan.

(w) "Requisite Consenting Lenders" means, as of any date of determination, Consenting Lenders holding at least 66% of the outstanding principal amount of the First Lien Loans held by the Consenting Lenders in the aggregate as of such date.

(x) "Restructuring Documents" means the Plan Process Documents and the First Day Pleadings.

(y) "Restructuring Support Effective Date" means the date upon which this Agreement becomes effective and binding on the Parties in accordance with the provisions of Section 10 hereof.

(z) "Restructuring Support Period" means the period commencing on the Restructuring Support Effective Date and ending on the date on which this Agreement is terminated in accordance with Section 5 hereof.

(aa) "Richards, Layton" means Richards, Layton & Finger, PA, Delaware counsel to the Consenting Lenders.

(bb) "Solicitation" means the solicitation of votes in connection with the Joint Plan pursuant to the Disclosure Statement Order.

(cc) "Wachtell" means Wachtell, Lipton, Rosen & Katz, counsel to the Consenting Lenders.

3. Agreements of the Consenting Lenders.

(a) Support of Restructuring Transaction. Subject to the satisfaction of the conditions contained in Section 3(b) hereof, each Consenting Lender agrees that, for the duration of the Restructuring Support Period, such Consenting Lender shall:

(i) support, and take all reasonable actions necessary or reasonably requested by the Company to facilitate the implementation or consummation of, the Restructuring Transaction (including, but not limited to, the approval of the Disclosure Statement Order, the Solicitation and the consummation of the Restructuring Transaction pursuant to the Joint Plan), and the approval by the Bankruptcy Court of the Restructuring Documents;

(ii) support, and take all reasonable actions necessary or reasonably requested by the Company to facilitate the implementation and approval by the Bankruptcy Court of the DIP Facility;

(iii) support, and take all reasonable actions necessary or reasonably requested by the Company to facilitate the implementation and approval by the Bankruptcy Court of the Exit Financing,

(iv) backstop the funding of the Exit Financing in the event the Company is unable to secure the Exit Financing from a third-party;

(v) negotiate in good faith, use best efforts, and take all reasonable actions necessary to execute a Shareholder Agreement on or prior to the date that is fourteen (14) days after the Petition Date;

(vi) not (A) directly or indirectly seek, solicit, vote its First Lien Loan Claims for, support, or encourage the termination or modification of the exclusive period for the filing of any plan of reorganization, proposal or offer of dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets, or restructuring of the Company other than the Restructuring Transaction, or (B) take any other action, including, but not limited to, initiating any legal proceedings or enforcing rights as a holder of the First Lien Loan Claims, that is inconsistent with this Agreement or the Restructuring Documents, or is reasonably likely to prevent, interfere with, delay, or impede the implementation or consummation of the Restructuring Transaction (including, but not limited to, the Bankruptcy Court's approval of the Restructuring Documents, the Solicitation, or confirmation of the Joint Plan);

(vii) (A) subject to the receipt of the Disclosure Statement, timely vote, or cause to be voted, its First Lien Loan Claims to accept the Joint Plan by delivering its duly executed and completed ballot or ballots, as applicable, accepting the Joint Plan on a timely basis following commencement of the Solicitation, and (B) not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); *provided, however,* that, subject to only those remedies available to the Debtors set forth in section 12 of this Agreement, such vote may, upon written notice to the Company and the other Parties, be revoked (and, upon such revocation, deemed void *ab initio*) by any of the Consenting Lenders at any time following the expiration of the Restructuring Support Period;

(viii) timely vote or cause to be voted its First Lien Loan Claims against, and not consent to, or otherwise directly or indirectly support, solicit, assist, encourage, or participate in the formulation, pursuit, or support of, any restructuring or reorganization of the Company (or any plan or proposal in respect of the same) other than the Restructuring Transaction;

(ix) support the releases and customary exculpation, injunction, and discharge provisions provided for in the Joint Plan;

(x) not directly or indirectly arrange, fund, participate in, or consent to any exit facility or other financing, rights offering, or issuance of debt or equity securities in connection with any reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets, or restructuring of the Company (through a plan of reorganization or otherwise) other than in connection with the Restructuring Transaction; and

(xi) not directly or indirectly support, encourage, participate in, or consent to any reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets, or restructuring of the Company other than the Restructuring Transaction.

(b) Certain Conditions. The obligations of each Consenting Lender set forth in Section 3(a) hereof are subject to the following conditions:

(i) this Agreement shall have become effective in accordance with the provisions of Section 10 hereof; and

(ii) this Agreement shall not have terminated in accordance with the terms of Section 5 hereof.

(c) Rights of Consenting Lenders Unaffected. Nothing contained herein shall (i) limit (A) the ability of a Consenting Lender to consult with other Consenting Lenders or the Company or (B) the rights of a Consenting Lender under any applicable bankruptcy, insolvency, foreclosure, or similar proceeding, including, without limitation, appearing as a party in interest in any matter to be adjudicated in order to be heard concerning any matter arising in the Chapter 11 Cases, in each case, so long as such consultation or appearance is not inconsistent with the Consenting Lender's obligations hereunder or under the terms of the Joint Plan and is not intended or reasonably likely to materially delay or prevent confirmation or the consummation of the Restructuring Transaction; (ii) limit the ability of a Consenting Lender to sell or enter into any transactions in connection with the First Lien Loans, subject to the terms hereof; or (iii) limit the rights of any Consenting Lender under the Credit Agreement or constitute a waiver or amendment of any provision of the Credit Agreement, subject to the terms of Section 3(a) hereof.

(d) Transfers. Each Consenting Lender agrees that, for the duration of the Restructuring Support Period, such Consenting Lender shall not sell, transfer, assign or otherwise dispose of (including by participation), in whole or in part, any of the First Lien Loans or any First Lien Loan Claims (collectively, "Transfer"), unless the transferee thereof either (i) is a Consenting Lender or (ii) prior to such Transfer, agrees in writing for the benefit of the Parties to become a Consenting Lender and to be bound by all of the terms of this Agreement (including with respect to any and all claims or interests it already may hold against or in the Company prior to such Transfer) by executing the joinder attached hereto as Exhibit B (the "Joinder Agreement"), and delivering an executed copy thereof, within two (2) business days of closing of such

Transfer, to Wachtell and Kirkland, in which event (x) the transferee (including the Consenting Lender transferee, if applicable) shall be deemed to be a Consenting Lender hereunder to the extent of such transferred rights and obligations and (y) the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of such transferred rights and obligations. Each Consenting Lender agrees that any Transfer of First Lien Loans or any First Lien Loan Claims that does not comply with the terms and procedures set forth herein shall be deemed void *ab initio*, and the Company and each other Consenting Lender shall have the right to enforce the voiding of such transfer. Notwithstanding anything contained herein to the contrary, during the Restructuring Support Period, a Consenting Lender may Transfer any or all of its holdings of First Lien Loans or First Lien Loan Claims to any entity that, as of the date of the Transfer, controls, is controlled by or is under common control with such Consenting Lender; *provided, however*, that such entity shall automatically be subject to the terms of this Agreement and deemed a Party hereto and shall execute a Joinder Agreement hereto.

(e) Additional Claims. To the extent any Consenting Lender (a) acquires additional First Lien Loans or (b) holds or acquires any other loans or claims against the company, each such Consenting Lender agrees that such obligations shall be subject to this Agreement and that, for the duration of the Restructuring Support Period, it shall vote (or cause to be voted) any such additional obligation in a manner consistent with Section 3(a) hereof.

4. Agreements of the Company.

(a) Affirmative Covenants. The Company agrees that, so long as this Agreement has not been terminated in accordance with its terms, unless (x) otherwise expressly permitted or required by this Agreement (including, without limitation, Section 23) or the Joint Plan, or (y) otherwise consented to in writing by the Requisite Consenting Lenders the Company shall, and shall cause each of its direct and indirect subsidiaries to, directly or indirectly, do the following:

(i) commence the Chapter 11 Cases no later than May 4, 2014 (the date of commencement of the Chapter 11 Cases, the "Petition Date");

(ii) file with the Bankruptcy Court on the Petition Date the (A) DIP Facility Motion and (B) the First Day Motions;

(iii) file the Disclosure Statement Motion with the Bankruptcy Court as soon as reasonably practicable and in no event later than the date that is three (3) days after the Petition Date;

(iv) use best efforts to obtain approval of the DIP Facility on an interim basis by entry of an order of the Bankruptcy Court as soon as reasonably practicable and in no event later than the date that is three (3) business days after the Petition Date;

(v) use best efforts to obtain approval on a final basis of the DIP Facility by entry of an order of the Bankruptcy Court (which order shall be in form and substance reasonably acceptable to the Requisite Consenting Lenders), as soon as reasonably practicable and in no event later than the date that is twenty-eight (28) days after approval of the DIP Facility on an interim basis;

(vi) use best efforts to obtain entry by the Bankruptcy Court of the Disclosure Statement Order no later than forty-five (45) days after the Petition Date;

(vii) commence the Solicitation no later than seven (7) days after entry of the Disclosure Statement Order;

(viii) use best efforts to obtain entry by the Bankruptcy Court of the Confirmation Order no later than forty-five (45) days after the Bankruptcy Court's entry of the Disclosure Statement Order;

(ix) the effective date of the Joint Plan shall have occurred no later than twenty-one (21) days after the Bankruptcy Court's entry of the Confirmation Order;

(x) (A) support and take all reasonable actions necessary or reasonably requested by the Consenting Lenders to facilitate the Restructuring Transaction, including the solicitation, confirmation, and consummation of the Joint Plan, (B) not take any action that is inconsistent with, or that would delay or impede the Restructuring Transaction, including, without limitation, solicitation, confirmation, or consummation of the Joint Plan, and (iii) support the releases and customary exculpation, injunction, and discharge provisions provided for in the Joint Plan;

(xi) maintain their good standing under the laws of the state or other jurisdiction in which they are incorporated or organized;

(xii) timely file a formal written objection to any motion filed with the Bankruptcy Court by any party seeking the entry of an order (A) directing the appointment of an examiner with expanded powers or a trustee, (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code or (C) dismissing the Chapter 11 Cases;

(xiii) timely file a formal written objection to any motion filed with the Bankruptcy Court by any party seeking the entry of an order modifying or terminating the Company's exclusive right to file and/or solicit acceptances of a plan of reorganization;

(xiv) timely file a formal written response in opposition to any motion or objection filed with the Bankruptcy Court by any party objecting to the motion to approve the DIP Facility;

(xv) promptly notify the Consenting Lenders in writing of any governmental or third party complaints, litigations, investigations, or hearings (or communications indicating that the same may be contemplated or threatened);

(xvi) comply in all respects with the covenants contained in the DIP Facility;

(xvii) take all actions contemplated by the Joint Plan; and

(xviii) regardless of whether the Restructuring Transaction is consummated, the Company shall promptly pay in cash upon demand any and all reasonable and documented accrued and unpaid out-of-pocket expenses incurred by Consenting Lenders (including, without limitation, all reasonable and documented fees and out-of-pocket expenses of Wachtell and Richards, Layton) in connection with the negotiation, documentation, and consummation of this Agreement, the Joint Plan, the Plan Process Documents and the Restructuring Documents.

(b) Negative Covenants. The Company agrees that, so long as this Agreement has not been terminated in accordance with its terms unless, (x) otherwise expressly permitted or required by this Agreement or the Joint Plan, or (y) otherwise consented to in writing by the Requisite Consenting Lenders, the Company shall not, and shall cause each of its direct and indirect subsidiaries not to, directly or indirectly, do or permit to occur any of the following:

(i) modify the Joint Plan, in whole or in part, in a manner that is not consistent in any material respect with this Agreement;

(ii) withdraw or revoke the Joint Plan or publicly announce its intention not to pursue the Joint Plan;

(iii) take any such action in connection with the Restructuring Transaction that is not consistent in any material respect with this Agreement or the Joint Plan;

(iv) file any motion, pleading, or other Restructuring Document with the Bankruptcy Court (including any modifications or amendments thereof) that, in whole or in part, is not consistent in any material respect with this Agreement or the Joint Plan and is not otherwise reasonably satisfactory in all respects to the Requisite Consenting Lenders;

(v) commence an avoidance action or other legal proceeding that challenges the validity, enforceability, or priority of the First Lien Loan Claims, or otherwise affects the rights of the Consenting Lenders (solely in their capacity as holders of the First Lien Loans);

(vi) incur or suffer to exist any indebtedness, except indebtedness existing and outstanding immediately prior to the date hereof, trade payables, and liabilities arising and incurred in the ordinary course of business, and indebtedness arising under or permitted by the DIP Facility;

(vii) incur any liens or security interests, except as permitted under the DIP Facility; and

(viii) enter into any commitment or agreement with respect to debtor-in-possession financing or the use of cash collateral other than the DIP Facility unless such commitment or agreement satisfied the DIP Facility obligations in full in cash and such commitment or agreement complies in all respects with this Agreement and the Joint Plan.

(c) Automatic Stay. The Consenting Lenders are authorized to take any steps necessary to effectuate the termination of this Agreement notwithstanding section 362 of the Bankruptcy Code or any other applicable law and no cure period contained in this Agreement shall be extended pursuant to sections 108 or 365 of the Bankruptcy Code or any other applicable law without the prior written consent of the Required Consenting Lenders.

5. Termination of Agreement.

(a) Consenting Lenders' Automatic Termination Events. This Agreement shall terminate automatically without any further required action or notice upon the occurrence of any of the following events, unless the occurrence of such Consenting Lenders' Termination Event is waived in writing by the Requisite Consenting:

(i) the Debtors' failure to obtain approval of the DIP Facility on an interim basis by entry of an order of the Bankruptcy Court no later than three (3) business days after the Petition Date;

(ii) failure of each Consenting Lender to execute a Shareholder Agreement on or prior to the date that is fourteen (14) days after the Petition Date;

(iii) the Debtors' failure to obtain approval on a final basis of the DIP Facility by entry of an order of the Bankruptcy Court (which order shall be in form and substance reasonably acceptable to the Requisite Consenting Lenders), no later than twenty-eight (28) days after approval of the DIP Facility on an interim basis;

(iv) the Debtors' failure to obtain entry by the Bankruptcy Court of the Disclosure Statement Order no later than forty-five (45) days after the Petition Date;

(v) the Debtors' failure to obtain entry by the Bankruptcy Court of the Confirmation Order no later than forty-five (45) days after the Bankruptcy Court's entry of the Disclosure Statement Order;

(b) Consenting Lenders' Notice Termination Events. This Agreement shall terminate upon five (5) business days written notice (the "Termination Notice") delivered in accordance with Section 19 hereof, at any time after the occurrence of, and during the continuation of, any of the following events, unless waived in writing by the Requisite Consenting Lenders (or in the case of Section 5(b)(8), the Consenting Lenders:

(i) the breach in any material respect by the Debtors of any of their covenants, representations, or warranties under Sections 4(a), 4(b), or 8 of this Agreement; provided, however, the Company shall have five (5) business days from the receipt of a Termination Notice to cure such breach;

(ii) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining the consummation of a material portion of the Restructuring Transaction; provided, however, that the Debtors shall have five (5) business days from receipt of a Termination Notice to cure any breach in a manner that does not prevent or diminish in a material way compliance with the terms of this Agreement;

(iii) the Bankruptcy Court enters an order modifying or terminating the Company's exclusive right to file and/or solicit acceptances of a plan of reorganization, unless prior to such date, such order has been dismissed, vacated or modified;

(iv) the Joint Plan is amended or otherwise modified so as to have an adverse impact on the Consenting Lenders' recovery under the Joint Plan;

(v) the termination of, or occurrence of an event of default (as defined in the applicable agreement) under the DIP Facility or any commitment or agreement to provide exit financing to the Debtors to the extent permitted hereunder, which shall not have been cured within any applicable grace periods or waived pursuant to the terms of the commitment or agreement governing such facility;

(vi) the termination of, or occurrence of an event of default (as defined in the applicable order or agreement) under, any order or agreement permitting the use of cash collateral to the extent permitted hereunder which shall not have been cured within any applicable grace periods or waived pursuant to the terms of such order or agreement;

(vii) the Bankruptcy Court having entered an order (A) directing the appointment of an examiner with expanded powers or a chapter 11 trustee, (B) converting the

Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or (C) dismissing the Chapter 11 Cases, unless prior to such date, such order has been dismissed, vacated or modified;

(viii) the failure to satisfy any of the conditions to effectiveness set forth in the Joint Plan by the deadlines set forth in such Joint Plan unless otherwise waived by the Consenting Lenders;

(ix) the Company or any directors or officers of the Company (in such person's capacity as a direct or officer) exercises their rights pursuant to Section 23; and

(x) the Bankruptcy Court enters an order approving a debtor-in-possession financing or exit financing other than the DIP Financing or the Exit Financing.

(c) Company Termination Events. The Company may terminate this Agreement as to all Parties upon delivery of a Termination Notice in accordance with Section 19 hereof, upon the occurrence of any of the following events:

(i) the breach in any material respect by one or more of Consenting Lenders of any of covenants, obligations, representations, or warranties of the Consenting Lenders set forth in this Agreement; *provided*, *however*, the Consenting Lenders shall have five (5) business days from the receipt of a Termination Notice to cure such breach;

(ii) the issuance by any required governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining the consummation of a material portion of the Restructuring Transaction; *provided*, *however*, that the Consenting Lenders shall have five (5) business days from receipt of a Termination Notice to cure any breach in a manner that does not prevent or diminish in a material way compliance with the terms of this Agreement; or

(iii) the board of directors of the Company after consultation with outside counsel reasonably determines pursuant to Section 223 in good faith that continued performance under this Agreement would be inconsistent with the exercise of its fiduciary duties under applicable law.

(d) Mutual Termination. This Agreement, and the obligations of all Parties hereunder, may be terminated at any time by mutual written agreement among the Company and the Requisite Consenting Lenders.

(e) Effect of Termination. Upon the termination of this Agreement in accordance with this Section 5, and except as provided in Section 13 herein, this Agreement shall forthwith become void and of no further force or effect and each Party shall, except as otherwise expressly provided in this Agreement, be immediately released from its liabilities, obligations, commitments, undertakings, and agreements under or related to this Agreement and shall have all the rights and remedies that it

would have had and shall be entitled to take all actions, whether with respect to the Restructuring Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement, including all rights and remedies available to it under applicable law, the First Lien Loans, the First Lien Credit Agreement, and any ancillary documents or agreements thereto. At any time prior to the expiration of the voting deadline, upon any such termination of this Agreement, a Consenting Lender may, upon written notice to the Debtors and the other Parties (and if prior to any deadline to vote on a Joint Plan, without seeking permission of the Bankruptcy Court), revoke its vote or any consents given by such Consenting Lender prior to such termination, whereupon any such vote or consent shall be deemed, for all purposes, to be null and *void ab initio* and shall not be considered or otherwise used in any manner by the Parties in connection with the Restructuring Transactions and this Agreement. If this Agreement has been terminated in accordance with its terms at a time when permission of the Bankruptcy Court shall be required for a Consenting Lender to change or withdraw (or cause to change or withdraw) its vote to accept the Joint Plan, the Company shall not oppose any attempt by such Consenting Lender to change or withdraw (or cause to change or withdraw) such vote at such time, subject to only those remedies available to the Debtors set forth in Section 12. The Consenting Lenders shall have no liability to the Debtors or to each other in respect of any termination of this Agreement in accordance with the terms of this Section 5 that was not challenged by the Debtors or was found by a court of competent jurisdiction to be validly exercised.

6. Good Faith Cooperation; Further Assurances; Acknowledgement.

The Parties shall cooperate with each other in good faith and shall coordinate their activities (to the extent practicable and subject to the terms hereof) in respect of (a) all matters relating to their rights hereunder in respect of the Company or otherwise in connection with their relationship with the Company, (b) all matters concerning the implementation of the Restructuring Transaction, and (c) the pursuit and support of the Restructuring Transaction (including confirmation of the Joint Plan). Furthermore, subject to the terms hereof, each of the Parties shall take such action as may be reasonably necessary to carry out the purposes and intent of this Agreement, including making and filing any required governmental or regulatory filings and voting any claims against or securities of the Debtors in favor of the Joint Plan, and shall refrain from taking any action that would frustrate the purposes and intent of this Agreement. This Agreement is not, and shall not be deemed, a solicitation for consents to the Joint Plan or a solicitation to tender or exchange of any of the First Lien Loans.

7. Restructuring Transaction Documents.

Each Party hereby covenants and agrees (i) to negotiate in good faith the Restructuring Transaction Documents and (ii) to execute (to the extent such Party is a party thereto) and otherwise support the Restructuring Transaction Documents, as applicable. For the avoidance of doubt, each Party agrees to (a) act in good faith and use commercially reasonable efforts to support and complete successfully the implementation of the Joint Plan in accordance with the terms of this Agreement, (b) do all things reasonably necessary and appropriate in furtherance of consummating the Restructuring Transaction in accordance with, and within the time frames contemplated by, this Agreement and the Joint Plan and (c) act in good faith and use

commercially reasonable efforts to consummate the Restructuring Transaction as contemplated by the this Agreement and the Joint Plan.

8. Representations and Warranties.

(a) Each Party, severally (and not jointly), represents and warrants to the other Parties that the following statements are true, correct and complete as of the date hereof (or as of the date a Consenting Lender becomes a party hereto):

(i) such Party is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all requisite corporate, partnership, limited liability company or similar authority to enter into this Agreement and carry out the transactions contemplated under this Agreement and the Joint Plan and perform its obligations contemplated under this Agreement and the Joint Plan, and the execution and delivery of this Agreement and the performance of such Party's obligations under this Agreement and the Joint Plan have been duly authorized by all necessary corporate, limited liability company, partnership, or other similar action on its part;

(ii) the execution, delivery, and performance by such Party of this Agreement does not and will not (A) violate any provision of law, rule, or regulation applicable to it or any of its subsidiaries or its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries, or (B) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party, other than breaches that arise from the filing of the Chapter 11 Cases;

(iii) the execution, delivery, and performance by such Party of this Agreement does not and will not require any registration or filing with, consent, or approval of, or notice to, or other action to, with or by, any federal, state, or governmental authority or regulatory body, except such filings as may be necessary and/or required for disclosure by the Securities and Exchange Commission and in connection with the Chapter 11 Cases, the Joint Plan, and the Disclosure Statement; and

(iv) this Agreement is the legally valid and binding obligation of such Party, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

(b) Each Consenting Lender severally (and not jointly), represents and warrants to the Debtors that, as of the date hereof (or as of the date such Consenting Lender becomes a party hereto), such Consenting Lender (i) is the beneficial owner of

the aggregate principal amount of First Lien Loans set forth below its name on the signature page hereof (or below its name on the signature page of a Joinder Agreement for any Consenting Lender that becomes a party hereto after the date hereof), and/or (ii) has, with respect to the beneficial owners of such First Lien Loans, (A) sole investment or voting discretion with respect to such First Lien Loans, (B) full power and authority to vote on and consent to matters concerning such First Lien Loans or to exchange, assign, and transfer such First Lien Loans, or (C) full power and authority to bind or act on the behalf of, such beneficial owners.

(c) Each Consenting Lender severally (and not jointly), represents and warrants to the Debtors that, such Consenting Lender has made no prior Transfer of, and has not entered into any other agreement to Transfer, in whole or in part, any portion of its right, title, or interests in any First Lien Loans that are inconsistent with the representations and warranties of such Consenting Lender herein or would render such Consenting Lender otherwise unable to comply with this Agreement and perform its obligations hereunder.

9. Amendments and Waivers.

This Agreement, including any exhibits or schedules hereto, may not be modified, amended or supplemented except in a writing signed by the Company and the each Consenting Lenders.

10. Effectiveness.

This Agreement shall become effective and binding when counterpart signature pages to this Agreement have been executed and delivered by (i) the Debtors and (ii) Consenting Lenders holding at least 66.7% in aggregate principal amount of the First Lien Loan Claims.

11. GOVERNING LAW; JURISDICTION; WAIVER OF JURY TRIAL.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISIONS WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ANY LEGAL ACTION, SUIT, DISPUTE, OR PROCEEDING ARISING UNDER, OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATE OF NEW YORK; PROVIDED THAT SUCH LEGAL ACTION, SUIT, DISPUTE, OR PROCEEDING ARISING UNDER, OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT IN THE BANKRUPTCY COURT FOR SO LONG AS THE DEBTORS ARE SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT. THE PARTIES HERETO IRREVOCABLY CONSENT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTIONS AS TO VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS

CONTEMPLATED HEREBY. FOR THE AVOIDANCE OF DOUBT, NOTWITHSTANDING THE FOREGOING CONSENT TO JURISDICTION, FOLLOWING THE COMMENCEMENT OF THE CHAPTER 11 CASES AND SO LONG AS THE BANKRUPTCY COURT HAS JURISDICTION OVER THE CHAPTER 11 CASES, EACH OF THE PARTIES AGREES THAT THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE JURISDICTION WITH RESPECT TO ANY MATTER UNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, AND HEREBY SUBMITS TO THE JURISDICTION OF THE BANKRUPTCY COURT.

12. Specific Performance/Remedies.

Subject to Section 22 of this Agreement, it is understood and agreed by the Parties that (a) money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive relief as a remedy of any such breach without the necessity of proving the inadequacy of money damages as a remedy, including an order of the Bankruptcy Court requiring any Party to comply promptly with any of its obligations hereunder and (b) no remedy other than specific performance shall be available to the non-breaching Party.

13. Survival.

Notwithstanding the termination of this Agreement pursuant to Section 5 hereof, the agreements and obligations of the Parties in this Section 13 and Sections 4(a)(xviii), 5(e), 9, 11, 12, 15, 16, 17, 20, and 21 hereof (and any defined terms used in any such Sections) shall survive such termination and shall continue in full force and effect in accordance with the terms hereof.

14. Headings.

The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Agreement.

15. Successors and Assigns; Severability; Several Obligations.

This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators, and representatives; *provided, however,* that nothing contained in this Section 15 shall be deemed to Transfers of the First Lien Loans or First Lien Loan Claims other than in accordance with Section 3(d) of this Agreement. If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect so long as the economic or legal substance of the Restructuring Transaction contemplated hereby are not affected in any manner materially adverse to any Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the Restructuring Transaction contemplated hereby are consummated as originally contemplated to the greatest extent possible.

16. No Third-Party Beneficiaries.

Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary hereof.

17. Prior Negotiations; Entire Agreement.

This Agreement, including the exhibits and schedules hereto (including the Joint Plan), constitutes the entire agreement of the Parties, and supersedes all other prior negotiations, with respect to the subject matter hereof, except that the Parties acknowledge that any confidentiality agreements (if any) heretofore executed between the Company and each Consenting Lender shall continue in full force and effect.

18. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by facsimile or otherwise, which shall be deemed to be an original for the purposes of this Section 18.

19. Notices.

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

(1) If to the Company, to:

GSE Environmental, Inc.
19103 Gundle Road
Houston, Texas 77073
Attention: Daniel Storey

With a copy to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, IL 60654
Phone: (312) 862-7347
Fax: (312) 862-2200
Attention: Patrick J. Nash, Esq.
and
Jeffrey D. Pawlitz, Esq.

(2) If to a Consenting Lender or a transferee thereof, to the addresses or facsimile numbers set forth below following the Consenting Lender's signature (or

as directed by any transferee thereof), as the case may be, with copies to:

Wachtell, Lipton, Rosen & Katz LLP
51 West 52nd Street
New York, New York 10019
Phone: (212) 403-1202
Fax: (212) 403-1000
Attention: Scott K. Charles, Esq. and Emily D. Johnson

Any notice given by delivery, mail, or courier shall be effective when received. Any notice given by facsimile shall be effective upon oral or machine confirmation of transmission.

20. Reservation of Rights; No Admission.

Except as expressly provided in this Agreement and in any amendment among the Parties, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of each of the Parties to protect and preserve its rights, remedies, and interests, including, without limitation, its claims against any of the other Parties (or their respective affiliates or subsidiaries) or its full participation in any bankruptcy case filed by the Company or any of its affiliates and subsidiaries. Except as expressly provided in this Agreement and in any amendment among the Parties, if the transactions contemplated by the Restructuring Transaction are not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights. This Agreement and the Joint Plan are part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties. Pursuant to Rule 408 of the Federal Rule of Evidence, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

21. Relationship Among Parties.

It is understood and agreed that no Consenting Lender has any duty of trust or confidence in any kind or form with any other Consenting Lender as a result of this Agreement, and, except as expressly provided in this Agreement, there are no commitments among or between them. In this regard, it is understood and agreed that any Consenting Lender may trade in the First Lien Loans or other debt or equity securities of the Company without the consent of the Company or any other Consenting Lender, subject to applicable securities laws and the terms of this Agreement.

22. Fiduciary Duties.

Notwithstanding anything to the contrary herein, nothing in this Agreement shall require the Company, or any directors or officers of the Company (in such person's capacity as a director or

officer) to take any action, or to refrain from taking any action, to the extent that taking such action or refraining from taking such action is reasonably likely to constitute a breach of such person's or entity's fiduciary obligations which such entity or person owes to any other person or entity under applicable law; *provided*, *however*, that (a) the Company, in its sole discretion, may terminate this Agreement in accordance with paragraph 5(c), and (b) specific performance shall not be available as a remedy if this Agreement is terminated in accordance with this section 22.

23. Representation by Counsel.

Each Party acknowledges that it has been represented by, or provided a reasonable period of time to obtain access to and advice by, counsel with this Agreement and the Restructuring Transaction contemplated herein. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

24. Independent Analysis.

Each of the Consenting Lender hereby confirms that it has made its own decision to execute this Agreement based upon its own independent assessment of documents and information available to it, as it deemed appropriate.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacity as officers of the undersigned and not in any other capacity, as of the date first set forth above.

[Signature Pages Follow]

[Restructuring Support Agreement Signature Pages]

GSE Holding, Inc.
GSE Environmental, Inc.
GSE Environmental, LLC
SynTech, LLC

By: D Storey
Name:
Title: Daniel Storey
CFO

[CONSENTING LENDER]

By: _____

Name: _____

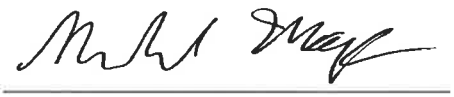
Title: _____

Principal Amount of First Lien Loans: $_____

Notice Address:

_____
_____
_____
Fax: _____
Attention: _____

CETUS CAPITAL II, LLC

By: 

Name: RICHARD MAYBAUM

Title: MANAGING DIRECTOR

Principal Amount of First Lien Loans: [redacted]

Notice Address:

8 SOUND SHORE DRIVE
SUITE 303
GREENWICH, CT 06830
Fax: (203) 552-3595
Attention: GENTRY KLEIN

LITTLEJOHN OPPORTUNITIES MASTER FUND LP

By: 

Name: RICHARD MAYBAUM

Title: MANAGING DIRECTOR

Principal Amount of First Lien Loans: [redacted]

Notice Address:

8 SOUND SHORE DRIVE
SUITE 303
GREENWICH, CT 06830
Fax: (203) 552-3595
Attention: GENTRY KLEIN

SG DISTRESSED FUND, LP

By: 

Name: RICHARD MAYBAUM

Title: MANAGING DIRECTOR

Principal Amount of First Lien Loans: [redacted]

Notice Address:

8 SOUND SHORE DRIVE
SUITE 303
GREENWICH, CT 06830
Fax: (203) 552-3595
Attention: GENTRY KLEIN

TENNENBAUM OPPORTUNITIES FUND VI, LLC
By: Tennenbaum Capital Partners, LLC, its Investment Manager

By: _____
Name: David A. Hollander
Title: Managing Partner

Principal Amount of First Lien Loans: [redacted]

Notice Address:
c/o Tennenbaum Capital Partners, LLC
2951 28th St. Suite 1000
Santa Monica, CA 90405

Fax: 310-899-4967
Attention: David Hollander

TENNENBAUM OPPORTUNITIES PARTNERS V, LP
By: Tennenbaum Capital Partners, LLC, its Investment Manager

By: _____
Name: David A. Hollander
Title: Managing Partner

Principal Amount of First Lien Loans: [redacted]

Notice Address:
c/o Tennenbaum Capital Partners, LLC
2951 28th St. Suite 1000
Santa Monica, CA 90405

Fax: 310-899-4967
Attention: David Hollander

NAME OF CONSENTING LENDER

By: Strategic Value Special Situations Master Fund II, L.P.
By: SVP Special Situations II, LLC
Its Investment Manager

Name: Lewis Schwartz

Title: Chief Financial Officer

Principal Amount of First Lien Loans: [redacted]

Notice Address:

Strategic Value Partners LLC
100 West Putnam Avenue
Greenwich, CT 06830
Phone: 203-618-3599
Fax: 201-720-2945 (or email 12017202945@tls.ldsprod.com)
Attention: Aravind Rajasekharan

NAME OF CONSENTING LENDER

By: Strategic Value Special Situations Master Fund III, L.P.
By: SVP Special Situations III, LLC
Its Investment Manager

Name: Lewis Schwartz

Title: Chief Financial Officer

Principal Amount of First Lien Loans: [redacted]

Notice Address:

Strategic Value Partners LLC
100 West Putnam Avenue
Greenwich, CT 06830
Phone: 203-618-3599
Fax: 201-720-2945 (or email 12017202945@tls.ldsprod.com)
Attention: Aravind Rajasekharan

NAME OF CONSENTING LENDER

By: Strategic Value Special Situations Offshore Fund III-A, L.P.
By: SVP Special Situations III-A, LLC
Its Investment Manager

Name: Lewis Schwartz

Title: Chief Financial Officer

Principal Amount of First Lien Loans: [redacted]

Notice Address:

Strategic Value Partners LLC
100 West Putnam Avenue
Greenwich, CT 06830
Phone: 203-618-3599
Fax: 201-720-2945 (or email 12017202945@tls.ldsprod.com)
Attention: Aravind Rajasekharan

EXHIBIT A
JOINT PLAN

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
GSE ENVIRONMENTAL, INC., *et al.*,[1]	)	Case No. 14-_____ (___)
Debtors.	)	(Joint Administration Requested)

DEBTORS' JOINT PLAN OF REORGANIZATION
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

Patrick J. Nash, Jr., P.C. (*pro hac vice* admission pending)
Jeffrey D. Pawlitz (*pro hac vice* admission pending)
Bradley Thomas Giordano (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: patrick.nash@kirkland.com
jeffrey.pawlitz@kirkland.com
bradley.giordano@kirkland.com

Laura Davis Jones (DE Bar No. 2436)
Timothy P. Cairns (DE Bar No. 4228)
PACHULSKI STANG ZIEHL & JONES LLP
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, Delaware 19899-8705 (Courier 19801)
Telephone: (302) 652-4100
Facsimile: (302) 652-4400
Email: ljones@pszjlaw.com
tcairns@pszjlaw.com

Proposed Co-Counsel for the Debtors and Debtors in Possession

Dated: May 4, 2014

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: GSE Environmental, Inc. (1074); GSE Environmental, LLC (1539); GSE Holding, Inc. (9069); and SynTec, LLC (2133). The location of the Debtors' service address is: 19103 Gundle Road, Houston, Texas 77073.

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INTRODUCTION

GSE Environmental, Inc., together with its Affiliates, GSE Environmental, LLC, GSE Holding, Inc., and SynTec, LLC as debtors and debtors in possession (each, a "Debtor" and, collectively, the "Debtors") propose this joint plan of reorganization (the "Plan") for the resolution of the outstanding Claims against and Interests in the Debtors pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I.A hereof. Holders of Claims and Interests may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms.

As used in this Plan, capitalized terms have the meanings set forth below.

1. "*Accrued Professional Compensation Claims*" means, at any given time, all Claims for accrued, contingent, and/or unpaid fees and expenses rendered allowable before the Effective Date by any retained Professional in the Chapter 11 Cases that the Bankruptcy Court has not denied by Final Order; provided, however, that any such fees and expenses (a) have not been previously paid (regardless of whether a fee application has been Filed for any such amount) and (b) have not been applied against any retainer that has been provided to such Professional. To the extent that the Bankruptcy Court or any higher court of competent jurisdiction denies or reduces by a Final Order any amount of a Professional's fees or expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation Claims.

2. "*Administrative Claim*" means any Claim for costs and expenses of administration pursuant to sections 328, 330, 364(c)(1), 365, 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries, or commissions for services and payments for goods and other services and leased premises); (b) Allowed Accrued Professional Compensation Claims; and (c) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of the Judicial Code.

3. "*Administrative Claims Bar Date*" means the date by which all requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, which date shall be (a) for Administrative Claims (other than trade vendor Claims for goods and services sold to the Debtors in the ordinary course of business and Accrued Professional Compensation Claims) arising during the period commencing on the Petition Date and continuing through and including the date that is seven (7) days prior to the date for the Confirmation Hearing, the date that is three (3) days prior to the Confirmation Hearing, and (b) for Administrative Claims (other than trade vendor Claims for goods and services sold to the Debtors and Accrued Professional Compensation Claims) arising during the period commencing after the date that is seven (7) days prior to the date for the Confirmation Hearing, the date that is three (3) days after the Effective Date.

4. "*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

5. "*Allowed*" means with respect to any Claim, except as otherwise provided herein: (a) a Claim that either (i) is not Disputed or (ii) has been allowed by a Final Order; (b) a Claim that is allowed (i) pursuant to the terms of the Plan, (ii) in any stipulation that is approved by the Bankruptcy Court by a Final Order, or (iii) pursuant to any contract, instrument, indenture, or other agreement entered into or assumed in connection herewith; (c) a Claim relating to a rejected Executory Contract or Unexpired Lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order; or (d) a Claim as to which a Proof of Claim has been timely Filed and as to which no objection has been Filed.

6. "*Avoidance Actions*" means Claims and causes of action arising under sections 544, 545, 546, 547, 548, 549, 550, and 553(b) of the Bankruptcy Code.

7. "*Bankruptcy Court*" means the United States Bankruptcy Court for the District of Delaware or any other court having jurisdiction over the Chapter 11 Cases.

8. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

9. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

10. "*Cash*" means cash and cash equivalents.

11. "*Causes of Action*" means any: (a) Claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, and franchises; (b) all rights of setoff, counterclaim, or recoupment and Claims on contracts or for breaches of duties imposed by law; (c) rights to object to Claims or Interests; (d) Claims pursuant to sections 362, 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, or 553 of the Bankruptcy Code; and (e) Claims and defenses as fraud, mistake, duress, and usury and any other defenses set forth in section 558 of the Bankruptcy Code of any kind or character whatsoever, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on, or after the Petition Date including through the Effective Date, in contract, in tort, in law, or in equity, or pursuant to any other theory of law.

12. "*Certificate*" means any instrument evidencing a Claim or an Interest.

13. "*Chapter 11 Cases*" means (a) when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and (b) when used with reference to all the Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.

14. "*CHS Capital*" means Code Hennessey & Simmons IV LP and its Affiliates.

15. "*Claim*" means any claim, as such term is defined in section 101(5) of the Bankruptcy Code, against a Debtor.

16. "*Claims Bar Date*" means, for each General Unsecured Claim the date that is 35 days after the entry of the Claims Bar Date Order, as set forth in the Claims Bar Date Order.

17. "*Claims Bar Date Order*" means the order of the Bankruptcy Court establishing the date that is 35 days after the Petition Date as the Claims Bar Date for General Unsecured Claims.

18. "*Claims Objection Deadline*" means, for each General Unsecured Claim, the first Business Day that is 80 days after the Effective Date, *provided* that the Claims Objection Deadline may be extended by order of the Bankruptcy Court after notice and a hearing.

19. "*Claims Register*" means the official register of Claims maintained by the Noticing Agent.

20. "*Class*" means a class of Claims or Interests as set forth in Article III hereof pursuant to section 1122(a) of the Bankruptcy Code.

21. "*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case Filing system.

22. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified in Article IX.A hereof having been (a) satisfied or (b) waived pursuant to Article IX.C hereof.

23. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

24. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court on Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

25. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

26. "*Consummation*" means the occurrence of the Effective Date.

27. "*Creditors Committee"* means an official committee of unsecured creditors appointed in the Chapter 11 Cases by the Office of the United States Trustee for the District of Delaware, if any.

28. *"Cure Claim"* means a Claim based upon the Debtors' defaults on an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors pursuant to section 365 of the Bankruptcy Code.

29. "*D&O Policy*" means any insurance policy of the Debtors provided by an insurance company that provides coverage against director, managers, and officer liability claims, as applicable.

30. "*Debtor Release*" means the release given by the Debtors to the Released Parties as set forth in Article VIII.D.

31. "*DIP Agent*" means that certain administrative agent (and its successors and assigns) under the DIP Facility.

32. "*DIP Facility*" means that certain $45 million superpriority priming delayed-draw term loan facility among GSE Environmental, Inc., as borrower, certain Affiliates thereof, as guarantors, the DIP Agent, and the DIP Lenders.

33. "*DIP Facility Claims*" means any Claim held by the DIP Lenders and or the DIP Agent arising under or related to the DIP Facility.

34. "*DIP Lenders*" means those certain lenders party to the DIP Facility.

35. "*DIP Order*" means the interim order or final order, as applicable, entered by the Bankruptcy Court, authorizing and approving the DIP Facility.

36. "*Disbursing Agent*" means the Reorganized Debtors or the Entity or Entities selected by the Debtors or the Reorganized Debtors, as applicable, to make or facilitate distributions pursuant to the Plan.

37. "*Disclosure Statement*" means the Disclosure Statement Relating to the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (as may be altered, amended, modified, or supplemented from time to time), including all exhibits and schedules thereto and references therein that relate to the

Plan, and that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law.

38. "*Disputed*" means any Claim or Interest that is not yet Allowed.

39. "*Effective Date*" means the date selected by the Debtors, that is reasonably acceptable to the Required Lenders, and that is a Business Day after the Confirmation Date on which (a) the conditions to the occurrence of the Effective Date have been met or waived pursuant to Article IX.B and Article IX.C hereof and (b) no stay of the Confirmation Order is in effect.

40. "*Entity*" means an entity as such term is defined in section 101(15) of the Bankruptcy Code.

41. "*Equity Security*" means any equity security as defined in section 101(16) of the Bankruptcy Code in a Debtor.

42. "*Estate*" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

43. "*Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. § 78a, *et seq.*

44. "*Exculpated Claim*" means any Claim related to any act taken or omitted to be taken in connection with, relating to, or arising out of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement or the Plan, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the preparation or filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, and the administration and implementation of the Plan, including the issuance of New Equity or the distribution of property under the Plan or any other agreement.

45. "*Exculpated Party*" means each of: (a) the Debtors and (b) the Released Parties.

46. "*Exit Facility*" means a credit facility to be entered into by the Reorganized Debtors to fund ongoing operations and obligations under the Plan including to pay or refinance the DIP Facility Claims on the Effective Date.

47. "*Exit Facility Backstop Commitment*" means the commitment of the Required Lenders to backstop the funding of the Exit Facility in the event the Company is unable to secure the Exit Facility from a third-party with material terms acceptable to the Required Lenders.

48. "*Exit Facility Term Sheet*" means a term sheet setting forth the material terms of the Exit Facility, which shall be acceptable to the Required Lenders.

49. "*Executory Contract*" means a contract to which one or more of the Debtors is a party and that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

50. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date.

51. "*File*" or "*Filed*" means file, filed, or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

52. "*Final Order*" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified, or amended, and as to which the time to appeal, seek certiorari, or move for a new trial, re-argument, or rehearing has expired and no appeal, petition for certiorari, or motion for a new trial, re-argument, or rehearing has been timely filed, or as to which any appeal that has been taken, any petition for certiorari, or motion for a new trial,

re-argument, or rehearing that has been or may be Filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought.

53. "*First Lien Credit Agreement*" means the First Lien Credit Agreement dated as of May 27, 2011, among GSE Environmental, Inc., as borrower, and the other Debtors as guarantors, the First Lien Agent (including its predecessors, successors, and assigns), and the First Lien Lenders (as amended, restated, supplemented or otherwise modified from time to time).

54. "*First Lien Credit Agreement Existing Letters of Credit*" means all outstanding and undrawn letters of credit under the First Lien Credit Agreement.

55. "*First Lien Agent*" means Cantor Fitzgerald Securities (including its successors and assigns), in its capacity as administrative agent and collateral agent under the First Lien Credit Agreement.

56. "*First Lien Claim*" means any Secured Claim or Unsecured Claim derived from, based upon, relating to or arising from the First Lien Credit Agreement.

57. "*First Lien Lenders*" means the institutions party from time to time as Lenders under the First Lien Credit Agreement.

58. "*General Administrative Claim*" means any Administrative Claim, including Cure Claims, other than a Professional Fee Claim.

59. "*General Unsecured Claims*" means any Claim that is neither Secured nor entitled to priority under the Bankruptcy Code or any order of the Bankruptcy Court, including any Claim arising from the rejection of an Executory Contract or Unexpired Lease under section 365 of the Bankruptcy Code and all claims that are not (a) Administrative Claims, (b) DIP Facility Claims, (c) Priority Tax Claims, (d) Other Priority Claims, (e) Other Secured Claims,(f) First Lien Loan Claims, (g) Qualified Unsecured Trade Claims, (h) Section 510(b) Claims, or (i) Intercompany Claims. For the avoidance of doubt, the General Unsecured Claims shall include any deficiency Claims arising from Holders of Other Secured Claims.

60. "*General Unsecured Claims Recovery Pool*" means $1,000,000 million in Cash to be paid into a bank account identified by the Disbursing Agent for General Unsecured Claims to be held in trust for the benefit of holders of Allowed General Unsecured Claims and to be distributed in accordance with the provisions of Article III.B.5.

61. "*Governmental Unit*" means a governmental unit as defined in section 101(27) of the Bankruptcy Code.

62. "*Holder*" means an Entity holding a Claim or an Interest.

63. "*Impaired*" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

64. "*Intercompany Claim*" means any Claim held by a Debtor or a Non-Filer against another Debtor.

65. "*Intercompany Interest*" means any Interest in a Debtor or a Non-Filer held by another Debtor or Non-Filer or any Interest in a Debtor or a Non-Filer held by an Affiliate of a Debtor or a Non-Filer.

66. "*Interests*" means any: (a) Equity Security, including all issued, unissued, authorized, or outstanding shares of capital stock of the Debtors together with any warrants, options, or contractual rights to purchase or acquire such Equity Securities at any time and all rights arising with respect thereto; and (b) partnership, limited liability company, or similar interest in a Debtor.

67. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

68. "*Key Employee Plans*" means the key employee plans as defined in the First Lien Credit Agreement.

69. "*Key Employee Plan Obligations*" means the obligations arising pursuant the Key Employee Plans.

70. "*Lien*" means a lien as defined in section 101(37) of the Bankruptcy Code.

71. "*Management Equity Incentive Plan"* means that certain post-Effective Date management equity incentive plan to be implemented by the New Board of Reorganized GSE Environmental, Inc.

72. "*New Boards*" means the initial boards of directors, members, or managers, as applicable, of such Reorganized Debtors.

73. "*New Equity*" means the equity of Reorganized GSE Holding, Inc., authorized pursuant to the Plan.

74. "*New Organizational Documents*" means such certificates or articles of incorporation, bylaws, or such other applicable formation documents of each of the Reorganized Debtors, the forms of which will be included in the Plan Supplement.

75. "*Non-Filers*" means GSE International, Inc., GSE Lining Technology Co. LTD, GSE Lining Technology Co. - Egypt S.A.E., HYMA/GSE Manufacturing Co., HYMA/GSE Manufacturing Co. S.A.E., GSE (UK) Ltd., GSE Lining Technology LTD., GSE Australia Pty LTD, GSE Lining Technology GmbH, GSE Environmental Holding Ltd., GSE Environmental Lining Technology (Sazhou) Co., Ltd., GSE Lining Technology Chile S.A., and GSE Environmental S de RL de CV.

76. "*Noticing Agent*" means Prime Clerk, LLC, located at 830 Third Avenue, 9th Floor, New York, NY, (844) 205-4335, retained as the Debtors' notice, claims, and balloting agent.

77. "*Other Priority Claims*" means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

78. "*Other Secured Claim*" means any Secured Claim that is not a First Lien Claim.

79. "*Parent Equity Interests*" means Interests in GSE Holding, Inc.

80. "*Petition Date*" means May 4, 2014, the date on which the Debtors commenced the Chapter 11 Cases.

81. "*Plan*" means this *Joint Plan of Reorganization of the GSE Environmental, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code* as it may be altered, amended, modified, or supplemented from time to time in accordance with the terms hereof, including the Plan Supplement and all exhibits, supplements, appendices, and schedules, which are incorporated herein by reference.

82. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan to be Filed by the Debtors no later than 10 days prior to the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court comprised of, among other documents, the following: (a) New Organizational Documents; (b) a list of retained Causes of Action; (c) Restructuring Transaction Memorandum; (d) the Shareholder Agreement; (e) the Exit Facility Term Sheet; and (f) Exit Facility Backstop Commitment. Any reference to the Plan Supplement in this Plan shall include each of the documents identified above as (a) through (f). The Debtors shall have the right to amend the documents contained in the Plan Supplement, and add additional documents to the Plan Supplement, through and including the Effective Date in accordance with Article IX hereof.

83. "*Postpetition Period*" means the period of time following the Petition Date through the Confirmation Date.

84. "*Priming Loan Credit Agreement*" means the First Lien Credit Agreement dated as of January 10, 2014, among GSE Environmental, Inc., as borrower, and the other Debtors as guarantors, the Priming Loan Agent (including its predecessors, successors, and assigns), and the Priming Loan Lenders (as amended, restated, supplemented or otherwise modified from time to time).

85. "*Priming Loan Agent*" means Cantor Fitzgerald Securities (including its successors and assigns), in its capacity as administrative agent and collateral agent under the Priming Loan Credit Agreement.

86. "*Priming Loan Lenders*" means the institutions party from time to time as Lenders under the Priming Loan Credit Agreement.

87. "*Priority Tax Claim*" means any Claim of the kind specified in section 507(a)(8) of the Bankruptcy Code.

88. "*Pro Rata*" means the proportion that an Allowed Claim or Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that Class.

89. "*Professional*" means an Entity: (a) employed pursuant to a Bankruptcy Court order in accordance with sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Confirmation Date, pursuant to sections 327, 328, 329, 330, 331, and 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

90. "*Professional Fee Escrow Account*" means an interest-bearing escrow account to hold and maintain an amount of Cash equal to the Professional Fee Escrow Amount funded by the Debtors after the Confirmation Date but at least one day prior to the Effective Date solely for the purpose of paying all Allowed and unpaid Accrued Professional Compensation Claims. Such Cash shall remain subject to the jurisdiction of the Bankruptcy Court.

91. "*Professional Fee Escrow Amount*" means the aggregate Accrued Professional Compensation Claims through the Effective Date as estimated in accordance with Article II.B.3.

92. "*Qualified Unsecured Trade Claim*" means (a) all Unsecured Claims directly relating to and arising solely from the receipt of goods and services by the Debtors arising with, and held by, Entities with whom the Debtors are conducting, and will continue to conduct, business as of the Effective Date, which Entities have executed a Qualified Vendor Support Agreement prior to the Solicitation Date, and (b) all Claims designated by the Debtors as a "Qualified Unsecured Trade Claim" for purposes of the Plan by an order of the Bankruptcy Court or agreement of the applicable parties; *provided*, *however*, that Qualified Unsecured Trade Claims shall not include Administrative Claims or Other Priority Claims.

93. "*Qualified Vendor Support Agreement*" means a written agreement entered into by Holders of Qualified Unsecured Trade Claims and the applicable Reorganized Debtor, in which such Holder shall agree to provide payment terms no less advantageous (from the perspective of the Reorganized Debtor) than those terms provided as 12 months prior to the Petition Date for at least 12 months following the Effective Date.

94. "*Reinstated*" means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Interest entitles the Holder of such Claim or Interest so as to leave such Claim or Interest Unimpaired; or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such

Claim or Interest as such maturity existed before such default; (iii) compensating the Holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim or Interest arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensating the Holder of such Claim or Interest (other than a Debtor or an insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable, or contractual rights to which such Claim or Interest entitles the Holder.

95. "*Released Party*" means each of: (a) the DIP Agent, the DIP Lenders, and the Holders of DIP Facility Claims, in each case, in their capacity as such; (b) the Priming Loan Lenders and the Priming Loan Agent; (c) Holders of the First Lien Claims; (d) the Exit Facility agent and lenders, in each case, in their capacity as such; (e) the official committee of unsecured creditors appointed in the Chapter 11 Cases, if any; and (f) with respect to each of the foregoing entities in clauses (a) through (e), such person's current and former Affiliates, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case in their capacity as such; and (g) the Debtors' and the Reorganized Debtors' current Affiliates (including CHS Capital), including the Non-Filers, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, in each case in their capacity as such. No Holder of a Claim or Interest who votes to reject the Plan shall be a Released Party.

96. "*Reorganized Debtors*" means the Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

97. "*Reorganized GSE Environmental, Inc.*" means GSE Environmental, Inc., or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

98. "*Reorganized GSE Holding, Inc.*" means GSE Holding, Inc., or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

99. "*Required Lenders*" means the First Lien Lenders holding at least 66% in amount of the First Lien Claims.

100. "*Restructuring Transactions*" means those mergers, amalgamations, consolidations, arrangements, continuances, restructurings, transfers, conversions, dispositions, liquidations, dissolutions, or other corporate transactions that the Debtors or the Reorganized Debtors determine to be necessary or appropriate to effect a restructuring of a Debtor's business or a restructuring of the overall corporate structure of the Reorganized Debtors, including those described in the Restructuring Transactions Memorandum.

101. "*Restructuring Transactions Memorandum*" means the memorandum describing the Restructuring Transactions, including those inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, transfers, conversions, dispositions, liquidations, dissolutions, or other corporate transactions that the Debtors or the Reorganized Debtors may determine to be necessary or appropriate to implement the Restructuring Transactions and to effect a restructuring of a Debtor's business or a restructuring of the overall corporate structure of the Reorganized Debtors, which will be included in the Plan Supplement.

102. "*Section 510(b) Claim*" means any Claim against the Debtors arising from rescission of a purchase or sale of a Security of any of the Debtors or an Affiliate of any of the Debtors, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

103. "*Secured*" means when referring to a Claim: (a) secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such property or to the extent of the amount subject to

setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed as such pursuant to the Plan.

104. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, together with the rules and regulations promulgated thereunder.

105. "*Security*" means a security as defined in section 2(a)(1) of the Securities Act.

106. "*Shareholder Agreement*" means one or more stockholders' agreement(s), as necessary, with respect to the New Equity.

107. "*Solicitation Date*" means the date on which mailing solicitation of votes to accept or reject the Plan is commenced.

108. "*Third Party Release*" means the release provision set forth in Article VIII.E hereof.

109. "*Third Party Releasees*" means the Debtors, the Reorganized Debtors, and the Released Parties.

110. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

111. "*Unimpaired*" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

B. Rules of Interpretation.

For purposes of this Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (4) any reference to an Entity as a Holder of a Claim or Interest includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (7) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (8) subject to the provisions of any contract, certificate of incorporation, bylaw, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (9) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (10) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (11) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (12) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (13) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; (14) all references to events occurring on a specified date shall mean that the event will occur on that date or as soon thereafter as reasonably practicable; and (15) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the

Debtors or to the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

C. Computation of Time.

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided*, *however*, that corporate governance matters relating to the Debtors or the Reorganized Debtors, as applicable, not incorporated in Delaware shall be governed by the laws of the state of incorporation of the relevant Debtor or the Reorganized Debtors, as applicable.

E. Reference to Monetary Figures.

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III hereof.

A. Administrative Claims.

1. General Administrative Claims.

Except as specified in this Article II, unless otherwise agreed to by the Holder of a General Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each Holder of an Allowed General Administrative Claim will receive, in full satisfaction of its General Administrative Claim, Cash equal to the amount of such Allowed General Administrative Claim in the ordinary course of the Debtors' business, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed General Administrative Claims, without any further action by the Holders of such Allowed General Administrative Claims.

B. Professional Compensation.

1. Professional Fee Escrow Account.

As soon as reasonably practicable after the Confirmation Date and no later than one day prior to the Effective Date, the Debtors shall establish the Professional Fee Escrow Account. On or before the Effective Date, the Debtors shall fund the Professional Fee Escrow Account with Cash in the amount of the aggregate Professional Fee Escrow Amount for all Professionals. The Professional Fee Escrow Account shall be maintained in trust for the Professionals. Such funds shall not be considered property of the Debtors' Estates, except as otherwise provided in Article II.B.2.

2. Final Fee Applications and Payment of Accrued Professional Compensation Claims.

All final requests for payment of Claims of a Professional shall be Filed no later than 40 calendar days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Accrued Professional Compensation Claims shall be determined by the Bankruptcy Court. The amount of Accrued Professional Compensation Claims owing to the Professionals, after taking into account any prior payments and after applying any retainers, shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow Account when such Claims are Allowed by a Final Order. To the extent that funds held in the Professional Fee Escrow Account are unable to satisfy the amount of Accrued Professional Compensation Claims owing to the Professionals, such Professionals shall have an Allowed Administrative Claim for any such deficiency, which shall be satisfied in accordance with Article II.A. After all Allowed Accrued Professional Compensation Claims have been paid in full, the escrow agent shall return any excess amounts to the Reorganized Debtors.

3. Professional Fee Escrow Amount.

To receive payment for unbilled fees and expenses incurred through the Confirmation Date, the Professionals shall estimate their Accrued Professional Compensation Claims before and as of the Effective Date, taking into account any prior payments, and shall deliver such estimate to the Debtors no later than five calendar days prior to the anticipated Effective Date, as shall be indicated by the Debtors to such Professionals in writing as soon as reasonably practicable following Confirmation of the Plan; provided, however, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional and such Professionals are not bound to any extent by the estimates. If a Professional does not provide an estimate, the Debtors, in consultation with the Required Lenders, may estimate a reasonable amount of unbilled fees and expenses of such Professional, taking into account any prior payments; provided, however, that such estimate shall not be binding or considered an admission with respect to the fees and expenses of such Professional. The total amount so estimated shall comprise the Professional Fee Escrow Amount. To the extent that any Accrued Professional Compensation Claims are satisfied after the funding of the Professional Fee Escrow Account with funds outside the Professional Fee Escrow Account, the Professional Fee Escrow Amount shall be reduced by the amount of such funds and such amount shall be returned as soon as practicable to the Debtors or Reorganized Debtors, as applicable.

C. Post-Confirmation Date Fees and Expenses.

From and after the Confirmation Date, the Debtors or Reorganized Debtors, as applicable, may, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses of Professionals that have been formally retained in accordance with sections 327, 363, or 1103 of the Bankruptcy Code before the Confirmation Date; provided that (a) such fees relate to the implementation and Consummation of the Plan incurred by the Debtors through and including the Effective Date, (b) Professionals that charge on an hourly basis may only charge at their standard hourly rate, (c) Professionals that charge on a monthly basis may only charge at the monthly rate previously approved by the Bankruptcy Court, and (d) any success fee must be approved the Bankruptcy Court. For the avoidance of doubt, the foregoing provision shall not apply to the payment of any fees and expenses of professionals that have not been formally retained by the Debtors or a Committee before the Confirmation Date.

D. DIP Facility Claims.

Notwithstanding anything to the contrary herein, and subject to the terms of the DIP Facility, in full and final satisfaction, settlement, release, and discharge of and in exchange for release of all DIP Facility Claims, on the Effective Date, the DIP Facility Claims shall be paid in full and in Cash.

E. Priority Tax Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax

Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

F. Statutory Fees.

Notwithstanding anything to the contrary contained herein, on the Effective Date, the Debtors shall pay, in full in Cash, any fees due and owing to the U.S. Trustee and shall provide pre-Confirmation monthly operating reports due at the time of Confirmation. On and after the Effective Date, Reorganized GSE Environmental Inc. shall pay the applicable U.S. Trustee fees and shall provide post-Confirmation quarterly reports for each of the Reorganized Debtors until the entry of a Final Decree in each such Debtor's Chapter 11 Case or until each such Chapter 11 Case is converted or dismissed.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Classification of Claims and Interests.

Claims and Interests, except for Administrative Claims, DIP Facility Claims, and Priority Tax Claims, are classified in the Classes set forth in this Article III. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1. Class Identification.

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
Class 3	First Lien Loan Claims	Impaired	Entitled to Vote
Class 4	Qualified Unsecured Trade Claims	Impaired	Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Entitled to Vote
Class 6	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 7	Intercompany Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept/Deemed to Reject)
Class 8	Intercompany Interests	Unimpaired	Not Entitled to Vote (Presumed to Accept/Deemed to Reject)
Class 9	Parent Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims and Interests.

1. Class 1 - Other Priority Claims.

(a) *Classification*: Class 1 consists of all Other Priority Claims against the Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Claim in Class 1 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 1, each such Holder shall be paid in full in Cash by the Debtors or the Reorganized Debtors, as applicable, in the ordinary course of business.

(c) *Voting*: Class 1 is Unimpaired under the Plan. Holders of Claims in Class 1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 - Other Secured Claims.

(a) *Classification*: Class 2 consists of all Other Secured Claims against the Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Claim in Class 2 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 2, each such Claim shall, at the sole option of the applicable Debtor; *provided*, *however*, that any Holder of an Allowed Claim in Class 2 to be satisfied pursuant to Article III.B.2(b)(i) herein shall require the consent of the Required Lenders:

(i) be paid in full in Cash, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code, on the Effective Date or as soon thereafter as reasonably practicable or, if payment is not then due, in accordance with the payment terms of any applicable agreement;

(ii) receive the collateral securing any such Allowed Other Secured Claim and be paid any interest required to be paid under section 506(b) of the Bankruptcy Code on the Effective Date or as soon thereafter as reasonably practicable; or

(iii) otherwise be treated in any other manner such that the Allowed Other Secured Claim shall be rendered Unimpaired on the later of the Effective Date and the date on which such Other Secured Claim becomes an Allowed Other Secured Claim or as soon as reasonably practicable thereafter.

(c) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Claims in Class 2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 - First Lien Loan Claims.

(a) *Classification*: Class 3 consists of all First Lien Loan Claims against the Debtors.

(b) *Allowance*: Class 3 Claims are Allowed in the aggregate principal amount of $173,395,995, plus any accrued but unpaid interest thereon payable thereon, as calculated in accordance with the First Lien Credit Agreement.

(c) *Treatment*: On the Effective Date, except to the extent that a Holder of a First Lien Loan Claim agrees to less favorable treatment of its Allowed First Lien Loan Claim, each Holder of an Allowed First Lien Loan Claim against the Debtors shall receive its Pro Rata share of 100% of the New Equity received from GSE Environmental, Inc. on the Effective Date (subject to dilution by amounts reserved pursuant to the Management Equity Incentive Plan) in exchange for its Claim.

(d) *Voting*: Class 3 is Impaired under the Plan. Each Holder of a First Lien Loan Claim is entitled to vote to accept or reject the Plan.

4. Class 4 - Qualified Unsecured Trade Claims.

(a) *Classification*: Class 4 consists of all Qualified Unsecured Trade Claims against the Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Qualified Unsecured Trade Claim agrees to less favorable treatment, in exchange for full and final satisfaction, settlement, release and discharge of each Allowed Qualified Unsecured Trade Claim, each Holder of an Allowed Qualified Unsecured Trade Claim shall receive payment in full on account of such Qualified Unsecured Trade Claim upon the later of (i) the Effective Date and (ii) the date such Allowed Qualified Unsecured Trade Claim comes due in the ordinary course of business in accordance with the terms of any agreement that governs such Allowed Qualified Unsecured Trade Claim or in accordance with the course of practice between the Debtors and such Holder with respect to such Allowed Qualified Unsecured Trade Claim to the extent such Allowed Qualified Unsecured Trade Claim is not otherwise satisfied or waived on or before the Effective Date; *provided*, *however*, that Holders of Qualified Unsecured Trade Claims are not entitled to postpetition interest, late fees or penalties on account of such Claims.

(c) *Voting*: Class 4 is Impaired under the Plan. Each Holder of a Qualified Unsecured Trade Claim is entitled to vote to accept or reject the Plan.

5. Class 5 – General Unsecured Claims.

(a) *Classification:* Class 5 consists of all General Unsecured Claims against the Debtors.

(b) *Treatment:* Except to the extent that a Holder of a General Unsecured Claim agrees to less favorable treatment of its Allowed General Unsecured Claim or has been paid prior to the Effective Date, each Allowed General Unsecured Claim, in exchange for full and final satisfaction, settlement, release and discharge of the General Unsecured Claims, shall receive its Pro Rata share (calculated with reference to all Allowed General Unsecured Claims) of the General Unsecured Claims Recovery Pool. The Debtors reserve the right to challenge the legal basis and amount of any General Unsecured Claim.

(c) *Voting:* Class 5 is Impaired under the Plan. Each Holder of a General Unsecured Claim is entitled to vote to accept or reject the Plan.

6. Class 6 - Section 510(b) Claims.

(a) *Classification:* Class 6 consists of all Section 510(b) Claims.

(b) *Treatment*: On the Effective Date, all Claims in Class 6 shall be cancelled without any distribution.

(c) *Voting:* Class 6 is Impaired under the Plan. Holders of Claims in Class 6 are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

7. Class 7 - Intercompany Claims.

   (a) *Classification*: Class 7 consists of all Intercompany Claims.

   (b) *Treatment*: Intercompany Claims may be Reinstated as of the Effective Date or, at the Debtors' or the Reorganized Debtors' option, with the written approval of the Required Lenders, be cancelled, and no distribution shall be made on account of such Claims.

   (c) *Voting*: Holders of Class 7 Intercompany Claims are either Unimpaired, and such Holders of Class 7 Intercompany Interests conclusively are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or Impaired, and such Holders of Class 7 Intercompany Claims are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 7 Intercompany Claims are not entitled to vote to accept or reject the Plan.

8. Class 8 - Intercompany Interests.

   (a) *Classification:* Class 8 consists of all Intercompany Interests.

   (b) *Treatment*: Intercompany Interests may be Reinstated as of the Effective Date or, at the Debtors' or the Reorganized Debtors' option, be cancelled, and no distribution shall be made on account of such Interests.

   (c) *Voting*: Holders of Class 8 Intercompany Interests are either Unimpaired, and such Holders of Class 8 Intercompany Interests conclusively are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or Impaired, and such Holders of Class 8 Intercompany Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 8 Intercompany Interests are not entitled to vote to accept or reject the Plan.

9. Class 9 - Parent Equity Interests.

   (a) *Classification:* Class 9 consists of the Parent Equity Interests.

   (b) *Treatment:* On the Effective Date, the Parent Equity Interests shall be deemed canceled and extinguished, and shall be of no further force and effect, whether surrendered for cancelation or otherwise, and there shall be no distribution to holders of Parent Equity Interests on account of such Parent Equity Interests.

   (c) *Voting:* Class 9 is Impaired under the Plan. Holders of Claims in Class 9 are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, all rights in respect of legal and equitable defenses to or setoffs or recoupment against any such Unimpaired Claims.

D. Acceptance or Rejection of the Plan.

1. Voting Classes.

Class 3, 4, and 5 are Impaired under the Plan. Each Holder of a Claim or Interest in such Classes is entitled to vote to accept or reject the Plan.

2. Presumed Acceptance of the Plan.

Classes 1, 2, 7, and 8 are Unimpaired under the Plan. Each Holder of a Claim or Interest in such Classes is presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan; *provided*, *however*, that to the extent Class 7 Intercompany Claims and Class 8 Intercompany Interests are cancelled, each Holder of a Claim or Interest in Class 7 or 8 is deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan.

3. Presumed Rejection of Plan.

Classes 6, 7, 8, and 9 are Impaired and shall receive no distribution under the Plan. Each Holder of a Claim or Interest in such Classes is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan; *provided*, *however*, that to the extent Class 7 Intercompany Claims and Class 8 Intercompany Interests are Reinstated, each Holder of a Claim or Interest in Class 7 or 8 is presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan.

E. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims.

F. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

G. Elimination of Vacant Classes.

Any Class of Claims or Interests that does not have a Holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court in an amount greater than zero as of the date of the Confirmation Hearing shall be considered vacant and deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

H. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

I. Intercompany Interests.

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests are not being received by Holders of such Intercompany Interests on account of their Intercompany Interests but for the purposes of administrative convenience, for the ultimate benefit of the Holders of New Equity, and in exchange for the Debtors' and Reorganized Debtors' agreement under the Plan to make certain distributions to the Holders of Allowed Claims. For the avoidance of doubt, all Interests in the Non-Filers shall continue to be owned by the Reorganized GSE Environmental, Inc.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims and Interests.

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan. Subject to Article VI hereof, all distributions made to Holders of Allowed Claims and Holders of Allowed Interests in any Class are intended to be and shall be final.

B. Restructuring Transactions.

On or after the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall enter into the Restructuring Transactions, including those described in the Restructuring Transactions Memorandum, and shall take any actions as may be necessary or appropriate to effect a restructuring of the overall corporate structure of the Reorganized Debtors, as and to the extent provided therein. The Restructuring Transactions may include one or more inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, liquidations, or other corporate transactions as may be determined by the Debtors or the Reorganized Debtors, as applicable, to be necessary or appropriate. The actions to effect the Restructuring Transactions may include: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (4) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Restructuring Transactions.

C. Reorganized GSE Environmental, Inc.

On the Effective Date, the New Board of Reorganized GSE Environmental, Inc. shall be established, and Reorganized GSE Environmental, Inc. shall adopt its New Organizational Documents. The Reorganized Debtors shall be authorized to implement the Restructuring Transactions and adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or desirable to consummate the Plan.

D. Existing Letters of Credit.

The Company will, with respect to each First Lien Credit Agreement Existing Letters of Credit, (i) use commercially reasonable efforts to cause each beneficiary thereof to accept a replacement letter of credit issued

under the Exit Facility or (ii) provide the issuing bank with a backstop letter of credit under the Exit Facility or cash collateral.

E. Sources of Consideration for Plan Distributions.

The Reorganized Debtors shall fund distributions under the Plan with Cash on hand, including Cash from operations.

1. Exit Facility.

On the Effective Date, the Reorganized Debtors will consummate the Exit Facility. The Reorganized Debtors shall use proceeds of the Exit Facility to fund ongoing operations and obligations under the Plan, including to pay or refinance the DIP Facility Claims, and fund the General Unsecured Claims Recovery Pool.

2. Intercompany Account Settlement.

The Debtors and the Reorganized Debtors, as applicable, shall be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

3. Issuance of New Equity.

The issuance of the New Equity, including options, or other equity awards, if any, reserved for the Management Equity Incentive Plan, by Reorganized GSE Holding, Inc. is authorized without the need for any further corporate action or without any further action by the Holders of Claims or Interests.

All of the shares of New Equity issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI hereof shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

4. Issuance of the General Unsecured Claims Recovery Pool.

On the Effective Date the Reorganized Debtors will distribute $1,000,000 million in Cash into the General Unsecured Claims Recovery Pool to be held in trust for the benefit of holders of Allowed General Unsecured Claims.

F. Corporate Existence.

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporation, limited liability company, partnership, or other form of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other similar formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other similar formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

G. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

H. Cancellation of Securities and Agreements.

On the Effective Date, except as otherwise specifically provided for in the Plan: (1) the obligations of the Debtors under the First Lien Credit Agreement, and any other Certificate, Equity Security, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Interest (except such Certificates, notes, or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Debtors that are Reinstated pursuant to the Plan), shall be cancelled solely as to the Debtors and their Affiliates, and the Reorganized Debtors shall not have any continuing obligations thereunder; and (2) the obligations of the Debtors and their Affiliates pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, Certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors (except such agreements, Certificates, notes, or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged; *provided, however*, that notwithstanding Confirmation or Consummation, any such indenture or agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of allowing Holders to receive distributions under the Plan; *provided further, however,* that the preceding proviso shall not affect the discharge of Claims or Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any expense or liability to the Reorganized Debtors; *provided further, however*, that the foregoing shall not affect the cancellation of shares issued pursuant to the Restructuring Transactions nor any other shares held by one Debtor in the capital of another Debtor.

I. Corporate Action.

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, including: (1) selection of the directors and officers for the Reorganized Debtors; (2) the distribution of the New Equity; (3) implementation of the Restructuring Transactions as set forth in the Restructuring Transactions Memorandum; (4) execution of the Exit Facility; and (5) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors or officers of the Debtors or the Reorganized Debtors. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, including the Exit Facility and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by this Article IV.I shall be effective notwithstanding any requirements under non-bankruptcy law. The issuance of the New Equity shall be exempt from the requirements of section 16(b) of the Securities Exchange Act of 1934 (pursuant to Rule 16b-3 promulgated thereunder) with respect to any acquisition of such securities by an officer or director (or a director deputized for purposes thereof) as of the Effective Date.

J. New Organizational Documents.

On or immediately prior to the Effective Date, each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of non-voting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state, province, or country of incorporation and their respective New Organizational Documents.

K. Key Employee Obligations.

The Key Employee Plan shall be assumed by the Reorganized Debtors and shall remain in place after the Effective Date and all Key Employee Plan Obligations shall be an obligation of the Reorganized Debtors to the extent not already paid as of the Effective Date; *provided*, *however*, that the aggregate cost of such Key Employee Plans shall not exceed $1.39 million.

L. Directors, Managers, and Officers of the Reorganized Debtors.

As of the Effective Date, the term of the current members of the board of directors of the Debtors shall expire, and the initial boards of directors, including the New Boards, and the officers of each of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the initial board of directors or be an officer of any of the Reorganized Debtors. To the extent any such director or officer of the Reorganized Debtors is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

M. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the Restructuring Transactions, and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

N. Section 1146 Exemption.

Pursuant to section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

O. Director and Officer Liability Insurance.

Before the Petition Date, the Debtors obtained reasonably sufficient tail coverage (i.e., director and officer insurance coverage that extends beyond the end of the policy period) under a directors and officers' liability insurance policy for the current and former directors, officers and managers. After the Effective Date, the Reorganized Debtors shall not terminate or otherwise reduce the coverage under such tail coverage liability insurance in effect and all members, managers, directors and officers of the Debtors who served in such capacity at

any time prior to the Effective Date of the Plan shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such members, managers, directors, and/or officers remain in such positions after the Effective Date of the Plan.

P. Management Equity Incentive Plan.

On the Effective Date, a percentage of the New Equity acceptable to the Required Lenders shall be reserved for issuance as grants of stock, restricted stock, options, or stock appreciation rights or similar equity awards to management and employees in connection with the Management Equity Incentive Plan.

Q. Employee and Retiree Benefits.

All employment, retirement, indemnification, and other agreements or arrangements in place as of the Effective Date with the Debtors' and the Non-Filers' non-insider officers or employees, or retirement income plans and welfare benefit plans for such persons, or discretionary bonus plans or variable incentive plans regarding payment of a percentage of annual salary based on performance goals and financial targets for certain employees, shall be assumed by the Reorganized Debtors and shall remain in place after the Effective Date, as may be amended by agreement between the beneficiaries of such agreements, plans, or arrangements, on the one hand, and the Debtors and the Required Lenders, on the other hand, or, after the Effective Date, by agreement with the Reorganized Debtors, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans; *provided*, *however*, that the foregoing shall not apply to (i) any equity-based compensation, agreement, or arrangement existing as of the Effective Date or (ii) any employment, retirement, indemnification or other agreements or arrangements with the Debtors' and the Non-filers officers, key leaders, top level managers, or directors. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

R. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article IV.R hereof, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract and Unexpired Lease assumed by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

B. *Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.*

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or in the ordinary course of business, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

C. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

D. Reservation of Rights.

Nothing contained in the Plan, shall constitute an admission by the Debtors that any Executory Contract or Unexpired Lease is in fact an Executory Contract or Unexpired Lease or that any of the Reorganized Debtors has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

E. Nonoccurrence of Effective Date.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

F. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed.

Unless otherwise provided in the Plan, on the Effective Date (or if a Claim is not an Allowed Claim or Allowed Interest on the Effective Date, on the date that such Claim or Interest becomes an Allowed Claim or Allowed Interest), each Holder of an Allowed Claim or Allowed Interest shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Interests, distributions on account of any such Disputed Claims or Disputed Interests shall be made pursuant to the provisions set forth in Article VI.D.1 hereof. Except as otherwise provided in the Plan, Holders of Claims or Interests shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. Disbursing Agent.

All distributions under the Plan shall be made by the Disbursing Agent on the Effective Date. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors.

C. Rights and Powers of Disbursing Agent.

1. Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

D. Distributions on Account of Claims Allowed After the Effective Date

1. Payments and Distributions on Disputed Claims.

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be made on a quarterly basis (to the extent that material distributions exist to be made) and deemed to have been made on the Effective Date; provided that, for the avoidance of doubt, Holders of Disputed Administrative Claims and Disputed Priority Tax Claims that later become Allowed Claims shall be entitled to interest on such Allowed Claims to the extent provided for by the Bankruptcy Code.

2. Special Rules for Distributions to Holders of Disputed Claims.

Notwithstanding any provision to the contrary in the Plan, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed Claim in its entirety or has otherwise been resolved by settlement or Final Order.

E. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Delivery of Distributions in General.

Except as otherwise provided herein, the Reorganized Debtors shall make distributions to Holders of Allowed Claims and Allowed Interests on the Effective Date at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; *provided*, *however*, that the manner of such distributions shall be determined at the discretion of the Reorganized Debtors.

2. Minimum Distributions.

No fractional shares of New Equity shall be distributed, and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Interest would otherwise result in the issuance of a number of shares of New Equity that is not a whole number, the actual distribution of shares of New Equity shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New Equity to be distributed to Holders of Allowed Claims and Allowed Interests shall be adjusted as necessary to account for the foregoing rounding.

Notwithstanding any other provision of the Plan, the Disbursing Agent will not be required to make distributions of Cash less than $50 in value, and each such Claim to which this limitation applies shall be discharged pursuant to Article VIII and its holder is forever barred pursuant to Article VIII from asserting that Claims against the Reorganized Debtors or their property.

3. Delivery of Distributions to Disbursing Agent for General Unsecured Claims and Qualified Unsecured Trade Claims.

Except as otherwise provided in the Plan, all distributions to holders of Allowed General Unsecured Claims and Allowed Qualified Unsecured Trade Claims shall be deemed completed when made to the Disbursing Agent for General Unsecured Claims and Allowed Qualified Unsecured Trade Claims, who shall be deemed to be the holder of all General Unsecured Claims and Qualified Unsecured Trade Claims for purposes of distributions to be made hereunder. The Disbursing Agent for General Unsecured Claims shall have the authority to administer the General Unsecured Claims Recovery Pool with respect to General Unsecured Claims, including objecting to and/or resolving General Unsecured Claims.

4. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided*, *however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date; *provided further*, *however*, that the Debtors shall use commercially reasonable efforts to locate a Holder if any distribution is returned as undeliverable. After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or Interest in property shall be discharged and forever barred.

F. Manner of Payment.

1. All distributions of the New Equity to Holders of Claims under the Plan shall be made at the direction of the Disbursing Agent on behalf of the Debtors on the Effective Date.

2. All distributions of Cash under the Plan shall be made by the Disbursing Agent on behalf of the applicable Debtor.

3. At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

G. Securities Registration Exemption.

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the New Equity and New Equity deliverable upon exercise of the Management Equity Incentive Plan, as contemplated by Article III.B hereof to Class 3, shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution, or sale of Securities. In addition, under section 1145 of the Bankruptcy Code, such New Equity will be freely tradable in the U.S. by the recipients thereof, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with applicable securities laws and any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments and subject to any restrictions in the New Organizational Documents, as applicable.

H. Compliance with Tax Requirements.

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

I. Allocations.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

J. No Postpetition Interest on Claims.

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim.

K. Setoffs and Recoupment.

The Debtors may, but shall not be required to, setoff against or recoup from any Claims of any nature whatsoever that the Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such Claim it may have against the Holder of such Claim.

L. Claims Paid or Payable by Third Parties.

1. Claims Paid by Third Parties.

The Debtors or the Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or a Reorganized Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the distribution to the applicable Reorganized Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Resolution of Disputed Claims.

1. Allowance of Claims.

On or after the Effective Date, the Reorganized Debtors shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim, except with respect to any Claim Allowed as of the Effective Date. Except as expressly provided in the Plan or in any order entered in these Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in these Chapter 11 Cases allowing such Claim.

2. Prosecution of Objections to Claims.

The Reorganized Debtors after the Effective Date shall have the exclusive authority to File, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims. From and after the Effective Date, the Reorganized Debtors may settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court. From and after the Effective Date, the Reorganized Debtors shall have the sole authority to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court.

3. Claims Estimation.

Prior to and on the Effective Date, the Debtors, and after the Effective Date, the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim pursuant to applicable law, including, without limitation, section 502(c) of the Bankruptcy Code, regardless of whether the Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under sections 157 and 1334 of the Judicial Code to estimate any Disputed Claim, contingent Claim, or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Disputed Claim, contingent Claim, or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan, including for purposes of distributions, and the Debtors or the Reorganized Debtors, as applicable, may elect to pursue additional objection to the ultimate distribution on account of such Claim. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or the Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate distribution on account of such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before 21 days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding anything to the contrary in this paragraph, nothing in this paragraph shall derogate in any way the rights under applicable law, independent of this paragraph, of the Holder of a Disputed Claim with respect to estimation and allowance of, and allocation and holding of any reserves in respect of, the Disputed Claim.

4. Expungement or Adjustment to Claims Without Objection.

Any Claim that has been paid, satisfied, or superseded may be expunged on the Claims Register by the Debtors or the Reorganized Debtors, as applicable, and any Claim that has been amended may be adjusted thereon by the Debtors or the Reorganized Debtors in both cases without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court; provided that the Reorganized Debtors shall update the Claims Register regularly to reflect any such changes.

5. Deadline to File Objections to Claims.

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

B. Disallowance of Claims.

Except as otherwise Allowed by the Plan, all Claims of any Entity from which property is sought by the Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Debtors allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if (1) the Entity, on the one hand, and the Debtors, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turnover any property or monies under any of the aforementioned sections of the Bankruptcy Code and (2) such Entity or transferee has failed to turnover such property by the date set forth in such agreement or Final Order.

EXCEPT AS OTHERWISE AGREED BY THE DEBTORS, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT.

C. Amendments to Claims.

On or after the Effective Date, a Claim may not be amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors and any such unauthorized new or amended Claim Filed shall be deemed disallowed and expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Compromise and Settlement.

Notwithstanding anything contained herein to the contrary, the allowance, classification, and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised, and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (1) in the best interests of the Debtors, their estates, and all Holders of Claims, (2) fair, equitable, and reasonable, (3) made in good faith, and (4) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. In addition, the allowance, classification, and treatment of Allowed Claims take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist between the Debtors and any Released Party; as of the Effective Date, any and all such Causes of Action are settled, compromised, and released pursuant hereto. The Confirmation Order shall approve the releases by all Entities of all such contractual, legal, and equitable subordination rights or Causes of Action that are satisfied, compromised, and settled pursuant hereto. Nothing in this Article VIII.A shall compromise or settle in any way whatsoever, any Causes of Action that the Debtors or the Reorganized Debtors, as applicable, may have against a non-Released Party or provide for the indemnity of any non-Released Party.

In accordance with the provisions of this Plan, and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (1) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Claims

against the Debtors and (2) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Causes of Action against other Entities.

B. Discharge of Claims and Termination of Interests.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. Any default by the Debtors or their Affiliates with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

C. Release of Liens.

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns.

D. Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their Affiliates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and related Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors or the Reorganized Debtors.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a

good faith settlement and compromise of the Claims released by this Article VIII.D; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors asserting any claim or Cause of Action released pursuant to the Debtor Release.

E. Releases by Holders of Claims and Interests.

Except as provided in the last sentence of this paragraph, as of the Effective Date, each Holder of a Claim or an Interest in the Debtors, except to the extent that such Holder either voted to reject the Plan or is classified in a Class that is deemed to reject the Plan, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Third Party Releasees from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted on behalf of a debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Non-Filers, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the related Disclosure Statement, the related Plan Supplement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date of the Plan, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Third Party Release, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that the Third Party Release is: (1) in exchange for the good and valuable consideration provided by the Third Party Releasees; (2) a good faith settlement and compromise of the Claims released by this Article VIII.E; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any Entity granting a Third Party Release from asserting any claim or Cause of Action released pursuant to the Third Party Release.

F. Exculpation.

No Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Exculpated Claim or any obligation, cause of action, or liability for any Exculpated Claim; *provided, however,* that the foregoing "Exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined by a Final Order to have constituted gross negligence or willful misconduct; *provided further* that in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to, or in connection with, the Plan. The Debtors and the Reorganized Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have participated in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of the Securities pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

G. Injunction.

Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, all Entities who have held, hold, or may hold Claims or Interests that have been released pursuant to Article VIII.D or Article VIII.E hereof, discharged pursuant to Article VIII.A hereof, or are subject to exculpation pursuant to Article VIII.F hereof are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Non-Filers, the Reorganized Debtors, the Released Parties, or the Exculpated Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of subrogation or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

H. Protections Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, no Entities, including Governmental Units, shall discriminate against the Reorganized Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

I. Recoupment.

In no event shall any Holder of a Claim or an Interest be entitled to recoup any Claim or Interest against any claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless (i) such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on or before the Confirmation Date or (ii) such Claim or Interest is Reinstated under the Plan.

J. Subordination Rights.

Any distributions under the Plan to Holders shall be received and retained free from any obligations to hold or transfer the same to any other Holder, and shall not be subject to levy, garnishment, attachment, or other legal process by any Holder by reason of claimed contractual subordination rights. Any such subordination rights shall be waived, and the Confirmation Order shall constitute an injunction enjoining any Entity from enforcing or attempting to enforce any contractual, legal, or equitable subordination rights to property distributed under the Plan, in each case other than as provided in the Plan.

K. Document Retention.

On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their current document retention policy, as may be altered, amended, modified, or supplemented by the Reorganized Debtors.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation.

It shall be a condition precedent to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. the Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Debtors and the Required Lenders;

2. the Confirmation Order shall:

(a) authorize the Debtors and the Reorganized Debtors to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(b) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent;

(c) authorize the Reorganized Debtors to: (i) issue the New Equity pursuant to the exemption from registration under the Securities Act provided by section 1145 of the Bankruptcy Code or other exemption from such registration or pursuant to one or more registration statements; and (ii) enter into any agreements contained in the Plan Supplement;

(d) decree that the Confirmation Order shall supersede any Bankruptcy Court orders issued prior to the Confirmation Date that may be inconsistent with the Confirmation Order;

(e) authorize the implementation of the Plan in accordance with its terms; and

(f) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax (including, any mortgages or security interest filing to be recorded or filed in connection with the Exit Facility); and

3. the Plan must be in form and substance reasonably acceptable to the Debtors the Required Lenders.

4. all documentation related to the Plan must be in form and substance reasonably acceptable to the Required Lenders.

B. Conditions Precedent to the Effective Date.

It shall be a condition precedent to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. the Confirmation Order shall have become a Final Order;

2. the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in form and substance reasonably acceptable to the Debtors and the Required Lenders;

3. all actions, documents, Certificates, and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, filed with the applicable Governmental Units in accordance with applicable laws; *provided*, *however*, that each document, instrument, and agreement must be reasonably acceptable to the Debtors and the Required Lenders;

4. all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan shall have been received;

5. the initial boards of directors of the Reorganized Debtors shall have been appointed;

6. the effectiveness of the Exit Facility, in form and substance reasonably acceptable to the Debtors and the Required Lenders; and

7. the Allowed amount of Administrative Claims, Priority Tax Claims and Other Priority Claims shall not exceed in the aggregate $4 million; *provided*, *however*, that such cap shall not apply to Accrued Professional Compensation Claims, Administrative Claims arising under section 503(b)(9) of the Bankruptcy Code and ordinary course post-petition trade, wages and benefits, incurred but not yet paid as of the Effective Date.

C. Waiver of Conditions.

The conditions to Confirmation and Consummation set forth in this Article IX may be waived only by consent of the Debtors and the Required Lenders, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

D. Effect of Failure of Conditions.

If Consummation does not occur, the Plan shall be null and void in all respects, and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any claims by the Debtors, any Holders of Claims or Interests, or any other Entity; (2) prejudice in any manner the rights of the Debtors, any Holders of Claims or Interests, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders of Claims or Interests, or any other Entity in any respect.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments.

Except as otherwise specifically provided in the Plan, the Debtors, with the reasonable consent of the Required Lenders, reserve the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, each of the Debtors expressly reserves its respective rights to revoke or withdraw, or, with the reasonable consent of the Required Lenders, to alter, amend, or modify the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X.

B. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan.

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of such Debtor or any other Entity, including the Non-Filers; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Entity, including the Non-Filers.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including (i) the resolution of any request for payment of any Administrative Claim, and (ii) the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption or assumption and assignment of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; and (c) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

7. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

10. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

11. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII hereof and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.L.1 hereof;

13. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

14. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

15. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

16. adjudicate any and all disputes arising from or relating to distributions under the Plan;

17. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

18. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

20. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

21. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions and releases granted in the Plan, including under Article VIII hereof;

22. enforce all orders previously entered by the Bankruptcy Court; and

23. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect.

Subject to Article IX.B hereof and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

B. Additional Documents.

On or before the Effective Date, the Debtors may enter into any such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest may, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees.

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid by each of the Reorganized Debtors (or the Disbursing Agent on behalf of each of the Reorganized Debtors) for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

D. Payment of Fees and Expenses of Professionals in Connection with the Funded Debt.

On the Effective Date, the Disbursing Agent shall pay in full in Cash all reasonable and documented unpaid fees and expenses of the advisors retained by the Required Lenders.

E. Statutory Committee and Cessation of Fee and Expense Payment.

On the Effective Date, any statutory committee appointed in the Chapter 11 Cases shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases. The Reorganized Debtors shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to the First Lien Agents or the Required Lenders, and any other statutory committees after the Effective Date. .

F. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests prior to the Effective Date.

G. Successors and Assigns.

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

H. Notices.

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

1. If to the Debtors, to:

GSE Environmental, Inc.
19103 Gundle Road
Houston, Texas 77073
Facsimile: (281) 230-8650
Attention: Daniel Storey
E-mail address: dstorey@gseworld.com

with copies to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Facsimile: (312) 862-2200
Attention: Patrick J. Nash, Jr. and Jeffrey D. Pawlitz
E-mail addresses: patrick.nash@kirkland.com and jeffrey.pawlitz@kirkland.com

2. If to the Required Lenders, to:

Wachtell, Lipton, Rosen & Katz LLP
51 West 52nd Street
New York, New York 10019
Facsimile: (212) 403-1000
Attention: Scott K. Charles and Emily D. Johnson
E-mail address: SKCharles@wlrk.com and EDJohnson@wlrk.com

After the Effective Date, the Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

I. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

J. Entire Agreement.

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

K. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at http://cases.primeclerk.com/gse or the Bankruptcy Court's website at www.deb.uscourts.gov. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

L. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

M. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

N. Closing of Chapter 11 Cases.

The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

O. Conflicts.

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

Dated: May 4, 2014

Respectfully submitted,

GSE ENVIRONMENTAL, INC.
(for itself and on behalf of each of its affiliated Debtors)

By:_____
Name: [_____]
Title: [_____]

Prepared by:

Laura Davis Jones (DE Bar No. 2436)
Timothy P. Cairns (DE Bar No. 4228)
PACHULSKI STANG ZIEHL & JONES LLP
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, Delaware 19899-8705 (Courier 19801)
Telephone: (302) 652-4100
Facsimile: (302) 652-4400
Email: ljones@pszjlaw.com
tcairns@pszjlaw.com
- and -
Patrick J. Nash, Jr., P.C. (*pro hac vice* admission pending)
Jeffrey D. Pawlitz (*pro hac vice* admission pending)
Bradley Thomas Giordano (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: patrick.nash@kirkland.com
jeffrey.pawlitz@kirkland.com
bradley.giordano@kirkland.com

Proposed Co-Counsel for the
Debtors and Debtors in Possession

EXHIBIT B
JOINDER AGREEMENT

[_____], 2014

The undersigned ("Transferee") hereby acknowledges that it has read and understands the Restructuring Support Agreement, dated as of May 4, 2014 (as amended, supplemented, or otherwise modified from time to time, the "Restructuring Support Agreement"),[1] by and among the Company and the Consenting Lenders.

1. Agreement to be Bound. The Transferee hereby agrees to be bound by all of the terms of the Restructuring Support Agreement, a copy of which is attached to this hereto as Annex I (as the same has been or may be hereafter amended, restated, or otherwise modified from time to time in accordance with the provisions hereof). The Transferee shall hereafter be deemed to be a "Consenting Lender" and a "Party" for all purposes under the Restructuring Support Agreement.

2. Representations and Warranties. With respect to the aggregate principal amount of First Lien Loans set forth below its name on the signature page hereof, the Transferee hereby makes the representations and warranties of the Consenting Lenders set forth in Section 8 of the Agreement to each other Party to the Restructuring Support Agreement.

3. Governing Law. This joinder agreement (the "Joinder Agreement") to the Restructuring Support Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflicts of law provisions which would require the application of the law of any other jurisdiction.

* * * * *

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[1] Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Restructuring Support Agreement.

IN WITNESS WHEREOF, the Transferee has caused this Joinder Agreement to be executed as of the date first written above.

Name of Transferor: _____

Name of Transferee: _____

By: _____

Name: _____

Title: _____

Principal Amount of First Lien Loans Transferred: $_____

Notice Address:

_____
_____
_____
Fax: _____
Attention: _____

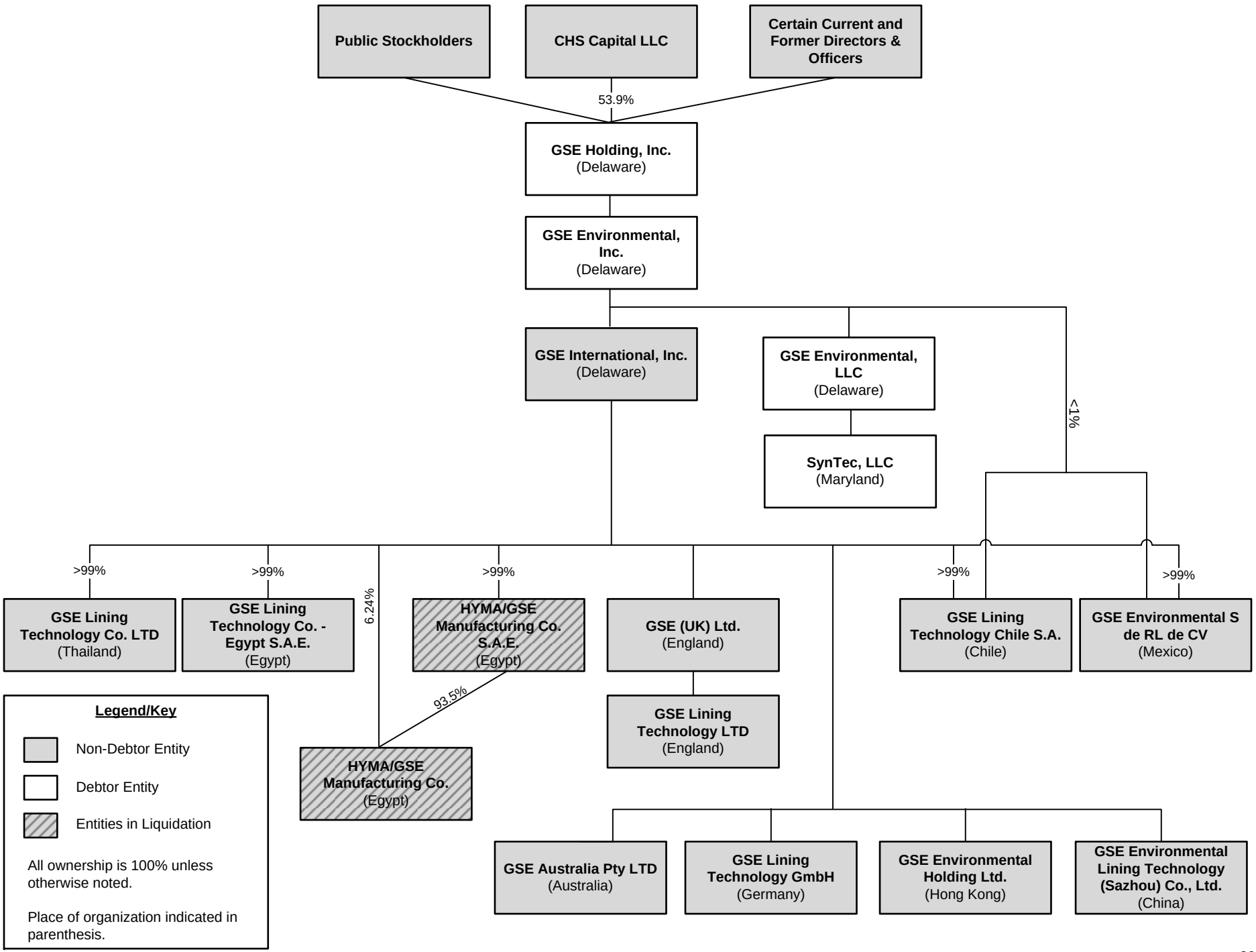
With a copy to:

_____
_____
_____
Fax: _____
Attention: _____

EXHIBIT B

Corporate Organizational Chart

Corporate Structure Chart



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